

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Cabinet
Date:	21 March 2025
Title:	English Devolution White Paper - Local Government Reorganisation
Report From:	Chief Executive

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Purpose of this Report

1. The purpose of this report is to set out the work undertaken to-date in response to the Minister of State for Local Government and English Devolution's invitation to two-tier councils and neighbouring Unitary Authorities on 5 February 2025 to develop and submit an interim plan ('Interim Plan') for Local Government Reorganisation in Hampshire.

Recommendation(s)

It is recommended that Cabinet:

2. Notes the emerging journey for Local Government Reorganisation in Hampshire and the Solent including the consideration of emerging options.
3. Agrees that the capacity in which current and future County Council decisions are taken in respect of Local Government Reorganisation:
 - a. Represent all the people within the County Electoral Divisions.
 - b. Works to secure an outcome that continues to enable high-quality and effective public services for the residents, communities and visitors across Hampshire.
 - c. Appropriately represent all Upper Tier Local Government functions and responsibilities (statutory and non-statutory) currently delivered or enabled by Hampshire County Council, for which all County Councillors are currently accountable for.
4. Agrees the County Council's specific guiding principles:
 - a. We will prioritise **delivery of efficient, high quality public services**, enhancing delivery through reform whilst **avoiding unnecessary fragmentation of services**.

- b. We will **safeguard service users**, including vulnerable children and adults, by **minimising risk to the services** the County Council delivers and the potential threats from a lack of effective business continuity and appropriate future local government structures in the long-term.
 - c. We will seek to ensure organisations of the future have the best chance of being **financially sustainable and resilient**. Organisations will need to be sufficiently large to **withstand financial shocks** and smoothing of significant cost drivers such as **demography and deprivation**.
 - d. We will leverage **anchor institutions** as the basis of the most appropriate structures to underpin **sustainable delivery** that offers value-for-money for the taxpayer and **minimises the cost of transition**.
 - e. We recognise that **any future Unitary Solution will require effective mechanisms to enable local identity**, engagement and local growth ambitions (including Local Place/Regeneration Boards, Area Committees and potential future Development Corporations).
 - f. We want to ensure **equity of representation** in a future Mayoral Combined Authority. All mainland Unitary Authorities to have **equitable representation and voting rights**.
5. Agrees to collectively submit to Government the Interim Plan (Appendix A) ahead of the 21 March deadline across all 15 Local Authorities in Hampshire and the Solent, including the collectively agreed Guiding Principles:
- a. Analysis will be based on economic geographies (principally Basingstoke, Winchester, Southampton, Portsmouth) that inform a sense of place, community, and economic growth. No decision has been made on the number of Unitaries.
 - b. Sense of place and coherent identity, structure and local connections will shape geographies.
 - c. To support the other principles, options considered will include those which have boundary changes, and those which do not have boundary changes.
 - d. Community engagement will be used to help shape final boundaries, prior to final submission.
 - e. Government criteria and guidance will be used to inform our proposal, as far as possible.
 - f. Proposals will ensure there are sensible population ratios between local authorities and any strategic authority, with options retaining equitable representation and voting rights.
 - g. Consideration will be given to the impact on crucial services.

- h. Proposals will show how new structures will improve local government, service delivery and outcomes.
 - i. New proposed authorities must also be able to form a platform for financial sustainability, and resilience to withstand financial shocks.
- 6. Agrees that if any minor amendments to the proposed interim plan are agreed by the 15 Councils, the Chief Executive in consultation with the Leader of the Council has delegated authority to approve the updated interim plan on behalf of Hampshire County Council.

Executive Summary

- 7. Following the publication of the English Devolution White Paper, the Minister for Local Government wrote to all 15 Local Authority Leaders across Hampshire and the Solent Region ('Region') on 5 February, to invite proposals for Local Government Reorganisation. This letter invited all Local Authorities to submit plans by September 2025, with interim plans due by 21 March 2025.
- 8. Both the White Paper and subsequent Ministerial Invitation is clear on the Government's policy position that Local Government Reorganisation will consolidate the 2-tier system of county councils and district councils into a small number of financially resilient Unitary Authorities which will also encompass current small or failing Unitary Councils.
- 9. The overarching objective is to determine the most efficient and effective future structure for local government, seeking to develop financially resilient organisations which can deliver and enable the best possible public services and ultimately the best outcomes for residents and communities.
- 10. The Local Government Minister emphasised the expectation that Local Authorities work together to collectively develop plans for the whole Region. Since the publication of the White Paper there has been a regular dialogue between Leaders and Chief Executives of all 15 Local Authorities.
- 11. The County Council has worked in partnership with all Local Authorities across the Region to begin to consider the proposals for Local Government Reorganisation. This has been recently facilitated by the consultancy firm KPMG, who have been commissioned by Basingstoke and Deane Borough Council to work on behalf of all 15 Local Authorities. The Leader and Chief Executive have participated in a series of workshops with their counterparts in the other Local Authorities. The workshops have, crucially, corralled data to underpin evidence-based decision-making for the Interim Plan submission and helped to understand the views and priorities of other Local Authorities across Hampshire. This Interim Plan is included in Appendix A and it is proposed it's collectively submitted to Government on behalf of all 15 Local Authorities.
- 12. It is critical and necessary, to underpin this work and support Members to consider this Interim Plan submission to Government, that key data and information as presented in this report is considered by all Members, as County Councillors, in order to fully inform the decision making and

recommendation to submit the Interim Plan which is a significant step towards the reorganisation of all of the current County Council functions in future.

13. Therefore, criteria and emerging options have been developed and presented in this report that are most relevant and appropriate from the County Council's perspective of being the Upper Tier Local Authority covering the vast proportion of local government services and spend across a population of 1.4m residents. This notes that the County Council is responsible for £3.1bn of recurring gross revenue expenditure for 2025/26 (including schools) and already demonstrably delivers local government services at scale across a wide and diverse geography, but also at the most local level within communities and homes.
14. In supporting Members to consider the proposed Interim Plan to be submitted to Government, the County Council has:
 - Reviewed and evaluated the national work conducted by PricewaterhouseCoopers (PwC) on '*Evaluating the Impact of Scale in Proposals for Local government Reorganisation*' that has been made available through the County Council's Network (CCN). This clearly and independently sets out the impact of reorganisation options on Cost, Risk and Resilience, Performance and Place.
 - Captured the initial views of County Council officers responsible for key statutory responsibilities including Adults and Children's Social Care, Education (including SEN) and Highways.
 - Commenced the early indicative financial and non-financial consideration of emerging options against the Government's criteria as set out in the Minister's letter. Given the short timeframes and limited officer capacity, in their existing supporting role, the County Council has been supported by PwC in documenting this early work. A draft summary is included as Appendix B.
15. Three indicative emerging options on the journey to the delivery of unitary local government across the region have been initially considered (with an assumption that the Isle of Wight remains a Unitary Council in its own right). These are:
 - 2 Mainland Unitary Councils (940k average population)
 - 3 Mainland Unitary Councils (625k average population)
 - 4 Mainland Unitary Councils (470k average population)
16. Given the early nature of the work, the options are broadly conceptual at this stage and are much less about the specific boundaries of new Unitary Councils, but more focussing on a wider strategic assessment of the basic number of Unitary Councils in the context of the Government's criteria, and to provide Members with relevant information in their consideration of the recommendation to submit the Interim Plan to Government. In particular this focusses on three interdependent dimensions of finance, performance and place.

17. In accordance with the Interim Plan recommended to jointly submit to Government, it is recognised that there is significant further work and analysis to undertake before a preferred option is proposed to Government and **no recommendation on any options is being made to Members at this stage**, recognising that each of the options have both opportunities and challenges associated with them. In summary:
- **A smaller number of Unitary Councils will unlock greater financial savings** across the sector, which can be channelled and reinvested back into public services and improving outcomes for residents. These savings are primarily associated with removing duplication, avoiding fragmentation and ensuring effective delivery of council functions that exist across the region operating at scale. In all scenarios, all new Unitary Councils are smaller than the current County Council’s geographical footprint and population size.
 - **A larger number of Unitary Councils can promote local identity and growth with the strongest alignment to established economic hubs and identities.** However, in all options it is noted that effective mechanisms for local identity need to be explored, recognising the significant geographical scale and population associated with all options. Although it is of course noted that, in all 3 options above, the size and scale of proposed Unitaries are smaller than the existing County Council footprint, and the County Council has a good track record of local service delivery.
18. In order to establish any **additional Upper Tier Authorities for the region consideration must be given to generation of significant additional cost and risk**, through the fragmentation of upper tier services, additional organisational overheads and the need to establish new “greenfield” Unitary Councils which have no foundation or track record for the delivery of upper tier services. Early financial modelling has indicated that this scenario would not deliver any financial savings, would cost more than the current arrangements and would not be able to recover implementation costs over the medium term.
19. Although boundaries of potential Unitary Authorities have not been considered in any detail at this stage, a clear guiding principle agreed in the formulation of the Interim Plan is that options considered in further detail will include those which have boundary changes and those which don’t have boundary changes. The submission to Government has also importantly sought further clarity from Government on the basis and approach of delivering boundary changes.
20. The County Council will continue to work collaboratively and proactively with other Local Authorities to develop robust and sustainable unitary proposals that are in the best interests of the whole area. In doing so it has collaboratively identified in the proposed Interim Plan a series of areas where clarity and support from Government is required to help shape next steps and to further more detailed work. In particular, given the challenging timeline against the backdrop of progressing the Devolution Priority Programme, the

Interim Plan includes a request to extend the deadline for the full proposal to 28 November 2025.

21. The County Council also recognises the fundamental importance of on-going and meaningful engagement with key stakeholders to help shape and develop options, and early joint discussions have taken place with Police, Fire, Health and National Parks colleagues. A key on-going focus will be reflecting and evaluating emerging options through the lens of key operational and strategic partners, both within the public sector and beyond. Any future structures of Unitary Councils will clearly need to maintain effective strategic join up with Partners, ensure efficiency and consistency of operational interactions and avoid fragmentation / duplication of cross sector services.
22. Based on the early conceptual work completed, it is therefore recommended that Cabinet agree to submit the Interim Plan to Government (as detailed in Appendix A). Engagement will continue as proposals are further explored and developed for the final submission, and assessments will likely cover three significant aspects: **finance**, **performance** and **place**. Each factor is important and will continue to be considered and evaluated as the journey to new Unitary Councils continues towards the development of full proposals.

Background

23. In December 2024, the Government published the English Devolution White Paper¹ setting out a programme of devolution and Local Government Reorganisation across England, with plans to move away from the current two-tier system of district and county councils. At the meeting of the Full County Council on 9 January 2025, followed by Cabinet's meeting on 10 January 2025, approval was given to request that the County Council, alongside Isle of Wight, Portsmouth and Southampton, be included in Government's Devolution Priority Programme (DPP) to establish a Mayoral Combined County Authority (MCCA) across Hampshire and the Solent Region within the most ambitious timeframes.
24. The Ministry of Housing, Communities and Local Government (MHCLG) confirmed acceptance into the programme on 5 February 2025. Alongside requesting to join the DPP, the County Council confirmed its commitment to develop proposals for Local Government Reorganisation across the region.
25. To help areas deliver reorganisation and devolution to the most ambitious timeframes, Government has legislated to postpone the local elections from May 2025 to May 2026, when an election for the Mayor is expected to take place.
26. On 5 February 2025, as well as accepting Hampshire and the Solent onto the DPP, MHCLG also formally invited all council leaders in the region to develop a proposal for Local Government Reorganisation. The formal invitation included guidance for the development of the proposals, a timeline for this process, and the criteria against which proposals will be assessed by Government. The Government also expects that plans for Local Government

¹ [English Devolution White Paper - GOV.UK](https://www.gov.uk/government/white-papers/english-devolution-white-paper)

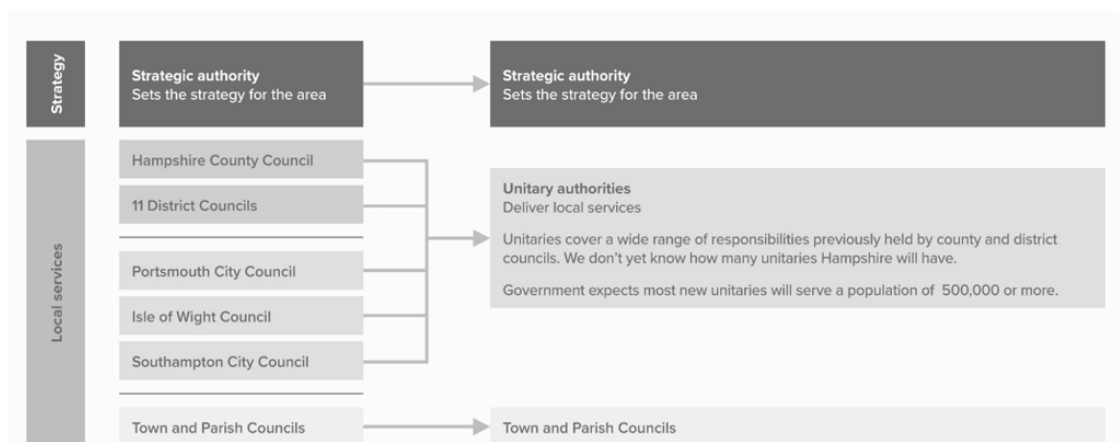
Reorganisation and devolution are complementary and all councils in an area will work together to develop reorganisation proposals that are in the best interests of the whole area, rather than developing competing proposals.

27. The County Council is required to submit an Interim Plan on Local Government Reorganisation on or before 21 March 2025. The Interim Plan should:
- identify any barriers or challenges where further clarity or support would be helpful.
 - 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.
 - include indicative costs and arrangements in relation to any options including planning for future service transformation opportunities.
 - 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.
 - include early views on how new structures will support devolution ambitions.
 - 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.
 - 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.
 - 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.
28. Full proposals are due to be submitted by 26 September 2025. Government's expectation is that proposals must prioritise the delivery of high-quality public services, avoiding unnecessary fragmentation of services and consider the impacts on crucial services such as social care, children's services, SEND and homelessness, and of wider public services including public safety.
29. In considering Local Government Reorganisation in Hampshire and the criteria set out by Government, County Councillors have a unique and important responsibility to represent the current Upper Tier Local Authority services in developing the best options for future unitary councils that are able to deliver high quality and sustainable public services for residents and businesses.

The Current Local Government Landscape in Hampshire

Structure

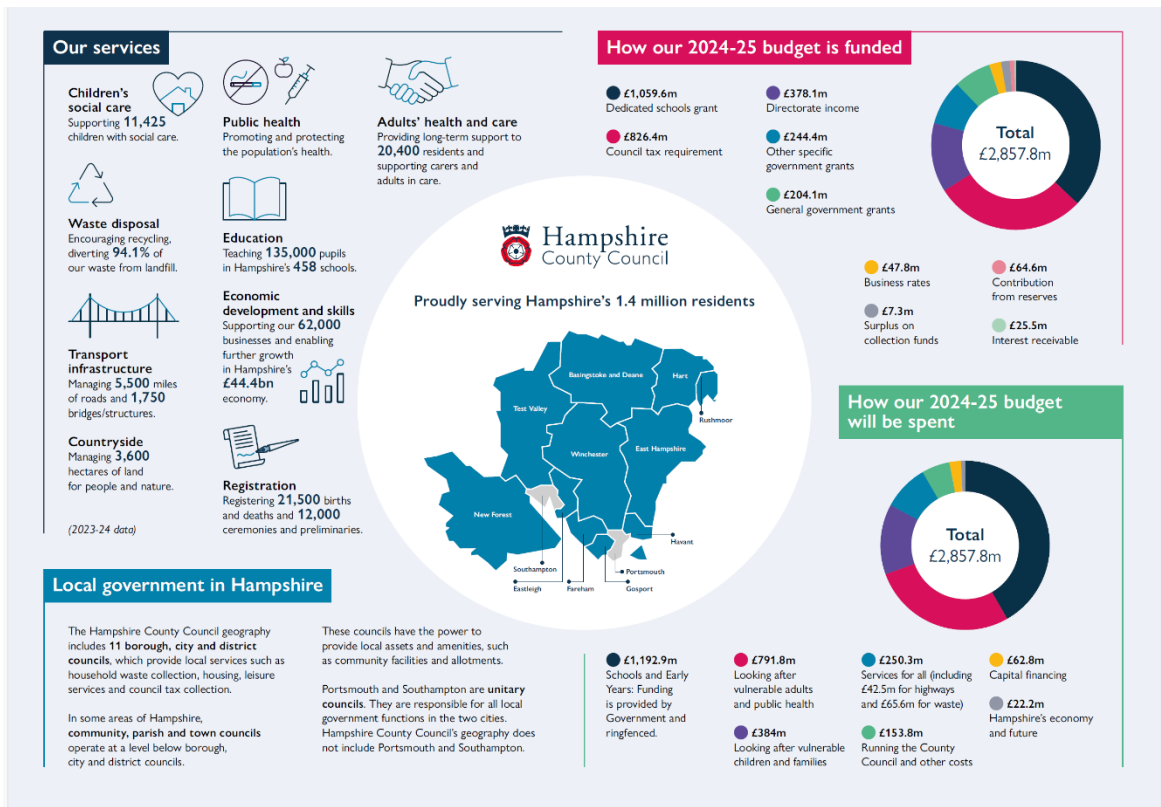
30. The Hampshire and Solent region ('Region') includes Hampshire County Council and three Unitary Authorities (Portsmouth and Southampton City Councils and the Isle of Wight Council). These four organisations are collectively known as 'Upper Tier Local Authorities'. Within the Hampshire County Council area there is then a second tier of local government comprising 11 City, District or Borough Councils. Parish and Town Councils comprise a third layer of local government which covers most, but not all, areas for which the County Council is the upper tier authority; this layer of local government is not in scope of the initial proposals albeit there is a commitment from Government to rewire the relationship between this layer of local government and principal local authorities.



Service Delivery

31. As an Upper Tier Authority, the County Council is responsible for the provision of essential public services directly to communities throughout Hampshire – including adult and children's social care, public health, education, libraries, transport, strategic planning, highways, waste disposal, registration, trading standards and countryside services.
32. The vast proportion of these services are already delivered effectively within local communities across a large and diverse geography of 3,700km² and encompassing c1.4million residents. These services benefit from significant scale but are also equally deeply embedded in communities and homes of residents. This includes:
- Libraries and Community Hubs.
 - Delivery of local infrastructure – highways.
 - Transport - working with operators to provide essential local services to communities.
 - School Crossing Patrols – provision for parents and primary school children to safely cross roads.

- Registration Services - registering births, deaths, marriage and civil partnerships.
- Trading Standards – ensuring fair trading for Hampshire consumers.
- Household Waste Recycling Centres – provision for residents to dispose of their household waste.
- Adult Social Care – providing long-term care and support to 20,400 older adults, adults with mental health issues, learning disabilities, physical disabilities residents and their carers.
- Services for children and families – caring for children including ensuring they are safeguarded in education and supporting over 11,000 children with social care needs.
- Schools – teaching 135,000 pupils in Hampshire’s 458 schools.



Scale of Upper Tier Responsibilities

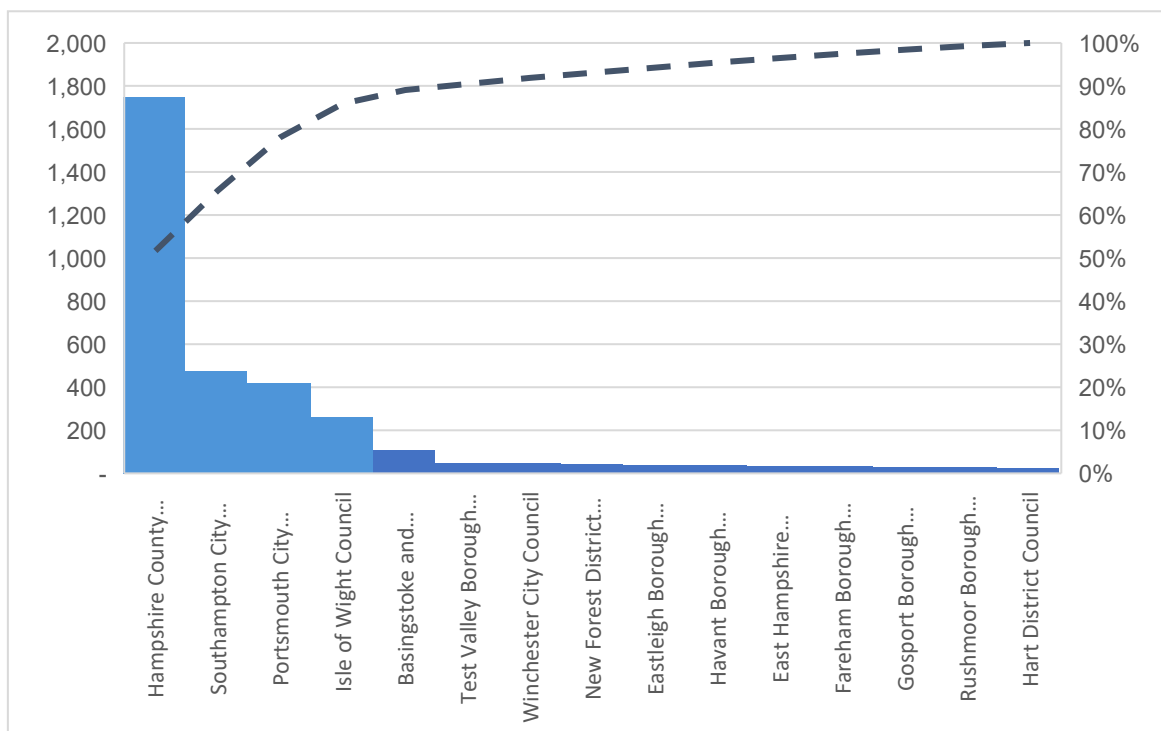
33. Across Hampshire and the Solent, 86% (£2.905bn 2023/24²) of local government service delivery is the responsibility of the existing 4 upper

² <https://www.gov.uk/government/statistics/local-authority-revenue-expenditure-and-financing-england-2023-to-2024-individual-local-authority-data-outturn> - Revenue Outturn Service Expenditure (RSX) 2023 to 2024

tier authorities (as shown in Table 1 below, and excluding Schools³), whilst 14% of service delivery (£478m - excluding Housing Revenue Account) is delivered through the eleven existing lower tier councils. **The County Council and its Councillors therefore currently have responsibility for the majority of local government services in Hampshire.** This emphasises the need to ensure the most efficient and effective future model for local government is sought for the upper tier functions and responsibilities under which they are elected.

34. Therefore, whilst Local Government Reorganisation involves all four upper tier and eleven lower tier councils, the scale of impact in terms of public service spending, scope and risk of service delivery is not equally spread across partners. Local Government Reorganisation is therefore not a simplistic merger of district council functions and responsibilities but underpinned by the redistribution and allocation of upper tier local government service responsibilities, costs and risks representing the vast proportion of local government services across the region.

TABLE 1 – 2023-24 GROSS REVENUE SERVICE EXPENDITURE ACROSS HAMPSHIRE AND THE SOLENT (IN £M EXCLUDING SCHOOLS AND HOUSING REVENUE ACCOUNT⁴)



³ School spend has been excluded from the Education Services data in footnote 2 and 4 by excluding service category codes 10, 20, 30, 40 & 45 from the RO1 form

⁴ <https://www.gov.uk/government/statistics/local-authority-revenue-expenditure-and-financing-england-2023-to-2024-individual-local-authority-data-outturn> - Revenue Outturn Service Expenditure (RSX) 2023 to 2024

35. This is further illustrated when considering revenue budgets per member and the significantly higher budget for service delivery that a County Councillor is responsible for in comparison to an average district or unitary authority Councillor.

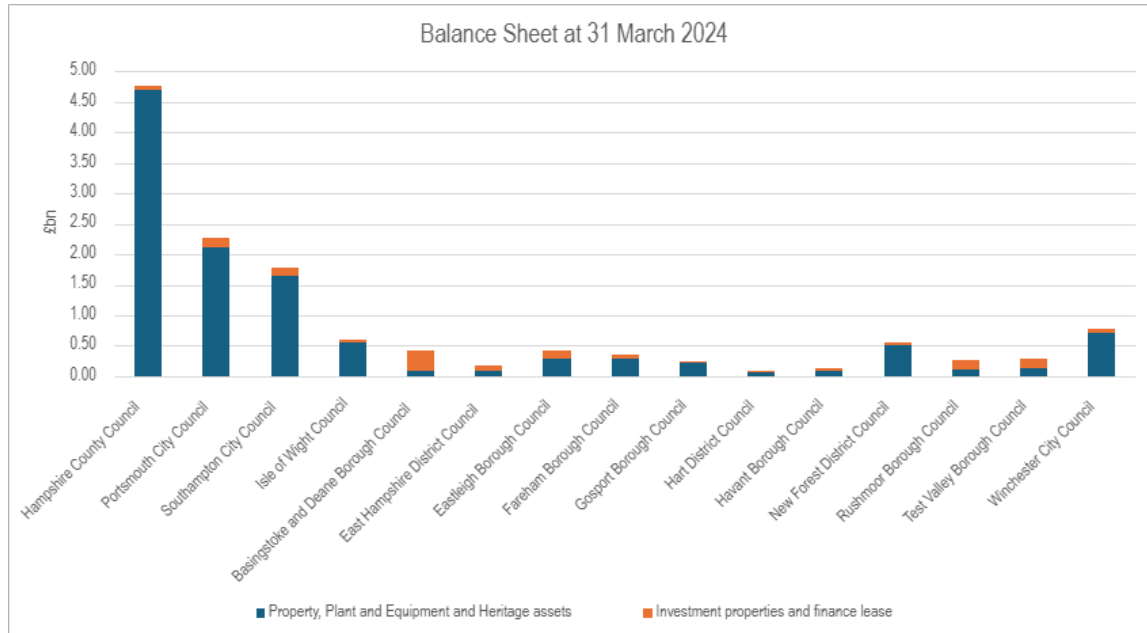
TABLE 2 – 2023/24 GROSS REVENUE EXPENDITURE PER MEMBER (IN £'000 EXCLUDING SCHOOLS AND HOUSING REVENUE ACCOUNT)

Hampshire County Council	22,427
Unitary average	8,759
District average	1,086

Assets and Investment

36. Although the value of assets on the balance sheet for local government bodies is an imperfect measure, the graph below (Table 3) similarly shows the distribution of service delivery assets and investment properties between the existing upper tier authorities and districts.

TABLE 3 – PHYSICAL ASSETS ON BALANCE SHEET AT 31 MARCH 2024 (£'000)



Schools

37. Across the landscape of Children's Services with regard to children's education, the County Council boasts significant infrastructure and capability delivering services at scale. As set out in Table 4, the County Council has resources and infrastructure for 458 local authority-maintained schools across

Hampshire. In Hampshire, 86% of schools are local authority-maintained, whereas in Southampton 55% are maintained by the local authority and in Portsmouth just 29% are. Therefore, it is crucial to recognise this disparity in Local Authority schools and implications of disaggregating services on the mainland to form new unitary authorities when evolving from the current to a future local government landscape.

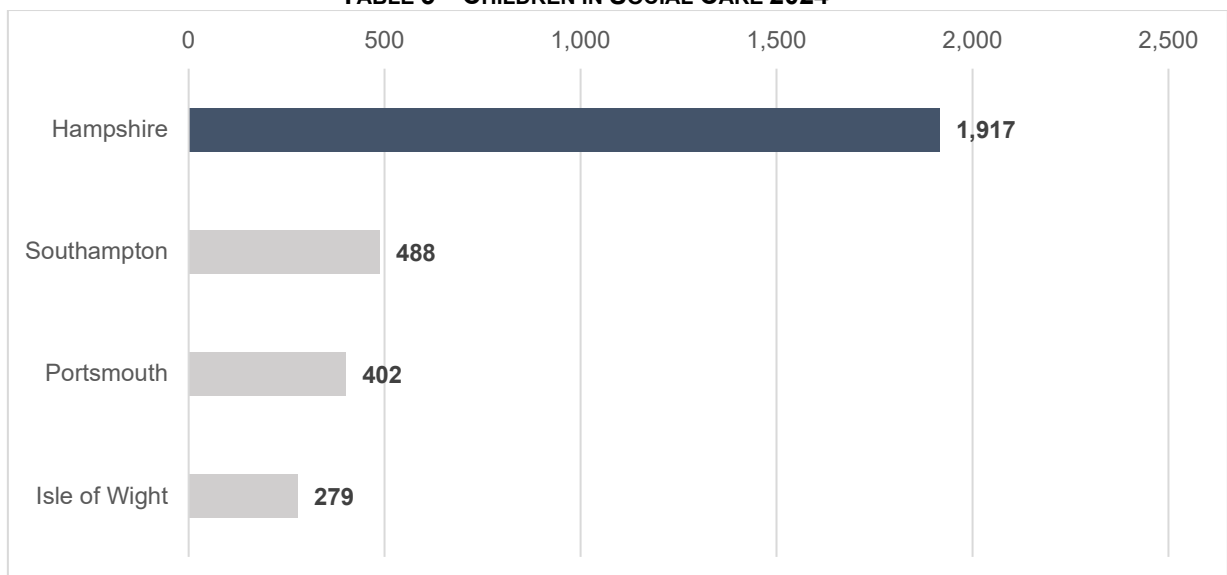
TABLE 4 – SCHOOLS⁵

		Hampshire	Portsmouth	Southampton	Isle of Wight
Academy	Pupil Headcount - Total	48,835	20,122	14,948	4,350
	Number of schools	73	44	34	7
LA Maintained	Pupil Headcount - Total	135,232	7,877	19,494	12,218
	Number of schools	458	18	42	41

Adults’ and Children’s Social Care

38. Similarly, wider support and positive impacts are provided for children across the County Council’s strong and effective services at a significantly larger scale than neighbouring unitary authorities, as illustrated in Table 5. When considering the current landscape of social care, it’s vitally important to consider how to best ensure that risks to vulnerable service users are minimised through Local Government Reorganisation.

TABLE 5 – CHILDREN IN SOCIAL CARE 2024⁶

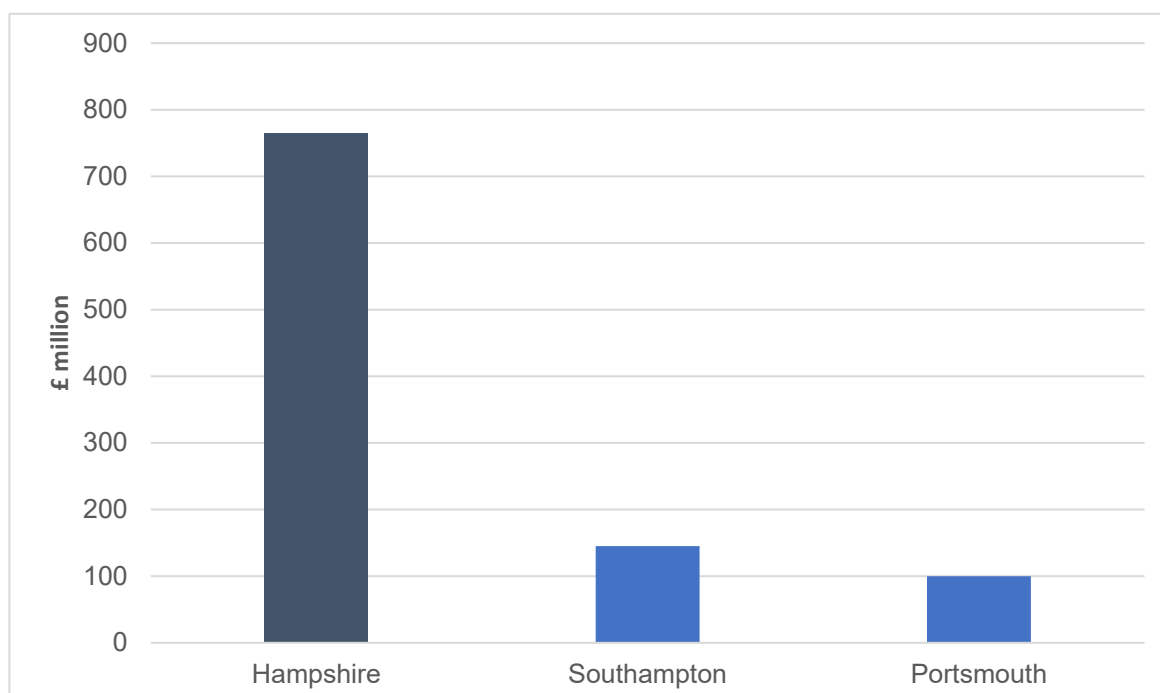


⁵ Data available on [Explore education statistics - GOV.UK](https://explore-education-statistics.gov.uk/)

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39. In 2024, Hampshire County Council’s Children’s Services was again rated ‘Outstanding’ by OFSTED for the second time in the past five years, one of only eleven Upper Tier Authorities nationally. Leadership and Management has been judged as Outstanding since 2014, reflecting the significant strengths in the service. OFSTED only identified only two areas for further development which is a testament to the high performance of its safeguarding services, as well as the innovation and capability of the service. Any considerations of re-organisation must be exceptionally mindful of diluting or fragmenting the effectiveness of current children’s social care.
40. Nationally, the Care Quality Commission are embarking on a new assessment regime for Adults Health and Care and a pilot inspection has rated the County Council’s Adult Social Care services as ‘good’ emphasising the ability to effectively deliver services at scale.
41. Indicative work by the consultancy Newton shows that over £1 billion is spent on social care and education placements across Hampshire, Southampton and Portsmouth. The County Council spends the vast proportion at £764m, which provides a sense of the magnitude of social care and SEND service delivery, spend and risk which would be impacted through disaggregation of the County Council’s services in comparison to the aggregation of the primarily less risky district council services.
42. In comparison to the unitary authorities in Hampshire, the County Council’s social care placements and SEND demand spend is 664% higher than Portsmouth and 427% higher than Southampton due to the relative size of its population.

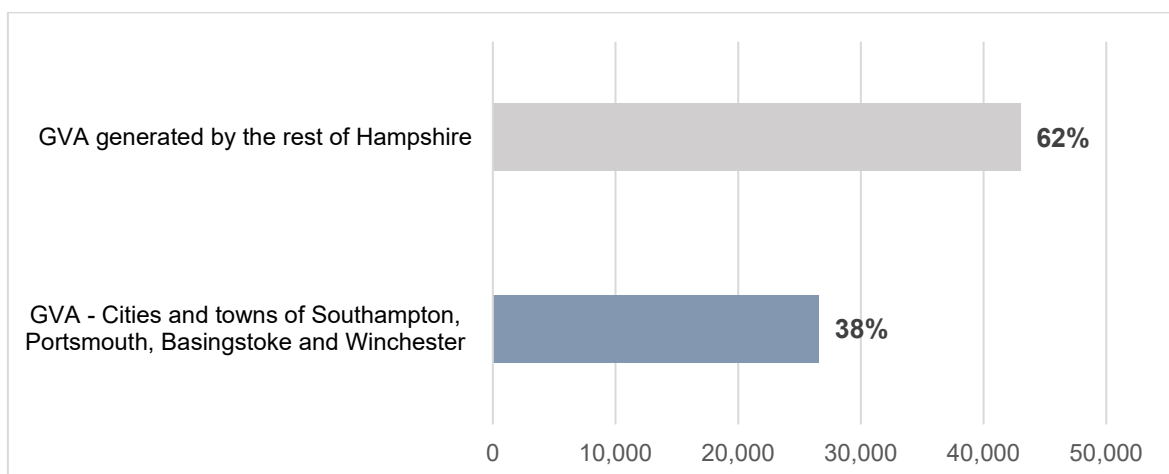
TABLE 6 – TOTAL SPEND ON PLACEMENTS BY AUTHORITY (£ MILLION – INCLUDING ASC, CSC AND SEND)



Economy

43. When considering the wider economic landscape across the region, with annual GDP of around £78.6bn of which £69.5bn is economic output (Gross Value Added - GVA), Hampshire and the Solent is one of the largest economies outside London. There are about 90,000 businesses in the area, 1.03 million jobs (0.83 jobs per resident of working age) and 979,000 residents in employment out of over 2 million resident population.
44. The employment rate stands at around 80%, which is one of the highest employment rates in the country, but some 17.5% of its residents of working age are economically inactive.
45. The region is an economic powerhouse in the UK. Labour productivity stands at about 15% above the national average and Hampshire contributes some £16.7bn to the Exchequer in terms of VAT and income tax.
46. The region is the UK's main export gateway to the fast-growing markets in East Asia and is home to a diverse range of sectors including several knowledge intensive services (creative & digital and professional services), advanced engineering, aerospace and defence and marine and maritime. Hampshire is also home to several emerging sectors such as life-sciences, space and clean technologies.
47. Whilst Southampton, Portsmouth, Basingstoke and Winchester are the towns and cities traditionally perceived as the economic centres of Hampshire, the reality is that the county's economy is significantly more polycentric, and major towns and economic centres such as Farnborough or Andover are both strong sectoral economic anchors and thriving economies in their own right (e.g. the GVA of Farnborough is 2.5 times that of Winchester).
48. Headline economic indicators demonstrate a far more dispersed economy; in 2022, two thirds of all output (GVA – Gross Value Added) in Hampshire was generated outside of these four cities and towns (see Table 7 below).

TABLE 7 – GVA 2022, POUNDS MILLIONS | SOURCE ONS (2024)



49. Any Local Government Reorganisation emerging options promoting economic growth and productivity under a wider MCCA will therefore need to consider a

much broader range of evidential economic factors, and not simply perceived or real “economic centres”.

The Case for Local Government Reorganisation

50. Local Government Reorganisation is not a new concept. Several local authorities have implemented local government reform in recent years. These include:
- Dorset Council and BCP Council – in April 2019, these two unitary authorities replaced nine local authorities previously in existence with the aim of protecting frontline services.
 - Buckinghamshire Council – this unitary authority replaced Buckinghamshire County Council and four district councils in April 2020 with the ambition of delivering an affordable and fit-for-purpose local government model
 - North Yorkshire Council – in April 2023, North Yorkshire County Council and seven district and borough councils were abolished to form a single unitary, with the City of York Council continuing as a single unitary authority, resulting in a 30-year devolution deal for the areas with an investment fund of over £500m.
 - Somerset Council – also in April 2023, Somerset County Council and four district councils were abolished for a single unitary authority with the aim of combining the strengths of the five authorities and providing a clear, single voice for Somerset.
 - Cumberland Council and Westmorland and Furness Council – also in April 2023, Cumbria County Council and six district councils were replaced by two new unitary authorities with these two unitary authorities providing all services previously delivered by the county council and the district councils.
51. The English Devolution White Paper sets out the Government’s intention to restructure all remaining two-tier authorities in England into single-tier unitary authorities.
52. The Government’s case is that unitarisation can cut duplication of bodies, create larger and more financially resilient Local Authorities, reduce the number of politicians, Chief Officers and infrastructure associated with running multiple organisations, and facilitate better end to end join up of public services across the local government system.
53. Government believes that Local Government Reorganisation will build empowered, simplified, resilient and sustainable structures that increase value for money for council taxpayers. The White Paper cites examples in York and North Yorkshire where benefits were reported in terms of efficiencies, service transformation, workforce pressures, and local accountability. Unitarisation is therefore part of Government’s broader strategy to address local government funding issues. The County Council would agree that simplified structures are an outcome of unitarisation, and that it is important to deliver resilient and sustainable structures; however, just

creating Unitary structures, particularly when unnecessarily fragmenting upper tier services, does not necessarily deliver more resilient and sustainable structures, and may even increase the risks for upper tier service delivery. It is also the case that given the existing financial challenge, without additional government funding for local government as a whole, unitarisation on its own is unlikely to deliver resilient and sustainable local government.

54. Whilst the White Paper cites North Yorkshire as a good exemplar of the benefits of Unitarisation, it is worth noting that two years post their establishment, the council acknowledges (see extract from their 2025/26 budget report below) that there is still significant work required to deliver the benefits of Unitarisation (and this is in the context that there was no disaggregation of the upper tier services as the Unitary created replaced the existing County Council and its 7 district councils, so only required aggregation of district services), and is a good reminder that it requires significant time and investment to fully deliver the benefits from Local Government Reorganisation:

'The Budget for 2025/26 and the MTFS builds upon the work done over the last 18 months or so in delivering the immediate financial benefits arising from structural reform following reorganisation. Having secured the structural savings there is a need to build on the council's combined might to deliver both service / performance improvements and further savings. This will be achieved by deploying a single operating model that builds upon strength; delivering a single customer strategy; using data and digital capability to become better and more efficient; and looking to be best in class in all service areas.

While these opportunities are possible they will be harder to deliver as they involve greater complexity. They will therefore take some time to be achieved and at this stage it is not possible to be precise about values and timescales but it is expected that next year's Budget / MTFS will be more propositional about these areas of Local Government Reorganisation (LGR) - inspired Transformation.'

55. Similarly it is also worth noting that the new Unitary Somerset Council, which replaced the existing County Council and its 4 district councils in April 2023 (so as above no disaggregation of Upper Tier services), and has a population of circa 575,000, has been granted Exceptional Finance Support for 2025/26 of £43m and has been allowed to raise Council Tax by 7.49% (in addition to EFS of £76m in 2024/25); this is a helpful reminder that Local Government Reorganisation and the establishment of new Unitary councils, even in the more straightforward cases where there is only aggregation of existing district council services and no disaggregation of upper tier services, is and of itself not a panacea for the delivery of financial stability and resilience.
56. Given the challenging medium term financial position across local government, there is a strong emphasis in the White Paper on implementing unitary structures to drive significant financial efficiencies across the sector, whilst also building large and financially resilient organisations of the future. Crucially, the resulting financial resilience and effectiveness enables outcomes and better value public services for all residents.

57. In addition, the White Paper references the importance of the size and scale of new Unitary Authorities that are expected to be **larger than a 500,000 population**, with Government separately advising that a population of over 1,200,000 would be too large. Government is therefore clear that 500,000 is not a target, but very clearly a de-minimus level of population on which proposals should come forward for large, resilient Unitaries of the future.
58. Published on 7 March 2025, the County Councils Network's (CCN) new report⁷, which draws on new data produced by PwC, provides important evidence to treat the 500,000-population threshold as a minimum not an optimum population scale, indicating that replacing the two-tier system with a new wave of councils with populations of 500,000 or more could save at least £1.8bn over five years. The CCN report also shows savings from reorganisation reduce dramatically if county and district authorities are replaced with multiple smaller councils – potentially costing local taxpayers hundreds of millions. The analysis shows that splitting two-tier areas into 58 new unitary authorities based on a minimum population of 300,000 would cost £850m over five years and deliver no savings.
59. It is helpful to note that both in the national work undertaken by PwC (see above), and the work which the County Council undertook with Deloitte in 2016, that the most compelling construct for Unitary local government across Hampshire was for a single County Unitary council, as it maintained the integrity of upper tier services with no disaggregation and delivered the largest savings. Both the PwC national work, and the Deloitte work made the case that the greater the number of Unitaries created, that the benefits incrementally decrease, and the risks and costs incrementally increase for each additional Unitary. However, with a clear steer from government on population size and two neighbouring unitary authorities in the mainland region which Government have determined need to grow, the single mainland unitary option has not been further explored.
60. In 2020, the CCN commissioned PwC to undertake a study '*Evaluating the importance of scale in proposals for Local Government Reorganisation*'⁸. Drawing on quantitative financial modelling, the report set out at a national level the potential benefits of establishing unitary local government. Within the White Paper and since, Government have cited this report to demonstrate the scale of potential efficiency savings that can be achieved, alongside the costs of transition. PwC has updated the financial modelling from the 2020 report to inform national policy decisions and discussions with the most-to-update data and analysis⁹.
61. The PwC report demonstrates that potential benefits could be achieved from a range of areas including:
- reduced spend on senior leadership

⁷ Available here: [LGR Evaluating the financial impact of population thresholds](#)

⁸ Available at [PwC-Evaluating-the-importance-of-scale-in-proposals-for-local-government-reorganisation.pdf](#)

⁹ Available at [Updated financial analysis March 2025](#)

- removing duplicated activity
 - achieving efficiencies from front office, back office and service delivery functions
 - third party spend reduction through economies of scale
 - fewer elections
 - having fewer councillors and
 - rationalising office space.
62. The analysis also highlights the cost of disaggregating services (i.e. splitting up services which are currently delivered by one organisation) including reduced benefits from economies of scale and duplicated senior leadership.
63. The PwC report, importantly from a Hampshire and an upper tier perspective, also concluded that:
- the analysis undertaken during the development of their report has shown that in any assessment of local government reorganisation the implications of both scale and disaggregation need to be taken seriously.
 - it is clear that in financial terms the implementation of single unitaries in each of England's two-tier areas would deliver significantly greater benefit (*than proposals for multiple unitaries*).
 - that should an alternative approach be pursued, the process of disaggregating current county services does present a number of material costs, and also non-financial risks and complexities.
 - decreasing scale in local government sees an increase in the cost of disaggregation and decreased benefits; for each additional Unitary created across a County area, the costs and risks increase and the benefits decrease
 - where reorganisation is being considered, the evidence set out in the report should be used to inform the development of local proposals.
64. The case for reorganisation is significant. It is crucial to ensure the potential is realised and long-term benefits are delivered for the taxpayer, and reorganisation must be used as the catalyst for fundamental transformation to mend the broken local government system and successfully deliver sustainable, high-quality services. It is, however, acknowledged that Local Government Reorganisation alone will not fix the financial problems across Local Government.

Delivering Local Government Reorganisation Successfully

Approach

65. Local Authorities across the region will need to work collaboratively to deliver the Government's vision. If delivered successfully, it could deliver a range of outcomes and benefits for residents and communities across the whole area.
66. The County Council has worked in partnership with all Local Authorities across the region to begin to consider the proposals for Local Government

Reorganisation. This has been recently facilitated by the consultancy firm KPMG, who have been commissioned by Basingstoke and Deane Borough Council to work on behalf of all 15 Local Authorities. The Leader and Chief Executive have participated in a series of workshops with their counterparts in the other Local Authorities. The workshops have, crucially, corralled data to underpin evidence-based decision-making for the proposed Interim Plan submission and helped to understand the views and priorities of other Local Authorities across Hampshire. This interim plan is included in Appendix A and will be collectively submitted on behalf of all 15 Local Authorities.

67. In helping to shape and support Cabinet to form a view on the recommended submission of the interim plan, the County Council has considered criteria and emerging options that are most relevant and appropriate from its unique perspective of being the Upper Tier Local Authority covering the vast proportion of local government services and spend across a population of 1.4m residents. This has included:
- Review and evaluation of the national work conducted by PwC on ‘*Evaluating the Impact of Scale in Proposals for Local Government Reorganisation*’ that has been made available through the CCN. This clearly and independently sets out the impact of reorganisation options on Cost, Risk and Resilience, Performance and Place.
 - Capturing the initial views of County Council officers responsible for key statutory responsibilities including Adults and Childrens Social Care, Education (including SEN) and Highways.
 - Commencing the early indicative financial and non-financial consideration of emerging options against the Government’s criteria as set out in the Minister’s letter in order to shape the next phases of work. Given the short timeframes and limited officer capacity, the County Council has been supported by PwC in documenting this early work. The draft summary has been included as Appendix B.
68. A range of factors have been identified which proposals have been and will continue to be considered against to ensure alignment with key criteria. Quantifiable measures such as population, demographics, deprivation, GVA, employment, plus financial indicators including annual savings and transition costs will be used to appraise each option. Similarly, a set of qualitative measures will help to assess the impact of the different options including, for example, service quality and risk to service delivery.
69. To ensure the approach to developing and finalising proposals is as robust and rigorous as possible, it will be vitally important that assessments cover three significant aspects: **finance, performance and place**. Each factor is important and will continue to be considered and evaluated as the journey to new Unitary Councils continues towards the development of full proposals by September.
70. To support a comprehensive evaluation of options, the County Council, working in partnership with all Local Authorities in the region, will use a range of datasets and tools including those made available through the CCN including:

- Pixel Financial Management’s funding disaggregation and reaggregation model.
- Newton’s model that disaggregates Adults’ and Children’s Social Care spend across districts.
- Analysis and modelling undertaken by PwC UK including findings on the updated LGR financial analysis.

Framework for Options Development

71. To successfully deliver the government’s vision, the MHCLG has set out six key criteria, with additional supporting guidance against each criteria, to guide proposals for Local Government Reorganisation:

GOVERNMENT’S CRITERIA

1	A proposal should seek to achieve for the whole of the area concerned the establishment of a single tier of local government .
2	Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks.
3	Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens.
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 .
5	New unitary structures must support devolution arrangements .
6	New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment .

72. Through the collaborative work with all Local Authorities across the Region, further principles (for the mainland authorities) have been agreed to shape cross-authority working as set out below:

HAMPSHIRE AND THE SOLENT AREA LOCAL AUTHORITIES – AGREED PRINCIPLES

1	Analysis will be based on economic geographies (principally Basingstoke, Winchester, Southampton, Portsmouth) that inform a sense of place, community, and economic growth. No decision has been made on the number of Unitaries.
2	Sense of place and coherent identity, structure and local connections will shape geographies.

3	To support the other principles, options considered will include those which have boundary changes, and those which do not have boundary changes.
4	Community engagement will be used to help shape final boundaries, prior to final submission.
5	Government criteria and guidance will be used to inform our proposal, as far as possible.
6	Proposals will ensure there are sensible population ratios between local authorities and any strategic authority, with options retaining equitable representation and voting rights.
7	Consideration will be given to the impact on crucial services.
8	Proposals will show how new structures will improve local government, service delivery and outcomes.
9	New proposed authorities must also be able to form a platform for financial sustainability, and resilience to withstand financial shocks.

73. Underpinning this work and supporting Members to consider the Interim Plan submission to Government, reflecting the County Council's specific accountabilities to its residents and the views of key statutory officers responsible for delivering or enabling the vast proportion of local government services across the region, a set of guiding principles have also been formed to help shape and steer the County Council's option development, and any proposals will be tested against these principles. These are set out as follows:

COUNTY COUNCIL'S GUIDING PRINCIPLES

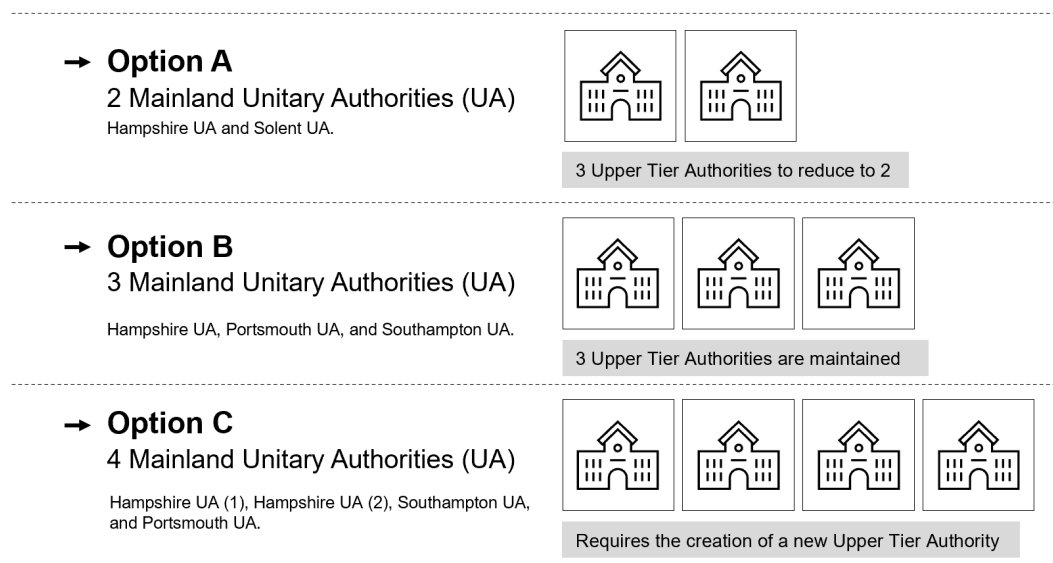
1	We will prioritise delivery of efficient, high quality public services , enhancing delivery through reform whilst avoiding unnecessary fragmentation of services .
2	We will safeguard service users , including vulnerable children and adults, by minimising risk to the services the County Council delivers and the potential threats from a lack of effective business continuity and appropriate future government structures in the long-term.
3	We will seek to ensure organisations of the future have the best chance of being financially sustainable and resilient . Organisations will need to be sufficiently large to withstand financial shocks and smoothing of significant cost drivers such as demography and deprivation .
4	We will leverage anchor institutions as the basis of the most appropriate structures to underpin sustainable delivery that offers

	value-for-money for the taxpayer and minimises the cost of transition.
5	We recognise that any future Unitary Solution will require effective mechanisms to enable local identity , engagement and local growth ambitions (including Local Place/Regeneration Boards, Area Committees and potential future Development Corporations).
6	We want to ensure equity of representation in a future Mayoral Combined Authority. All mainland Unitary Authorities to have equitable representation and voting rights.

74. This framework, consisting of the Government's criteria, the collective principles of all Local Authorities and the County Council's guiding principles, is the golden thread that will ensure decision-making aligns with the drivers that are most critical to the County Council, notably that any new organisations created have the best chance of being **financially sustainable**, and that the **delivery of high quality and sustainable public services to residents and communities is prioritised above all other issues**. However, the County Council recognises that it cannot achieve success in isolation and all Local Authorities in the region have a shared responsibility to design and implement the best local government structures for efficient and high-quality public service delivery.

Considering Emerging Options

75. As noted above, to support the engagement and recommended submission of the joint Interim Plan, the County Council has considered emerging options that are most relevant and appropriate from its unique perspective of being the Upper Tier Local Authority covering the vast proportion of local government services and spend across a population of 1.4m residents.
76. **For clarity, and in line with the established principles set out above, there is no option recommended to Cabinet at this moment in time.**
77. As noted above, the approach taken to considering options has been the completion of an initial financial and non-financial consideration of emerging options in the context of the Government's criteria. Given the short timeframes and limited officer capacity, the County Council has been supported by PwC in developing this early work. The draft summary has been included as Appendix B.
78. Currently, the 15 Local Authorities are working on the basis that Isle of Wight Council will remain a Unitary Authority given the exceptional circumstances (being an island). Three options for mainland local government have been considered initially: two, three or four unitary authorities, working initially to the Government required principle of no boundary changes. A single mainland Unitary Authority option is excluded from the shortlist as Government have been clear that populations over 1,200,000 residents is not acceptable and that this would cut across the devolution agenda. A summary of the options under analysis is as follows:






Initial Considerations

79. As detailed in [Appendix B](#), emerging options have been considered against:
- Alignment to Government criteria
 - Financial and Council Sustainability
 - Economic Growth and Identity.
80. This initial overview of emerging options provides an initial assessment of suitability of each option, areas of complexity in implementation, and a view of costs and benefits. In particular it demonstrates that:
- A 2 or 3 Mainland Unitary model best meets the Government criteria.
 - A 2 or 3 Mainland Unitary model deliver significantly better financial and operational sustainability as well as value for money.
 - A 3 or 4 Mainland Unitary has the greatest potential for maximising local strengths and fostering a sense of ownership to promote economic growth and identity.

Alignment to Government Criteria

81. Each of the emerging options have been considered against the Government criteria. Two Unitary Authorities will maximise efficiency and resilience but require careful transition planning and attention to local needs. Three Unitary Authorities offer a balance, leveraging existing structures and enabling tailored services, but relies on robust collaboration. Four Unitary Authorities, while more localised, face significant challenges in achieving economies of scale, managing costs, and ensuring equitable resource distribution.
82. Whilst work to critically review options continues, the following provides an **initial summary view** across the three options with a breakdown of how each aligns with the Government criteria and the key factors underpinning these:

Options appraisal comparison

Criteria	Key factors			
		Rating	Rating	Rating
1 Sensible single tier of local government	<i>Establishes a single tier of Local Government for the whole of the area concerned</i>	High	High	High
	<i>Sensible economic breakdown: with a tax base which does not create undue inequalities</i>	High	Medium	High
	<i>Sensible geographic breakdown: which will help increase housing supply and meet local needs</i>	Medium	Medium	Medium
2 'Right-sized' local government	<i>A population of 500,000 or more (unless specific scenarios make this unreasonable)</i>	High	High	Medium
	<i>Supports efficiencies and value for money for council taxpayers</i>	High	High	Medium
	<i>Improves capacity and supports the council to withstand financial shocks</i>	High	Medium	Low
	<i>Manageable transition costs</i>	Medium	Medium	Low
3 High quality, sustainable services	<i>Improves local government & service delivery, avoiding unnecessary service fragmentation</i>	High	High	Low
	<i>Opportunity for public service reform including where this will lead to improved value for money</i>	High	High	Low
	<i>Improves delivery of, or mitigates risk to negative impact on crucial services</i>	High	High	Low
4 Meets local needs	<i>Meets local needs and is informed by local views</i>	Low	High	High
	<i>Improves / mitigates risk to issues of local identity, cultural and historic importance</i>	Low	High	High
	<i>Addresses local concerns</i>	Medium	Medium	High
5 Supports devolution arrangements*	<i>Helps to support devolution arrangements / unlock devolution</i>	N/A	N/A	N/A
	<i>Sensible population size ratios between local authorities and any strategic authority</i>	N/A	N/A	N/A
6 Local engagement and empowerment	<i>Enables stronger community engagement</i>	Medium	Medium	High
	<i>Delivers genuine opportunities for neighbourhood empowerment</i>	Medium	Medium	High

* Indicative analysis has been included in this appraisal against criterion five, but an assessment cannot be made at this time as devolution plans are not yet defined

Option A: Two Mainland Unitary Authorities (UA)

→ Hampshire UA and Solent UA.



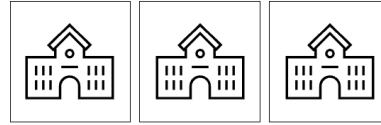
3 Upper Tier Authorities to reduce to 2

Summary of alignment with Government criteria and County Council's guiding principles:

- Aligns with the need for proposals to achieve sensible economic areas and covering a sensible geography.
 - Meets MHCLG population requirement of 500,000 per Unitary Authority, however the population for two Unitary Authorities is very large and could contradict the devolution agenda.
 - Delivers the largest financial benefit of the three proposals in terms of net annual benefit of reorganisation; offers strongest potential for financial resilience.
 - As a large unitary authority, provides resilience in delivery and better supports talent and workforce.
 - Avoids unnecessary fragmentation of services and best mitigates risk of transition to vulnerable service users including those in respect of social care, children's services, SEND and homelessness. However, could present some challenge given the diversity and scale of areas covered.
 - Linked to the above, enables the Solent UA to focus on urban service delivery, with the Hampshire UA having a blended rural and urban focus, noting the current urban focus in existing unitary authorities of Southampton and Portsmouth.
 - Would result in significantly more councillors for each authority than the existing upper tier authorities which may present challenges for the democratic and governance arrangements of each authority.
 - Given scale of these large unitary authorities, sizeable risks in respect of a broad jurisdiction driving a uniform approach and overlooking unique local issues, cultural and historical identities, plus introducing challenge in engaging deeply with all local communities.
 - Lowest transition costs.
-

Option B: Three Mainland Unitary Authorities

→ **Hampshire UA,
Portsmouth UA, and
Southampton UA.**



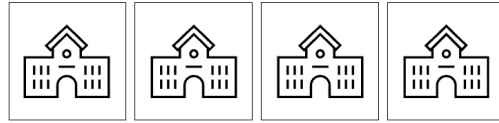
3 Upper Tier Authorities are maintained

Summary of alignment with Government criteria and County Council's guiding principles:

- Aligns with the need for proposals to achieve sensible economic areas and covering a sensible geography although balance analysis indicates this offers a less equitable economic split than Option A and C.
 - Meets MHCLG population requirement of 500,000 per Unitary Authority. Ratios are unbalanced, albeit could be balanced further by boundary changes.
 - Delivers the second largest financial benefit of the three proposals in terms of net annual benefit of reorganisation.
 - Results in fragmentation of services albeit limited to a level that might be considered necessary to develop structures to improve local government and service delivery at an appropriate scale for unitary authorities.
 - As a result of disaggregating services, presents some risk to service users as services not currently delivered are stood up and benefits of operating at scale are lost.
 - Blend of rural and urban services may present some risk/challenges in effective, efficient and experienced service delivery.
 - Balance of size and local focus means option is strongly positioned for public service reform with stronger local leadership.
 - Supports city-centric authorities that support cultural and historic importance in Southampton and Portsmouth and offering a more tailored approach to distinct regional priorities.
 - Second highest transition costs as a result of increased level of aggregation/disaggregation of services.
-

Option C: Four Mainland Unitary Authorities

- **Hampshire UA (1),
Hampshire UA (2),
Southampton UA, and
Portsmouth UA.**



Requires the creation of a new Upper Tier Authority

Summary of alignment with Government criteria and County Council's guiding principles:

- Aligns with the need for proposals to achieve sensible economic areas and covering a sensible geography.
- Doesn't align with MHCLG population requirement of 500,000 per Unitary Authority, even with potential boundary changes, and benefits of operating at scale are lost.
- Results in a net financial cost with no potential financial benefit due to implication of further disaggregating upper tier services and duplicating organisational running costs across multiple organisations.
- Results in significant fragmentation of upper tier services at a level that could be considered unnecessary given lack of alignment on population criteria and ultimately creates an additional Upper Tier Authority across the region.
- As a result of disaggregating services, presents the most significant risk to service users as services not currently delivered are stood up and increasing costs, in addition to risk of inconsistencies in service delivery if regional issues are not coordinated effectively.
- Blend of rural and urban services may present some risk/challenges in effective, efficient and experienced service delivery.
- Supports city-centric authorities that supports cultural and historic importance and offering a more tailored approach to distinct sub-regional priorities and identities.
- Most effectively aligns with local engagement and empowerment criteria given ability to engage more closely; emphasises highly localised governance with greater potential for strong community ties.
- Highest transition costs as a result of increased level of aggregation/disaggregation of services and forming a new authority on a 'greenfield site'.

83. The initial data capture and options analysis exercise has demonstrated the potential benefits that could be achieved through Local Government Reorganisation in Hampshire and how each option best aligns with the government criteria.

Financial and Operational Sustainability

84. Analysis of the financial costs and benefits of the three initial options, using publicly available data, has focused on expenditure across authorities in the mainland Hampshire and Solent Area footprint. The financial model then takes into account the impact of factors faced in some options (e.g. disaggregation of services, costs of potential redundancies, etc.) alongside common assumptions around changes in senior leadership, potential savings in cost categories, and properties in use by the councils.
85. As referenced above and illustrated in the table below, initial high-level analysis demonstrates that a 2 or 3 mainland unitary model present significant financial and operational benefits in relation to the efficiency and effectiveness of public service delivery. A 4 mainland unitary model creates significant financial and operational challenges and would not deliver any financial savings, would cost more than the current arrangements and would not be able to recover implementation costs over the medium to long term.

Option	Potential Net Benefit/(Cost) After 5 Years (cumulative)	Payback Period	Analysis of Option
A. Two Mainland Unitary Authorities	Between £91m - £112m	Between 2 - 3 years	The option provides lower transition costs and avoids a lot of the disaggregation costs due to the potential to retain existing social care and education structures. There is a benefit here as this option moves from a 3 SRA structure down to a 2 SRA structure. The payback period for investment in the new structure is relatively short. This option also meets the projected population size required by MHCLG, however, practicality of delivering the services at this scale will be very challenging.
B. Three Mainland Unitary Authorities	Between £7m - £9m	Between 4 - 5 years	The option provides slightly higher transition costs and also avoids a lot of the disaggregation costs and thus, has a slightly longer payback period. The payback period for investment in the new structure is still relatively short. It is however longer than 2UA predominantly due to significant ongoing costs arising from the need to replicate disaggregated leadership in each unitary authority.
C. Four Mainland Unitary Authorities	Between (£134m) - (£163m)	N/A	The option provides for a lower rate of benefit accrual with a net negative at the five-year point, and with higher annual costs than benefits, this model represents a net cost to the system year-on-year. This is predominantly due to significant ongoing costs arising from the need to replicate disaggregated leadership and service delivery in each unitary authority. The population, tax bases and service demand data does not provide for a sustainable model which will meet MHCLG expectations.

86. When considering other financial indicators, option A is considered to be most balanced in terms of council tax base, business rates revenue and net assets. From a financial sustainability perspective, option C presents some concern regarding the distribution of reserves across the four authorities, but also the creation of 4 smaller Unitaries weakens financial sustainability as there is loss of scale, meaning that there is likely to be less financial resilience to manage demand and cost pressures.
87. It is worth reiterating that the County Council is currently operating at significant scale, which includes commissioning and purchasing at scale, and is holding significant reserves, yet despite these factors is not financially sustainable and is currently forecasting a budget deficit of £136m for 2026/27. Given that there is a significant body of evidence that disaggregation of upper tier services is costly, and that as more Unitaries are created the more those costs increase whilst at the same time the benefits decrease, options with more Unitaries not surprisingly will be less financially resilient. The impact of passing the forecast County Council deficit on to new Unitaries should not be underestimated, and the impact will be greater to the ongoing financial sustainability and resilience if smaller Unitaries are created.
88. On that basis whilst options A and B produce a net financial benefit, this does not address the forecast financial gap across the region and would still require fundamental reform from the Government around the quantum and distribution of funding to local government to achieve this.

Economic Growth and Identity

89. The Government criteria requires proposals to meet local needs, address local identity issues and be informed by local views. A 3 Unitary and 4 Unitary model both have alignment to city-centric regions in Southampton and Portsmouth which build on their distinct cultural, historic and economic identities, and future opportunity for catalysing city led growth.
90. A 3 or 4 Unitary structure provides the strongest alignment to established economic hubs and identities to underpin growth at both the strategic and unitary authority level. There is potential for a 4 Unitary structure to maximise this connection, although it may be necessary to break existing council boundaries to prioritise economic geography.
91. It is noted that outside of the two major cities, Hampshire is a demonstrably polycentric and interdependent economy in terms of economic size, economic productivity, population distribution and opportunity for future growth. As any future options develop this will require careful consideration.
92. All emerging options presented also create Unitary Authorities that operate across a larger footprint than the current District footprint. Therefore, new mechanisms will be required to promote local identity, engagement and decision making. Further analysis will need to consider options, such as place boards, area committees, local community networks, etc., to ensure proposals best meet local needs and foster strong community engagement and neighbourhood empowerment.

Risks to Effectiveness of Public Service Delivery and Outcomes for Residents

93. Underpinning all of the above needs to be consideration of the effectiveness of local government public services and responsibilities, delivering outcomes for all residents. This is a particular risk for upper tier local government responsibilities, which represent 86% of the cost and cover high risk or costly statutory services which are delivered at both scale and also within local communities and homes. In particular this includes adults social care, highways, children’s social care and special educational needs. Service fragmentation for any of these services is likely to carry significant cost, risk and less effective service delivery, both during an implementation period and beyond.
94. Equally, local place shaping and community services currently delivered effectively at a District and Borough level will need to both continue and enhance local community engagement and identity. Again, this presents a risk across all emerging options, and needs to be considered in the round against the key considerations for success detailed in Appendix A and the relative balance against other success criteria.

Councillor Numbers

95. As part of interim plans, Government have asked for early consideration of Councillor numbers. In agreement with all 15 local authorities and the associated recommended Interim Plan submission, it is proposed that the approach will be informed by the Boundary Commission guidance, and a specific proposal is not presented at this stage. Currently, there are 650 councillors across the 15 local authorities. This figure does not take into account 43 “double hatters” (55% of all County Councillors) who are Members of both the County Council and District/Borough Councils.

	County Council	Unitaries	Districts
Number of Councillors	78	132	440
Population	1.4 million	607,300	1.4 million
Residents per Councillor - average	~18,000	~4,600	~3,200

Boundaries and Boundary Changes

96. It is recognised that emerging options have not begun to directly consider boundaries or boundary changes, and this is reflected in the proposed Interim Plan submission, which is clear that there are no specific options and boundaries being proposed at this time. The Government’s policy position has also been consistently clear that areas should seek to avoid boundary changes wherever possible unless there is a strong public service and financial sustainability-related justification.
97. A clear guiding principle agreed with the 15 Local Authorities is that options considered in further detail will include those which have boundary changes

and those which don't have boundary changes. The County Council supports this position and additional clarity is requested from Government, as detailed in the submission, to enable all 15 Local Authorities to continue to work collaboratively on a shared vision for reorganisation and invest valuable resource into options that are likely to be considered most preferable by Government.

Resource Requirements

98. Resource requirements to develop and implement proposals are under review. A working assumption is that an option that results in more Unitary Authorities will result in significantly higher resource costs to develop and implement.
99. As set out in Appendix A, the indicative costs of preparing the proposals could total £500k including communications support, project management, engagement with residents and communities, strategic support, and drafting. Financial support from government to fund the implementation of the preferred proposal would be expected.

Engagement with Wider Stakeholders and Partners

100. As well as confirming that 15 Local Authorities have worked constructively together to get to the point of submission, the Interim Plan highlights the importance of early collective engagement with key stakeholders, and an initial joint workshop has taken place with colleagues from Police, Fire, Health and the National Parks. In addition, the County Council has kept strategic partners and key partnerships up to date on the emerging work through media channels, written communications and briefings, and will be running a wider stakeholder engagement webinar in mid-March as well as engaging with Hampshire MPs.
101. The County Council recognises the fundamental importance of on-going and meaningful engagement with key stakeholders to help shape and develop options, and in particular the responsibility to reflect and evaluate emerging options through the lens of key operational and strategic interdependencies between Local Government and wider key strategic partners. Based on early discussions, all strategic partners, both within the public sector and beyond, have been clear about future structures of Unitary Councils needing to maintain effective strategic join up, ensure efficiency and consistency of operational interactions and avoid fragmentation / duplication of services.

Interim Plan Submission and Next Steps

102. The immediate next step, subject to Cabinet approval is the submission of the interim plan (Appendix A) to Government alongside the other Hampshire and Solent Local Authorities. This would be submitted on the basis of the emerging guiding principles and collective progress made, both recognising the collective work undertaken by the Local Authorities, but also that it would be premature to be submitting any preferred options to Government until further work has been completed.

103. Furthermore, the interim plan requests further clarity from Government to help shape the development of more detailed proposals and associated next steps to deliver this. Therefore, as well as clarity on Boundary Changes, the Interim Plan also requests clarity on, the exceptional circumstances of the Isle of Wight, critical service demand, implementation and on-going financial sustainability. Given the challenging timeline against the backdrop of progressing the Devolution Priority Programme, an extension to the deadline for the full proposal has also been requested to 28 November 2025.
104. Moving forward, the County Council will work with all Local Authorities across the region to bring together critical qualitative and quantitative analysis to support a comprehensive evaluation of options, facilitating informed decision making and converging on a consensus position of the best future Local Government Reorganisation structure. Immediate priorities to support this work include:
- Prioritisation weighting workshop
 - Additional detailed analysis
 - Options evaluation
 - Boundary review workshop
 - Explore service transformation opportunities
 - Further stakeholder engagement
105. It is essential that councils continue to deliver their business-as-usual services and duties, which remain unchanged until reorganisation is complete. The timeline provided by Government includes the following milestones in relation to Local Government Reorganisation (LGR) for councils included in the Devolution Priority Programme:
- April-September 2025: feedback from Government on interim plans and to support final proposal development.
 - 26 September 2025: submission of final LGR proposal.
 - January-April 2026: Government decision on LGR proposals.
 - May 2026: Mayoral election.
 - July-August 2026: LGR legislation prepared and laid.
 - May-December 2027: Any transitional legislation needed prepared and laid.
 - April 2028: new Unitary Authorities go-live.
106. As stated above, the County Council is required to submit a final proposal on 26 September 2025 – but within the Interim Plan has requested an extension to 28 November 2025. Project plans for both deadlines are included in the Interim Plan detailed in Appendix A.
107. Council and Cabinet will be appropriately engaged ahead of the full submission. Once a proposal has been submitted it will be for the Government to decide on taking a proposal forward and to consult as

required by statute. This will be a separate process to any consultation undertaken on mayoral devolution in an area. If Government decides to implement any proposal, and the necessary legislation is agreed by Parliament, MHCLG will provide for shadow elections or other transaction arrangements at the appropriate time.

108. The County Council will continue to work collaboratively and proactively with other Local Authorities to develop robust and sustainable unitary proposals that are in the best interests of the whole area. As referenced previously, it will be vitally important that, as proposals are developed for the final Local Government Reorganisation submission, assessments cover three significant aspects: **finance, performance and place**. Each factor is important and will continue to be considered and evaluated as the journey to new Unitary Councils continues towards the development of full proposals.

Risks of Implementation

109. To best ensure that Local Government Reorganisation can be delivered successfully, it's vitally important to identify the key risks and consider the possible mitigation to encourage proactive management. The following is an initial high-level summary:

Risk Description	Mitigation
Safe and effective operational delivery through transition	Identify and engage with key stakeholders including vulnerable service users and ensure robust plans are developed to minimise operational service delivery disruption.
Financial benefits and estimated savings are not delivered	Define clear financial objectives, developing a clear benefits realisation approach and implement regular monitoring to assess progress.
Capacity and capability of staff within the new authority	Conduct a skills assessment to identify skills and capabilities required to implement the changes and invest in external advice where required.
Lack of awareness and understanding of the vision and design of the new council	Develop a communication strategy to clearly convey the vision through engagement sessions and visual aids, with strong leadership involvement to align and motivate stakeholders.
Increased workforce turnover, new organisation workforce fatigue and new ways of working not desired by staff	Establish open communication and a support environment, using regular feedback and initiatives to address staff concerns and maintain morale.

Perceptions of takeover within new authorities	Develop a clear and inclusive transition strategy to proactively minimise resistance and support buy in.
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Legal Considerations

110. Section 2 of the Local Government and Public Involvement in Health Act 2007 (2007 Act) allows the Secretary of State to invite any authority to propose a unitary model of local government for an area.
111. Under Section 2 of the 2007 Act the Secretary of State has invited all of the local authorities in the Hampshire area to make a Type A, Type B, Type C or a combined proposal:
- **Type A:** a proposal that there should be a single tier of local government for the same area which covers the county concerned.
 - **Type B:** proposal that there should be a single tier of local government for an area which is currently a district, or two or more districts, in the county concerned.
 - **Type C:** proposal that there should be a single tier of local government for an area specified in the proposal which currently consists of the county concerned or one or more districts in the county concerned and one or more relevant adjoining areas
 - **Combined Proposal:** a proposal that consists of a) two or more Type B proposals; b) two or more Type C proposals; or c) one or more Type B proposals and one or more Type C proposals.
112. Arguably reorganisation using the 2007 Act envisages whole local government areas so any proposal that involves splitting district councils would potentially require alternative legislation to be utilised and could be more complex and time consuming.
113. If all the Local Authorities affected by the proposal agree then the Secretary of State could potentially use powers set out in the Cities and Local Government Devolution Act 2016 (2016 Act) to bring forward regulations to amend and vary:
- the governance arrangements of Local Authorities;
 - their constitution and membership; and
 - their structural and boundary arrangements.
114. Under the 2007 Act it only requires one authority in the Hampshire area to make a proposal to trigger the Secretary of State's powers under the Act to effect re-organisation in the wider area.
115. The Secretary of State may request further advice from the Local Government Boundary Commission (LGBC) in relation to a proposal it receives following an invitation. The LGBC can recommend that the Secretary of State implements the proposal without amendment, recommend that he does not implement or could look to make an alternative proposal to him. S7 of the 2007 Act then gives the Secretary of State the overall power

to authorise the re-organisation. The Secretary of State may implement the proposal without modification or look to implement any alternative proposal put forward by the LGBC. If the Secretary of State decides to proceed with the re-organisation, then it will pass a detailed Statutory Instrument dealing with the transfer of powers, property, assets and staff as well as any boundary and electoral changes necessary to give effect to the re-organisation.

116. There is no statutory requirement to consult the members of the public affected by a proposed reorganisation but the Secretary of State's invitation and guidance does state that 'It is for councils to decide how best to engage locally in a meaningful and constructive way and this engagement activity should be evidenced in your proposal' and 'Proposals should include evidence of local engagement, an explanation of the views that have been put forward and how concerns will be addressed'
117. The appropriate form of engagement including engagement with Members of Parliament, Integrated Care Boards, the Police and Crime Commissioner, the Fire and Rescue Authority, local Higher Education and Further Education Providers, National Parks, businesses and the voluntary and community sector will be developed before the final submission is made to the Government.
118. Following the submission of the County Council's final proposal in September 2025 it is likely that the Secretary of State will undertake further consultation on the proposals received for a unitary model of local government for the Hampshire and Solent area.
119. For the avoidance of any doubt the County Council does not regard this 'interim plan' as a formal submission of a proposal for a unitary model of local government for the Hampshire and Solent Area.

Finance

120. The financial challenges faced by Hampshire County Council are well-documented. To ensure the County Council can deliver a balanced budget in 2025/26, £64.9m is being drawn from reserves. Beyond this, a budget gap of £136m is currently forecast for 2026/27. Growth in demand and prices for social care and school transport continue to significantly outstrip increases in funding.
121. In February 2025, the County Council's request for Exceptional Financial Support (EFS) through increasing council tax by 14.99% was rejected. Given the anticipated ongoing deficit, as described above, the lack of options for the County Council to deliver a balanced budget in future years could result in a further request to Government for EFS or lead to a Section 114 notice being issued. Local Government Reorganisation alone will not address the budget gap, it is vital that the County Council continues to explore all options to deliver further efficiencies.
122. Local Government Reorganisation is an opportunity to deliver more efficient public services to the communities of Hampshire and the Solent. However,

the potential benefits must be robustly assessed and considered alongside the one-off costs of delivering the changes.

123. The costs of transition to new organisations will be considerable. The scale of the movement of services, staff, systems and contracts between organisations will be key drivers of costs. In addition, exit costs for individuals in functions which can be reduced in the new structures are likely to be considerable. As set out elsewhere in this report, leveraging anchor institutions is likely to be the best way of minimising the costs of delivering the change. Exit costs for individuals will be offset by future savings.
124. The position on ongoing costs and savings is complex. In the majority of recent examples of Local Government Reorganisation, smaller organisations have been aggregated into larger ones. In these cases, it is very reasonable to expect economies of scale, both in the running of these organisations and by leveraging increased purchasing power to drive savings on external contracts. Due to the relative size of the County Council, all the options under consideration result in a reduction in the size of one organisation.
125. This does not mean that savings will not be delivered, just that the impacts of disaggregation as well as aggregation will need to be carefully modelled and assessed.
126. A greater number of new unitary authorities than the number of existing upper tier authorities will create significant additional recurring costs across the local government system through duplication of running costs associated with additional organisations delivering Upper Tier Local Authority Services, which currently represents 86% of current cost and activity across the local government system. These additional recurring costs of creating additional Unitary Authorities beyond the current number of 3 upper tier authorities across the mainland, would negate and outweigh the expected savings of District Council consolidation. This will continue to be modelled and quantified in the next phase of work and detailed options analysis.
127. Finally, it is important to note that Local Government Reorganisation alone is not a solution to the financial difficulties facing the County Council and the wider sector. As set out in paragraph 120, the County Council's budget gap continues to grow, and is forecast to be £136m for the 2026/27 financial year. The budget gap is a result of a local government funding system that does not keep pace with rising levels of demand for services. Without action from Government to address the shortfall in funding for Local Authorities, including the Hampshire deficit on the High Needs block of the Dedicated Schools Grant (forecast to reach £312m by the end of 2025/26), successor authorities will be facing immediate and significant financial challenges.

Consultation and Equalities

128. Consultation requirements will be determined before the submission of a final proposal in September 2025 for a single tier of local government in Hampshire. Once final proposals have been received by Government, it will be for the Government to decide on taking a proposal forward and to consult as required by statute. This will be a separate process to any consultation undertaken on mayoral devolution in an area.

129. The County Council has worked collaboratively and proactively with other Local Authorities and key stakeholders with the aim of (i) developing robust and sustainable unitary proposals that are in the best interests of the whole area, and (ii) building a shared understanding of the improvements we expect to deliver through reorganisation. Engagement activities that the County Council has carried out since the start of February include:
- Members of Parliament: A dedicated briefing for MPs on the County Council's interim proposal and devolution consultation response held on 21 March.
 - Local partners and stakeholders: A cross-sector stakeholder briefing held on 19 March on the County Council's interim proposal and devolution consultation response. At the time of this report, more than 600 partners and stakeholders had signed up to attend, spanning the education, voluntary and community and public sector, as well as business representative organisations, individual businesses and parish/town councils. The content for the stakeholder briefing was based on questions submitted by partners and stakeholders beforehand. The County Council will also lead discussions at the next available meeting of its Critical Partnership about Local Government Reorganisation as well as Devolution. In advance of the interim proposal being submitted, discussions will have been held with the Hampshire Prosperity Partnership Board and the Enhanced Bus Partnership.
 - Residents: The County Council's corporate social media, website and Your Hampshire e-newsletter have all been extensively used to inform residents of the upcoming Local Government Reorganisation. A suite of bespoke videos was also created for residents, explaining what Local Government Reorganisation and Devolution are, highlighting that there will be future opportunities on the former subject to get involved and have their say on proposals. Alongside this, a press release and social media has been undertaken on the publication of this paper to raise awareness of the County Council's interim Local Government Reorganisation proposal.
 - Workforce: County Council staff have been kept abreast of developments regarding Local Government Reorganisation via Chief executive blogs, all staff briefings and through the monthly Corporate Operational Messages pack which managers share with staff at their regular team meetings. Content for the all-staff briefings has been based on questions raised by members of staff about Local Government Reorganisation. A further all staff briefing will have been held on 19 March.
 - Businesses: Individual businesses as well as their representatives were invited to the stakeholder briefing on Local Government Reorganisation and Devolution on 19 March. Going forward, business representative organisations will be closely engaged, starting with the Hampshire Prosperity Partnership Board on 12 February where the County Council led a discussion on Devolution and Local Government Reorganisation, to be followed up at the next meeting of the Board on 24 March on the

specifics of this report and the Devolution report elsewhere on the agenda.

130. As part of the partner and stakeholder briefing referred to above, questions were invited from attendees to ensure the briefing content and future communications could address these issues but also to help identify the points of engagement which would be required with partners. Topics included the role of Parish Councils within the reorganisation, how voluntary and community sector commissioning would work with the new government structures as well as grant funding, how debt would be managed as organisations merged and how residents would be kept informed of who to access services from during the transition period as well as how they could engage with the process.
131. Any proposal to change governance in the Region will require an ongoing commitment to engaging with stakeholders across sectors. Until final proposals are submitted to Government on 26 September 2025, the County Council will continue to carry out the engagement necessary to develop robust and evidenced unitary proposals. In doing so, the County Council will consider the following to facilitate community engagement:
 - Routes to resources – developing clear pathways for resources to support change promptly and effectively.
 - Building effective relationships – stakeholders across the area will be of paramount importance as plans progress.
 - Focus on inclusivity – consider targeted outreach to actively seek views of hard-to-reach groups.
 - Leveraging existing relationships – utilise established trust and familiarity within communities to facilitate smooth transition.
 - Critical Partnerships - identify and approach Critical Partnerships to ensure they have the opportunity to discuss devolution and Local Government Reorganisation in at least one of their meetings in 2025. The County Council will provide reliable and relevant information to encourage critical partners to discuss and contribute to the reshaping of public services in Hampshire and the Solent.
 - Seek views of other public sector providers, which will be crucial to understanding the best way to structure local government in the area (e.g., Integrated Care Board, Police and Crime Commissioner, Fire and Rescue Authority, local Higher Education and Further Education providers, National Park Authorities, and the voluntary and third sector).
132. Initial equalities impact assessment demonstrates that, whilst no impacts are identified at this early stage of the process, different options have the potential to impact service users and staff with protected characteristics to varying degrees. The County Council's guiding principles best ensure that positive impacts can be realised through the reorganisation process and negative implications are minimised. For example, the County Council's guiding principles prioritise safeguarding vulnerable service users including

those with age and disability protected characteristics, options that leverage anchor institutions and avoid fragmenting effective service delivery would best minimise negative impacts. Similarly, outcomes may be different for service users with poverty or rurality protected characteristics and the preferred option chosen should seek to minimise any adverse impacts and promote positive benefits for these groups.

Climate Change Impact Assessment

133. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience impacts of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.
134. Both devolution and Local Government Reorganisation are likely to present significant opportunities in relation to delivering climate change commitments for Hampshire. This is expected to be realised through the additional funding and powers set out within the devolution strategic framework. At this early stage, a climate change assessment has not been completed and will be considered as further detail is developed and future proposals are put forward.

Climate Change Adaptation and Mitigation

135. The County Council's climate adaptation tool is not relevant to the recommendations set out in this Decision Report; however, it will be considered as the programme progresses.

Carbon Mitigation

136. The carbon mitigation tool is not relevant to the recommendations set out in this Decision Report; however, it will be considered as the programme progresses.

Conclusions

137. The landscape of local government is changing. Local Government Reorganisation presents significant opportunity to transform and better integrate public service delivery and continue to deliver value for money for taxpayers. Reorganisation must be used as the catalyst for fundamental transformation to mend the broken local government system and successfully deliver sustainable, high-quality services.
138. Working collaboratively with all 15 Local Authorities, the County Council has contributed to the development of an Interim Plan to Government, setting out the initial agreed position with Government. This interim plan is included in [Appendix A](#), and it is recommended that this should be collectively submitted to Government on behalf of all 15 Local Authorities.
139. The County Council already represents the vast majority of local government public services across the region, delivering these effectively at scale, within local communities and is uniquely positioned to drive forward successful

change and enable long-term outcomes. It's vitally important that in their deliberations current County Councillors effectively represent the upper tier functions and responsibilities for which they are accountable to ensure successful future models for local government.

140. It is therefore critical and necessary to underpin this work and support Members to consider this interim plan submission to Government that key data and information as presented in this report is considered by all Members, as County Councillors, in order to fully inform the decision making and recommendation to submit the Interim Plan which is a significant step towards the reorganisation of all of the current County Council functions in future.
141. This includes considering specific principles from the perspective of the County Council as well as considering emerging options based on two, three of four mainland authorities. It is however important to note there is no recommended proposed option at this stage to be submitted to Government until further work is completed.
142. The County Council will continue to work collaboratively and proactively with other Local Authorities to develop robust and sustainable unitary proposals that are in the best interests of the whole area, alongside recognising its unique position as representing the vast proportion of services, risk and costs associated with Local Government across the region. It will be vitally important that, final Local Government Reorganisation submission, assessments continue to cover three significant aspects: **finance, performance and place**. Each factor is important and will continue to be considered and evaluated as the journey to new Unitary Councils continues towards the development of full proposals.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	Yes
People in Hampshire live safe, healthy and independent lives:	Yes
People in Hampshire enjoy a rich and diverse environment:	yes
People in Hampshire enjoy being part of strong, inclusive communities:	Yes

Other Significant Links

Links to previous Member decisions:	
<u>Title</u> Decision - English Devolution White Paper About the Council Hampshire County Council	<u>Date</u> 10/1/2025
Direct links to specific legislation or Government Directives	
<u>Title</u> English Devolution White Paper - GOV.UK Letter: Hampshire, Isle of Wight, Portsmouth and Southampton - GOV.UK Hampshire and the Solent devolution consultation - GOV.UK	<u>Date</u> 16/12/2024 5/2/2025 17/2/2025

Section 100 D - Local Government Act 1972 - background documents	
<p>The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)</p>	
<u>Document</u>	<u>Location</u>
None	

EQUALITIES IMPACT ASSESSMENT:

Equality Duty

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

Equalities Impact Assessment:

Initial equalities impact assessment demonstrates that, whilst no impacts are identified at this early stage of the process, different options have the potential to impact service users and staff with protected characteristics to varying degrees. The County Council's guiding principles best ensure that positive impacts can be realised through the reorganisation process and negative implications are minimised. For example, the County Council's guiding principles prioritise safeguarding vulnerable service users including those with age and disability protected characteristics, options that leverage anchor institutions and avoid fragmenting effective service delivery would best minimise negative impacts. Similarly, outcomes may be different for service users with poverty or rurality protected characteristics and the preferred option chosen should seek to minimise any adverse impacts and promote positive benefits for these groups.

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

21st March 2025



Foreword

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

The interim plan is submitted on behalf of:

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

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

About Hampshire and the Solent

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



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

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

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

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

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

Working together across the region

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

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

- 5th February 2025: Leaders' and Chief Executives met to appoint strategic advisor and agree terms of reference for this work.
- 10th February 2025: Mobilisation and engagement across each council in the region to formally develop plans for this interim plan.
- 11th February 2025 – 18th February 2025: Our strategic advisor held interviews with each council's Chief Executive and the majority of Leaders to identify key strengths, challenges, preferred options, red-lines, and opportunities. Each council was asked the same question-set to ensure a standardised approach.
- 10th February 2025: ongoing weekly engagement with the Chief Executive group to ensure progress against plan and discuss any actions / priorities from key meetings and workshops.
- 19th February 2025: Chief Executive workshop to playback themes from individual council interviews, discuss shared principles, provide an initial appraisal of potential options and plan timeline to submission for this interim plan.
- 24th February 2025: Leaders' and Chief Executive workshop to discuss progress to date and proposed next steps.
- 27th February 2025: Leaders' meeting to agree a set of guiding strategic principles, the content of the interim submission, agree the timeline for the full proposal and review data from across the Hampshire and Solent region.
- 5th & 6th March: Leaders' and Chief Executives met to agree the Interim Plan submission.

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

Our guiding principles

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

demand and cost), and consultation with the public and local partners and stakeholders.

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

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

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

Key areas of our interim plan

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

a) Boundaries of new mainland unitaries

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

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

We have unanimously agreed that the Isle of Wight should remain as a separate unitary council due to being an island. This would not preclude exploring shared service arrangements across Hampshire and the Solent, but

no model of local government reorganisation will comprehensively address the sustainability of local government on the island when also considering the geographic delivery of services. More detail on this is provided in point b) below.

b) Isle of Wight exceptional circumstances

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

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

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

c) Indicative costs and future service transformation opportunities.

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

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

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

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

Future service transformation opportunities

As all councils have not yet reached consensus on a preferred option of unitary structures, we have not been able to appropriately model transformation opportunities, beyond the very substantial savings,

transformation and collaborative working which we have already delivered. We expect to explore opportunities regarding:

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

d) Councillor numbers

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

e) Supporting devolution ambitions

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

f) Local engagement

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

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

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

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

g) Indicative costs of preparing proposals

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

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

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

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

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

h) How we are working together

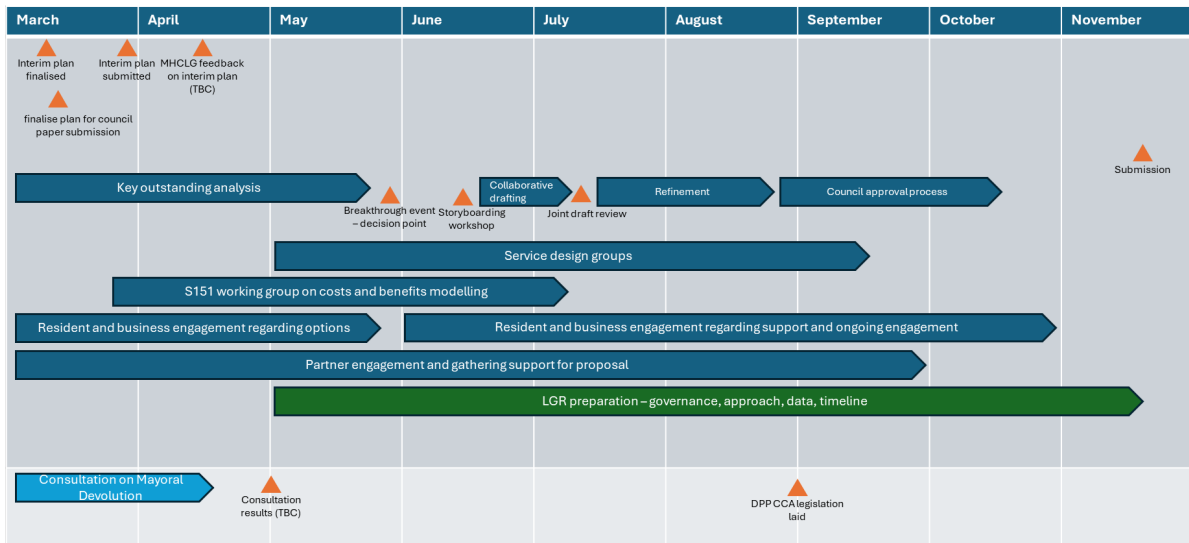
We are working together across all of the councils of Hampshire and the Solent. This has included weekly Chief Executive meetings, regular update meetings and workshops with Leaders and Chief Executives and a joint commission for strategic support. This includes contributing to a joint dataset to inform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

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

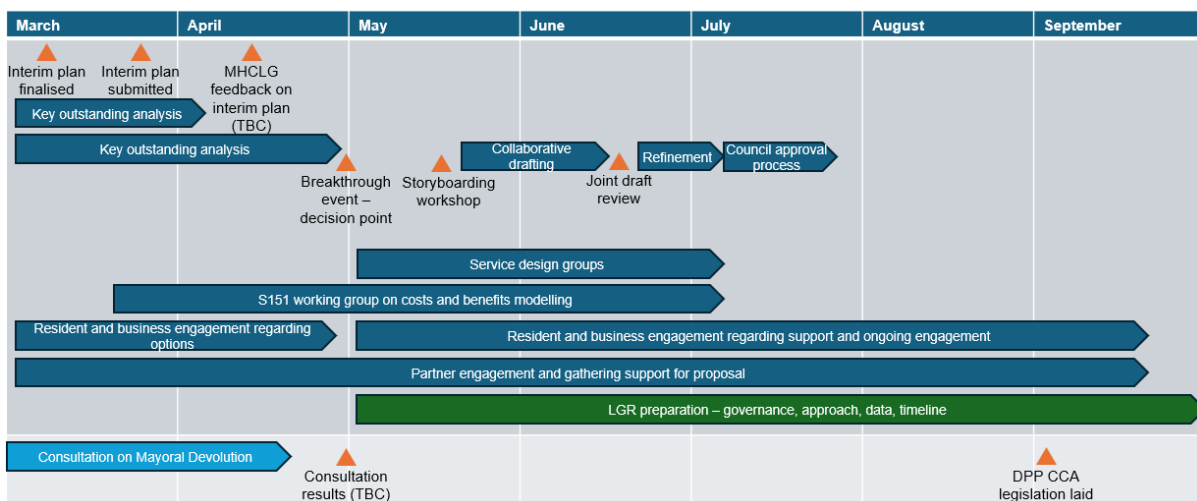
Proposed timeline

We are delighted to be selected for the Devolution Priority Programme (DPP) and see the benefits of delivering at pace. We are aligned to continue working collaboratively on both the DPP and LGR programme whilst ensuring a level of robust consultation and analysis we believe to be necessary for long-term sustainable services and growth across Hampshire and the Solent. Initial feedback from Government indicated that those on the DPP who are managing the complexity of delivering a new Strategic Authority would be granted extra time to submit their proposal for LGR. However, we have now been given two months less than other authorities, and in consequence request an extension for the submission of the full proposal until at least 28th November 2025.

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



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



Barriers or Challenges where we require clarity and support

- 1. Principle of boundary changes:** We are looking to develop unitary councils that reflect the current major economies and communities of Hampshire and the Solent, and we will deliver local government fit for the future. We do not have consensus on the proposal of boundary changes but have agreed a principle that, in order to support the other principles, options considered will include those which have boundary changes, and those which do not have boundary changes. As a result of changes since district boundaries were defined for the 1974 reorganisation, some of the current boundaries in

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

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

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

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

4. Support for implementation and ongoing financial sustainability: As mentioned above, local government in Hampshire and the Solent is under significant financial pressure. The EFS support for Southampton to fund the council's transformation programme, restructuring costs and equal pay, and the request from Hampshire County Council for EFS shows the scale of the challenge we face. As an example, the Hampshire County Council deficit alone is over £216m. To help fill some of the budget gap post-LGR, we require support to fund transformation opportunities and the autonomy to be flexible around council tax. While there may be opportunities through LGR, we do expect significant challenge from the capacity required to deliver LGR alongside devolution and our existing council's operations and change portfolios. We would request financial support to fund costs relating to the implementation of LGR and would want to agree a multi-year financial arrangements with the government to effectively support transition post vesting day.

5. Timeline: It remains challenging to deliver appropriate local engagement and decision-making in this period, alongside devolution. We therefore request an

extension for the full proposal to 28th November 2025. If after a detailed options appraisal has been undertaken, the preferred option requires the need for boundary changes, then we would also request an extension to the implementation timeline to allow sufficient time for the appropriate statutory mechanism to be delivered.

Yours sincerely,

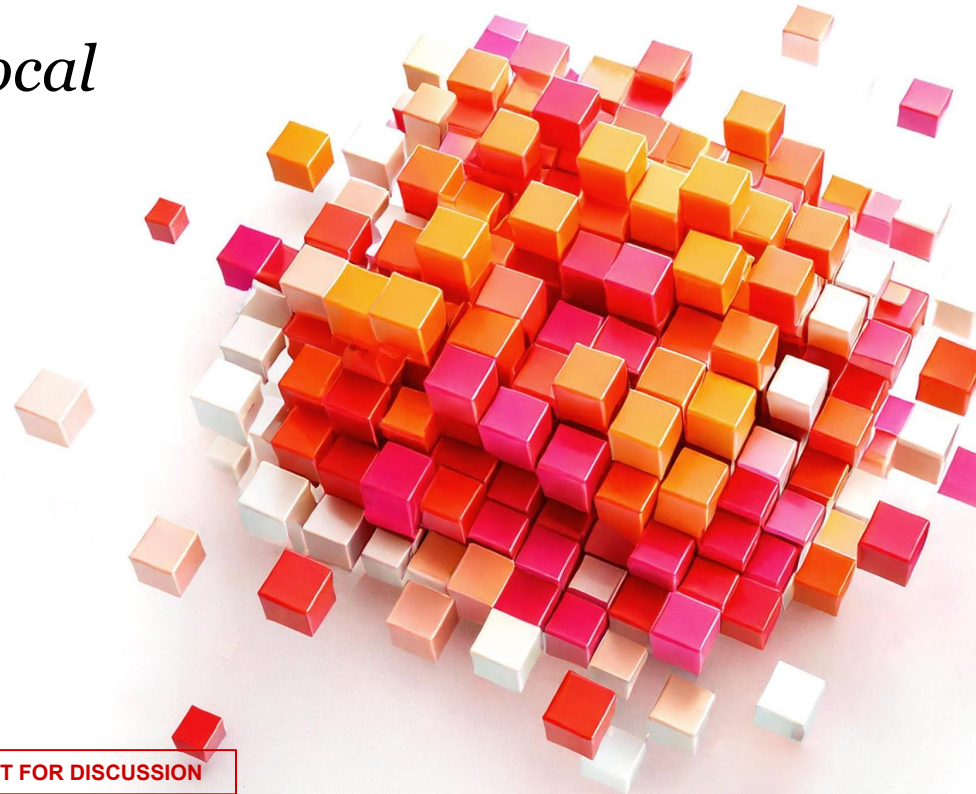
Signed by all Leaders of councils in Hampshire and the Solent

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

Hampshire and the Solent Area

*An interim business case for Local
Government Reorganisation*

Draft interim conclusions



This narrative explores the implications of Local Government Reorganisation (LGR) in the Hampshire and Solent area (H&SA), through the lens of three key considerations: Alignment to MHCLG government criteria, Financial and operational sustainability, and Economic growth and identity. Each of the three LGR options for H&SA - two, three or four mainland unitary authorities - present unique advantages and challenges. By analysing these critical factors this narrative aims to highlight key considerations for decision-makers. It is important to note that the optimal choice ultimately hinges on the relative emphasis attributed to each lens. This narrative provides a framework to better understand and breakdown these trade-offs.

Contents

Overview of key considerations

Alignment to government criteria

Financial and operational sustainability

Economic growth and identity



Overview of key considerations

Each LGR model presents **unique advantages and challenges** against these three **key considerations**. The **optimal choice** ultimately hinges on **where you prioritise your weighting** e.g. if you **prioritise alignment to government criteria** a **three or two unitary option** best fits, whereas for **economic growth and identity** a **four or three unitary option** is most aligned.



Alignment to government criteria

Each LGR model presents distinct trade-offs in meeting the government's criteria. The two-authority model, while offering the greatest potential for efficiency, financial resilience, and strategic capacity, requires careful consideration of local responsiveness and a well-managed transition. The three-authority model presents a middle ground, leveraging existing structures for a smoother transition and potentially enabling more tailored services, although robust collaboration is crucial for its success. Four-authorities prioritises place and local identity, but faces significant challenges in achieving efficiencies, economies of scale, transition costs and equitable resource distribution.

3

Mainland Unitary Authorities

2

Mainland Unitary Authorities

Strongest LGR model option(s)...



Financial and operational sustainability

A sustainable local government requires both financial strength and effective, responsive services. Two-authorities offers the greatest potential, unlocking economies of scale, enhancing resilience, and providing a larger resource pool. However, careful planning is crucial to ensure equitable resource distribution, maintain local focus, and mitigate transition risk. The three-authority model is a compromise, potentially enabling more tailored services, while achieving some efficiencies. A four authority model is locally focused, but poses significant sustainability challenges due to limited scale, fragmentation, and capacity risks, which could strain resources and risk service delivery.

2

Mainland Unitary Authorities

3

Mainland Unitary Authorities

Strongest LGR model option(s)...



Economic growth and identity

Harnessing the unique economic identities of Hampshire and the Solent is crucial for future growth. A four-authority structure, carefully designed around established economic hubs may offer the greatest potential for maximising local strengths and fostering a sense of ownership. However, this model requires robust regional collaboration to ensure equitable resource distribution and prevent fragmentation. A three-authority model presents a compromise, balancing local focus with regional efficiencies, while a two-authority model, while potentially unlocking economies of scale, risks diluting the distinct identities critical for driving growth across this diverse region.

4

Mainland Unitary Authorities

3

Mainland Unitary Authorities

Strongest LGR model option(s)...

Each LGR model offers different strengths and challenges. Two authorities maximise efficiency and resilience but require careful transition planning and attention to local needs. Three authorities offer a balance, leveraging existing structures and enabling tailored services, but relies on robust collaboration. Four authorities, while more localised, faces significant challenges in achieving economies of scale, managing costs, and ensuring equitable resource distribution.

Key government criteria:

- 01  **Sensible single tier of local government**
- 02  **'Right-sized' local government**
- 03  **High quality, sustainable services**
- 04  **Meets local needs**
- 05  **Supports devolution arrangements**
- 06  **Local engagement and empowerment**

Alignment of LGR options:

 High  Medium  Low  N/A*

* Cannot be assessed as devolution plans are not yet finalised

Alignment to government criteria



Summary of Option A:

The two-authority model offers the strongest potential for efficiency, financial resilience, and strategic capacity. Its larger unitary size unlocks significant economies of scale, streamlines services, and creates a more attractive proposition for devolution deals. However, this model requires careful consideration of how to maintain local responsiveness and ensure equitable resource distribution across the larger geographical areas. A complex transition process will require meticulous planning to integrate existing structures and mitigate potential disruptions, particularly for the two existing city centred unitary authorities.



Summary of Option B:

The three-authority model presents a potential compromise, seeking to balance regional strength with a greater degree of local focus. By expanding existing unitary authorities and consolidating districts, it leverages existing structures and identities, potentially leading to a smoother transition and preserving local control. This approach also offers stronger local leadership and more tailored service delivery. However, the moderate scale limits potential economies of scale compared to two authorities. Success hinges on robust collaboration to ensure service consistency, avoid fragmentation, and address potential funding imbalances.



Summary of Option C:

The four-authority model emphasises highly localised governance, preserving the distinct identities of existing unitary authorities and potentially fostering strong community ties. However, its smaller scale hinders the ability to achieve significant efficiencies and presents the most significant financial and logistical challenges during the transition, particularly with the establishment of a 'greenfield' site. This model also carries the greatest risk of exacerbating existing inequalities and creating a fragmented local government structure that struggles to achieve a unified vision and effectively engage in regional partnerships.



Financial and operational sustainability (1/2)

Strategic context

Sustainability is a paramount consideration in the context of local government reorganisation in the Hampshire and Solent area. The twin pillars of financial and operational sustainability are crucial for creating a system that is not only fiscally sound, but also capable of effectively serving the diverse needs of H&SA communities, now and in the future.

The current landscape presents challenges that underscore the need for a new approach. Existing financial pressures within the two-tier system, uncertainty about future funding levels, and growing demand for services, highlight the need for a structure that can deliver value for money while ensuring essential services are protected and enhanced. LGR presents an opportunity to establish a more resilient, efficient, and adaptable model for the future.

Financial sustainability: Implications of local government reorganisation...

Local government reorganisation offers a potential path to greater financial sustainability for Hampshire and the Solent. By unlocking efficiencies and streamlining operations, a well-structured transition can underpin resilience for the future.

Maximising efficiency and value for money:

Achieving economies of scale is critical for efficient and cost-effective local government. Consolidating into two larger authorities presents the most substantial opportunity to streamline services, reduce administrative overhead, maximise resource utilisation, and centralise purchasing, leading to a reduced cost per unit of service delivered and greater long-term savings. A three-unitary model offers some consolidation, but its impact on cost reduction is more moderate. Conversely, four smaller authorities presents the greatest efficiency challenge, risking higher per-unit costs, service duplication, and long-term financial strain, although it does present the opportunity for more localised services which could potentially lead to higher satisfaction in meeting specific needs.

Enhancing financial resilience:

A financially resilient local government structure requires a stable tax base, equitable resource distribution, and the capacity to sustainably fund essential services. Two larger authorities benefit from a broader tax base, offering a greater ability to weather economic fluctuations and maintain consistent services, though careful resource allocation across the larger geographical area is essential. Four smaller authorities, with inherently limited scale and resource diversity, presents the most significant risk to long-term financial stability. Additionally, the disaggregation required to establish four authorities carries the risk of increased costs in areas like social care where splitting services could lead to inefficiencies and duplication, further straining resources.

Navigating transition costs:

Manageable transition costs are vital for long-term financial sustainability. Merging into two authorities, while promising long-term savings, demands careful planning to manage the complexities and cost of merging two upper tier local authorities into one, and ensuring smooth service transition. Three authorities, building on existing 'footprints', offers a potentially smoother transition but requires vigilance to avoid service duplication and minimise disaggregation costs. Establishing four new unitary authorities, particularly with one a 'greenfield' site, presents the most significant financial hurdle, demanding substantial upfront investment in systems, processes, and people, and potentially facing service disruptions as new administrative structures are established.

Summary: A two-authority model, while presenting transition challenges, emerges as the most financially sustainable path forward for Hampshire and the Solent area, promising greater efficiency, resilience, and ultimately greater value for taxpayers compared to the alternative models, particularly the four-authority structure which presents the most significant financial risk.

Financial and operational sustainability (2/2)

Operational sustainability: Implications of LGR...

Local government reorganisation presents an opportunity to build a more responsive, resilient, and adaptable council structure for the future of the H&SA.

Ensuring responsive, equitable governance:

Local government reorganisation must strike a delicate balance: empowering communities while forging a strong, unified region. Two larger authorities offer regional coordination and streamlined services, but maintaining local responsiveness within these larger entities is crucial. On the other end of the spectrum, although four authorities is increasingly local, it risks exacerbating inequalities and hindering regional effectiveness.

Enabling a smooth transition, strong future:

A smooth transition is essential for long-term council sustainability. Two authorities, while promising efficiency, presents complex integration challenges, particularly between existing unitary authorities. Three authorities, building on existing structures, might offer a less disruptive transition but requires careful planning to avoid duplication, while four authorities, especially with a 'greenfield' site, presents the most significant disruption risk.

Building and maintaining capacity for success:

Council sustainability requires sufficient capacity - workforce, structures, and leadership - to adapt to future challenges, including demand fluctuations. Two larger authorities benefit from a larger pool of talent and resources, enabling greater opportunities for professional development; in turn supporting recruitment and retention. Their scale allows greater flexibility in resource optimisation to manage peaks in service demand, and to pool economic resources between affluent and more deprived areas. Comparatively, four smaller authorities, especially with a new 'greenfield' site, face greater risk of inter-unitary competition for resource and capacity shortages, impacting crucial service delivery.

Summary: A carefully implemented two or three authority model offers the strongest path to a sustainable future: balancing regional strength with local responsiveness, ensuring a smooth transition, and fostering the capacity to adapt to future challenges.

Key considerations for success



Balance immediate needs and long-term sustainability

Address pressing challenges while creating a resilient and adaptable local government structure for the future



Seize the opportunity for transformational change

Use LGR to reimagine service delivery, embrace innovation, and create a more efficient and responsive local government



Ensure a fair and inclusive transition

Actively involve community members in reorganisation, and ensure equitable access to information and decision-making



Leverage strategic workforce planning

Address workforce challenges, including skills gaps and talent competition, to ensure continued service quality



Underpin with robust governance and accountability

Establish clear accountability, and strong governance which supports balance between regional and local needs

Economic growth and identity (1/2)

Strategic context

A thriving and inclusive economy is paramount for the future of the Hampshire and Solent area, to support prosperity for its citizens, and to maintain its competitiveness on the national and global stage. Careful consideration of the impact of LGR on the distinct economic identities of communities across this diverse region is essential for harnessing their unique strengths and fostering a sense of local ownership.

LGR presents a pivotal opportunity, but also a risk to achieving these goals. If navigated successfully, LGR offers a chance to create a council structure that not only supports sustainable economic growth, but also empowers communities - celebrating their distinct contributions to the region's overall success, enhancing local identity, and securing a bright future for Hampshire and the Solent.

Economic growth: Maximising the connection to established economic identities and hubs...

LGR presents a unique opportunity to reshape the economic landscape of Hampshire and the Solent, aligning the new council structure with established economic hubs and identities, to underpin a foundation and platform for growth.

Maximising connection to established strengths, and careful consideration of the impact of local government reorganisation on the distinct economic identities of communities across the diverse Hampshire and Solent region, is essential to harness their unique assets, to foster local ownership, and to underpin economic growth at both the strategic and unitary authority level.

The Solent's existing economic success hinges on the continued growth and prosperity of its major port cities, Portsmouth and Southampton. These cities serve as vital economic engines for the region, driving innovation, attracting investment, and providing a significant proportion of employment opportunities. LGR presents both opportunities and risks in supporting "city-centric" growth, where the success of key urban centres is critical to creating a ripple effect of prosperity that benefits the wider region. While consolidating into two larger authorities could enhance regional collaboration, coordination, strategic planning, and potentially provide a stronger platform for engaging with strategic partners, it risks diluting the distinct identities and economic drivers of Portsmouth and Southampton. This may hinder their ability to tailor strategies to their specific needs and priorities, as well as potentially overshadowing the unique contributions of Hampshire and the Solent Areas secondary established economic centres of Winchester and Basingstoke. These areas have their own distinct assets, profiles and needs, with economic identities distinct from the port cities, and their voices might be less prominent within a larger, more geographically dispersed authority.

A three-authority model would maintain the separation of Portsmouth and Southampton as unitary authorities, generating 'city-centric' regions in the south which would enable each city to have a greater level of autonomy and connection to their respective cultural, historic and social identities, while still benefiting from some regional coordination. The four-authority model could potentially maximise connection to economic identities, being focused around H&SA's key established economic hubs of Portsmouth, Southampton, Basingstoke and Winchester. However, to fully achieve this potential it may be necessary to break existing council boundaries to prioritise economic geography. The risk of creating competition for resources and investment among the four authorities also needs to be taken into consideration, as this might diminish the regions collective bargaining power and ability to collaborate on regional economic development initiatives.

Summary: A three or four unitary authority structure provides the strongest alignment to established economic hubs and identities to underpin growth at both the strategic and unitary authority level. There is potential for a four unitary structure to maximise this connection, although it may be necessary to break existing council boundaries to prioritise economic geography.

Economic growth and identity (2/2)

Economic growth: *Balancing urban and rural growth...*

LGR must balance focus on established economic hubs to spearhead growth, with tackling deprivation inequalities and development of both urban and rural areas

While 'city-centric' growth remains essential for driving prosperity in Hampshire and the Solent area, balancing economic development between urban and rural areas will also be critical to reduce inequalities and to underpin prosperity for all citizens. This is of particular importance in large, diverse areas such as Hampshire, where LGR presents an opportunity to tackle current challenges within the two-tier local government structure, such as difficulties in applying economic growth levers such as the timely provision of affordable housing, employment sites, utilities, transport and digital infrastructure.

In the last few years the polycentric nature of Hampshire's economy has become increasingly apparent, with a significant proportion of output being generated outside the four established economic hubs (Southampton, Portsmouth, Basingstoke and Winchester). Productivity and growth is being driven by emerging and specialised economic areas such as Farnborough (a rapidly growing centre for aerospace and advanced manufacturing, with a strong foundation in research and development), Chandler's Ford (a hub for business services, with a high concentration of corporate HQ's, and a growing technology centre), and Fleet (a town with high labour productivity, driven by a mix of industries, including technology, finance and professional services). Decision making for local government reorganisation models must carefully consider the nuances between unlocking 'city centric' and 'polycentric' growth, and how an optimal mix can help best secure a bright future for the whole of the Hampshire and Solent area.

In addition, balancing diverse needs across Hampshire and the Solent is a key LGR challenge. Two authorities risks neglecting smaller communities and exacerbating inequalities, despite potential regional efficiencies. Three authorities offers a compromise, potentially enabling more tailored services, but requiring robust collaboration and balance in resource allocation, while four authorities although locally focused, could exacerbate disparities due to their limited scale and potential for fragmentation, demanding careful consideration of resource distribution and regional coordination.

Key considerations for success



Strategic economic planning

Develop a comprehensive economic strategy that leverages Hampshire and the Solent's areas varied strengths



Balance of power

Ensure a balance of power between existing urban centres and smaller towns to allow equitable growth and representation



Reinforcement of local identity

Reinforce local identity to build a strong sense of community that can serve as an economic asset in sectors like tourism



Flexible and agile governance

Design governance which can adapt to changing economic conditions, ensuring that it is relevant and effective over time



Thank you

