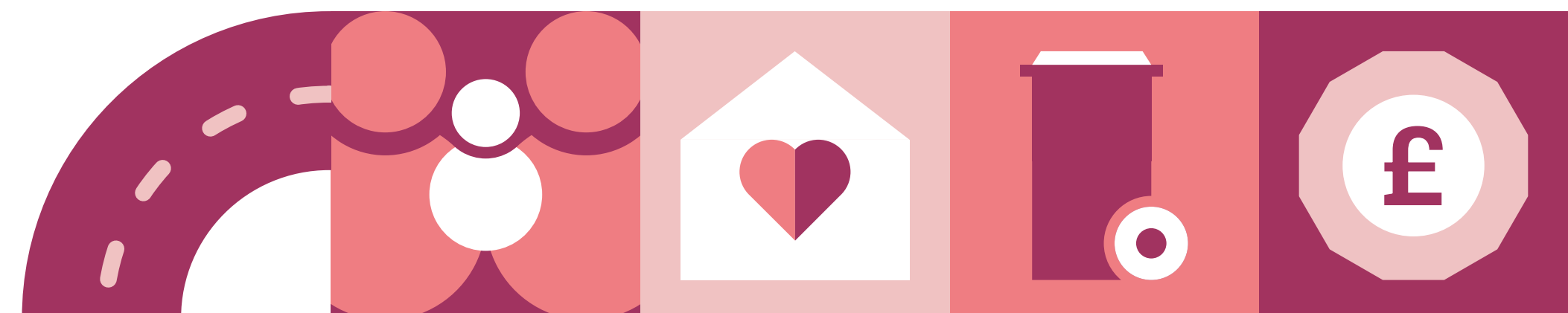
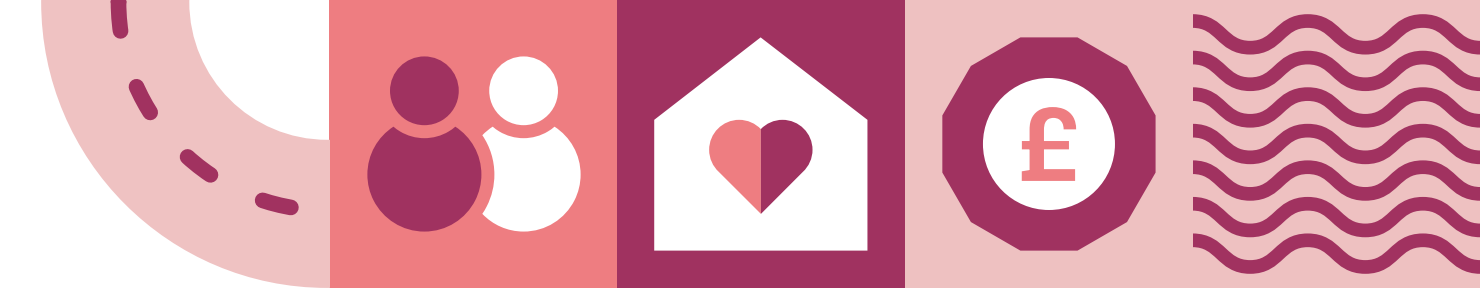


Local Government Reorganisation update

July 2025

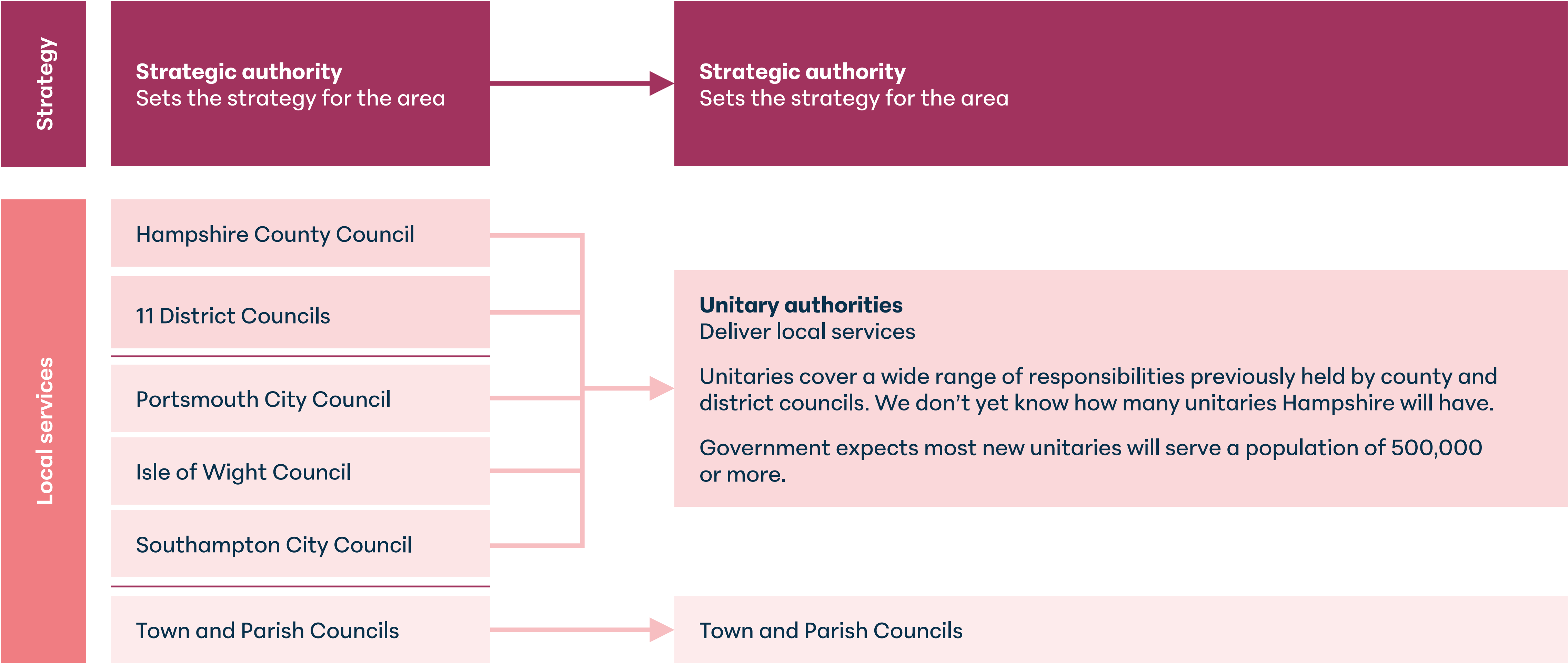




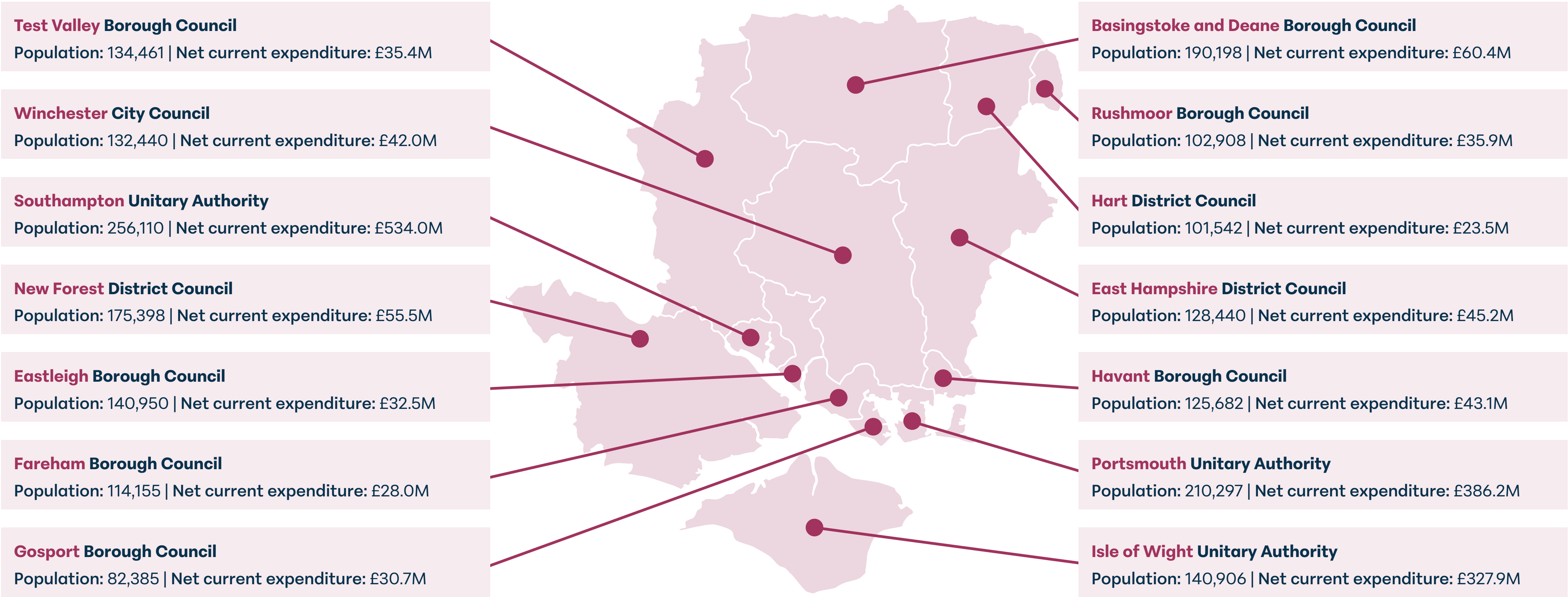
Recap: LGR activity to date



What is Local Government Reorganisation?



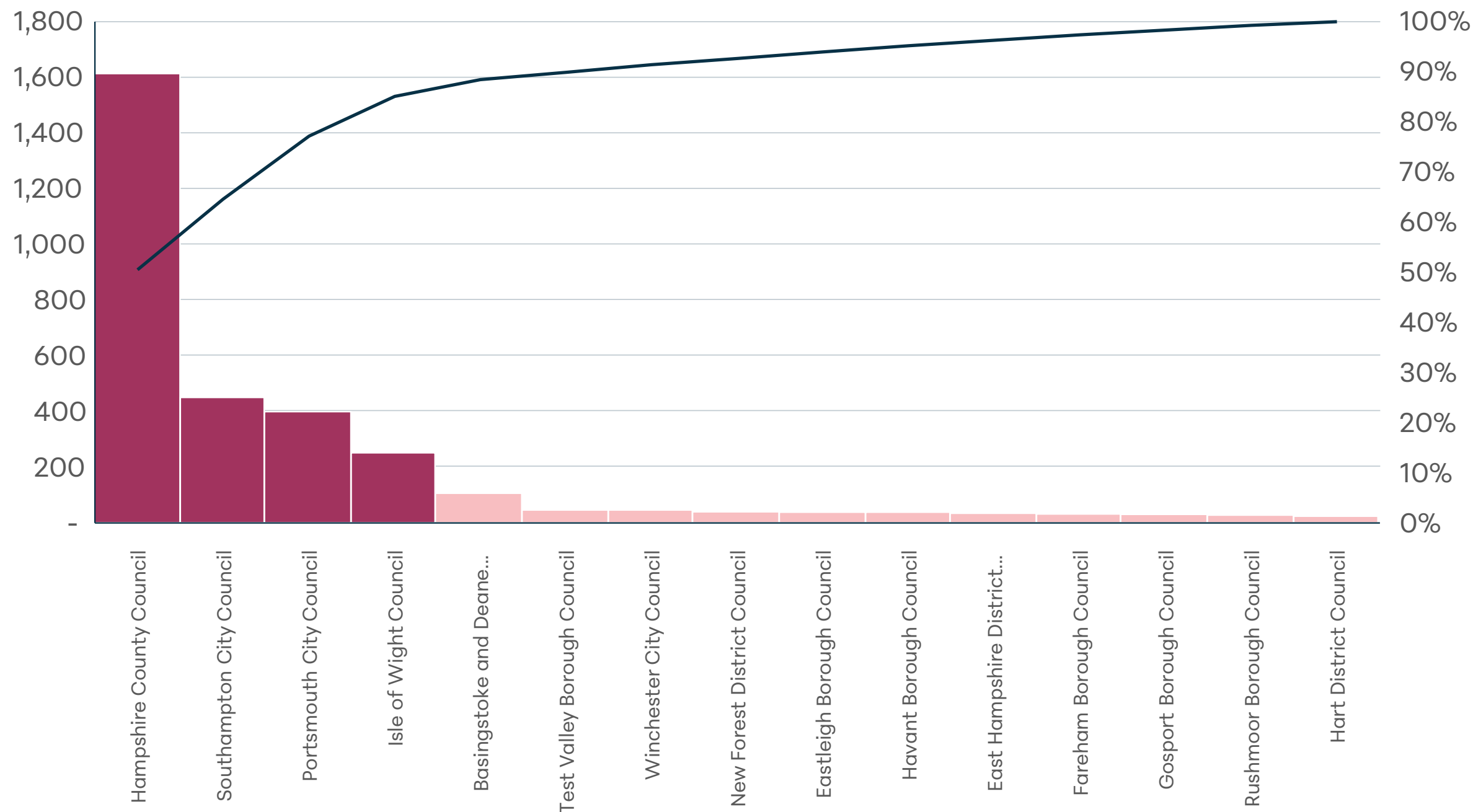
Population and expenditure by council in the Hampshire and Solent area



Comparing upper tier services and district services

- Across Hampshire and the Solent, 85% of public service delivery is driven by upper tier authorities
- 15% of service delivery (£478 million) is delivered through the 11 district councils
- The County Council is responsible for the vast majority of public service delivery in the area (£3.1 billion revenue expenditure)
- County Council services are already provided at scale across a wide and diverse geography, and delivered locally, in communities and in people’s homes

2023-24 Gross Public Service Expenditure across Hampshire and the Solent
(in millions of GBP and excluding Schools)



	Hampshire County Council	Unitary average	District average
Revenue budget per member (£'000)	20,685	8,368	1,086

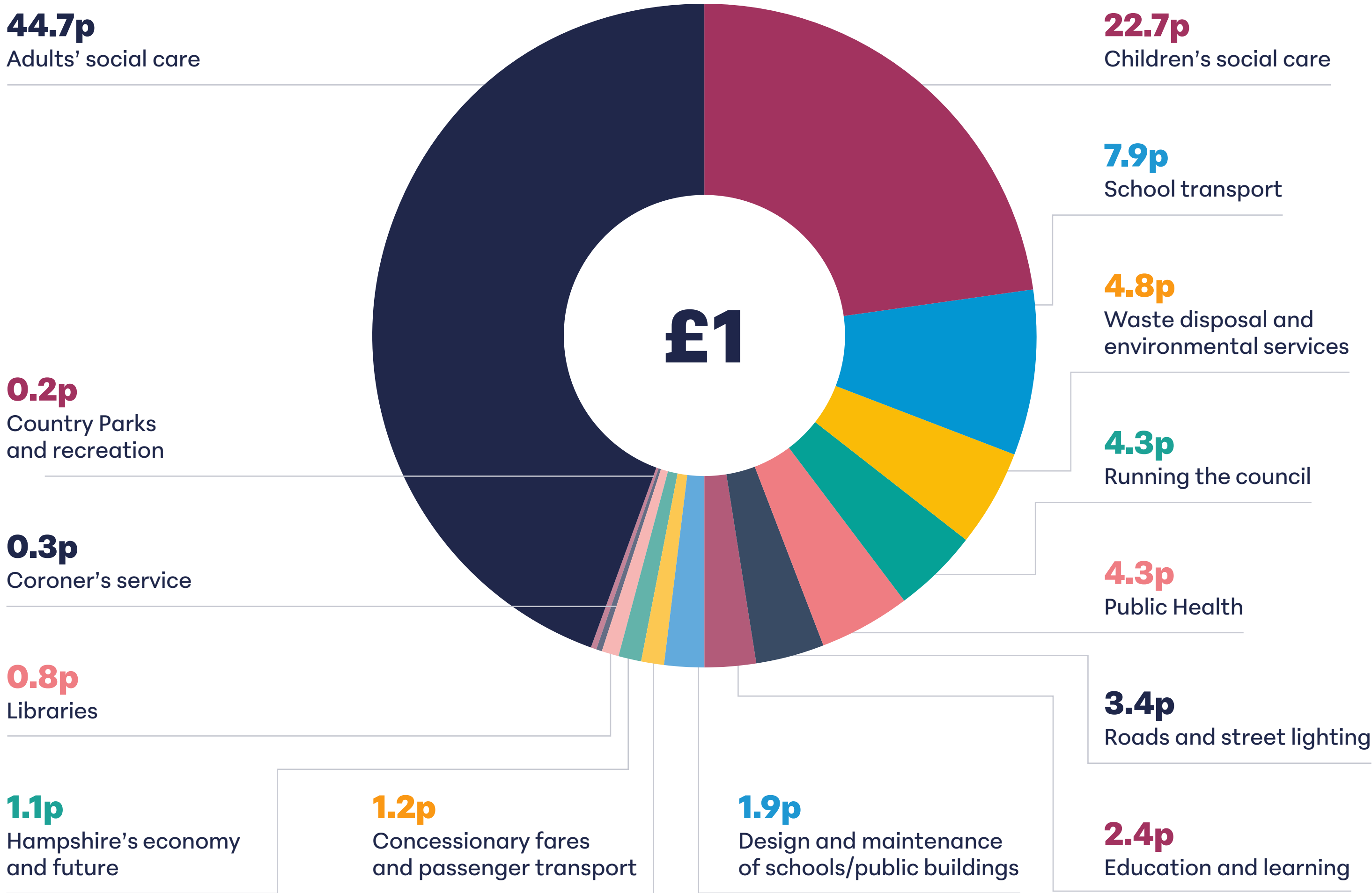
The money

£3.1 billion

The Council’s total budget for 2025/26

£1,609.83

Our 2025/26 Band D council tax – the second lowest County Council Tax in England



We also provide schools and early years at a cost of £1.3bn, fully funded by a grant from central Government.

Our financial challenge

- We have around 30 older people every month who were funding their own social care but run out of money and become our responsibility. That is 360 per year at £1,000 per week... £18.7m extra costs in a full year.
- In the last year, the number of Younger Adults needing a care package of more than £3,000 per week has more than doubled. That is 78 extra people each costing at least £156,000 per year... A total of £12.2m.
- Since 2011 the percentage of the population over 85 years old has increased by 31% to 3.52%... by 2030 this is expected to be at least 4.40%. These are typically the residents that most need our help.
- The number of children's social care referrals has more than tripled since 2011, requiring significant investment in new social workers, we added £7m to next years budget to deal with this.
- The number of Education Health and Care Plans issued in 2015 was 3,884, for the current year it is 17,314... This has increased the costs of school transport for SEN children from £8m to £75m per annum.
- In 2019 we had one child in our care whose package cost was greater than £0.5m, in the current year we have 37. The cost to Hampshire of just these 37 children is some £26m per annum.



The cost of disruption to our most vulnerable residents

- The highest-risk services are provided at the largest scale
- They are delivered locally, in communities, and in people's houses
- Proposals must account for the risk of fragmenting SEN, social care and other critical services
- Hampshire's most vulnerable people are our biggest responsibility
- Any new structure must be feasible to implement, bearing in mind the risk to vulnerable residents when services are broken up – and the consequences for them, if the new structure proves unaffordable



What are the opportunities?

Simpler for residents and partners

Fewer organisations to speak to, fewer systems, contracts and processes to co-ordinate

Stronger services

Consolidation and improvement, more collaboration, opportunities for reform and innovation

Secure for the future

Joined-up, targeted support to the most vulnerable, more resilient councils, collaborating and achieving better value, investment in the infrastructure that we all share

**To ensure we realise these benefits,
it's crucial we find the right structure.**



Stability, transition and a platform for transformation

- Upper-tier services have the highest costs and the highest risks – but we already have good systems in place to deliver them
- Starting new ones from scratch, or breaking them up, would jeopardise the reliable services that vulnerable people depend on
- We're keen to retain tried-and-tested services for these most serious responsibilities
- Recovering more quickly means improvements come sooner



Government's criteria

Our new structure must:

- Be a single tier of local government for the whole area
- Be the right size to improve efficiency and capacity, and withstand financial shocks
- Deliver high quality, sustainable public services, avoiding unnecessary fragmentation
- Meet local needs, informed by local views
- Support devolution arrangements
- Enable stronger community engagement and neighbourhood empowerment



Interim proposals provided to Government in March

We worked jointly with partners to provide:

- Agreed principles
- A proposal that the Isle of Wight stays separate
- A request for clarity on the potential to change district boundaries
- A request to extend the deadline by two months
- A request for further financial support

The County Council also provided some contextual data about the area and its services, and some cost-benefit analysis of various options.

The government's feedback said:

- The deadline for final proposals is 26 September
- Each council can submit their own proposal, but it must cover the whole area
- Data-driven, evidence-backed proposals are required, including any proposals relating to the Isle of Wight
- Proposed boundary changes would need to be supported by a strong justification, relating to public services and financial sustainability
- Transition costs must be met from existing budgets

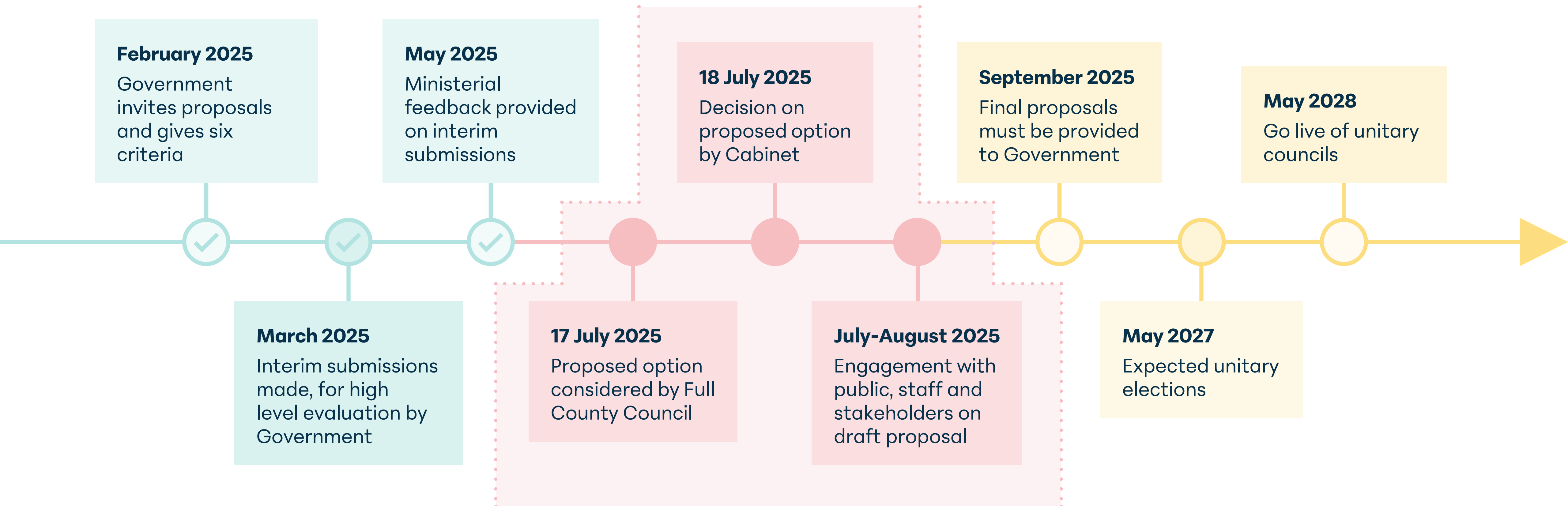
Read the feedback in full at hants.gov.uk/LGR

Our responsibility to make an objective assessment

- Other councils in our area are developing different proposals
- We have a responsibility to make a transparent and evidence-based assessment
- We wanted to review a wider range of options
- East Hampshire District Council and Hampshire County Council are collaborating – a blend of upper-tier and lower tier views
- We've assessed credible options covering the full spectrum of upper and lower tier services
- We continue to share data and talk to other partners – all the options presented to Government can be based on consistent information



Local Government Reorganisation timeline – Where are we?



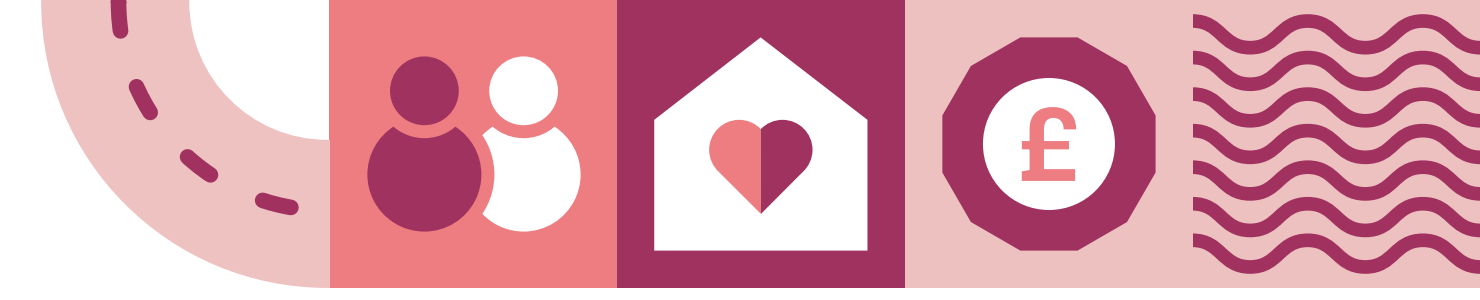
Our vision

Reflecting the aspirations we've heard from local people, organisations and businesses...

- We want to create strong, single-tier councils that are financially stable and deliver high-quality services across Hampshire and the Solent.
- These councils will be easy to understand and access, while still respecting the unique identities of local communities.
- Local voices will shape services, and councils will work closely with a new Mayor and partners to boost the economy and improve lives.
- The change will be smooth and cost-effective, building trust and making local government simpler, stronger, and more secure.

Your councils – for a better future. Simpler. Stronger. Secure.





Proposing a structure: Our methodology



Sources of evidence

Listening to the people who know what works



*Represented by Hampshire Prosperity Partnership Board

Looking at the numbers

- Population sizes
- Service demand
- Set-up costs
- Running costs
- Sources of income (for example, numbers of taxpayers and businesses that pay rates)



What residents and partners have told us

Common themes

Partners

- Prefer a structure with as few touch points as possible, to minimise the number of contacts required for partnership working
- Hope for better strategic planning, and better financial stability, with fewer, larger organisations

Residents

- Prioritise efficiency and effective services
- Hope for cost savings and fairness

Other noteworthy findings

- Many contrasting views on whether LGR would bring improvements or challenges to local identity
- Many questions about how local people would be empowered to influence decision-making
- Local identity is not usually defined by administrative boundaries

Consistent Data Sources and Independent Analysis

We've sought evidence from experienced public servants:

- The County Councils Network (CCN)
- The District Councils' Network
- A wide range of local stakeholder engagement

And independent data from:

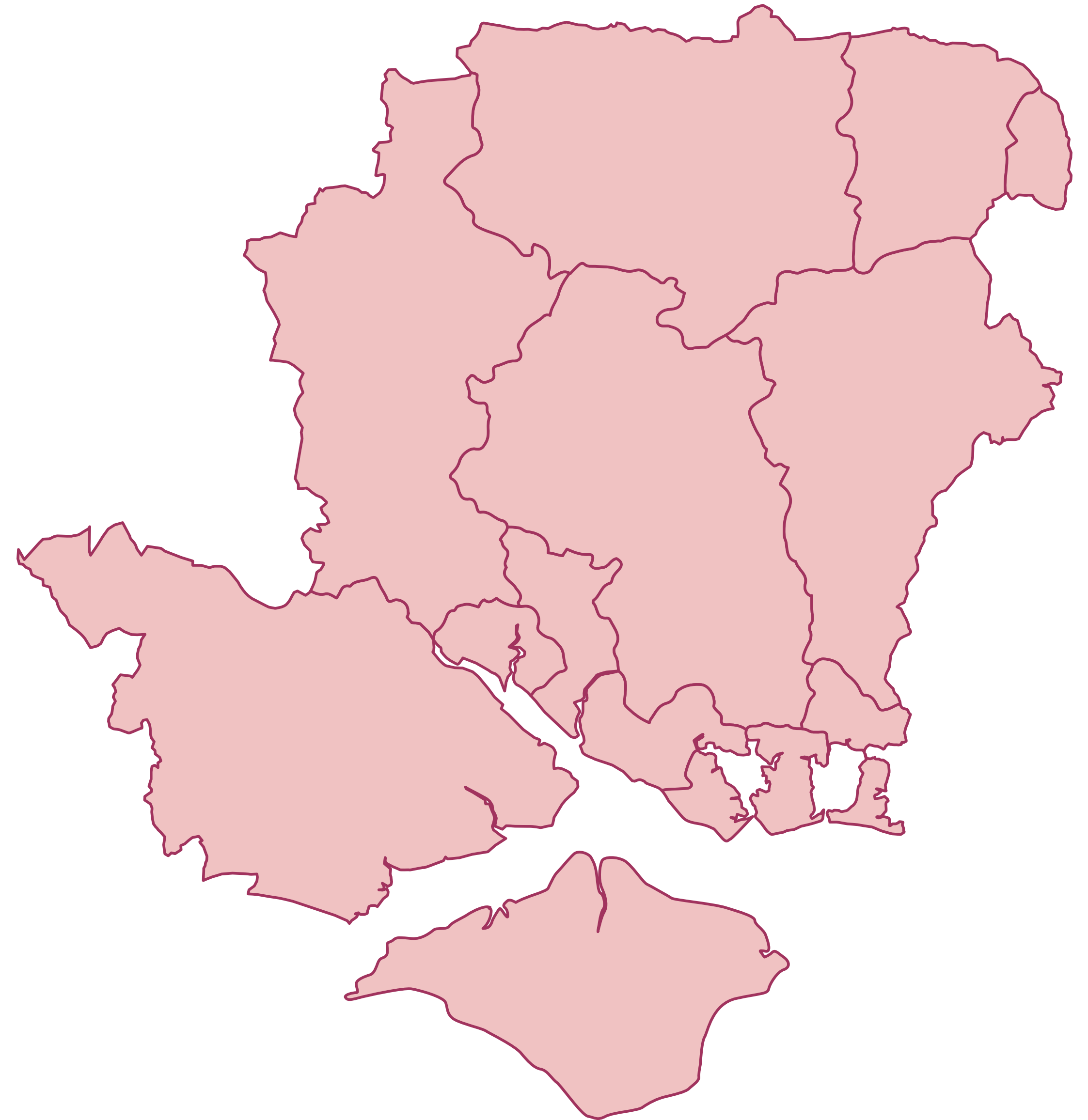
- PwC
- Newton Impact
- Pixel Financial Management



The case for keeping district boundaries

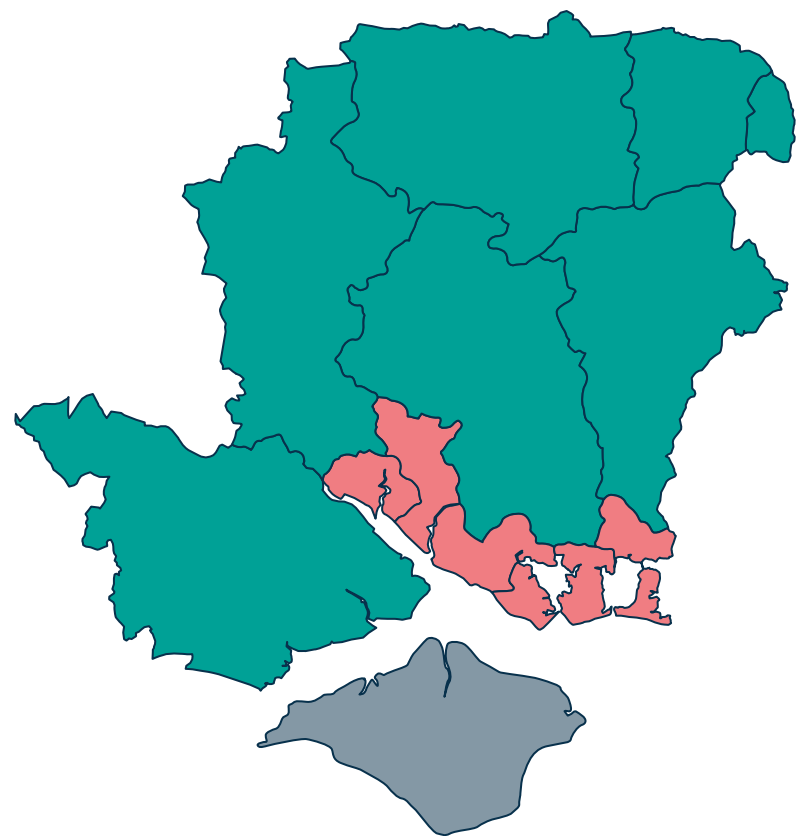
All our options use district boundaries as the building blocks for the new council areas.

- Boundary changes increase the time, cost and risk associated with the reorganisation
- Government discourages boundary changes, where they can be avoided
- We can achieve our vision without changing the boundaries



Looking at options

Option A Three unitary authorities

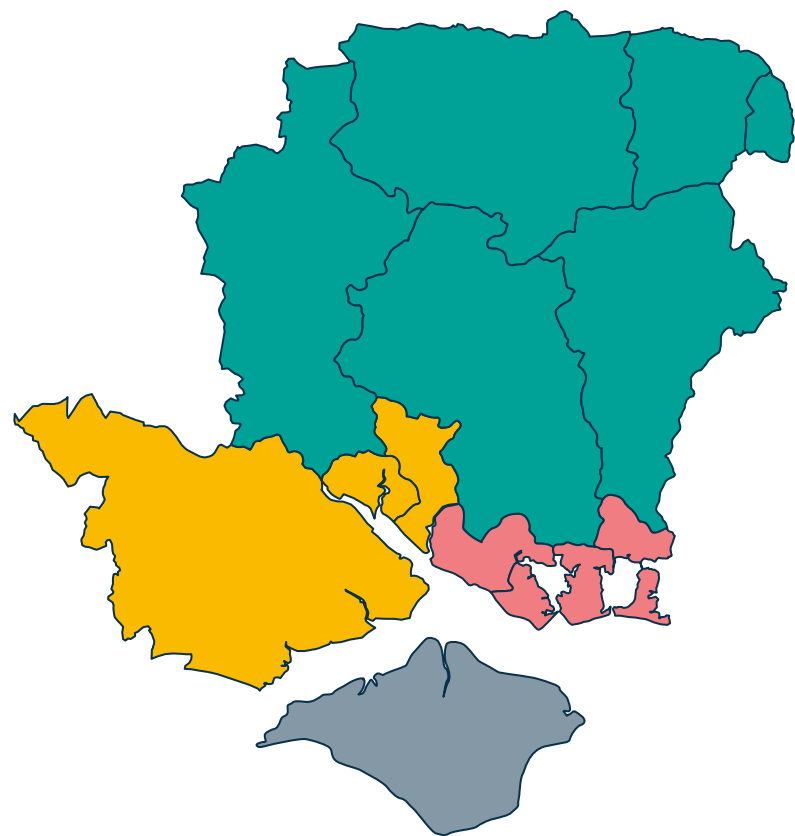


North: 965,387 (47.4%)
Basingstoke and Deane, East Hampshire,
Hart, New Forest, Rushmoor,
Test Valley, Winchester

South: 929,579 (45.7%)
Eastleigh, Fareham, Gosport, Havant,
Portsmouth, Southampton

Isle of Wight: 140,906 (6.9%)

Option B1 Four unitary authorities



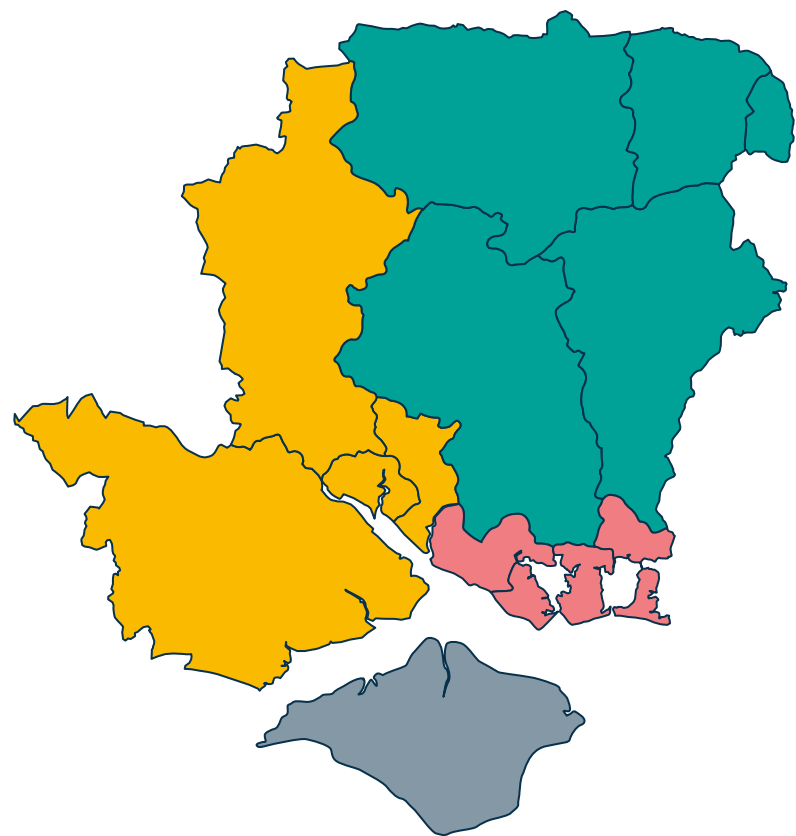
North and Mid: 789,989 (38.8%)
Basingstoke and Deane, East Hampshire,
Hart, Rushmoor, Test Valley, Winchester

South-West: 572,458 (28.1%)
Eastleigh, New Forest, Southampton

South-East: 532,519 (26.2%)
Fareham, Gosport, Havant, Portsmouth

Isle of Wight: 140,906 (6.9%)

Option B2 Four unitary authorities



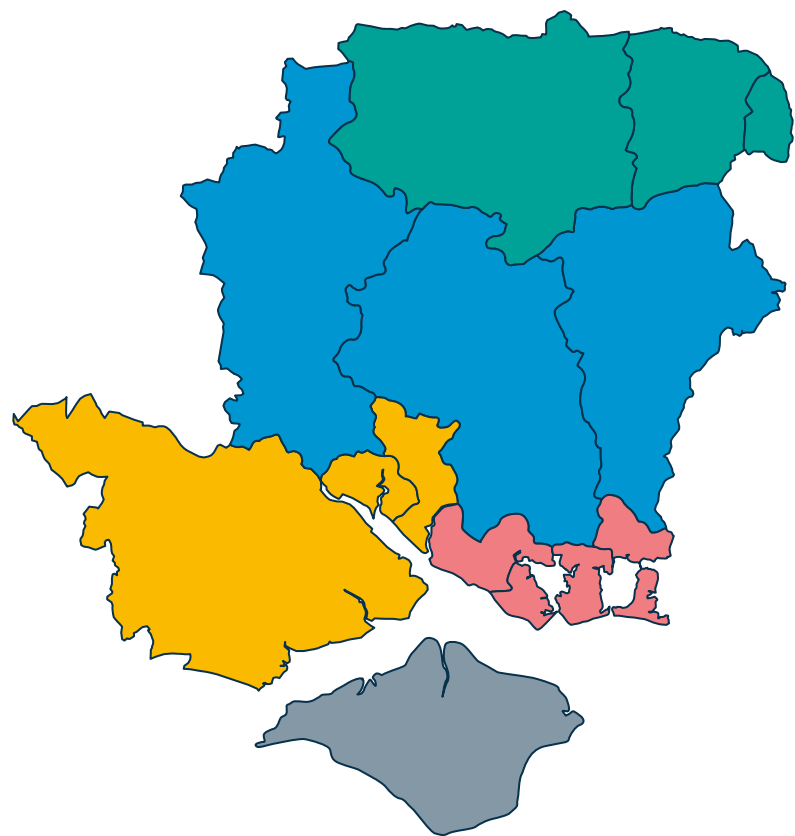
North and Mid: 655,528 (32.2%)
Basingstoke and Deane, East Hampshire,
Hart, Rushmoor, Winchester

South-West: 706,519 (34.7%)
Eastleigh, New Forest, Southampton,
Test Valley

South-East: 532,519 (26.2%)
Fareham, Gosport, Havant, Portsmouth

Isle of Wight: 140,906 (6.9%)

Option C Five unitary authorities



North: 394,648 (19.4%)
Basingstoke and Deane, Hart, Rushmoor

Central: 395,341 (19.4%)
Test Valley, Winchester, East Hampshire

South-West: 572,458 (30.2%)
Eastleigh, New Forest, Southampton

South-East: 532,519 (28.1%)
Fareham, Gosport, Havant, Portsmouth

Isle of Wight: 140,906 (6.9%)

How the options stack up financially

Three councils

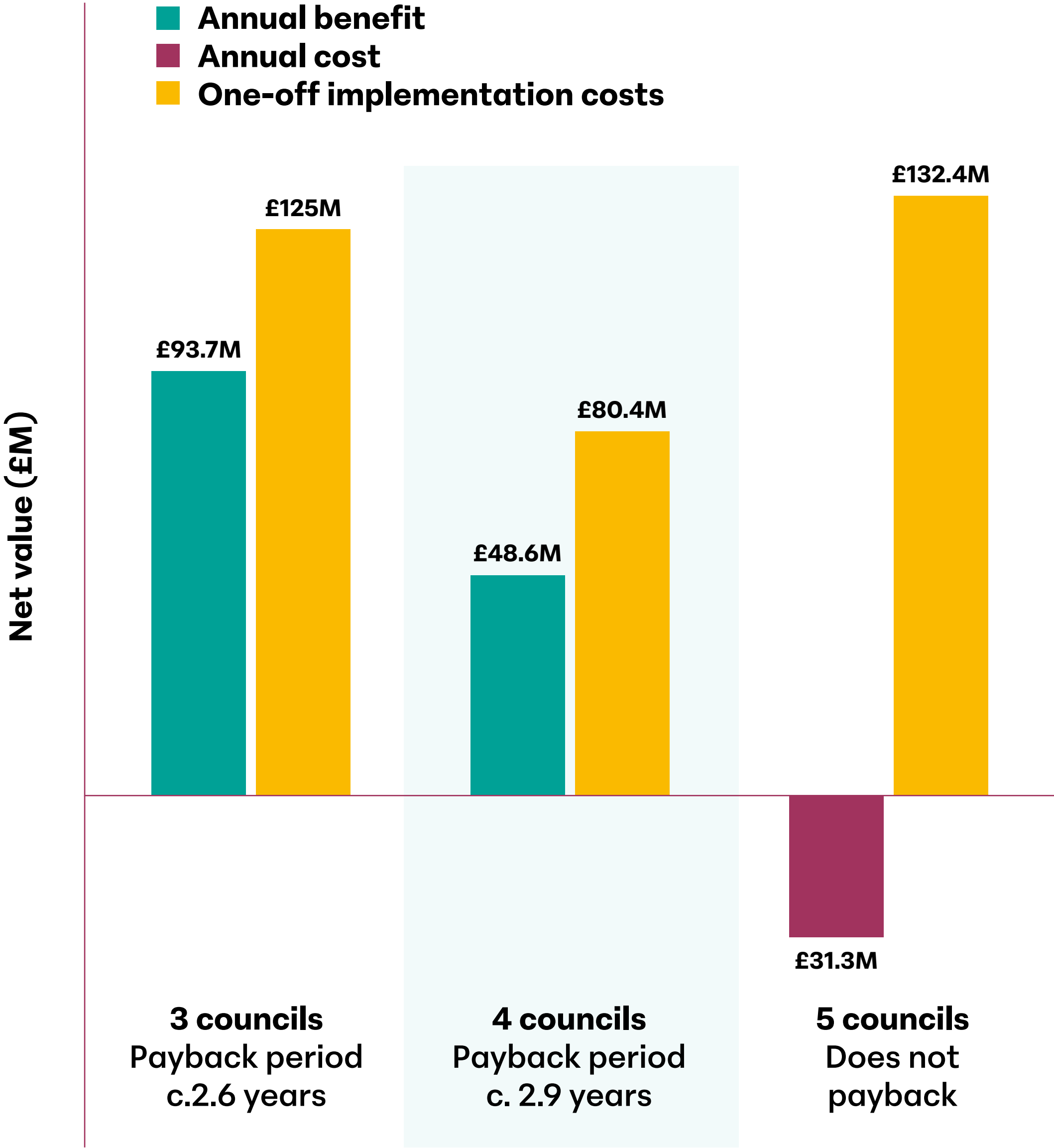
Most cost-efficient model to operate annually

Four councils

Lowest cost to implement

Five councils

Most costly by all measures



Retaining a unitary authority on the Isle of Wight

Good operational reasons for the Island to remain separate:

- Joining it with another council, and aiming to provide services in a cohesive way, would present unique challenges.
- Distinct identity as an island

Partnering with the Isle of Wight, rather than merging with it:

- Work together on strategic issues
- Form shared service partnerships
- Support collaboration across the whole area

We're still working on this part of our proposals, in partnership with the Isle of Wight



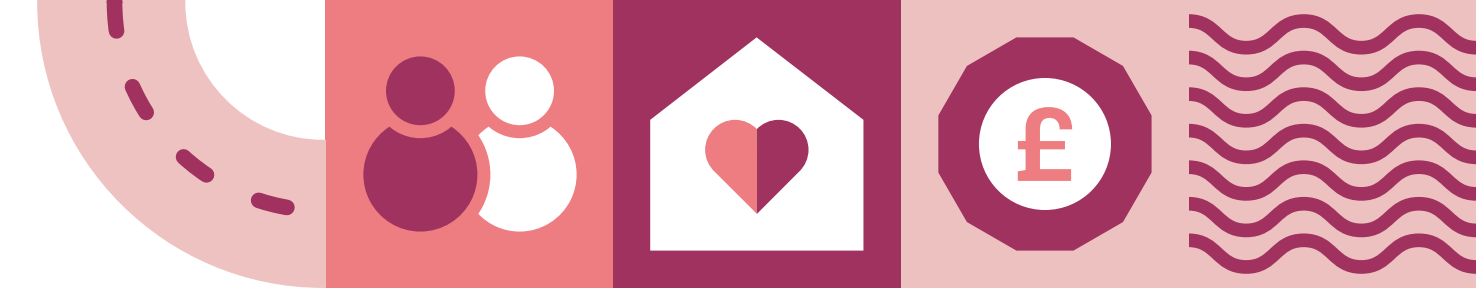
An opportunity to improve local engagement with democracy

The effectiveness of local engagement depends on how you do it, not on the size of the area you cover.

A new model of neighbourhood empowerment

- The Minister for Local Government suggests that neighbourhood area committees provide to a simplified and standardised system.
- The new councils will determine their own methods, but our report suggests some principles, and a neighbourhood empowerment model.
- The model involves co-design with communities and partners to ensure decisions are inclusive, sustainable, and responsive to local needs.
- Area Committees based on existing local area governance could help maintain continuity and local identity while enabling communities and Councillors to co-design future governance models.
- Councils could then explore future options - e.g. formal collaborations with towns and parishes, asset transfer models, and participatory approaches such as citizens' panels or assemblies.





Recommended preferred option



How well do the options meet the Government’s criteria?

Criteria		Key factors	Option A: 3UAs	Option B1, B2: 4UAs	Option C: 5UAs
1	Sensible single tier of local government	Establishes a single tier of Local Government for the whole of the area concerned	Medium	High	Medium
		Sensible economic breakdown: with a tax base which does not create undue inequalities	High	Medium	Medium
		Sensible geographic breakdown: which will help increase housing supply and meet local needs	Medium	Medium	Medium
2	‘Right-sized’ local government	A population of 500,000 or more (unless specific scenarios make this unreasonable)	Medium	High	Low
		Supports efficiencies and value for money for council taxpayers	High	High	Low
		Improves capacity and supports the council to withstand financial shocks	High	Medium	Low
		Manageable transition costs	Low	Medium	Low
3	High quality, sustainable services	Improves local government and service delivery, avoiding unnecessary service fragmentation	Medium	Medium	Low
		Opportunity for public sector service reform, including where this will lead to improved value for money	High	High	Low
		Improves delivery of, or mitigates risk to negative impact on, crucial services	High	High	Low
4	Meets local needs	Meets local needs and is informed by local views	Medium	Medium	Medium
		Improves and mitigates risk to issues of local identity, cultural and historic importance	Low	Medium	Medium
		Address local concerns	Medium	Medium	Medium
5	Supports devolution arrangements*	Helps to support devolution arrangements and unlock devolution	Medium	Medium	Medium
		Sensible population size ratios between local authorities and any strategic authority	Medium	Medium	Medium
6	Local engagement and empowerment	Enables stronger community engagement	Medium	Medium	Medium
		Delivers genuine opportunities for neighbourhood empowerment	Medium	Medium	Medium

Choosing the right number of councils

Three councils

Involves dissolving one of the upper tier councils.

Most cost-effective: Biggest savings, lowest running costs.

Strong in tough times: Would handle financial challenges well.

But too large: Might struggle to keep services local. Could weaken the unique identities of places like Southampton and Portsmouth.

Risk to vulnerable people: Would involve breaking up services from the dissolved council.

Four councils

Involves changing the shape and size of the upper tier councils.

Balanced approach: A good mix of efficiency and strong local services.

Big enough to be cost-effective, but small enough to stay connected to communities.

Protects city identities like Southampton and Portsmouth.

Least disruption to key services: Changes to the shape and size of existing authorities would be less disruptive than creating or dissolving whole organisations.

Five councils

Involves creating an additional upper-tier council.

Very local: These councils could tailor services closely to each area.

But costly and risky: Harder to manage costs and does not make any savings. Difficult to maintain high-quality services.

Financially unsustainable: This structure would not make savings, so the costs of setting it up would never be recouped.

Risk to vulnerable people: A brand-new organisation, with new infrastructure, will need time to become reliable.

Four councils: More stability, less risk, achieves improvements more quickly

Adjusting the size of a service is less disruptive (and therefore less risky and less costly) than entirely creating or dissolving one.

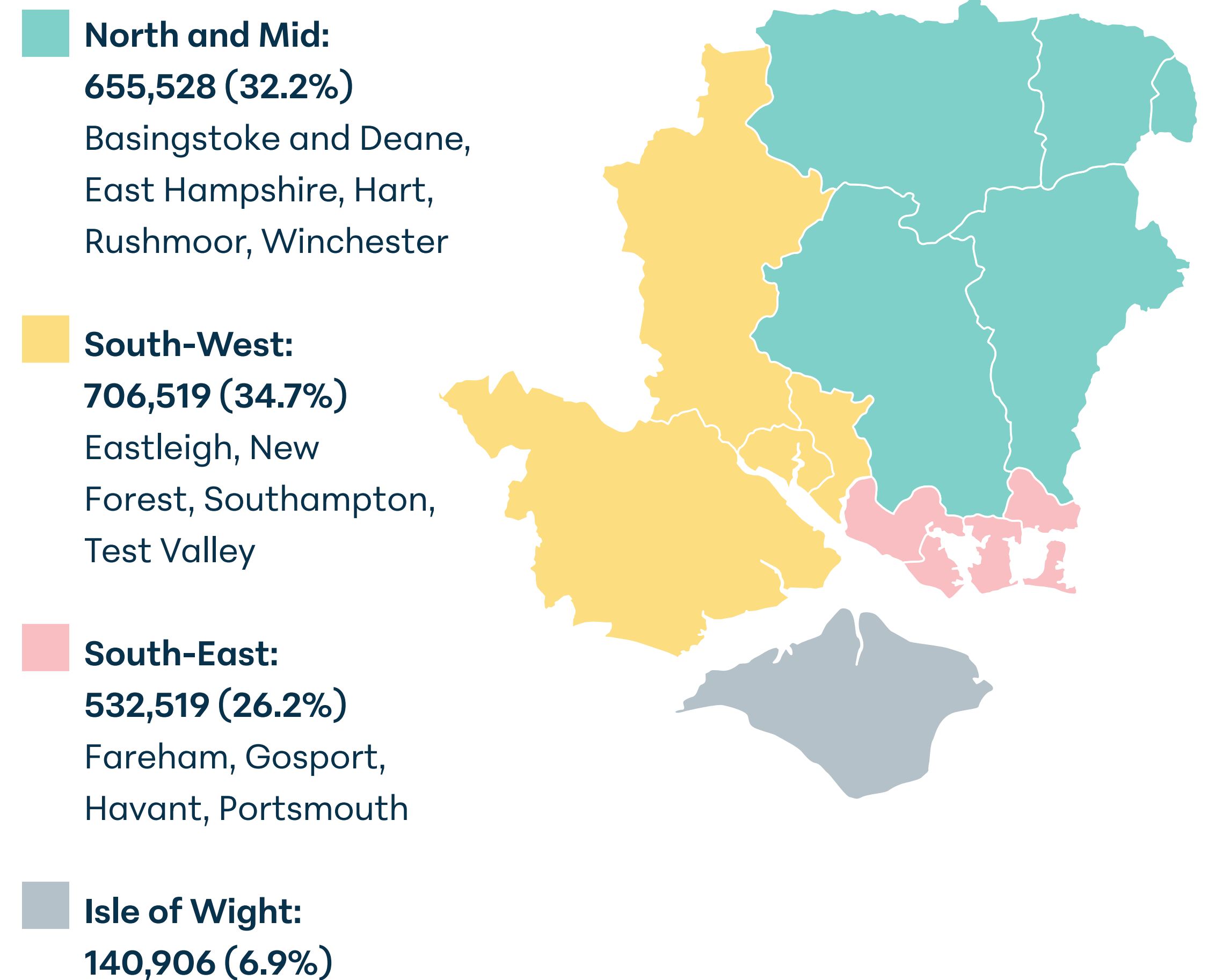
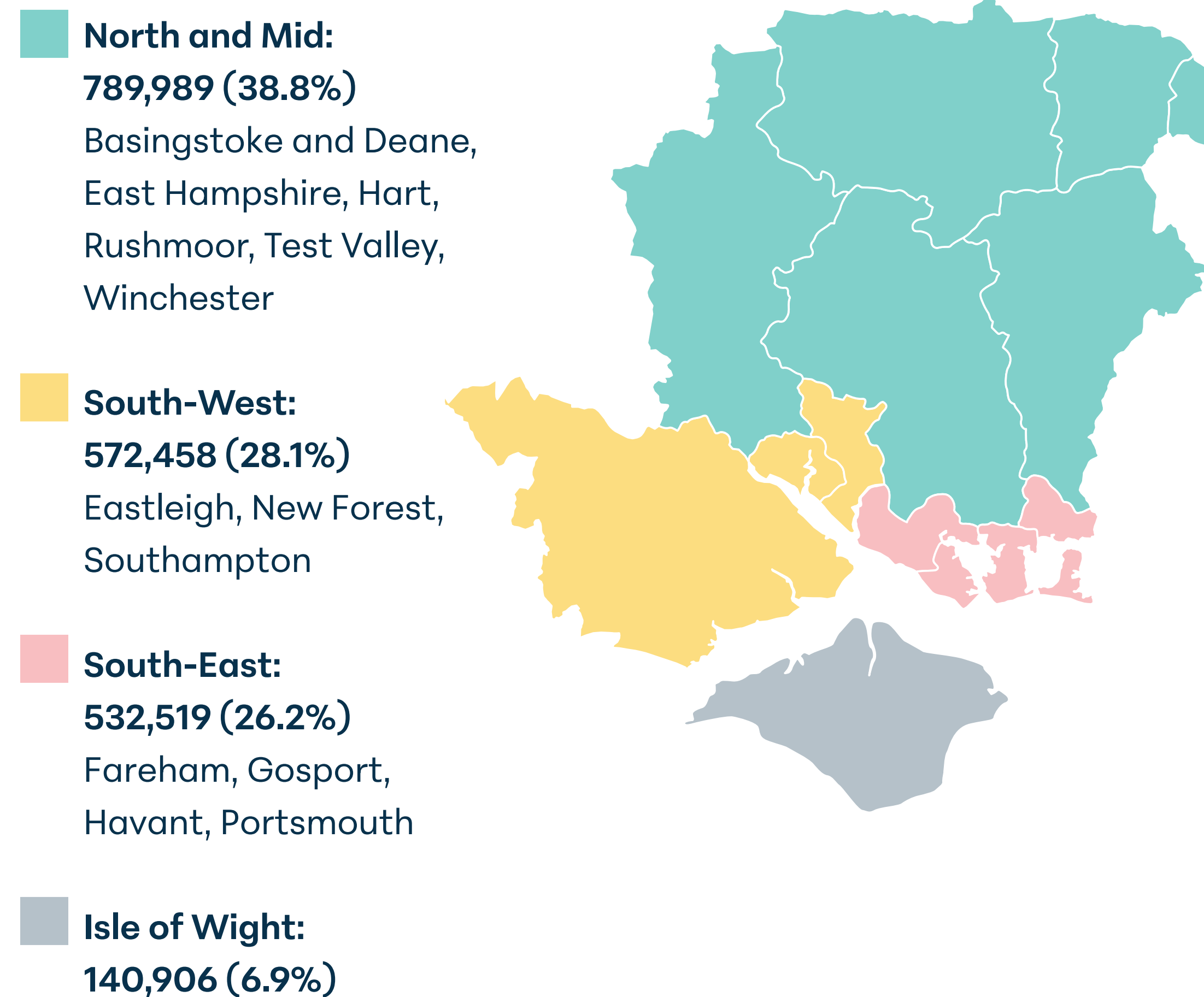
Having four councils offers:

- Safer, less costly transition than three or five councils. Crucial for our vulnerable residents
- More local accountability than three councils
- A strong return on investment within three years – unlike the five-council option which may never bring a financial return on investment

By avoiding the cost, delay, and fragmentation involved in starting or dissolving a council, we can shift quickly from stabilising services, to innovating and improving them.



Two ways to divide into four

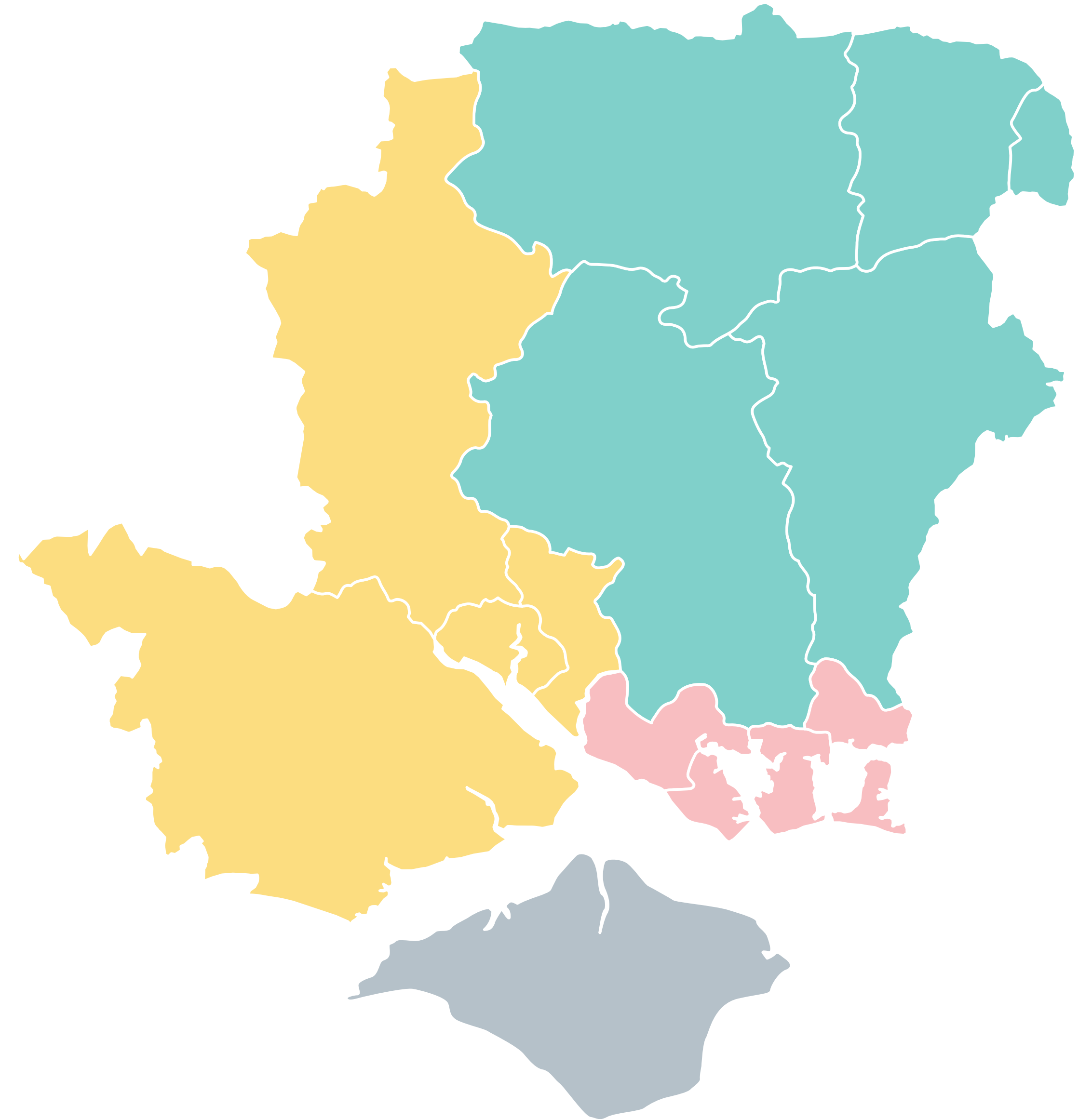


Why assign Test Valley to the Council in the South West?




Test Valley could be assigned to either the North and Mid, or the South West, with similar financial resilience, and opportunities for neighbourhood involvement.

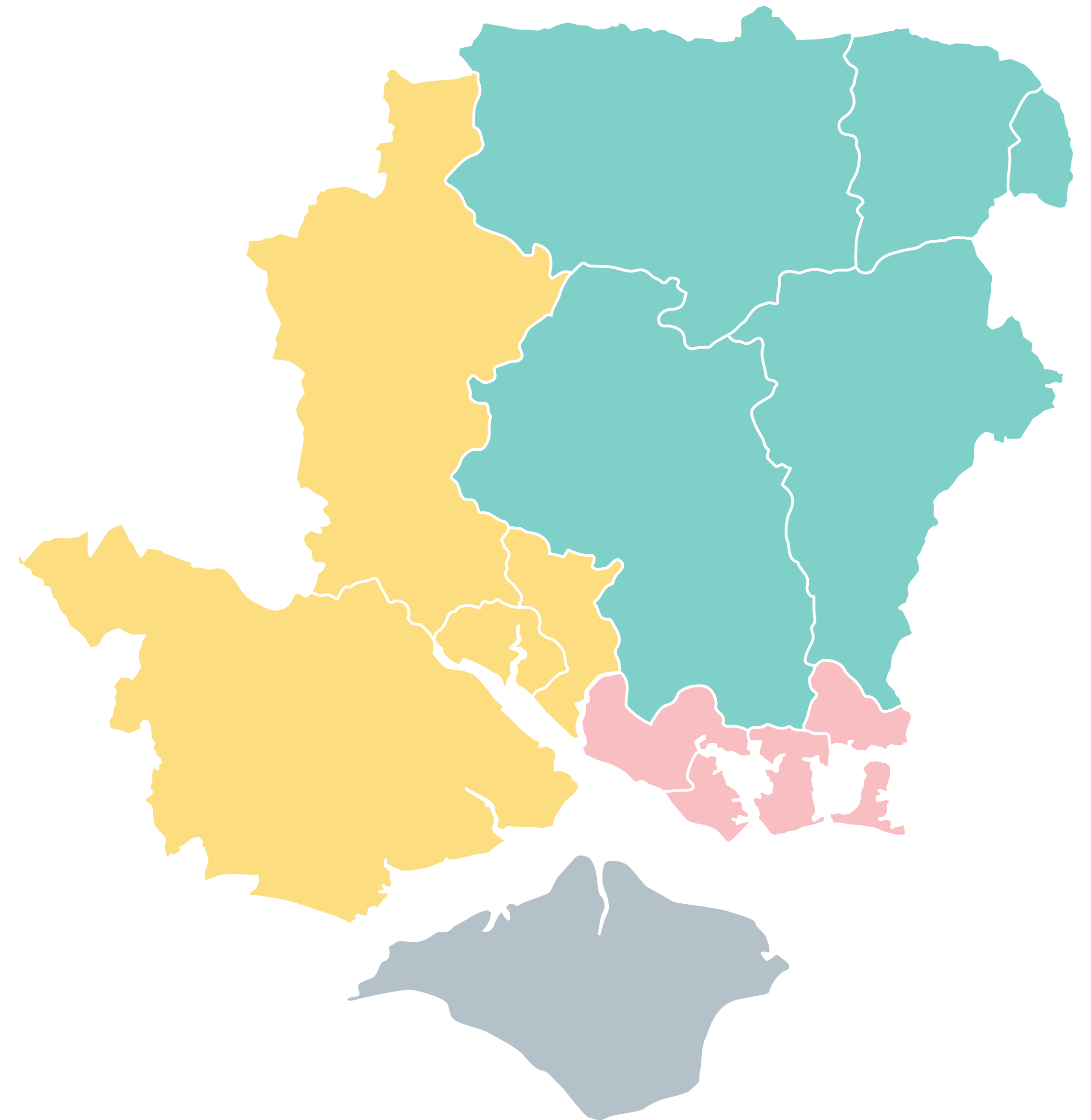
However, assigning it to the South-West means:

- Better blend of urban and rural services in both council areas
- Better population balance
- New Forest National Park area can be supported by a single council
- Rural communities will have more prominence in decision-making



Recommended option

-  **North and Mid: 655,528 (32.2%)**
Basingstoke and Deane, East Hampshire, Hart, Rushmoor, Winchester
-  **South-West: 706,519 (34.7%)**
Eastleigh, New Forest, Southampton, Test Valley
-  **South-East: 532,519 (26.2%)**
Fareham, Gosport, Havant, Portsmouth
-  **Isle of Wight: 140,906 (6.9%)**

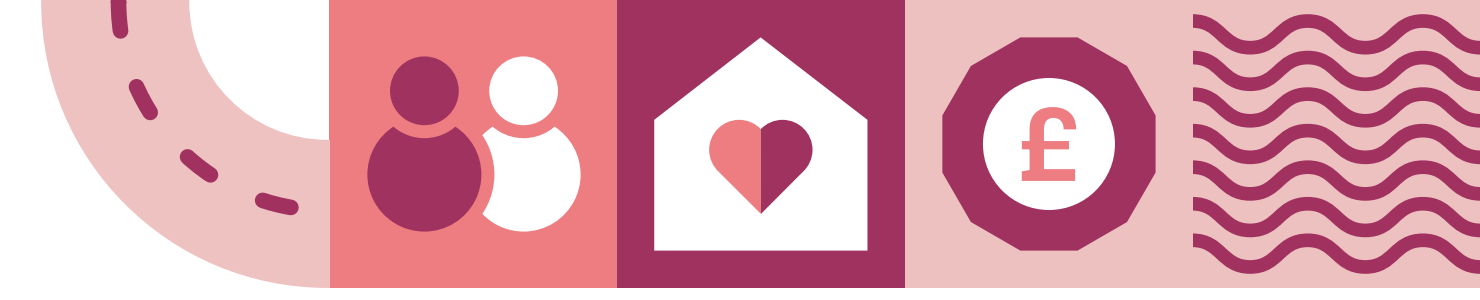


Up to £50 million could be saved by transformative improvements to services

With strong foundations, this option will be a unique opportunity to....

- **Work together to make things better.** With strong leadership, we can integrate upper tier and lower tier services systematically – for example, unifying waste services, joining services such as social care and housing, and improving collaboration between services like local planning and highways.
- **Level up across the area,** by supporting sustainable and inclusive growth, making better use of public assets, modernising and digitising how councils work, and simplifying and joining up services.
- **Make savings.** Across all phases of transition and stabilisation, we could save up to £50 million. The potential to make savings will come earlier, and be greater, when councils of the future are built on stable foundations that minimise the risk of transition.





Next steps – including how to have your say



What happens next?

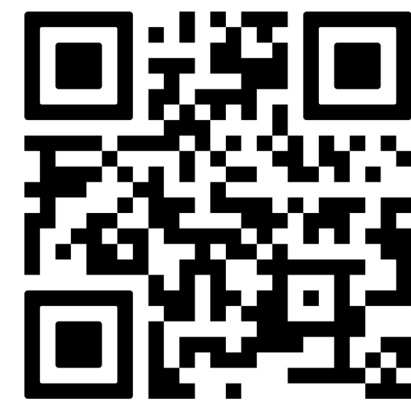
- Full council and cabinet will review the options and choose their preferred option
- Public engagement proposed to launch on Monday 21 July
- Results from the survey will be reviewed in August
- Draft final report will be published – 16 September
- Opportunity to hear an update at a briefing in mid-September – look out for your invitation
- Final report presented to Cabinet – 26 September
- Submission to Government - 26 September
- Government will hold a formal consultation with residents before making a decision



How to have your say

- We'll announce the outcome of the Cabinet decision on Friday
- Visit hants.gov.uk/LGR from 21 July to have your say
- The survey is open to all – please share it with others who may live, work or study in Hampshire

This QR code will take you to the page – use it and share it from 21 July





Your Councils – A Better Future

Big changes are coming to councils in our area – and your voice matters.

**SIMPLER.
STRONGER.
SECURE.**

Government wants to reduce the number of councils we have in Hampshire and the Solent area and replace all 15 councils with a smaller number by 2028.



It means big changes to how services like roads, schools, social care, housing, bin collections and planning are delivered in your area.

We've looked at different options and want your views on our ideas for what could work best for everyone – before we suggest them to Government.

For more information and to have your say:
Visit hants.gov.uk/LGR
Or scan the QR code to take part



