# Appendix H

HCC Cabinet Report
September 2025

## HAMPSHIRE COUNTY COUNCIL
### Decision Report

| Decision maker: | Cabinet |
|---|---|
| Date: | 26 September 2025 |
| Title: | English Devolution White Paper – Local Government Reorganisation – Proposal to Government |
| Report from: | Chief Executive |

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### Purpose of this report

1.    The purpose of this report is to present the outcomes of the summer engagement activity and details of the wider neighbourhood proposal and seek agreement to submitting Hampshire County Council's final proposal for Local Government Reorganisation across the Hampshire and the Solent area to Government.

2.    Although the final submission has been completed in cooperation with East Hampshire District Council, this report solely reflects the decision of the members of Hampshire County Council.

### Recommendations

It is recommended that Cabinet:

3.    Notes the comprehensive local engagement undertaken as part of the proposal development process, including engagement with stakeholders and residents across Hampshire and the Solent area; acknowledges the range of views expressed, and the steps taken to incorporate feedback within the Business Case.

4.    Approves the final Business Case and appendices (Appendices A and B), which collectively form Hampshire County Council's submission to Government.

5.    Authorises the Leader of Hampshire County Council to submit the County Council's final business case for Local Government Reorganisation jointly with East Hampshire District Council to Government for the Hampshire and the Solent area.

6.    Delegates authority to the Chief Executive, in consultation with the Leader of Hampshire County Council, to approve any minor amendments to the Business Case that may be required, ensuring timely submission.

7.    Delegates authority to the Chief Executive, in consultation with the Leader of Hampshire County Council, to submit Hampshire County Council's response to

Government's public consultation on Local Government Reorganisation in the Hampshire and the Solent area.

**Executive Summary**

8.    In July 2025, a preferred option – Option B2: Four Unitary Authorities ('UA') was approved by Cabinet.  This option proposes the creation of four UAs (1) Mid-North: Basingstoke and Deane, East Hampshire, Hart, Rushmoor, Winchester, (2) West: Eastleigh, New Forest, Southampton, Test Valley, (3) South-East: Fareham, Gosport, Havant, Portsmouth, and (4) Isle of Wight: retained as a standalone authority. This option preserves existing authority boundaries.

9.    Based on the insight from engagement and the geographic constructs of the future unitary authorities (see paragraphs 72-75), the 'South-West' UA is now referred to as 'West' UA in this report and the business case. This naming convention is for this report purposes only and the future unitary authorities will determine the respective names of their councils.

10.   The preferred option ('4UA: B2') as set out in this report is best placed to deliver a Simpler, Stronger, Secure future for the Area. It meets the Government's criteria for LGR and aligns closely with the County Council's guiding principles. 4UA: B2 provides the platform to reimagine and transform local public service delivery across the wider system. It offers the strongest approach to increasing financial sustainability, enhancing service quality, and strengthening local responsiveness, while minimising transition risks and making use of existing anchor services and frameworks.

11.   A group of twelve local authorities across the Area is also actively progressing an LGR submission with three shortlisted options under consideration. Each option proposes the creation of five unitary authorities, maintaining the Isle of Wight as a separate entity. While two options preserve existing boundaries, one introduces boundary changes. However, limiting the assessment to variations of five-unitary models has constrained the ability to conduct a fully comprehensive comparative analysis.

12.   Financial modelling presented in July, supported by national research from PwC, has demonstrated that a five-unitary model would be financially unviable. The lack of scale and fragmentation of Upper Tier responsibilities would undermine value-for-money and efficiency, offering no financial return through reorganisation. In contrast, the 4UA: B2 model retains sufficient scale to deliver high-quality services while remaining locally responsive. Future unitary authorities must be large enough to operate effectively but close enough to communities to maintain meaningful engagement.

13.   The County Council currently serves 1.4 million residents with a £3.1 billion budget; under 4UA: B2, each mainland authority would serve approximately half that population or less, striking a balance between scale and localism. High-performing services such as Children's Services and Adults' Health and Care – both nationally recognised for excellence – are at risk of unnecessary fragmentation under a five-unitary model which introduces significant operational and strategic risks which could have severe consequences for the cost and effectiveness of public services. Similarly, the four unitary model allows for easier aggregation of services such as housing, planning and waste

collection. The 4UA: B2 proposal offers the strongest foundation for continuity, innovation, and transformation, particularly for vulnerable residents, while avoiding the disruption and risk associated with creating new greenfield unitary authorities for Upper Tier services.

14. To shape and refine the County Council's preferred option for LGR in the Area, a significant amount of work has been undertaken to understand the views of residents, including those most impacted and those who are seldom heard, as well as the views of partners. By not only engaging critical stakeholders in in-depth discussions and widely promoting an open survey so all interested parties could have their say but also commissioning a representative sample of residents across the Area, the County Council and East Hampshire District Council (EHDC) have a substantial body of evidence to support understanding of views on the preferred option and local priorities.

15. Building on engagement with residents and stakeholders undertaken in earlier phases of the option development, extensive engagement activities over the summer included public surveys, stakeholder meetings, and targeted outreach to underrepresented groups. Over 3,500 responses were received, alongside a representative sample survey of 1,100 residents. Feedback highlighted strong support for simplification, improved service delivery, and neighbourhood empowerment.

16. Strategic partners, both within the public sector and beyond, have been clear about future structures of UAs needing to maintain effective strategic join up, ensure efficiency and consistency of operational interactions and avoid fragmentation or duplication of services. Hampshire and Isle of Wight Constabulary's experience demonstrates that having a command/governance structure with three relatively equal-in-size mainland areas – rather than four as proposed by the other councils – and a separate Isle of Wight has greater benefits. Validating the decision taken in July, 4UA:B2 responds directly to these priorities by offering a structure that supports coherent service delivery, preserves key partnerships, and enables local empowerment.

17. Residents welcome the financial opportunities that LGR could bring, as well as the simplification of the local government landscape and the ability to deliver consistent and improved services across the Area. Concerns were expressed about maintaining local identity within new structures, as well as concerns which would apply to LGR in the round, including the need to ensure transition to new structures is effective. 4UA:B2 provides the best opportunity to build on and maintain the existing service excellence throughout the whole system, whilst also providing the strongest platform from which services can transform, improve and address local priorities.

18. The future system under 4UA: B2 is designed to be inclusive, responsive, and resilient. Neighbourhood empowerment is central to this vision, with governance models that embed community leadership and local decision-making. The *Local Voices, Lasting Change* report (see Appendix C of the business case) outlines a strategic vision for empowering neighbourhoods under the new unitary authorities formed through LGR. It aims to reconnect communities with public services, foster inclusive governance, and rebuild trust in democratic processes by giving residents greater influence over local decisions.

19. This vision is shaped by extensive engagement with councillors, town and parish councils, local partners, and residents. Feedback highlighted concerns about the potential remoteness of large UAs – a concern applicable to both submissions for the H&SA given the scale of authorities created. The report stresses that local identity is rooted in lived experience rather than administrative boundaries, and that effective neighbourhood empowerment depends more on how councils work with communities than on their size or geography.

20. To guide the development of neighbourhood empowerment models, the Councils propose six core principles: building on community strengths, retaining successful local practices, partnership working, inclusive engagement, prevention and resilience, and long-term outlook. These principles support a flexible, responsive approach tailored to the diverse needs of urban, rural, and coastal communities. Ultimately, our neighbourhood empowerment model positions LGR as a unique opportunity to transform public services and strengthen participatory democracy. A neighbourhood empowerment model can be scaled to any number of future unitary councils but will only lead to genuine empowerment and positive outcomes in local communities if a council can afford to implement it. This model of engagement can only deliver genuine and inclusive empowerment if there is increasing financial sustainability, which is not the case under a 5UA model.

21. Complementing neighbourhood empowerment, the process of LGR and the transition to unitary authorities presents a significant opportunity to enhance democratic accountability and streamline local governance. By consolidating existing structures, the new model offers residents a clearer understanding of who is responsible for service delivery and decision-making, while reducing the number of councillors and elections required. Importantly, this shift does not weaken democratic engagement; rather, it strengthens it by creating a more focused and responsive system of representation.

22. In collaboration with the Local Government Boundary Commission for England (LGBCE), the County Council and EHDC have developed a governance framework that aligns with national guidance and local needs. The proposed structure for the future mainland UAs under the 4UA: B2 model suggests approximately 95 councillors per authority. Each future UA will retain the flexibility to determine its own governance arrangements including definitive councillor numbers, with the proposed model serving as a practical and scalable foundation subject to local UA requirements. This configuration ensures robust leadership, effective scrutiny, and sufficient capacity for casework and community engagement.

23. Currently, the Area comprises 15 councils with a total of 650 councillors, many of whom serve across multiple tiers of local government. The proposed model would reduce this number by 50%, resulting in approximately 324 councillors across the Area. This reduction reflects a more efficient and modern approach to governance, while maintaining strong democratic representation.

24. In line with the decision taken by the County Council in July, the 4UA: B2 model stands out as the strongest option following a comprehensive options appraisal, extensive engagement with residents and strategic partners, and assessment of the future local government system. It offers the safest pathway to transition

while also unlocking long-term benefits in service delivery, innovation, and economic growth. Unlike other models, 4UA: B2 avoids the disruption and cost of establishing a greenfield authority by building on existing strengths and infrastructure from across the Area. This enables transformation from a position of stability and strength.

25. Crucially, 4UA: B2 supports the ambitions of Devolution and regional strategic growth. It enables a whole-area approach to decision-making, fosters place-based service design, and creates a governance structure that is both balanced and sensible. It is not about replicating existing councils, but about integrating the best of public service delivery into a new, modern system that reflects the economic and social realities of the Area.

26. The 4UA: B2 model delivers strong financial benefits by combining scale with local responsiveness. Residents have made it clear that value for money is paramount – a requirement that is not possible through the financially unviable 5UA model – and the preferred option achieves that through efficiencies in back-office functions such as IT, HR, commissioning, and procurement. However, scale alone is not enough. The model also retains local knowledge and empowers neighbourhoods, ensuring services are tailored to community priorities.

27. Neighbourhood empowerment is a cornerstone of the proposed governance model. By embedding it into the DNA of local government, 4UA: B2 enables a step change in how decisions are made, and resources are allocated. It facilitates deeper democratic engagement and allows public sector bodies to work more closely with communities to deliver value where it matters most.

28. Strategic partners recognise the potential for consistency, scale, and alignment with operational needs that 4UA: B2 model provides. In particular, Hampshire and the Isle of Wight Constabulary specifically reference the benefits of their three mainland policing areas plus separate Isle of Wight provision, and their desire to have a local government structure which aligns with this. Their feedback reflects a broader consensus across health, education, fire services, and the voluntary sector: fewer strategic touchpoints and more joined-up governance are essential for effective collaboration.

29. The model also reflects the economic geography of the Area. It aligns with commuter flows and employment patterns along the M3 and M27 corridors, supports the land-based economy of the New Forest, and balances urban and rural representation. For example, the West UA would serve a population that is 44% rural and 56% urban, ensuring that both communities are prioritised fairly.

30. Ultimately, 4UA: B2 offers the smoothest transition and the strongest platform for innovation, transformation, and sustainable economic growth. UAs of the scale proposed can lever in more funding and produce better opportunities to support development and economic growth. Improved economic conditions create employment opportunities, reduce service demand and improve quality of life. The model achieves financial benefits – financial failure as seen under the 5UA model would threaten service delivery to residents, which could reduce quality of life. It is the model that partners want and that delivers for residents.

31. Following the Cabinet decision in July 2025, significant progress has been made in preparing for the transition phase of LGR. This has included facilitating

strategic workshops through the lens of a range of thematic transition areas with senior council officers within each directorate, alongside a critical review of learning from previous LGR programmes to ensure readiness for implementation at pace and scale. While formal joint working arrangements depend on Parliamentary approval of the Structural Changes Order (SCO), early planning is essential to manage complexity, mitigate risks, and ensure a smooth transition across all councils. Much of the preparatory work is necessary regardless of the final LGR option chosen – albeit will be more straightforward in a 4UA: B2 scenario where there is less disaggregation - with early activity helping to build shared understanding and establish governance and delivery arrangements. The County Council and EHDC look forward to working collaboratively with all authorities across the Area during these next phases.

32. Key areas requiring continued focus include contracts, IT, workforce, operating models, partnerships, legal and financial frameworks, service continuity, and cross-cutting themes such as communications, neighbourhood empowerment, and change management. Strong leadership and collaboration are critical to successful delivery, particularly in co-designing implementation plans with partners such as the voluntary sector. The disaggregation and aggregation of services must be carefully managed to maintain service quality and minimise disruption, with resident outcomes remaining central.

33. Crucially, transitional governance arrangements, as defined by the SCO, must reflect the complexity of the operating landscape. The County Council, which delivers the vast majority of public services within the County footprint, must have a clearly defined and proportionate role in governance structures to safeguard service continuity. This position is supported by the Association of County Chief Executives, which has raised concerns about under-representation in models like the Joint Committee approach used in Cumbria.

34. The County Council must continue delivering its usual services until LGR is complete. Following the submission of the final proposal to the Government on 26 September 2025, the Secretary of State will launch a statutory consultation involving affected councils, residents, businesses, and other stakeholders. Following this, a ministerial decision is expected in March 2026, which will lead to the drafting of the SCO. The SCO will establish the new unitary authorities, dissolve predecessor councils, and define electoral and transitional arrangements. This process typically spans 6–9 months. The transition period will run from autumn 2026 to March 2028, during which existing councils will maintain services while preparing for handover. A transition body will manage this phase before shadow elections in May 2027. On Vesting Day (1 April 2028), the new unitary authorities will assume full powers and responsibilities, and predecessor councils will be dissolved.

## Background

35. In December 2024, the Government published the English Devolution White Paper, aiming to simplify local government structures across England by replacing the two-tier system of counties and districts with unitary authorities that are more efficient, financially resilient, and capable of delivering improved services. This marks a pivotal moment for local government, offering a rare

opportunity to reimagine how public services are delivered, how communities are represented, and how resources are managed for future generations.

36. On 5 February 2025, Hampshire and the Solent Area (the 'Area') – including Hampshire County Council (the 'County Council'), the Isle of Wight Council, Portsmouth City Council, and Southampton City Council – were invited to join the Devolution Priority Programme (DPP) to establish a Mayoral Combined County Authority (MCCA) across the Area within ambitious timeframes.

37. On the same day, the Ministry of Housing, Communities and Local Government ('MHCLG') formally invited all council leaders in the Area to develop a proposal for Local Government Reorganisation ('LGR'). The invitation included guidance, a timeline for submission, and the criteria against which proposals will be assessed by Government. Councils were asked to submit an Interim Plan by 21 March.

38. In response, all 15 local authorities in the Area collaboratively developed and submitted the Interim Plan on 21 March 2025. The Interim Plan was subject to debate by the County Council on 20 March and approved by Cabinet on 21 March 2025.

39. Following submission of the Interim Plan, work continued between the County Council and East Hampshire District Council ('EHDC') (collectively, 'the Councils') to assess a range of options for LGR. Four options were evaluated against the Government's criteria, with detailed and independent analysis led by PwC. In July 2025, a preferred option – Option B2: Four Unitary Authorities ('UA') for the Area – was presented to Council and approved by Cabinet.

40. This option proposes the creation of four UAs (1) Mid-North: Basingstoke and Deane, East Hampshire, Hart, Rushmoor, Winchester, (2) West: Eastleigh, New Forest, Southampton, Test Valley, (3) South-East: Fareham, Gosport, Havant, Portsmouth, and (4) Isle of Wight: retained as a standalone authority.

41. The preferred option ('4UA: B2') was identified as best placed to deliver a Simpler, Stronger, Secure future for the Area. It meets the Government's criteria for LGR and aligns closely with the County Council's guiding principles. 4UA: B2 provides the platform to reimagine and transform local public service delivery across the wider system. It offers the strongest approach to increasing financial sustainability, enhancing service quality, and strengthening local responsiveness—while minimising transition risks and making use of existing anchor services and frameworks.

42. In July 2025, Cabinet also agreed to undertake further engagement with key stakeholders, residents, and members to ensure the proposed preferred option is informed by local views and meets local needs, ahead of finalisation and submission to Government in September 2025.

**Developments Since July**

43. The English Devolution and Community Empowerment Bill was introduced to Parliament on 10 July 2025, following Government's confirmation that the statutory tests to establish Mayoral Strategic Authorities in six areas – including Hampshire and the Solent – have been met.

44. Amongst other clauses, the Bill describes the different types of Strategic Authorities that will be introduced as part of the Devolution agenda and the powers that they and the new Mayors will hold. There are also provisions to require all local authorities to move to a Leader and Cabinet model of Governance, and a duty for local authorities to make appropriate arrangements for effective governance of any neighbourhood area. Alongside this, Government will undertake a review of neighbourhood empowerment, looking at how local communities can have a stronger voice in shaping services and priorities in their area. The outcomes of the review will inform future guidance and support for councils, with the aim of improving local accountability and encouraging more active community participation. Paragraphs 78-86 outline the Councils' approach to neighbourhood empowerment.

45. On 24 July 2025, MHCLG issued a letter to all Council Leaders in the 21 areas invited to submit proposals for unitary local government providing further guidance to support the development of final LGR proposals. The letter included additional documents outlining considerations for partnership working in social care, a summary of the reorganisation process (see 'Next Steps' section), and an explanatory note on financial decision-making. It also set expectations around collaboration between councils, consistent use of data and assumptions, and the need for clear rationale where proposals diverge, including in relation to population size.

46. The Minister's emphasis on partnership working and strategic collaboration in social care across new unitary authorities aligns with the business case analysis. The accompanying guidance document outlined key considerations for new unitary authorities in planning social care services, with a focus on maintaining safe and uninterrupted service delivery, fostering strategic partnership working, and accessing available government support. The guidance aligns closely with the Councils' expectations and appetite to use LGR as a platform for transformation of social services and has informed this report and the final business case proposal.

## Options Considered by Other Councils in the Area

47. Across the Area, a group of 12 local authorities[1] is actively exploring different options for LGR. These councils are assessing three main options, each comprising five unitary authorities across the Area, with the Isle of Wight remaining a separate unitary authority. Two of the options retain existing boundaries, whilst one includes boundary changes. The group has launched surveys and engagement exercises to gather views from residents, stakeholders, and service partners.

48. It's important to emphasise that, as a result of only shortlisting options that create five unitary authorities across the Area, no comprehensive comparative analysis has been completed through the development and finalisation of their business case, so, for example, we have no direct comparator to the County Council's 4UA preferred option.

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[1] Basingstoke and Deane, Eastleigh, Fareham, Havant, Hart, Isle of Wight, New Forest, Portsmouth, Rushmoor, Southampton, Test Valley, Winchester.

49. Whilst the 12 councils are working towards a joint submission to Government based on a 'four on the mainland' model, there is no single recommended option, and individual councils have begun to outline their preferred option from the 3 main options. This includes a main body of evidence in support of the 'four on the mainland' model, alongside three proposed options. Each council will indicate its support for one of the three options.

50. The analysis presented by the County Council in the July reports to Full Council and Cabinet, clearly demonstrated that a model comprising five unitary authorities in the Area would be financially unviable. This is supported by national research conducted by PwC in 2020 and updated in March 2025, which highlights the importance of scale in achieving financial efficiencies through LGR. The analysis set out that a five UA model would dilute economies of scale, unnecessarily fragment existing services, introduce complexity and duplication and result in less value-for-money for taxpayers across the Area and no financial return through LGR.

51. The County Council shares the view held by the other authorities in the Area that local councils need to be as close to communities as possible and large enough to deliver services effectively. Currently, the County Council delivers local services to approximately 1.4m people with a budget of £3.1 billion. Under 4UA: B2, the future mainland unitary authorities would serve approximately half that population or less, retaining sufficient scale to deliver high-quality services while remaining locally focused and responsive to community needs and priorities.

52. All authorities across the Area recognise that local identity matters. Residents feel most connected to their immediate neighbourhoods not distant remote councils. This principle holds true whether a council serves 300,000 or 1 million people. Therefore, the success of the future unitary authorities will depend not on their size but on the necessity to embed a scalable neighbourhood empowerment model, as set out in this report. The collective experience and expertise of all authorities and partners across the Area will be vital in hardwiring neighbourhood empowerment into their DNA. Regardless of whether there are four or five unitary authorities in the Area, it is how a council works with communities that is more critical to connection, engagement and empowerment than the size of an administrative area.

53. The other councils have referenced how services like social care and special educational needs are already under pressure. The County Council's Children's Services has been rated Outstanding by Ofsted in two successive ILACS inspections, first in 2019, and again in June 2024, demonstrating six years of sustained excellence in safeguarding, service delivery and leadership. This sustained performance places the County Council amongst a small, select group of authorities nationally, and reflects the deep-rooted culture of continuous improvement. The transformation journey has delivered measurable improvements in outcomes for children and families, reduced the number of children in care and embedded a culture of reunification and stability, whilst also delivering over £70m of savings.

54. Similarly, the County Council's Adults' Health and Care service received a 'Good' rating by the CQC in a pilot inspection in 2022. These services are under pressure financially and continue to perform at the highest levels. The

financial challenges facing the sector have inspired a focus upon innovation. 4UA: B2 provides the strongest possible foundations to continue to strengthen, innovate and transform services for residents including vulnerable service users. Conversely, the analysis performed modelling a five unitary authority model of the Area has concluded that it would unnecessarily fragment and disrupt high-performing service delivery whilst establishing a greenfield authority without the infrastructure to deliver high-risk services. A new, untested and unknown unitary authority responsible for social care services would introduce unnecessary risk into the system, compromising outcomes for the most vulnerable service users and increasing costs. It is, therefore, imperative that the opinions of experienced professionals are taken into account.

55. The other councils' financial analysis arrives at very different conclusions about the net financial impact of a 5UA model, concluding that a net £63.9m recurring saving will be made compared to the County Council's analysis projecting a £31.3m recurring cost for the same model. This is due to differences in methodology and the assumptions made to determine potential savings and costs.

56. The other councils' case is based on previous LGR business cases (between 2009 and 2023), taking projected savings from these, calculating average savings per capita of population, indexing to 2025 prices and multiplying by the population impacted by LGR in the Area. Whilst the County Council's analysis does draw upon PwC's experience of previous LGR business cases, the financial modelling bases projected savings and costs on local circumstances in the Area, considering the current cost base and cost drivers of delivering services.

57. There are stark differences in the assumptions used in each case for a 5UA configuration (see Appendix A of the business case for a more detailed assessment of the distinction between the two submissions). For example, the County Council's case builds in savings on contract consolidation and staffing that can be achieved when organisations are aggregated. However, it also recognises that where these aggregation savings come from District Councils, that cost base is limited (i.e. districts only account for 5.3% of third party spend and 20.2% of staff costs in mainland Hampshire); and that these benefits will be more than offset by the significant cost of disaggregating upper tier services and creating a new 'greenfield' authority.

58. The other case does not in the same way consider impact of LGR on different types of spend. For example, by applying percentage reductions to all staffing costs across both Upper Tier and Lower Tier services assumes significant staffing savings could be made to Upper Tier Services despite increasing the number of Upper Tier organisations within the Area.

59. Based on the proportion of spend being aggregated in the 5 UA model, the County Council does not consider that the levels of recurring savings being proposed by the other Councils are realistic. The other councils' case also assumes that consolidation savings can be achieved on all current third party spend, including areas of upper tier service delivery where markets are extremely challenging (e.g. social care) and where a 5UA model will actually disaggregate delivery from 3 to 4 UTLAs. Whilst it does factor in some recurring

disaggregation costs from duplicating infrastructure and staff, it assumes these will be significantly lower than we have projected.

60. The table below summarises the differences in outcomes between the 5 UA forecasts in both cases:

TABLE 1: SUMMARY OF DIFFERENCES BETWEEN FINANCIAL ASSESSMENT OF BUSINESS CASES FOR 5UA

| | HCC / EHDC | Alternative | Difference |
|---|---|---|---|
| | Option C (5 UA) | 5 UA no boundary changes | |
| | £m | £m | £m |
| Savings from re-organisation and transformation | 35.1 | 81.8 | 46.7 |
| Disaggregation costs | (66.4) | (17.9) | 48.5 |
| **Net saving / (cost)** | **(31.3)** | **63.9** | **95.2** |
| One-off implementation and transition costs | (132.4) | (128.2) | 4.2 |

61. The alternative proposal anticipates significantly higher savings and lower costs. It does not provide a comparison of the savings that could be achieved from a 4UA model, although it seems reasonable based on the above methodology to assume that savings for a 4UA would be greater than a 5UA using this methodology, and these savings would also be significantly higher than the savings for 4UA forecast in our proposal.

62. The alternative proposal is predicated on the ability to deliver significant, transformational change and consolidation of services while at the same time fragmenting the services that make up the majority of the spend. The costs of creating a new unitary are presented as modest. The risks of both overstating savings and understating costs are significant.

**Public and Stakeholder Engagement**

63. Meaningful and constructive dialogue with residents and partners is a priority for the Councils, and engagement with stakeholders has been ongoing since February 2025, evolving in parallel with the development and refinement of the LGR proposal. The Councils have also undertaken a wide range of engagement activities to inform the development of the options appraisal. These activities and their outcomes were detailed in the Cabinet's March and July 2025 decision reports.

64. This section focuses on the outcomes of engagement undertaken during the summer period, which built on the first phase of engagement during the options appraisal phase of work to July. In acknowledgement of the engagement window falling during the school holidays, additional effort was made to ensure there was wide awareness of the opportunity to engage. A comprehensive, multi-channel communications and engagement strategy was deployed to ensure broad awareness and participation across the Area and was underpinned by strategic coordination with the Local Government Association's

LGR Comms & Engagement Network, ensuring alignment with national best practice and peer collaboration.

65. The engagement sought to understand:

- awareness of plans for LGR in the Area

- any perceived potential benefits or risks of the proposed structure

- the relative importance of Government's criteria when designing a new council

- views on how the new councils should be named to best reflect their local identity

66. Importantly, the engagement was not designed to demonstrate levels of public support for a particular option but instead aimed to surface benefits and opportunities, as well as any issues and concerns related to our proposal, allowing the Councils to take an informed and considered approach to understanding and addressing these in the final submission. The engagement findings were validated across a range of sources, including:

- **Targeted stakeholder discussions** with strategic partners and key stakeholders, including headteachers from Hampshire schools and other educational settings, HCC/ICB Partnership Board, New Forest and South Downs National Parks , Hampshire and Isle of Wight Constabulary and Fire and Rescue Service, Hampshire Adult Safeguarding Board, Hampshire Local Infrastructure Organisations (VCSE sector), Hampshire Safeguarding Children Partnership, Hampshire Leadership Forum (VCSE sector), Vice Chancellors of universities in Hampshire, Hampshire and Isle of Wight parish and town councils, military representatives and Members of Parliament.

- An initial briefing and Q&A session about LGR for **parish and town council representatives** from across the Area, followed by a dedicated **engagement session** to discuss the preferred option and the aspirations for and barriers to effective neighbourhood empowerment under the proposed unitary councils system (see Appendix L of the business case).

- A **public survey,** open to anyone to complete online or in other formats, which received around 3,500 responses from individuals, groups, organisations, businesses and democratically elected representatives, across the Area (see Appendix M of the business case).

- A **representative sample survey** for the Area of just over 1,100 residents, conducted online by an independent polling company (Find Out Now) and based on the age, gender, and geographical characteristics of people living within the Area (see Appendix N of the business case).

- **Sustained engagement with staff members within the Councils** to explain the development of the proposed option and encourage views to be shared as part of the public survey. This is in addition to the existing programme of all staff briefings and focus groups where questions and dialogue are encouraged and have been used to inform proposal development. Relevant Trade Unions were also engaged and briefed.

- A **survey of young people** attending schools within the Area, which received 343 responses from Year 10 students and 63 from Year 12 students (see Appendix O of the business case).

- Research based on the public survey questions led by the **County Council's Ethnic Minority Community Researcher Network** to gather views from individuals across a wide range of ethnic backgrounds, including Caribbean, Asian, South African mixed race, Bengali, Pakistani, Indian, Nigerian, Hong Kong Chinese, Nepalese, Ukrainian, Russian, British African, and British Caribbean communities in Hampshire, Portsmouth, and Southampton (see Appendix P of the business case).

- **Focus groups**, **held by Action Hampshire** to capture perspectives from diverse communities of interest, including carers, young carers, disabled people, children and young people, individuals with dementia, people who are blind or visually impaired, adults with learning disabilities, and those affected by domestic abuse; plus, residents of urban and unparished areas (see Appendix Q of the business case).

67. The totality of these engagement activities was designed to respond to Government feedback encouraging councils to engage with those most likely to be impacted by LGR, ensuring that a wide range of voices and experiences were considered in shaping the final proposal.

**Critical partnerships**

68. During the engagement period, specific discussions took place with the Councils critical partners, providing the opportunity for in-depth conversation about the proposed option and its impact on public service delivery to residents. Two critical, strategic stakeholders additionally submitted unstructured written responses as part of the engagement, which are of particular note and help to illustrate the benefit and opportunity of ensuring alignment with other key deliverers of public services:

- In their response to engagement held over the summer period**, Hampshire and Isle of Wight Constabulary** noted:

    o Their experience shows that having a command / governance structure with **three relatively equal-in-size mainland areas** and a separate Isle of Wight area has a **benefit of greater consistency and scale of economy, balanced with local focus to reflect community needs and respect local views**.

    o The **closer the alignment** between their current three mainland and a separate Isle of Wight area policing structures and local government structures **the better**.

    o There would be a **cost and change implication** of having to move command structures to accommodate **more than 3 mainland areas**.

    o Having a policing area without a large urban conurbation would result in a resource imbalance.

    o They **could not support proposals that split up** the neighbourhood building blocks of their policing model or **district boundaries**.

- **New Forest National Park Authority** considered a RAG (red-amber-green) status analysis of the proposed structure against the key principles they would expect to be delivered through LGR, and concluded:

  o *The New Forest is considered as a whole – linked to legal duties to further its purpose*. Under this principle, our proposal is rated '**Amber**' – 'some links with the Test Valley, but mainly urban focused'

  o *Landscape, cultural heritage and ecological links to surrounding areas are retained.* Our proposal is rated '**Green**' – 'would retain these links to the north with Test Valley'

  o *The contribution the rural land-based economy and Natural Capital makes to the wider area is recognise.* Our proposal is rated '**Ambe**r' 'The West authority would be predominantly centred on Southampton and its economic needs and strengths'

**Key areas of concern and how these have been addressed in our proposal**

69. It is notable that many of the benefits/opportunities and concerns raised during engagement have broader relevance to the LGR process irrespective of the proposed option, as well as specifically to option 4UA:B2, and therefore warrant wider consideration.

70. The insights from summer engagement have directly informed the shaping of our proposal, ensuring it is responsive to the diverse needs and priorities across the Area, and addresses the requirement from Government that *proposals should include evidence of local engagement, an explanation of the views that have been put forward and how concerns will be addressed.*

71. The table below summarises the main key areas of concern expressed by both residents and stakeholders during the engagement period and how option 4UA:B2 addresses these. The full set of engagement reports can be found in the appendices listed in paragraph 66.

TABLE 2: SUMMARY OF KEY AREAS OF CONCERN IDENTIFIED DURING THE ENGAGEMENT ACTIVITIES AND HOW THESE WERE ADDRESSED

| Concern | How is this addressed in our LGR proposal? |
|---|---|
| **Geographical and boundary concerns.** | 4UA:B2 offers a balanced urban-rural composition, particularly in the West unitary where the construct helps to mitigate the risk of rural community voices being marginalised. In the West unitary, the population split is approximately **44% rural (~307k)** and **56% urban (~394k)**. This balance ensures that rural priorities – such as land-based economies, environmental stewardship, infrastructure needs and the duty of regard to national park purposes are not overshadowed by urban centres like Southampton; it is important to note that the New Forest National Park would remain a single, protected entity, governed by the New Forest National Park Authority. |

| Concern | How is this addressed in our LGR proposal? |
|---|---|
| | 4UA: B2 highlights the uniqueness of the New Forest and facilitates a continued interface with Test Valley, supporting strategic goals across the M27 corridor. Crucially, the West unitary will not replicate Southampton City Council – it will be a new, future-proofed authority equipped to harness the strengths of both rural and urban communities for the benefit of the entire area. |
| | As recognised by HIOWC, a unitary authority without an urban centre would result in a resource imbalance as would be the case in a 5UA model. 4UA: B2 avoids disruptive boundary changes, preserving existing relationships and service footprints. This supports continuity and coherence in delivery across diverse communities. |
| | The size of the unitary authorities is in line with the Government's criteria for population served to be in excess of 500k people – this helps to ensure the scale is retained to deliver financial savings whilst still delivering effective public services. It's important to recognise that the County Council currently delivers c.85% of local government service delivery across the Area to 1.4 million residents. |
| | The business case outlines the reasons that support the Isle of Wight to remain a separate authority. Rather than merging councils, the aim is to build a strong partnership – working together on shared priorities, developing joint services where it makes sense, and improving collaboration across the wider area. |
| | **4UA: B2 is about creating future-ready authorities that are large enough to be resilient, but local enough to be responsive.** |
| **Loss of local connection, representation and identity.** | 4UA: B2 directly addresses concerns about losing local voice, identity, and representation in larger authorities. It does so not by relying on size, but by focusing **on how councils work with communities**—through inclusive governance, empowered councillors, and place-sensitive service delivery. |
| | 4UA: B2 includes a scalable neighbourhood empowerment and governance model and supports councillors as community convenors, ensuring that local voices shape decisions. It promotes inclusive representation and local decision-making. This goes beyond representation – it embeds community |

| Concern | How is this addressed in our LGR proposal? |
|---|---|
| | leadership into the DNA of the new councils (see Appendix C of the business case for more details). |
| | District and borough services will be aggregated in a way that preserves the local expertise of council officers. This ensures continuity in service delivery and maintains the deep understanding of local needs and relationships built over time. |
| | The configuration of 4UA: B2 reflects functional geographies rather than arbitrary boundaries. This helps residents identify with their new authority and supports coherent planning across communities with shared economic and social ties. |
| | The population and governance structures of each unitary are designed to prevent over-centralisation. For example, placing Test Valley in the West unitary balances urban and rural representation, ensuring that areas like the New Forest retain their distinct identity and influence. Many successful unitary authorities across the UK manage diverse needs while preserving local character and delivering high-quality services. With the right governance structures, rural priorities can be protected and even enhanced within a larger authority. |
| | This approach ensures that **local connection is not lost – it is reimagined**, with stronger tools, clearer accountability, and a renewed commitment to place-based leadership. |
| **Disruption of service delivery and uncertainty during transition.** | Disaggregation and aggregation of services is complex. 5UA would require the formation of a greenfield authority without any of the necessary upper tier services, infrastructure or leadership. **4U:B2 builds on existing anchor services and frameworks, minimising the risk of critical service disruption during transition and aligning closely to existing operational boundaries.** A detailed transition and implementation plan along with robust governance arrangements will ensure continuity of service delivery, protect vulnerable residents, and maintain public confidence. |
| | It will be critical to have a strong communications strategy for working with Members, staff, partners, stakeholders and residents during transition. Where possible, collaboration with critical, strategic partners during this period will help ensure that the future organisations provide a stable platform for public sector |

| Concern | How is this addressed in our LGR proposal? |
|---|---|
| | reform across the whole network of public service delivery across the Area. Change management will be a critical component of transition. |
| **Financial concerns** | Whilst not as financially favourable as 3UA, 4UA: B2 offers up to £100m net benefit over 5 years, with lower implementation costs than other options. These savings are driven by efficiencies in back office, reduced duplication, and streamlined leadership. |
| | **Crucially, 4UA: B2 avoids the financial instability that would be driven by the implementation of an additional upper tier authority and leverages economies of scale – analysis demonstrates that a 5UA model would be financially unviable and would not payback.** |
| | 4UA: B2 has the lowest implementation cost of all viable options (£80.1m), achieved by building on existing anchor services and avoiding the need to create new "greenfield" authorities. This reduces disruption, accelerates delivery, and ensures that resources are focused on transformation rather than structural setup. |
| | 4UA:B2 supports equitable resource distribution by aligning population size, service demand, and economic geography. It enables targeted investment in areas of greatest need, including rural and coastal communities, and supports the Strategic Authority's role in coordinating funding across the region. |
| | The model is designed to deliver efficiencies that reduce cost. By consolidating back-office functions, harmonising service delivery, and leveraging economies of scale, the new authorities will be better positioned to navigate the ongoing financial sustainability challenges. |
| | Furthermore, the financial modelling is based on robust assumptions and independent analysis. **Together, these measures ensure that 4UA: B2 offers a financially responsible and future-ready solution – balancing short-term implementation costs with long-term savings, resilience, and value for money.** |
| **Unclear governance structures, statutory responsibilities, and legal frameworks.** | 4UA:B2 proposes streamlined governance with Leader/Cabinet models and fewer councils and councillors, improving clarity for residents. It includes plans for ward boundary reviews and neighbourhood area committees to ensure fair representation. |

| Concern | How is this addressed in our LGR proposal? |
|---|---|
| | Clear communications delivered jointly by existing local authorities to residents and partners will play a vital role in ensuring understanding of new structures and representation. |
| **Service delivery and quality** | 4UA: B2 has been developed with a strong emphasis on maintaining and improving service delivery. By retaining existing district boundaries, the model preserves local knowledge and operational continuity – avoiding unnecessary fragmentation and disruption to county-wide services. Clear safeguards are built into the transition plan to ensure services remain accessible and consistent, with a focus on minimising disruption and preventing a 'postcode lottery' in service quality.<br><br>The creation of four UAs enables more locally responsive service delivery, while still benefiting from shared arrangements and partnerships where scale and integration are essential—particularly in adult social care, children's services, and public health. Crucially, the model builds on Hampshire's existing anchor services and well-established frameworks, ensuring continuity and quality of care. The design of resilient UAs means they are better equipped to manage demand and deliver high-quality services. Integration will be supported through collaborative planning and strengthened joint working across the new councils. |
| **Employment and workforce** | 4UA: B2 has been carefully designed to safeguard employment and support the workforce through transition. The proposal prioritises continuity of services and minimises disruption by retaining existing district boundaries and service structures. This approach helps preserve jobs and avoids unnecessary relocation, while also enabling localised service delivery that reduces staff travel requirements.<br><br>While any reorganisation carries change, the proposed model would enable new authorities to be more resilient, with greater capacity to support career development and deliver greater organisational stability. The Councils are committed to a phased and transparent transition, with active engagement of staff and unions to support redeployment, retraining, and wellbeing. Moreover, the reorganisation is expected to stimulate local economic growth, unlocking investment and regeneration that will help create new employment opportunities and reduce the risk of unemployment in the area. |

| Concern | How is this addressed in our LGR proposal? |
|---|---|
| | One of the guiding principles shaping the proposal is a strong commitment to workforce. We recognise that the Councils' workforce is its most important asset, and are committed to ensuring transparency and openness in communication with staff. Colleagues will be treated respectfully and supported through the change and uncertainty ahead of us. |
| **Planning, housing, infrastructure and environment** | The creation of four unitary authorities provides the scale and capacity to plan across functional geographies, enabling joined-up approaches to housing, transport, and environmental stewardship. Strategic spatial planning will be aligned with travel-to-work patterns, housing markets, and cultural-economic geography – ensuring that growth is both sustainable and place-sensitive. The inclusion of Test Valley in the West unitary, for example, creates opportunities for balanced development along the M27 corridor, while preserving the rural identity of areas like the New Forest.

Our proposal is that new councils will embed climate and nature recovery goals into local decision-making, including investment in green infrastructure, flood resilience, and biodiversity.

Importantly, the Area's inclusion in the Devolution Priority Programme means that these concerns will also be addressed at a regional level. The new Strategic Authority, supported by a Mayoral Combined Authority, will have the powers and funding to lead cross-boundary planning for housing, infrastructure, and environmental sustainability. This includes:

- Strategic investment in housing and regeneration to support balanced growth across urban and rural areas.
- Integrated planning across transport, utilities, and digital infrastructure to improve access and reduce regional disparities.
- Climate leadership, with a unified strategy for net zero, green energy, and nature recovery.
- Environmental resilience, through coordinated land use and protection of designated landscapes and ecosystems.

**Together, 4UA: B2 model and the Strategic Authority provide a coherent and future-ready framework to manage growth responsibly, protect the environment, and ensure that planning** |

| Concern | How is this addressed in our LGR proposal? |
|---|---|
| | **decisions reflect both local priorities and regional ambitions.** |
| **Impact on organisations' day-to-day working** | 4UA: B2 reduces the number of authorities partners must engage with, simplifying strategic and operational relationships with partners like police, fire and health. It avoids unnecessary fragmentation which in a 5UA scenario would increase costs and further strain budgets of key public service partners with an additional upper tier authority in the Area. |
| **Engagement and stakeholder influence during transition** | Concerns have been raised around confusion and trust in the process, as well as the need for meaningful stakeholder influence, particularly from the voluntary and community sector, in shaping the new organisations. To address this, future engagement will be embedded into transition planning through inclusive, transparent processes designed to build trust and ensure community involvement. We are committed to identifying opportunities for co-designing implementation plans with stakeholders, ensuring that the voluntary and community sector plays a role in shaping the identity, priorities, and delivery models of the new councils as appropriate. |
| **Cultural and operational integration** | We are committed to ensuring that cultural transformation is embedded alongside structural change. Through dedicated workforce strategies, leadership development, and a shared vision, we will support the creation of unified, resilient organisations. Central to this is fostering a culture that empowers neighbourhoods – enabling local teams to lead, innovate, and respond to community needs with confidence and flexibility. |

**Naming conventions for new authorities**

72. As part of summer engagement with residents across the Area, respondents were also asked whether the new UAs names should reflect their geography, history, unique characteristics, cultural identity, prominent town or city or something else.

73. A significant majority (75% public survey and 58% of the representative sample survey) of those responding wanted future UAs to be named after their geography, followed by the history of the area (45% and 31%) and their unique characteristics (40% and 22%).

74. Observations were also made in response to the survey question that future names need to make geographic sense, be relevant to all the component areas in the UA, reflect the creation of new authorities and be unique to each area.

Suggestions for specific names were invited, and these can be found in Appendix M of the Business Case.

75. Based on the insight from engagement and the geographic constructs of the future unitary authorities, the 'South-West' UA is now referred to as 'West' UA in this report and the business case. It's worth emphasising this is for report purposes only and the future unitary authorities will determine the respective names of their councils.

## Conclusions from stakeholder engagement

76. As part of further work to refine the Councils' preferred option for LGR in the Area, a significant amount of work has been undertaken to understand the views of our residents, including of those most impacted and those who are seldom heard, as well as the views of our partners. By not only engaging critical stakeholders in in-depth discussions and widely promoting an open survey so all interested parties could have their say but also commissioning a representative sample of residents across the Area, the Councils have a substantial body of evidence to support understanding of views on the preferred option. The combined input from all engagement activities forming the substantial body of evidence to the business case has helped to continue to shape proposals based on what the Councils have heard, validate the decisions taken in July and strengthen key components of the business case including the neighbourhood empowerment model.

77. Engagement in the LGR programme will continue with all stakeholders, including identifying opportunities for codesign during the transition process to help both residents and partners feel the benefits of the proposed option as soon as possible, reflecting their stake in the future of local government and the importance of getting this right from day one.

## Future Local Government System in the H&SA

*Neighbourhood Empowerment*

78. The Councils' *Local Voices, Lasting Change* report to the UK Government (Appendix C of the Business Case) outlines strategic opportunities for the newly formed UAs in the Area to develop a transformative approach to strong and effective neighbourhood empowerment.

79. It presents a vision for LGR to enable genuine neighbourhood empowerment throughout the Area: reconnecting residents with vital services, ensuring every local voice is heard and every community supported to thrive through meaningful partnerships and inclusive place-based governance, and taking steps to rebuild public trust in democratic processes through greater community influence over local decision-making.

80. This vision has been informed and shaped by the views and insights of councillors, town and parish councils, local partners, and residents who took part in our engagement activities during summer 2025.

81. Through these engagement activities, the Councils have actively listened to concerns that the new UAs could be too large and too remote to understand the unique identities, characteristics and voices of local communities, particularly

where small rural communities are included in the same council area as one of Hampshire and the Solent's two major cities. The Councils' engagement with residents also highlighted that local identity is largely shaped by the community and area immediately surrounding where people live and not determined by the arbitrary administrative boundaries set by statutory public bodies.

82. The ideas and opportunities for neighbourhood empowerment presented in *Local Voices, Lasting Change* are guided by the principle that it is how a council works effectively with communities within its boundary that is more critical to neighbourhood empowerment than the size of the council's geographic area or the precise location of lines on maps. Genuine neighbourhood empowerment in a unitary council area is made possible by a model that is founded on equal partnerships between public bodies and local partners such as town and parish councils (where they exist), community and voluntary organisations, and local communities; is inclusive of all local voices and all types of neighbourhoods; and is sufficiently responsive, adaptable and flexible to enable communities to shape and tailor public services to the specific characteristics and requirements of their places: whether those are urban, rural or coastal; or areas that are relatively affluent or deprived.

83. The Councils have identified six principles to guide the new UAs' decisions on an effective neighbourhood empowerment model. These are:

- **Build on community strengths** – Community mobilisation already takes place on a wide scale across the Area, with a significant number of community groups and volunteers coalescing around particular issues and driving local solutions. The new unitary model has an opportunity to build on these community strengths to enable, support, and coordinate local groups to the point where their voice, ambition and resource become a key arm of local delivery.

- **Build on existing good practice** – There is no one-size-fits-all model for empowerment. The new UAs' neighbourhood empowerment model should retain and build on existing successful approaches adopted by the existing 15 councils in the Area. Many of these approaches are bespoke to local communities and rooted in local identity and community leadership.

- **Partnership Approach** – Public bodies, voluntary and community organisations and, where they exist, town and parish councils, adopt a joined up approach to work as equal partners empowering neighbourhoods to overcome challenges and take advantage of opportunities.

- **Inclusion** – A neighbourhood empowerment model can only be truly empowering if it hears and involves all community voices, not just those who speak the loudest.

- **Prevention and Resilience** – A neighbourhood empowerment model could involve communities in initiatives that facilitate good health and wellbeing, independence, social connections and resilience to emergencies.

- **Long-term Outlook** – Long-term commitment and financial sustainability are among the key conditions for success of any council's neighbourhood empowerment model.

84. *Local Voices, Lasting Change* presents ideas and opportunities for the future UAs to consider in the development of their models of neighbourhood empowerment, grouped under the three connected themes of 'councils as enabling organisations', 'neighbourhood governance as a vehicle for empowering communities' and 'councillors as community convenors'. The ideas and opportunities demonstrate that genuine opportunity for neighbourhood empowerment is underpinned by strengths-based organisational culture, partnerships and service transformation, as well as neighbourhood governance in the form of Area Committees[2].

85. The ideas and opportunities highlighted in our report include:

- Embed Asset-Based Community Development (ABCD) principles into the design and culture of the new unitary councils.[3]

- Employ dedicated Community Development teams as the officer experts on delivering ABCD approaches in neighbourhoods and tailoring delivery to the strengths and priorities of different communities.

- Pilot neighbourhood area governance in East Hampshire and learn from the success of existing neighbourhood governance models in Hampshire and the Solent that already attract strong community engagement.

- Enhance councils' support for councillors to fulfil their role as local champions, representatives and convenors of communities. Support could include assigning each councillor to a named Community Development Officer to assist with community convening and local intelligence gathering; training and assistance with ABCD approaches to community engagement; and exploring digital systems to help manage casework.

- Work with the Hampshire Association of Local Councils (HALC), Isle of Wight Association of Local Councils (IWALC) and town and parish councils on Charters and optional double devolution. Town and parish councils are the bedrock of community governance in many areas of Hampshire and the Solent, and a strong collaborative partnership between them and the new unitary councils will be essential for delivering genuinely effective and responsive neighbourhood empowerment.

- Work with town and parish councils and local communities to explore how the new councils can support and facilitate community participation in neighbourhood planning.

- Co-produce and co-evaluate key council strategies with local partners and communities.

- Introduce a Social Value Policy, learning from good practice by councils such as Portsmouth, and use this to develop policy and guidance on community asset transfer.

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[2] The Minister for English Devolution and Local Government expressed support for Neighbourhood Area Committees in a written statement on 3 June 2025.

[3] ABCD is an approach that starts with what is strong in a community, not trying to right what is wrong. It encourages public organisations to work with communities and local civil society organisations as equal partners in identifying and mobilising the assets, strengths and resources that already exist in neighbourhoods. See: Nesta. 2020. Asset-Based Community Development in Local Authorities.

- Explore opportunities for participatory budgeting and citizens' panels or assemblies.

- Work with the LGA and UK Government to attract more potential candidates from a wide range of demographic groups to consider standing in council elections, considering security, remuneration and access to the LGPS.

86. The ideas and opportunities in our *Local Voices, Lasting Change* report are intended as a 'springboard' for further and deeper conversations with councillors, national and local partners, and communities throughout the period before vesting day. The Councils are committed to working in partnership with local organisations and communities to embed ABCD principles and neighbourhood empowerment opportunities into all aspects of implementation planning for the new UAs and continue to build an evidence base on community engagement and empowerment to inform future decisions made by the new councils. LGR could be the catalyst for public service transformation that shapes a refreshed approach to localism and participatory democracy in the Area – we must seize this opportunity.

*Governance Arrangements*

87. LGR and the process of unitarisation provides local people with a clearer picture of who is accountable for service delivery and local decisions, requiring fewer councillors and local elections. As set out in the *Local Voices, Lasting Change* report, and the strategic business case, this does not equate to weakened democracy – the system as a whole deepens democracy.

88. The Councils have engaged with the Local Government Boundary Commission for England ('LGBCE') to support and inform the approach to developing the governance arrangements for the future UAs. This has included the core areas that underpin the number of councillors required to achieve the strategic, decision-making and representative roles of the authority. The future UAs will require sufficient representation to give leadership and direction, scrutinise decisions and support regulatory functions.

89. The LGBCE has clear guidance that an authority should have no more than 100 members and no less than 30 members. They also advise against comparative analysis of member numbers with other local authorities and instead encourage focusing on local requirements. In line with Government expectations, the proposal does not require any boundary changes.

90. There are 15 county, unitary, city, district and borough councils in the Area with a combined 650 Councillor seats. Almost 63% of all Hampshire County Councillors also serve as a councillor on one of the county's 11 district and borough councils. Some councillors are also members of a town or parish council.

91. Following LGBCE guidance, the Councils have sought to establish the basis of appropriate democratic representation under 4UA: B2. This has included a bottom-up appraisal of the necessary committees and panels that each unitary authority would have. The assessment demonstrates that approximately 95 councillors would be appropriate for each of the three future mainland unitary

authorities. This will maintain sufficient provision, within the recommended maximum of 99 councillors set by the LGBCE, and would ensure that:

- There is sufficient time and resources for Members and Committees to consult residents and stakeholders to make informed, evidence-based decisions.

- Council services and decisions are scrutinised appropriately

- Members have sufficient time to carry out a manageable level of casework

92. It is worth emphasising that the future UAs would make their own judgement on the most appropriate governance model for the respective authorities but that this template would be a sensible foundation for a unitary comparable to those proposed under 4UA: B2. Considerations including population served and representation on unitary-specific bodies would mean that the number of councillors for each of the unitary authorities may flex.

93. The table below summarises the population to member ratio for the Area with no change to the existing model in the Isle of Wight Council. The table also includes the existing County Council ratio based on the current 78 councillors serving 1.4 million residents. This highlights that councillors in the future UAs will have a significantly lower population to member ratio than the current County Councillors.

TABLE 3: POPULATION/MEMBER RATIO FOR THE AREA

| Local Authority | Population | Councillors | Ratio |
|---|---|---|---|
| Mid-North | 655,528 | 95 | 6,900 |
| West | 706,519 | 95 | 7,437 |
| South-East | 532,519 | 95 | 5,605 |
| Isle of Wight | 140,906 | 39 | 3,612 |
| Hampshire County Council | 1,428,559 | 78 | 18,314 |

94. Across the Area, this would lead to 324 councillors representing the electorate, a reduction of 50% from the existing 650 councillors. In line with recent Government guidance as set out in the English Devolution and Community Empowerment Bill, all UAs will adopt the Leader and Cabinet model moving forward. Following advice from the Boundary Commission more work will be undertaken on warding arrangements following submission to Government, part of anticipated engagement with the MHCLG ahead of the interim governance model being set out in the Structural Changes Order in 2026, subject to the Government's decision. It is anticipated that following that work the Government will have the flexibility, in the Structural Changes Order, to vary to number of Councillor as a reasonable modification of a proposal.

95. Following establishment, the Boundary Commission will carry out a full Boundary review to establish the final councillor number and warding arrangements for each new unitary council for the next elections to those councils.

**Finance**

96. As set out in the July report, the estimated future steady state savings from the 4UA: B2 option are **£48.6m per annum** and the forecast one-off costs of transition are **£80.4m**.

97. A more detailed analysis of the assumptions and methodology which underpin the financial modelling are set out in the Appendix A of the business case, and detail was also included in the financial appendix to the July report.

98. Since the publication of this report, further validation and consideration of questions raised has been undertaken. However, there are no fundamental changes to the conclusions set out in the July report.  This section of the report provides some further context in response to questions raised subsequent to the publication of the July report. In addition, the potential impacts of the Government's Fair Funding Review 2.0 are considered.

*Transition Costs*

99. Since the July report some questions have been raised on transition costs. The costs included within the business case are high level estimates of the potential costs of implementation. They recognise the increased complexity of delivering a 3UA (merger of existing upper tier authorities) and 5UA (the creation of a new authority on a greenfield site).

100. Decisions taken on the number of unitary authorities created, and by the individual future authorities will undoubtedly impact on the final costs of implementation – for example, a faster implementation of unified systems may unlock savings sooner but be more costly.

101. Given the scale and pace of the changes required, the implementation cost estimates are considered reasonable estimates of the total quantum and relative costs at this stage; the business case proposed by the other 12 district and unitary authorities across Hampshire similarly has implementation costs for their 5 unitary model which in overall quantum terms are comparable with the costs set out in our modelling.

102. The funding of transition costs has also been raised. The Government has confirmed that no new funding will be provided to support local authorities with LGR implementation costs. The costs of transition will be system wide, so the County Council, together with the 14 districts/unitaries will therefore need to explore alternative funding options for funding the costs of transition, including the re-direction of any uncommitted reserves (where available), the use of future capital receipts, re-prioritisation of existing programmes and borrowing.

103. Assessing the available resources is not something that can be reasonably completed at this stage. If no other resources are available, then borrowing to fund the costs of change would be the fall-back position. The costs of this borrowing have not been included in any of the models currently, meaning that the comparison between the models remains valid.

*Debt*

104. As part of the consultation feedback, concerns were raised about the future authorities inheriting debt from the former unitary, upper tier and district councils.

105. Local Authority borrowing is governed by strict rules and borrowing can only (unless express separate permission is granted such as through the Exceptional Finance Support process) be used to fund assets. Assets are generally either service delivery assets, that provide direct benefits to the users of those assets, or investment assets, that provide income.

106. One of the tasks of the implementation phase of any proposals will be to ensure that debt and the assets that they have been used to create move to the new organisations in a fair and reasonable way. The debt of the current organisations must pass to the new unitaries, the goal is to ensure that this happens in a proportionate and reasonable way.

*Fair Funding Review 2.0*

107. The Government has consulted on changes to the Local Government funding system, known as Fair Funding 2.0. The outcome of the consultation is not yet known. Initial work to assess the impact of these proposals undertaken by Pixel on behalf of the County Council Network, suggests that the County Council's grant funding could be negatively impacted by £48m by the end of the transition period (which is post LGR vesting day – a 3 year transition 2026/27 – 2028/29).

108. The Pixel modelling also forecasts that for the Hampshire local government system as a whole (so excluding the Isle of Wight) that funding overall will marginally reduce. However, there will be some significant gainers and losers among the existing authorities in the area during the period between 2026/27 and vesting day in April 2028.

109. There does however remain uncertainty about the exact impacts of the proposed funding changes, and also the proposals may change as a result of the responses to the consultation. Therefore, the potential impact which has been modelled by Pixel has not been included within the financial modelling.

110. As clearly stated in the July report, although LGR offers opportunities to deliver savings the timing and scale of these savings will not be sufficient to address the structural financial deficit of the County Council which will pass to future unitaries, and the proposals in the Fair Funding 2.0 consultation have the potential to worsen rather than improve the position.

**Strengthening Our Future and Unlocking Opportunity Through 4UA: B2**

111. LGR is more than structural reform. It is more than ensuring safe and legal services on Vesting Day, which must remain a critical priority. It's about creating a new model for Local Government which turns ambition across the system into action, fosters increased levels of place-based service design, and a whole-area approach to decision-making. The Councils' vision for LGR is for the Area to be a place where people are proud to live, with accountable and accessible local government that every resident can trust.

112. The LGR options appraisal, alongside extensive engagement with residents and partners over the summer, demonstrates that 4UA: B2 is the strongest

option that most closely aligns with the criteria – offering a safe transition and long-term service delivery benefits. It supports Devolution and the regional, strategic economic growth ambitions, prioritises high quality and sustainable public services, and achieves a system of Local Government that is balanced and sensible.

113. Of all the options assessed across the Area, 4UA: B2 offers a bold solution. By reimagining local government, a simpler, stronger, and more responsive model can be created; one that unlocks housing, drives economic growth, and empowers communities to shape their own futures. 4UA: B2 offers the safest transition, financial benefits to the taxpayer and the strongest platform for innovation and transformation. This transformation is not only about structures; it is about meaningful change to the culture across the system. It is the model that partners want and that delivers for residents.

114. Engagement with residents highlighted finance as both a potential benefit and concern – above all, they want LGR to ensure council taxpayers receive good services for their money. The 4UA model delivers this with a strong financial benefit, delivering value for money through efficiencies and scale. Scale is important to manage costs in relation to back-office functions such as IT and HR, and commissioning and procurement. Yet scale alone is not enough. The model also recognises the importance of retaining local knowledge to meet local needs, neighbourhood empowerment, and responsiveness to community priorities. Scale and local delivery, under the 4UA: B2 model, work in harmony to strengthen future opportunities and outcomes for residents.

115. Hyperlocal neighbourhood empowerment is a cornerstone of the future local government landscape and unitary governance model for deepening democracy. By hardwiring neighbourhood empowerment into Local Government DNA, the model enables a step change in how decisions are made, and resources are targeted. It creates opportunities for public sector bodies to work closely with communities and deliver value where it matters most.

116. The English Devolution and Communities Bill introduces a duty on strategic authorities to collaborate and convene local services. Unitarisation – and specifically 4UA: B2 – will make it easier for partners including police, fire and health. With a system-wide approach that limits fragmentation and the number of organisations to coordinate, the four unitary authorities of the future can shape new arrangements that are more integrated and locally responsive. The smaller the number of authorities, the easier it is to coordinate and act on strategically important regional issues. Further fragmentation risks slowing down decisive action – be it to keep residents safe, drive economic development and regeneration, or transforming and innovating public services. 4UA: B2 aligns with the Area's economic ambition, supported by future-focused unitary authorities rather than being constrained by historic boundaries that don't reflect the future economic realities, including the polycentric economy across the Area.

117. Feedback shows that 4UA: B2 is the model of local government that partners want. Hampshire and Isle of Wight Constabulary ('HIOWC') stated in their feedback that their experience demonstrates that three mainland areas and a separate Isle of Wight is most favourable, benefiting from greater consistency

and scale of economy, balanced with local focus. An increase in the number of UAs would have a consequential financial impact on policing. HIOWC would not support proposals that fragment policing neighbourhood building blocks, in line with Government guidance to use existing districts as the building blocks for proposals rather than seeking to break up the boundaries of existing districts. These views have been echoed consistently by other key strategic stakeholders across health, blue light, education and VCS. They want simple, cost effective and joined up Local Government with the fewest number of strategic touchpoints to maintain and improve operational interactions.

118. Other key partners including the New Forest National Park Authority have also acknowledged the value of 4UA: B2 in ensuring the New Forest is considered as a whole, recognising links to surrounding areas, and considering its contribution to the wider area's economy. In options 2 and 3 that form part of the proposal developed by the 12 other councils in the Area, the New Forest National Park would be split between two new unitaries, complicating strategic priorities, join-up and decisive action (similarly in Option 3 of the alternative submission, the South Downs National Park would be split between two unitaries). 4UA: B2 highlights the uniqueness of the New Forest and facilitates a continued interface and relationship between the New Forest and Test Valley to support strategic goals. It also ensures that rural areas in the West unitary are well represented, countering concerns that predominantly urban Southampton might overshadow them. This approach helps to ensure rural needs and priorities are understood and addressed. In the West unitary, the population would be ~307k (44% - rural) to ~394k (56% - urban) illustrating a balanced split. Crucially, the West unitary would not replicate Southampton City Council, it will be a new future-proofed authority equipped with the skills and expertise to leverage the strengths of the rural and urban communities – including the land-based economy of the New Forest – for the benefit of the entire Area.

119. In line with the MHCLG criteria, 4UA: B2 is constructed with a sensible economic area and geography in mind. The Mid-North unitary configuration connects corridors of innovation and skilled talent with a thriving rural economy and communities. In the West unitary configuration, balanced urban-rural communities deliver opportunities for urban growth, enhancing a unique natural environment and unlocking regeneration, growth and productivity potential of a city and major towns. The South-East configuration is a proud connected coastal community united by maritime heritage and regeneration, ready to shape a resilient and inclusive future.

120. Whilst LGR is not about recreating the County Council, Southampton City Council, or Portsmouth City Council, it also doesn't need to be about starting from scratch. It's about integrating the best of public service delivery across the Area and transforming it into something greater. It's about creating future-proofed UAs that can serve the people of Hampshire and the Isle of Wight effectively. The future UAs must act as brokers of collaborative working, designing integrated systems that are modern, digital-first, and rooted in local needs. That's best achieved from a position of strength – a position that leverages anchors from which innovation and transformation can be delivered. The 4UA model avoids the need for the complex and costly establishment of a

greenfield authority and instead prioritises continued transformation of high-quality public services.

121. Those with experience of LGR consistently emphasise the importance of a safe transition and building long-term benefits from a position of strength. 4UA: B2 achieves this by leveraging anchor services and frameworks, be it those from existing unitary authorities, UTLAs, districts or boroughs and avoiding the disruption of establishing a greenfield authority. As recognised by the District Councils' Network (DCN) in a recent report[4], infrastructure cannot simply be cloned or partitioned. 4UA: B2 best enables targeted investment and focus on delivering high quality services from a secure position, rather than managing the fall out of a poorly managed transition and/or set up of a greenfield authority. In turn, this creates the best conditions from which to drive sustainable economic growth and prosperity for all residents.

122. It is universally accepted that LGR is not easy – as noted by Grant Thornton: "*LGR is complex, and success is not guaranteed.*" Similarly, a report from the DCN states, "*Navigating disaggregation, establishing safe transitions, and designing new delivery models will test even the most experienced leaders.*" LGR across the Area could be the most complicated of all given the involvement of two existing unitary authorities, the County Council and eleven district/borough councils. LGR will be a significant challenge for all authorities across the Area. But it is also a once in a generation opportunity to redesign services and build something new.

123. LGR will require a staggering amount of cooperation, collaboration, capability and capacity. LGR is best achieved from a position of strength. From a position that mitigates the complexity and is supported by critical partners. That's why anchor services and infrastructure are critical, and why 4UA: B2 is the best option to unlock the potential of the Area. The options appraisal demonstrated how 3UA and 5UA are inherently riskier. That doesn't mean 4UA is just the safe option. The robust assessment demonstrates it offers the safest transition whilst creating the strongest platform to deliver long term transformational change and service delivery benefits. A safe transition and innovation are not mutually exclusive. They can be achieved together. That's possible through 4UA: B2.

**Implementation Planning**

124. Since the Cabinet decision in July 2025, strategic planning for the transition phase has progressed to set the groundwork needed to deliver implementation at pace and scale. This has included workshops with Councils' senior officers alongside learning from other LGR programmes.

125. It's recognised that formal joint working arrangements will only be confirmed once the Structural Changes Order ('SCO') for the Area is approved by Parliament. However, given the scale, complexity, and resource demands of the transition and implementation phases, it is essential that planning and joint working begins in advance of any final decision. This early preparation is critical to ensuring readiness, managing risk, and enabling a smooth and coordinated

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[4] The power of prevention and place in new unitary councils Report, Adult Social Care and Local Government Reorganisation, available here.

transition across all councils – this message has been reinforced consistently from senior officers across Local Government with experience of LGR. Our proposal identifies four phases until Vesting Day (1 April 2028):

| Phase 1 | Phase 2 | Phase 3 | | Phase 4 |
|---------|---------|---------|---|---------|
| Interim Plan development<br><br>*Completed March 2025* | Final LGR proposal development<br><br>*Live until 26 September 2025* | Pre-Implementation<br><br>*From proposal submission to SCO approval* | Transition to Shadow Operating Model<br><br>*From the approval of SCO to shadow elections* | Shadow Operating Model<br><br>*From shadow elections to Vesting Day* |

126. The preparatory work is required irrespective of the LGR option ultimately chosen by Government. There is significant value in undertaking early activity to build a shared understanding of the current landscape and in developing the governance and programme delivery arrangements needed to support any future transition.

127. Key areas of work that will need to be progressed after submission to maintain momentum and ensure readiness for the next phase include Contracts, IT, Operating Models, Workforce, Partnerships, Data, Legal, Governance, Finance, Assets, Service Delivery and Continuity, Policies and Procedures, alongside cross-cutting areas such as comms and engagement, neighbourhood empowerment, programme and change management.

128. Whilst authorities across the Area work on independent proposals, the complexity of transition and implementation emphasises the critical need for strong leadership and close collaboration to ensure successful delivery. The Councils recognise the importance of working closely with partners to shape and deliver the final Implementation Plans for the new UAs, in particular, to co-design these with the voluntary sector, to ensure they play an active role in shaping the future organisations.

129. The disaggregation and aggregation of upper-tier and district/borough services will require careful handling to minimise disruption and maintain service quality, with resident outcomes at the heart of the process. Implementation planning will consider potential partnership and shared service arrangements to support stability and efficiency. Ensuring continuity and minimising impact on those who rely on services – particularly carers, providers, and residents – is central to the transition.

130. To support transition, evidence from other examples of LGR and the expertise of senior Local Government officers demonstrates that shared services could help to minimise risk and avoid service performance issues, particularly for critical services such as social care. However, lived experiences from implementation of LGR in other areas demonstrates that they should not be considered a long-term solution for services such as adult and children's social care, given the need for direct accountability and agency to deliver long-term aspirations. This insight must inform and guide how services migrate to the new future unitary authorities on Vesting Day.

**Transitional Governance**

131. The SCO will define the transitional governance structures and powers guiding the reorganisation process. It is essential that these arrangements reflect the complexity of the operating landscape, particularly in the context of disaggregation. The County Council, Portsmouth and Southampton City Councils provide high risk services many of which are statutory and critical to residents and communities, including adult and children's social care and education. These upper tier services represent up to 85% of overall spend on local government services in the Area. Therefore, these upper tier Councils must have a clearly defined and proportionate role within transitional governance structures to protect and support the transition of services into the new unitary councils and ensure adoption of the core governance frameworks and operating infrastructure that support them such as finance, IT, children's services, adult services, education and others.

132. This position is echoed in the recent letter from the Lead CEO for the Association of County Chief Executives to the Permanent Secretary of the Ministry of Housing, Communities and Local Government. The letter highlights the risks of under-representation of county councils in governance models, such as the Joint Committee approach used in Cumbria, which could result in democratic deficits and undermine service continuity. It also stresses the importance of ensuring managerial and political representation that reflects the scale and statutory responsibilities of county councils, particularly in regulated services such as Adult Social Care and Children's Services.

133. There are two broad approaches to the transitional arrangements that may be taken:

   - Continuing Authority/Council – where all or part of an existing Council remains in existence as a "Continuing Council", providing a foundation for the relevant preceding Councils to be transferred to. In the Continuing Council model, the initial transition is dealt with by an "Implementation Executive" made up of members of the Continuing Council, along with members of the relevant preceding Councils; or

   - No Continuing Authority/Council – where entirely new upper tier authorities are created, and the relevant preceding Councils' functions are transferred to those new authorities. In this model, the initial transition is dealt with by the creation of Joint Committees of the Preceding Councils with a joint Officer Implementation Team, and then later, Shadow Authorities/Executives of the new unitary authorities.

134. Whilst there would be significant benefits in the Continuing Council model, particularly in respect of de-risking transition of key statutory services such as social care and education, it is not considered to be the appropriate model for the proposed new unitary authorities in Hampshire. This is due to the fragmentation of the existing County Council and the merging of multiple upper tier authorities with Districts/Boroughs.

135. It is therefore proposed that the appropriate transition governance model for the new proposed unitary authorities under the structural change order is the Joint Committee and Joint Officer Implementation Team, to be followed by elections

to the shadow council and a transfer to the shadow executive, but with the adoption of some key safeguards as set out below, which are designed to mitigate the risks associated with transition of critical functions.

136. Under the Joint Committee/Shadow Council/Executive approach, the SCO will need to confirm the requirements for the establishment of the Joint Committees. All preceding councils will be required to co-operate in appointing members to those Joint Committees. The SCO will also set out the functions the Joint Committees will exercise, which are likely to include:

- Preparing for and facilitating the economic, effective, efficient and timely transfer of functions, property, rights and liabilities from the preceding councils.

- Preparing, keeping under review and revising Implementation Plans for the new unitary councils.

- Preparing codes of conduct for the shadow authorities of the new unitary councils.

- Forming single teams of Officers (Implementation Teams) to help the Joint Committees and then the Shadow Authorities to discharge their functions. (The Implementation Teams are likely to be made up of officers from all preceding councils, not just one).

137. Although the transitional governance arrangements are only timetabled to exist for 6 months it is essential these transitional arrangements must not only ensure appropriate political and democratic accountability through the joint committee but should also ensure adequate managerial knowledge and representation on the officer implementation team.

138. Embedding these principles is vital to maintaining stability and protecting the interests of residents across the Area throughout the transition period.  This should be balanced against the need for the Districts and Boroughs to influence and shape the new unitary council and to have appropriate representation and a voice in the governance arrangements, to ensure efficient and effective transition of important District and Borough functions.

139. It is important to note the security offered by the structure of three mainland unitary councils arises from the ability to retain existing control frameworks and operational infrastructure that supports them in relation to areas such as finance, IT, children's services, adult social care and education. These control frameworks can be protected, within the legal framework available to the Minister, by minor variations to the existing style of SCOs. Until decision it is not possible to provide precise wording, but each change order across the Area will require specific provisions to ensure such protection (the principles are equally applicable to 3 out of 4 of a 4 mainland unitary model; save that one council will be totally exposed to elevated risk as a 'greenfield' and will be required to start from ground level).

140. The proposal therefore requires the adoption and inclusion of the following additional core principles into the SCO based upon existing drafting conventions by the incorporation of the following concepts to mitigate risk. These will form part of the legislative drafting policy principle for the Area's SCOs.

- Ensure at least equality of votes for the upper tier of local government with the Districts and Boroughs combined, on each joint committee

- Allow for a change in composition of the joint committee(s) to reflect voting rights that support the maintenance of the existing control frameworks and the operational infrastructure that supports them in areas such as finance, IT, children services, adult and education etc.

- Include the provision of certain reserved matters relating to relevant upper tier functions to ensure continuity safety and minimise disruption

- Ensure that the distribution of responsibilities in relation to the obligation placed on the joint committees to prepare, review & revise the implementation plans reflect the competencies of constituent bodies.

141. Specify where matters should be reserved to a subcommittee or a constituent member, with the power to give written instructions to the Officer Implementation Team

142. These concepts are easily incorporated into the current SCO format and will offer protection to residents in respect of service provision, mitigate risk of disruption and provide for a clear voice of all participants in the short interim period before the shadow elections. It is recommended this approach is adopted pan-Hampshire and would support Portsmouth, Southampton and the County Council in mitigating risk in relation to finance, children services, adult social care and education by ensuring the newly established shadow councils from the benefit of a sound governance and control framework that may be easily adapted by the shadow council to meet its own requirements.

143. If the Cumbria structural change order 2022 is used as an example these changes could be simply incorporated into articles 22, 23 and 24 which relate to the functions of the existing councils (Cumbria order article 22), the composition of the committee and voting (Cumbria order article 23) and provision for the distribution of responsibilities in relation to the obligation placed on the joint committees to prepare, review and revise the implementation plans (Cumbria order article 24)

*Considerations about **the H&SA Combined County Authority***

144. The future Local Government landscape across the Area is one in which an elected mayor, through a strategic authority, will provide a strategic vision and direction for local authorities. If the four existing UTLAs consent, the Hampshire and the Solent Combined County Authority ('H&SCCA') will be established in early 2026 with mayoral elections taking place in May 2026. The constituent authorities of the H&SCCA will be the County Council, Southampton City Council, Portsmouth City Council and Isle of Wight Council. In respect of certain functions, the H&SCCA will have a "transition period" ending on 31 March 2027. The Office of the Police and Crime Commissioner and Fire functions are planned to also transfer to the new strategic authority in April/May 2027.

145. Under LGR, new UAs will be created in shadow form with effect from May 2027 and will assume responsibility for all relevant local government functions with effect from April 2028. From this point, the newly created unitary authorities will

become the constituent authorities of the H&SCCA[5]. As the new UAs will largely be built on the previous upper tier authorities, they will substantially align with the previous H&SCCA constituent authorities, albeit they will represent a more equal division across the Area. Therefore, through the preferred option of 4UA: B2, disruption and change will be minimised and enable the H&SCCA to continue to function effectively.

## Legal

146. 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.

147. Pursuant to section 2, 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.

148. Accordingly, the County Council is intending to submit its proposal (which is a "Combined Proposal") to the Secretary of State by 26 September 2025, in accordance with the invitation. If the Secretary of State decides to proceed with the re-organisation, then 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 reorganisation will need to be laid in Parliament.

149. There is no statutory requirement on the Councils to consult the members of the public affected by a proposed reorganisation. However, 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*'. Engagement in respect of the Councils' proposed preferred option has been undertaken, and the results of that engagement are set out in this report.

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[5] It is not anticipated that the new Unitary Authorities will appoint any members to the H&SCCA during the shadow period.

150. Following submission of the Councils' final proposal, it is likely that the Secretary of State will undertake further public consultation on all of the proposals received for a unitary model of Local Government for the Area. The Government will then determine (following consultation) which proposal to adopt and lay the SCO. The SCO will ultimately abolish the existing Local Government area(s) and create the new ones. It will also cover the initial transitional arrangements, pending elections to the new local government areas, as well as matters relating to those elections.

**Risks**

151. The risk profile for LGR is being managed through an LGR Programme Risk Register, using the County Council's well established and robust risk management framework, and built collaboratively with EHDC. This comprehensive framework enables proactive risk management and timely implementation of mitigation strategies.

152. The LGR Programme Risk Register is monitored and updated as the programme progresses, ensuring that pertinent risks are identified as we move through each phase. Currently, the Register focuses on programme and high-level key risks. However, future risks identified are expected to become more detailed and shaped by the future transitional governance arrangements in place across the Area. Collaboration with other local authorities will be essential to inform future risk registers for the new UAs, ensuring consistency in risk identification and managing risk mitigation across interdependent operations and services.

153. Within the risk management framework for LGR is a dedicated risk management approach and evolving risk management strategy. This will enable risks to be managed at portfolio level for LGR and Devolution, recognising that in some cases, risks may impact across both programmes. At the appropriate time, links will be made with the corporate Risk Management Steering Group, to ensure consistent oversight and discussion of LGR risks as necessary.

154. The Councils continue to acknowledge the critical need for managing risks across the LGR implementation period. Particular attention remains to ensuring safe and efficient operations during the transition and from Vesting Day, acknowledging that this is vital to safeguarding service users and maintaining service quality. A high-level summary update of wider key risks for LGR presented to Cabinet previously, is outlined in the table below.

| RISK THEME | RISK DESCRIPTION | MITIGATION |
|---|---|---|
| Financial Stability | Significant financial pressures, budget shortfalls, and funding changes have a detrimental impact on financial stability and sustainability. | Undertaking sound financial modelling, monitoring and data. Making continued financial efficiencies. |
| Service Delivery | Ensuring safe and effective operational delivery through LGR transition and service disaggregation/aggregation. | Detailed implementation plan to support transition. Strengthen business continuity plans to ensure effective service operation from day one in new areas. |
| Governance and Decision Making | Maintaining strong and fairly represented governance arrangements, with clear leadership during transition. | Establish clear and agreed decision routes for Shadow Authority and new authority. To safeguard service continuity and minimise disruption, the County Council must have an influential role in decision-making processes, commensurate with the scale and significance of the services it delivers. |
| Stakeholders | Ensuring strong strategic relationships and providing sufficient awareness of the new unitary authorities' vision. | Clear and continued public, staff and community engagement. Continued inclusive working with other authorities as part of transition planning. |
| Leadership and Workforce | Maintaining strong, skilled and sufficient workforce alongside managing staff uncertainty through LGR. | Robust leadership team, sustaining recruitment and retention, maintaining transparent staff communications. Ensure resource capacity balances 'business-as-usual' and LGR transition activity. |
| Assets and Infrastructure | Duplication of systems and infrastructure. | Utilising the most effective and efficient systems, services and infrastructure already in place where possible. |

## Next Steps

155. It is essential that the Councils continue to deliver their business-as-usual services and duties, which remain unchanged until LGR is complete. The following outlines the stages set by MHCLG for local authorities undergoing LGR as part of the Devolution Priority Programme (DPP).

156. After submission of final proposals by 26 September 2025, the Secretary of State will initiate a statutory consultation. This will involve:

- Consulting councils affected that did not submit the proposal.

- Engaging with other stakeholders deemed appropriate, including residents, local businesses, and public service partners.

157. After the consultation concludes, MHCLG will decide – subject to Parliamentary approval – whether to implement a proposal, with or without modifications. This decision will be based on all representations received during the consultation and any other relevant information.

158. If a proposal is approved, MHCLG will draft and lay a Structural Changes Order (SCO) before Parliament. The SCO will (i) establish the new unitary authority, (ii) abolish predecessor councils, (iii) set out electoral arrangements, including warding and councillor numbers, (iv) define transitional governance structures and powers. The SCO process typically takes 6–9 months and involves collaboration with affected councils.

159. The transition period is expected to run between autumn 2026 and March 2028. During this phase:

- Existing councils will continue service delivery while preparing for handover.

- A transition body will oversee preparations including a Joint Committee phase between the laying of the SCO (autumn 2026) and elections to the shadow authorities in May 2027 and shadow authority phase from May 2027 to April 2028.

- An Implementation Plan will be required, covering key issues such as council tax harmonisation, service aggregation/disaggregation, staffing, and IT systems.

- Additional secondary legislation may be introduced to address localised transitional needs.

160. During transition, according to Government guidance received on 24 July 2025 regarding financial decisions prior to LGR, all councils in the Area are expected to act in a manner that safeguards the future sustainability of any new unitary authorities. This includes avoiding decisions that could fetter the discretion of successor councils, such as entering into major contracts, undertaking significant asset transactions, or implementing organisational restructures.

161. Government intends to issue formal directions under Section 24 of the Local Government and Public Involvement in Health Act 2007 following the making of SCOs. These directions will likely require written consent from successor councils for key financial and contractual decisions. In the interim, councils are expected to maintain strong governance and accounting practices, defer significant changes to service delivery unless essential, and collaborate closely with neighbouring authorities to ensure a smooth transition.

162. On Vesting Day (1 April 2028):

- The new unitary authority will assume full legal powers and responsibilities.

- Predecessor councils will be dissolved.

- The authority will begin delivering all local government services across the area.

163. The key milestones in this process are:

- Statutory Consultation (Expected: November 2025 – January 2026)
- Ministerial Decision (Expected: March 2026)
- Structural Changes Order (SCO) (Expected: Spring–Autumn 2026)
- Transition Period (Expected: Autumn 2026 – March 2028)
- Vesting Day – New Unitary Authority Goes Live (1 April 2028)

## Consultation and Equalities

164. Once final proposals have been received by Government, it will be for Government to decide on taking a proposal forward and to consult as required by statute.

165. The Councils have worked collaboratively and proactively with other Local Authorities and key stakeholders; engagement activities and outcomes have been outlined in this report.

166. A high-level Equalities Impact Assessment (EIA) has been undertaken to support the Councils' decision-making processes regarding LGR (see Appendix D of the business case). The EIA provides a high-level assessment of the potential impacts of this structural change on residents and staff, based on protected characteristics under the Equality Act 2010, as well as impacts of poverty and rurality. It draws on a wide range of publicly available data and insights from engagement activities undertaken jointly by the Councils, including targeted engagement with seldom-heard groups.

167. The assessment identifies both risks and opportunities arising from the proposed changes; it's important to note that these concerns and opportunities are not only in relation to the Councils' LGR proposal but also in relation to the LGR process in general.

168. Key initial findings include:

- For residents, potential risks include disruption to services, variation in service access and outcomes, and digital exclusion, while opportunities include improved place-based service design, stronger local engagement, and better alignment of services with demographic needs.

- For staff, risks include uncertainty, changes to roles and working conditions, and potential redundancies. There is a risk that these changes may disproportionately affect staff with protected characteristics, potentially exacerbating existing inequalities if not carefully managed. Opportunities include embedding inclusive practices, improving accessibility, and strengthening workforce diversity.

169. The EIA outlines a range of mitigation strategies such as inclusive transition planning and communication, robust data governance and privacy safeguards, harmonisation of service standards and eligibility criteria, preservation of multi-agency partnerships and safeguarding frameworks, improvements on digital

inclusion and alternative access routes, and support for staff through engagement, policy alignment, and retention of best practice.

170. Although the decision under consideration does not result in immediate changes to service provision, it is part of a wider process that may lead to significant transformation in the future. The Councils are committed to:

- Embedding equality considerations in all stages of the LGR process.

- Ensuring robust data governance and continuity of care to its most vulnerable service users.

## Climate Change Impact Assessment

171. 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℃ temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.

172. 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

173. 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 LGR programme progresses.

## Carbon Mitigation

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

## Conclusions

175. The proposal set out in this report represents a transformative and evidence-led vision for the future of public service delivery across the Area. The preferred model, 4UA: B2, has emerged as the strongest option following extensive engagement, rigorous financial and strategic analysis, and careful consideration of the Government's criteria. It offers the safest pathway to transition, while unlocking long-term benefits in service quality, financial sustainability, and democratic accountability.

176. This proposal is not simply about structural change – it is about creating a future-ready system of local government that is simpler, stronger, and more responsive. It builds on existing strengths, avoids the disruption of greenfield authorities, and enables transformation from a position of stability. Crucially, it embeds neighbourhood empowerment at its core, ensuring that local places and voices remain central to decision-making and service design.

177. The Councils have listened carefully to residents, partners, and stakeholders. Their feedback has shaped the final proposal and reaffirmed the importance of maintaining local identity, ensuring continuity of high-performing services, and delivering value for money. Strategic partners are seeking a new system which delivers the coherence, scale, and alignment with operational needs that 4UA: B2 will provide. Furthermore, residents have expressed support for a system that simplifies governance and strengthens local responsiveness.

178. As the Councils prepare to submit this final proposal to Government, they do so with confidence that 4UA: B2 offers the best foundation for a successful transition and a transformed future. It is the model that partners want and that delivers for residents.

# 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: | |
|---|---|
| **Title** | **Date** |
| Cabinet Decision - Devolution Priority Programme (DPP) | 10/1/2025 |
| Cabinet Decision on LGR - Interim Plan | 21/03/2025 |
| Cabinet decision on LGR - preferred option | 18/07/2025 |
| **Direct links to specific legislation or Government Directives** | |
| Title | Date |
| English Devolution White Paper - GOV.UK | 16/12/2024 |
| Letter: Hampshire, Isle of Wight, Portsmouth and Southampton - GOV.UK | 5/2/2025 |
| Hampshire and the Solent devolution consultation - GOV.UK | 17/2/2025 |
| InterimPlanFeedback-HampshireandtheSolent.pdf | 7/5/2025 |
| Written statements - UK Parliament | 3/6/2025 |
| Local government reorganisation: letter to areas invited to submit final proposals - GOV.UK | 25/07/2025 |

**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 disproportionally low.

**Equalities Impact Assessment (EIA):**

A high-level EIA has been undertaken to support the Councils' decision-making process regarding LGR (see Appendix D). The EIA provides a high-level assessment of the potential impacts of this structural change on residents and staff; it draws on a wide range of publicly available data and insights from engagement activities undertaken jointly by the Councils, including targeted engagement with seldom-heard groups.

The assessment identifies both risks and opportunities arising from the proposed changes; it's important to note that these concerns and opportunities are not only in relation to our LGR proposal but also in relation to the LGR process in general.

Key initial findings include:

- For residents, potential risks include disruption to services, variation in service access and outcomes, and digital exclusion, while opportunities include

improved place-based service design, stronger local engagement, and better alignment of services with demographic needs.

- For staff, risks include uncertainty, changes to roles and working conditions, and potential redundancies. There is a risk that these changes may disproportionately affect staff with protected characteristics, potentially exacerbating existing inequalities if not carefully managed. Opportunities include embedding inclusive practices, improving accessibility, and strengthening workforce diversity.

The EIA outlines a range of mitigation strategies such as inclusive transition planning and communication, robust data governance and privacy safeguards, harmonisation of service standards and eligibility criteria, preservation of multi-agency partnerships and safeguarding frameworks, improvements on digital inclusion and alternative access routes, and support for staff through engagement, policy alignment, and retention of best practice.