

Simpler. Stronger. Secure.

Proposal for Local Government Reorganisation in Hampshire and the Solent

Strategic Business
Case and Options Appraisal

26 September 2025



Foreword (1/2)

A Business Case for Local Government Reorganisation in Hampshire and the Solent Area

Hampshire and the Solent area are places of extraordinary character, where vibrant towns and dynamic cities meet rolling countryside, and coastal communities thrive alongside historic market towns. From the quintessential towns and villages of Hampshire to the picturesque coastline of the Solent and Isle of Wight, this is an area defined by its diversity, resilience, and deep-rooted sense of place. It is a wonderful part of the country to live, work, and raise a family, and it is our responsibility to protect and enhance what makes it so special.

As Leaders of Hampshire County Council and East Hampshire District Council, we are proud to present our proposal for Local Government Reorganisation. This is a bold and evidence-led vision for a simpler, stronger, and more secure model of local government – one that delivers excellent services to residents, is fit for the future, and rooted in the communities we serve.

Hampshire County Council and East Hampshire District Council have long-standing reputations for excellence – delivering high quality and outstanding services through expertise that regularly receives national acclaim. For many years, we have sought to innovate and become more commercial in our approach, to provide greater efficiency and effectiveness – transforming our practices and leading the way in the delivery of shared services across various public sector partners.

However, the need for fundamental change across local government has become increasingly evident over recent years as budgets and systems experience heightened pressure from growing demand and the more complex needs of our communities, alongside national economic and climate challenges. At the same time, there's an opportunity for bold and innovative change.

Set in this context and through close collaboration between our two councils, we now have a rare and exciting opportunity to reshape how public services are delivered across Hampshire and the Solent area, ensuring they are easier for residents to understand and access - bringing services closer to communities, more efficient to run, and better able to meet the needs of residents. Jointly developed by Hampshire County Council and East Hampshire District Council, our proposal of four unitary authorities strikes the right balance between financial resilience, service continuity, and local identity, and importantly the foundations to begin innovative transformation from day one. It also best delivers key central Government priorities including growing the economy; enabling housing delivery and delivering preventative measures to reduce the strain on the public purse.

Our proposed four unitary council model builds on the strengths of existing councils and avoids unnecessary disruption to vital services like social care and education. After set-up, it is estimated to save taxpayers nearly £50 million a year, cost the least in transition costs, and pay for itself in just three years. It also avoids the risks of creating entirely new council services and infrastructure from scratch, which would be more expensive and take longer to deliver benefits for residents.



Foreword (2/2)

It offers the best foundation for long-term transformation, while safeguarding the services that matter most, especially for our most vulnerable residents.

At the heart of our proposals is a commitment to strengthening community engagement. Hampshire and the Solent are home to diverse communities – rural villages, coastal towns, and thriving urban centres – each with their own identity, priorities, and voice. We recognise that any future model of local government must not only preserve these distinct characteristics but actively empower communities to shape the decisions that affect them. Our vision includes enhanced neighbourhood-level influence, with clearer pathways for residents, parish councils, and local organisations to participate in service design and delivery. New models of local governance will bring decision-making closer to communities, ensuring that engagement is not just encouraged but embedded in how councils operate. This is about creating a system that listens, responds, and reflects the values of the people it serves.

But this is about more than structures. It is about unlocking the full potential of public service reform and delivering transformation that is meaningful and lasting. It is about creating councils that are empowered to innovate, collaborate, and lead. It is about ensuring that neighbourhoods, rural and urban, large and small, have a strong voice in shaping their future. And it is about building a system that residents can trust; transparent, caring, accountable, and responsive.

We have approached this work with rigour, integrity, and a deep respect for the communities we serve. Our proposals are grounded in robust evidence, shaped by local engagement, and aligned with the Government's criteria. Above all, they reflect our ambition to leave a legacy of strong, sustainable local government for all that will serve Hampshire and the Solent area for generations to come.

This is a pivotal moment, and we intend to grasp it together - with confidence, clarity, and care.



Handwritten signature of Nick Adams-King in black ink.

**Councillor Nick Adams-King,
Leader of Hampshire County Council**



Handwritten signature of Richard Millard in black ink.

**Councillor Richard Millard,
Leader of East Hampshire District Council**



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M3, near Winchester

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Glossary of terms

Term	Definition
3UAs	Three Unitary Authorities , meaning a proposed reorganisation model in which the area would be split into three single-tier local authorities.
4UAs	Four Unitary Authorities , meaning our preferred option of a model of local government reorganisation involving the creation of four new single-tier councils.
5UAs	Five Unitary Authorities , meaning an option for local government reorganisation in which the area is divided into five new single-tier councils.
DC	District Council , meaning a lower-tier local authority in a two-tier system, responsible for local services such as housing, planning, and waste collection.
EHDC	East Hampshire District Council , meaning one of the 11 district councils in Hampshire with responsibilities including planning, waste collection, and housing.
Greenfield Authority	Greenfield Authority , meaning the creation of new authorities without building on existing upper-tier structures
HCC	Hampshire County Council , meaning the upper-tier local authority for Hampshire responsible for strategic services such as education, highways, and social care.
H&SA	Hampshire and the Solent Area , meaning the whole of the area in question including all of Hampshire county, the Solent including Southampton, Portsmouth and surrounds, and the Isle of Wight.
ICB	Integrated Care Board , meaning a statutory NHS organisation responsible for planning health services, commissioning care, and integrating local health systems.

Term	Definition
IoW	Isle of Wight , meaning the unitary authority and island located off the south coast of Hampshire, responsible for all local government services on the island.
LGR	Local government reorganisation , meaning the restructuring of local authority areas and responsibilities to improve efficiency, accountability, and service delivery.
MCA	Mayoral Combined Authority , meaning a legal body made up of multiple local authorities working together under a directly elected Mayor with devolved powers and funding.
MHCLG Criteria	Ministry of Housing, Communities and Local Government Criteria , meaning the six assessment tests used to determine whether LGR proposals are effective, efficient, and appropriate.
SEND	Special Educational Needs and Disabilities , meaning a category of education and support services for children and young people with learning difficulties or disabilities.
TPS	Third Party Spend , meaning any council spend that is commissioned or contracted with suppliers external to the commissioning organisation.
UA	Unitary Authority , meaning a single-tier local government structure with responsibility for all local services within its area.
UTLA	Upper Tier Local Authority , meaning a local authority responsible for delivering upper-tier services such as education, social care, highways, and public health. This typically refers to county councils in a two-tier system or large unitary authorities with equivalent responsibilities.

Section one

Executive Summary

Simpler. Stronger. Secure.

To unlock our potential, innovation, and growth



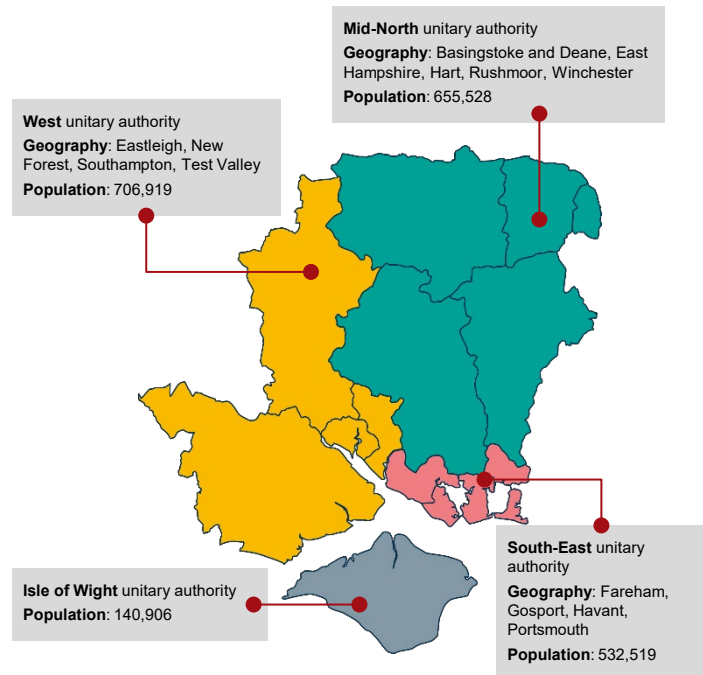
Our proposal for a Simpler, Stronger, Secure future for Hampshire and the Solent's residents and partners

Local Government Reorganisation (LGR) in Hampshire and the Solent Area (H&SA) offers a once-in-a-generation opportunity to integrate functions and deliver transformed, simpler, and more sustainable services to residents.

Our proposal for four unitary authorities (three across the mainland, plus retaining the Isle of Wight as a sovereign council), offers:

- The quickest and most credible pathway to unlocking long-term benefits in service delivery, innovation, and economic growth for our area.
- An opportunity to build on strengths, experience of current services, innovative partnership working and anchor infrastructure to transform services to benefit our residents, as illustrated in the case studies later in the document.
- The most balanced mainland configuration of unitary councils of all options proposed, to enable fair representation and effective delivery in a new Strategic Authority.
- Empowered neighbourhoods that take ownership of and respond to local priorities, underpinned by strong partnerships, enabling greater community participation in decision-making affecting local areas.
- Protection for vulnerable service users that would be impacted by increasing the number of upper tier local authorities in the H&SA and consequently resulting in unnecessary fragmentation and financially unviable public services as a result of increased services, including high-risk and high-cost social care, and infrastructure.
- Scale to achieve financial efficiencies at pace with annual savings of £49m to improve financial sustainability and the most affordable implementation costs, providing good value for the H&SA taxpayer.
- Effective multi-agency leadership with a model that is desired by critical partners, complementing strategic relationships and operational partnerships to catalyse growth and deliver efficiency for the H&SA.

4 Unitary Councils for ambitious, responsive, and future-proofed resident services



Our Vision for Local Government Reorganisation in Hampshire and the Solent

To ensure our proposal reflects both local ambitions for the future of local government, in addition to being aligned with Government criteria, a Vision for LGR has been created – providing local ownership and direction to this work. This does not seek to set a strategic direction for the new councils, which would be a matter for elected Members in the new organisations, but instead seeks to articulate a vision of the significant opportunity and aspirations for local government across the H&SA for many years to come.

The development of the Vision for LGR is rooted in the aspirations of those with a stake in the success of any new unitary model. Engagement with residents, businesses, elected Members from Hampshire County Council (HCC) and East Hampshire District Council (EHDC), MPs, senior officers at HCC and key partner organisations has revealed consistent themes that clearly articulate the potential benefits of LGR.

We have heard that residents want efficient, effective and equitable new councils and improved services which are rooted in local identity. Our partners have told us that they want to work with us to grasp the opportunity to do things differently, to provide better alignment between our organisations and to harness the economies of scale and reduced number of touch points that four Unitary Authorities will bring.

This engagement has provided the foundations of a Vision for LGR in Hampshire and the Solent which has been shaped by the HCC and EHDC's Cabinets into the statement on the right which has guided us in our work through options appraisal to option selection – resulting in 4UA B2 as the option that creates the strongest system to deliver the Vision for LGR in the H&SA.

Vision Statement for Hampshire and the Solent

Reflecting the aspirations of local people, organisations and businesses, our vision is the creation of unitary authorities which have the best chance of being financially resilient, sustainable, and trusted - delivering consistent and high-quality services across Hampshire and the Solent. Our goal is a streamlined, single-tier system that builds on existing strengths yet removes unnecessary complexity, making public services more accessible, transparent, and easier to navigate for everyone.

Rooted in the unique identities of our communities, we want this future model to be equitable and responsive - fairly serving the needs of both urban and rural areas. Local people will feel heard and supported, with local councillors, parish and town councils and community organisations playing a key role in shaping vibrant, healthy and inclusive neighbourhoods that reflect the aspirations of their residents. New councils will work together with a new Mayoral Combined Authority to help unlock economic opportunity by ensuring it's easy to do business in Hampshire and the Solent, attracting investment, driving regeneration and encouraging entrepreneurship.

We want the new model of local government to support further collaboration across councils, their public and private sector partners and the future Mayor – working together in areas such as health, housing, transport, and economic opportunity to attract investment and drive regeneration through our shared values and goals.

The transition to new unitary councils should be smooth and cost-effective, ensuring continuity for those who access our services, especially those who need support the most, and building public confidence throughout the journey.

Above all, we aspire for Hampshire and the Solent to be a place where people are proud to live, with accountable and accessible local government that every resident can trust.

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

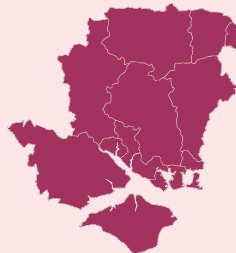
LGR will build on strong foundations across the H&SA whilst offering a chance to address local and national challenges

Local government needs to adapt and transform to address the increasing challenges associated with reduced spending power, changing demographics and an ever-increasing complexity of service user needs. The H&SA partially operates a two-tier system of local government for 2 million residents across 15 councils.

HCC oversees c.85% of services across the Hampshire area including social care, highways, and education, while district and borough councils manage local functions including planning, housing, leisure, waste, and regulatory services. Portsmouth, Southampton, and the Isle of Wight councils combine both levels of responsibility, similarly tailoring services to their specific areas.

H&SA is unique in terms of its rich and vibrant history, diverse communities, strong polycentric economy and outstanding natural beauty. However, the structural challenges that local government is facing are ubiquitous.

The vision for transformation and wider progress across the area is ambitious but only realistic if built on strong economic and local government system foundations. LGR, through our proposal of four unitary authorities – offers a once-in-a-generation opportunity to accelerate the transformation of local services across the H&SA including ambitious reform of delivery models, partnership working and place-shaping, building on decades of effective existing collaboration.



City, Country and Coastal Communities

Combining centuries of military and maritime history, nationally important museums and collections, major venues for performing arts and a thriving live music scene.

... and Exceptional Natural Beauty

with two National Parks, four National Landscapes (AONB), and a UNESCO Biosphere Reserve that together showcase the richness and diversity of our landscapes.



£81bn
GDP economy in
H&SA



90,000
Businesses



Over
1 million jobs



2 major
commercial ports
Southampton and Portsmouth



£21.7 billion
exports of goods and
services

The H&SA economy is of national importance and can become an exemplar, leader and multiplying force for UK PLC. There is significant untapped potential for further economic growth, utilising LGR alongside Devolution as an opportunity to deliver this.

The H&SA is a great place to live and do business. It blends a £81bn economy with areas of outstanding natural beauty, multiple industries and infrastructures of national importance, rich with cultural assets and is home to four world-class universities.

The area and all partners, spanning both the public and private sector, are ready to supercharge growth across the H&SA, the wider region and nationally.

LGR presents an opportunity for wholesale culture change in how local government works, founded on asset-based community development (ABCD) principles that build on the strengths of communities and enable them to shape the decisions and services that impact their local area.

Four unitary councils would create a simpler, stronger and secure structure of local government that is able to invest long-term in community empowerment approaches, which evidence shows can bring long-term savings to councils through reduction in demand for acute public services.

An ABCD culture delivers with communities, with opportunities for genuine and inclusive empowerment under three themes:

- **Councils as enabling organisations:**
Built on a culture of ABCD, co-production of key strategies, and strong collaboration with the voluntary sector.
- **Neighbourhood governance as a vehicle for community empowerment:**
Effective area committees, collaboration with town and parish councils, and participatory approaches to shape local solutions.
- **Councillors as community convenors:**
Enhanced support and data to enable councillors to convene and co-create solutions with communities.

Neighbourhood Empowerment – shaped by local voices, delivering lasting change with communities

Our vision for LGR to deliver genuine opportunity for neighbourhood empowerment throughout the H&SA is presented in the *Local Voices, Lasting Change* report in Appendix C.

Local Voices, Lasting Change outlines principles and opportunities for effective neighbourhood empowerment approaches that could strengthen connections between unitary councils and local communities and partners such as town and parish councils and voluntary and community sector organisations. Such approaches would be inclusive of all local voices and all types of neighbourhoods, and 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.

Our proposal for LGR ensures balanced urban-rural compositions; protects distinct areas like the New Forest; avoids disruptive boundary changes; and meets Government criteria on scale and financial sustainability. **It aims to preserve local identity and enhance neighbourhood empowerment, through the creation of efficient, stable and equitable unitary councils.**

Neighbourhood Empowerment: 6 Guiding Principles



4 Unitary Authorities: delivering for our residents and our partners

Engagement with our residents, critical partners and stakeholders has been central to shaping our proposal, ensuring it reflects **local perspectives, challenges, and aspirations**. The process began in **February 2025** and evolved alongside the proposal’s development, with the aim to **surface benefits, risks, and concerns**, rather than measure support for specific options, to inform decision-making. Our strategy for local engagement blended open opportunities for all residents and partners to participate, representative sampling and targeted engagement activity with under-represented groups as well as detailed discussions with our most critical partners

What we heard - residents

Engagement across the H&SA sought to understand where there were concerns regarding our proposal, to enable us to refine our model and ground it in a considered response to the views of those most impacted by the proposed changes. Residents raised concerns about the potential disruption to services and decline in service quality due to LGR. They were also worried about smaller communities being overlooked and had strong views on maintaining local identity.

At the same time, many recognised potential benefits of LGR such as reduced duplication and streamlined services, a single point of contact and clearer responsibilities, better coordination and more localised decision-making, as well as increased transparency and direct access to elected representatives.

Residents’ top priorities



Delivering high-quality services to those who need them most



Ensuring councils operate efficiently and effectively



Maintaining continuity in essential services



Having councils that are cost-effective and reduce the burden on taxpayers.

What we heard – partners and stakeholders

All strategic partners recognised the need to maximise the effectiveness and simplicity of both operational and strategic interactions, by reducing the number of local authority boundaries, minimising the potential fragmentation of key UTLA services and taking steps to simplify key strategic relationships across wider public service systems, including identifying aspirations and opportunities to improve community engagement and local decision making.

In particular, Hampshire and Isle of Wight Constabulary (HIOWC) advocated for four operational areas (three mainland and the Isle of Wight), stating that in their experience three relatively equal-in-size mainland areas (geography and population) and a separate Isle of Wight area have a benefit of greater consistency and scale of economy, balanced with local focus to reflect community needs and respect local views. Furthermore, HIOWC recognised that the closer the alignment between policing structures and local government, the better.






The cost and disruption of transition was highlighted by a majority of partners – particularly where there would be misalignment between their structure and any future local government structure.

The New Forest National Park and South Downs National Park have each stated the importance of their respective National Park boundary within Hampshire being entirely contained within one of the new unitary councils – as it would be within our proposal. It is noted that the Option 3 of the alternative submission* divides the New Forest National Park across Mid Hampshire and South-West Hampshire and divides the South Downs National Park across Mid-Hampshire and South- East Hampshire.

* Refers to other LGR proposals being put forward from other local authorities in Hampshire and the Solent Area.

A proposal shaped by local understanding to enable collaboration

Engagement with stakeholders and residents across the H&SA has not only given us a clear steer as to where we needed to refine our proposal but also **provided a clear and consistent message: the four unitary option offers the strongest foundation for effective, responsive, and sustainable local government reform.**

Local Identity and Engagement	<p>While concerns about losing local identity were raised, many stakeholders and residents also saw the opportunity to forge stronger local identities, enhance community engagement, and create more responsive local councils.</p> <p> <i>As a result of this feedback, we have developed the Local Voices, Lasting Change report, our proposed approach for embedding neighbourhood empowerment within future unitary councils. Our proposal also allows for balanced population sizes and fair representation, helping ensure that urban and rural voices are heard.</i></p>
Simplicity and Strategic Coherence	<p>Stakeholders emphasised the need to minimise fragmentation and reduce the number of local authority boundaries, enabling more streamlined strategic and operational partnerships.</p> <p> <i>Fewer authorities means clearer lines of accountability, simplified service delivery, and better coordination across public services.</i></p>
Financial and Operational Strength	<p>Engagement consistently told us that all stakeholders both value and prioritise financial stability, efficiency and value for money.</p> <p> <i>Our four-unitary model offers the greater financial resilience, economies of scale, and long-term sustainability.</i></p>
Improved Service Delivery	<p>Concerns about differing levels of service quality between existing authorities was raised, as well as a strong desire to retain what is good in the current system.</p> <p> <i>The model supports more equitable and consistent services across the region, with opportunities to level up provision without compromising quality.</i></p>
Alignment with Existing Structures	<p>Fewer touchpoints for partners and alignment with existing critical service footprints to make collaboration easier came across as strong requirement from LGR for stakeholders</p> <p> <i>Our four-unitary model aligns with current policing areas – improving the vital relationships with the Constabulary – as well as ensuring the New Forest National Park and South Downs National Park boundaries within Hampshire are entirely within one unitary council.</i></p>

Four options, ranging from three to five UA, were evaluated objectively against the Government's six criteria, with detailed and independent analysis led by PwC. This comprehensive evaluation enabled a meaningful and robust comparison of different structural configurations.

Within the 4UA option two arrangements were reviewed: B1 places Test Valley in the Mid-North Unitary, and B2 places Test Valley in the West Unitary.

Each option was objectively reviewed via three methods against MHCLG criteria (See Section Four: Options Appraisal)

Financial Analysis: reviewing the transition costs, the costs of disaggregation, organisational setup and the ongoing efficiency savings from each proposed option.

Qualitative Analysis: reviewing the risks, opportunities and considerations for each option against the MHCLG criteria incorporating evidence from across the system and feedback from partners and stakeholders.

Balance Analysis: reviewing the "balance" of each option against a range of indicators. Whilst noting that "balance" is not a goal itself it is important to ensure no organisation is structurally imbalanced from the outset.

Outputs were then used to inform the overall conclusion that the preferred option is 4UA B2.

Note: No boundary changes were considered in this analysis; and in all scenarios it was agreed, with the Isle of Wight, that it will remain a sovereign organisation.

Four options were objectively assessed via financial, qualitative and balance analysis

Our proposal sets out an ambitious and considered approach to LGR in the H&SA. The model has been co-developed, with 5,000 people and organisations engaged, as well as partners from across the system to ensure that the proposed model works for them.

To reach this conclusion, our proposal includes a meticulous consideration of data and evidence to objectively analyse a range of options, not only our preferred option, and how well they meet the six Government criteria. This includes robust financial analysis that evaluates the cost of establishing and operating large-scale, complex organisations. We are confident, based on the range of analysis and engagement, that our credible, evidence-based proposal offers long-term sustainability and delivers the best outcomes for the H&SA.

Our proposal does not mask the challenges associated with implementing LGR and disaggregating upper-tier services and aggregating lower-tier services in a complex landscape. Instead, it provides balanced analysis of each option based on expert professional inputs – formed from decades of experience directing and leading high-performing services – and independent advice from our strategic advisers, PwC.

We're led by the opportunity to transform public services and wider system working, but with realism on the financial and operational resilience required to do so, and clarity on the capacity and capability needed to succeed.

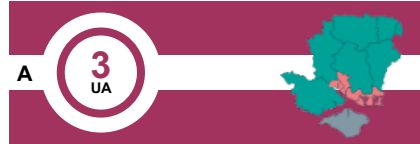
See Section Four: Options Appraisal

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

Our clear conclusion is that a 4UA model is the most credible and strongest option for the future of the H&SA

The objective, comparative analysis concluded:

- Option A (3UAs) maximises efficiency and resilience but requires careful transition planning and attention to local needs.
- Option B (4UAs) offers the strongest balance of leveraging existing structures and scale whilst preserving local identities. **The preferred option is 4UA B2, which offers the best opportunity to deliver the vision for the area and economic growth, and most strongly aligns with MHCLG criteria.**
- Option C (5UAs) offers smaller unitary authorities and does not have the scale to achieve economies, manage costs, or distribute resources equitably. **The 5UA model costs more than the current system, offering no financial benefit or scale to improve service delivery or transform.**



Summary of Option A:

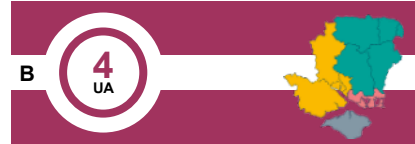
This model offers greater potential for efficiency, financial resilience, and strategic capacity. The larger size of each unitary unlocks significant economies of scale and streamlined services.

However, the geographic scale of the North authority in this option necessitates careful consideration of the balance of demand and costs for social care, SEND services, waste etc. across such a large geography, and how the cost of delivery compares to that of the much smaller, urban focused unitary authority it neighbours.

There are added complexities of transitioning to only two mainland unitaries from a baseline of three upper-tier authorities which are fraught with local tensions and history. This will require additional effort and resources to adequately plan and manage.

Alignment of LGR options to MHCLG criteria:

1. Medium	2. Medium	3. High
4. Medium	5. Medium	6. Medium



Summary of Option B:

Two versions of 4UA (B1 and B2) were considered – in both options it presents the strongest and most balanced option – combining scale, organisational resilience, and a greater degree of local focus than 3UA. **It takes advantage of UTLA anchor services and frameworks, provides the most effective platform for high quality and sustainable services of the future, and significantly minimises implementation risks.** This provides the best possible foundation for all unitaries to capitalise on this opportunity to reform public services.

Option B2, with Test Valley in the West, maximises Devolution's potential; driving Southampton's economic and geographic growth to benefit the wider area. It creates stronger urban–rural balance, supports sustainable service delivery, and safeguards rural identity and a single authority for the New Forest National Park.

Alignment of LGR options to MHCLG criteria:

1. Medium	2. High	3. High
4. Medium	5. Medium	6. Medium



Summary of Option C:

The 5UA is economically unviable as a result of increasing the number of UTLAs in the H&SA which is contradictory to the views of critical partners – it is anticipated to incur significant levels of cost over five years and does not pay back.

The smaller size of each unitary limits the system's ability to fully realise efficiencies and build financial and operational resilience as it builds in duplication and additional overheads.

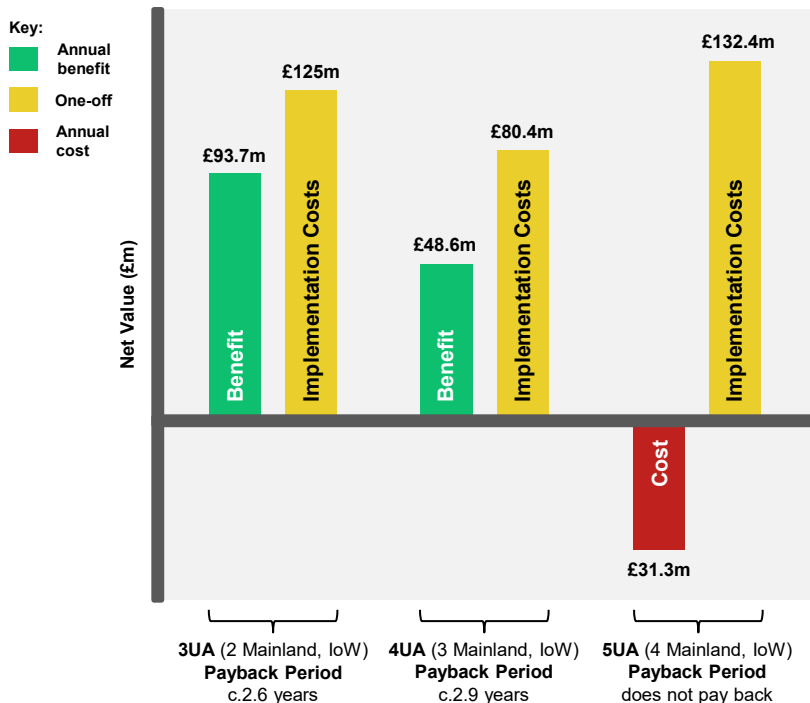
There is additional inherent risk, complexity, and cost of establishing at least one 'greenfield authority' taking resources away from delivering public service reform and adding risk and potential fragility to the system. This option carries the greatest risk to service stability, exacerbating inequalities, and provides the weakest route to improving system resilience and maximising the Devolution opportunity

Alignment of LGR options to MHCLG criteria:

1. Medium	2. Low	3. Low
4. Medium	5. Medium	6. Medium

Four Unitary Authorities offers strong financial benefits

The financial analysis covers the forecast costs and benefits of reorganising local government within the H&SA into either 3, 4 or 5 UAs. It is based on 2025/26 data and the current local government funding system. It is important to note, in the period leading to Vesting Day, there are a number of changes which could occur to funding, priorities and policy - the modelling completed is therefore based on the data available at this point in time. The aim is to assess which option offers the most financially viable solution, balancing implementation and operational costs against benefits of reorganisation. The full analysis can be found in Section Four and Appendix A.



Summary

The 3UA model delivers the highest net benefit and fastest payback period (2.6 years) as it provides significant efficiency savings. However, these savings are offset by high implementation costs – driven by the complexity and challenge of needing to aggregate two sets of existing upper tier services, as well as aggregation with districts.

The 4UA option has lower financial benefits than 3UA, but significantly lower implementation costs driving a comparable payback period (2.9 years). Both the 3UA and 4UA options offer strong financial foundations and resilience to allow for investment in and focus on innovation and transformation across the system.

The 5UA model is economically unviable and does not pay back. It creates an additional net operating cost of £31.3m per year across the system. This is coupled with high implementation costs, driven by establishing at least one 'greenfield authority' and duplicate structures. It also carries significantly higher service destabilisation and financial instability risks, as the transition requirements involve markedly more disaggregation and re-aggregation challenges which create added disruption and turmoil in the system. The detailed drivers of these differences are explored later in this Business Case.

Notes

Benefits/ costs are annual and assume the model has been fully implemented (Year 5 onwards).

The loW data has not been used in the model as it assumed it will remain a standalone unitary and therefore not benefit from aggregation and disaggregation.

The analysis assumes that, in both the 3UA and 4UA models, future services will be able to build on anchor services from current upper tier authorities, whilst in the 5UA model significant additional complexity is built in by needing to disaggregate services to more new authorities without obvious anchor services.

Comparative cost-benefit shows that 5UA is not financially viable and does not help to address sector sustainability

Both the 3UA and 4UA options deliver strong cumulative benefits over five years with payback within three years.

The 5UA option is anticipated to incur significant levels of cost over five years and does not pay back – as ongoing costs to the system outweigh benefits – and is economically unviable.

This analysis considers:

- Aggregation and disaggregation benefits / costs (recurring)
- One-off transition and transformation costs
- Ongoing transformation benefits (recurring)

The realisation of both aggregation and transformation benefits is phased over the implementation period and is not linear to reflect the reality of delivery. Aggregation and transformation benefits become fully realised from Year 5 onwards. Transition costs are fully incurred in Year 1.

This balances a realistic view of benefit realisation with a strong ambition to deliver financial savings and transform services.

	3UA (2 Mainland) (£m)	4UA (3 Mainland) (£m)	5UA (4 Mainland) (£m)
FY 2028/29	26.3	15.5	(38.2)
FY 2029/30	81.9	45.1	(71.4)
FY 2030/31	158.4	86.3	(103.2)
FY 2031/32	245.9	131.3	(136.5)
FY 2032/33	339.6	179.9	(167.9)
Benefit / (Cost) after 5 Years	339.6	179.9	(167.9)
Implementation Cost	(125.0)	(80.4)	(132.4)
Net Benefit (cumulative) after 5 years	214.6	99.5	(300.3)
Payback Period (years)	c. 2.6	c. 2.9	Does Not Payback

Comparison of business cases

We are aware that an alternative business case promoted by other Local Authorities in the H&SA draws different conclusions about the net financial impact of a 5UA model. This is down to differences in methodology and assumptions.

There are significant differences in methodology between business cases:

Our case provides comparators of 3, 4 and 5UAs, whilst the alternative case does not offer a comparator and only considers 5UA models (and is based on the savings forecast - not savings achieved - from previous LGR cases nationally), **so a comparator of the costs and benefits against our recommended option B2: 4UA using the methodology from the alternative case is not available.**

Given the different methodologies adopted, the outputs of the financial modelling in the two business cases are significantly different; savings from reorganisation and transformation are significantly higher in the alternative case, while disaggregation costs are significantly lower, which in their modelling of a 5UA lead to a net difference of £95.2m. Implementation costs for a 5 UA option are broadly similar in both cases.

There are a number of core differences with the assumptions:

Comparing the 5UA analysis from both cases highlights some stark differences. Our case builds in savings on contract consolidation and staffing that can be achieved when organisations are aggregated. However, it recognises that:

- Where these aggregation savings come from districts, they are coming from a limited cost base that only accounts for 5.3% of third party spend and 20.2% of staff costs in mainland Hampshire.
- These benefits will be more than offset by the significant, nationally recognised cost of disaggregating upper tier services and creating a new 'greenfield' authority. In particular, the recurring cost of duplicating the infrastructure needed to effectively run an additional large organisation delivering complex services; and the diseconomies of scale this will create for third party contract spend.

The alternative case uses historic estimates of savings per head of population based on 14 previous LGR business cases (which, on review, we believe is 9 previous LGR proposals, 7 of which were implemented) from 2009 onwards, and indexes to a 2025 price base as the basis for establishing the potential quantum of savings; such an approach is likely to **significantly overestimate** the potential for savings.

The alternative case assumes that consolidation savings can be achieved *on all third party spend and all staffing expenditure*, even for complex upper tier services (e.g. social care) where markets are extremely challenging, there are skills shortages and delivery would actually be disaggregated from 3 to 4 mainland organisations. It does recognise some additional costs from duplicating infrastructure and staff but assumes these costs will be significantly lower than our case. Appendix A provides full analysis of the differences.

	HCC / EHDC Case	Alt. Case	Difference
	Option C (5UA)	5UA (no BC)*	
	£m	£m	£m
Savings from aggregation 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 costs	(132.4)	(128.2)	4.2

** No boundary change – the alternative case outlines three options with the same projected recurring savings and costs. The only difference is found on implementation costs which are higher for their Option 3 which involves boundary changes.*

For the purpose of this comparison, we have considered the options without boundary changes.

MHCLG is asked to carefully review the methodology and assumptions which sit behind the financial analysis in both submissions given the significant differences between them.

Four unitary authorities delivers efficiencies to help ensure taxpayers are getting value for their money

There is no easy solution to the financial challenges facing local government. LGR has the potential to materially improve the financial sustainability of local government. But successful delivery of any form of LGR will take significant investment. It is essential that this investment delivers significant and long-term savings.

The financial modelling shows that creating more unitary authorities than the number of existing UTLAs will create significant additional recurring costs through duplication of running costs associated with additional organisations delivering UTLA services.

As part of the early work on LGR, the Chief Financial Officers (CFOs) (s151) of HCC and EHDC prepared professional statements (Appendix B). These statements set out some key considerations:

- *The CFO is not merely the servant of the local authority but holds a fiduciary responsibility to local taxpayers. In the context of LGR, this responsibility should weigh heavy on all CFOs, as our evaluation of the benefits and risks associated with LGR and the construct of any new unitary authority(s) should take account of the long-term impact to and on local taxpayers (EHDC statement).*
- *One of the key roles of the section 151 officer is to ensure that **those taking decisions are presented with relevant, objective and reliable financial analysis and advice, clearly setting out the financial implications and risks of decisions**... This aspect of my responsibility will feed into any reports to Cabinet and Full Council on the issue of LGR, to ensure that any proposed decisions by Members take account of **relevant, objective and reliable financial analysis of the potential options** for establishing unitary local government across Hampshire and the IOW. (HCC statement)*

The approach set out in these statements has guided the approach to the financial analysis. This analysis provides a sound comparison of the potential financial benefits of the 3UA, 4UA and 5UA options.

The expectations of LGR are that “efficiencies will be identified to help improve council’s finances and make sure that council taxpayers are getting the best possible value for their money.”

Both the 3UA and 4UA options have the potential meet these expectations, whilst 5UA would create significant financial and operational challenges, cost more than the current arrangements and not recover implementation costs. Although the 3UA option has the potential to deliver more savings, it is also a more challenging and risky option to deliver.

Critically, a financially less resilient unitary will require more financial support to ensure safe delivery of statutory services, likely result in further reductions in discretionary services and would likely necessitate increases in Council Tax levels. This, alongside the non-financial considerations set out in the rest of this case, mean that 4UA is the preferred option.

4 Unitary Authorities ensures a confident transition and lays the groundwork for high-quality service delivery

Option 4UA B2 offers the strongest foundation for delivering high-quality, community-focused services that respond to local needs, drive inclusive growth, and navigate transition risks with confidence and clarity.

The transition period is one of the most challenging phases of this process. If not carefully managed, it could lead to significant disruption of vital services – with the greatest impact felt by our most vulnerable residents.

Options ‘A’ (3UA) and ‘C’ (5UA) involve additional layers of implementation complexity that increase delivery risk through the transition period.

Greater complexity, higher costs, or fragmented structures can limit the ability of councils to focus on service improvement and innovation. Instead, resources may be absorbed by the need to maintain day-to-day operations, rather than being directed towards realising the full benefits that LGR offer.



Medium

Option A Delivery Feasibility

There are added complexities of transitioning to only two mainland unitary authorities from a baseline of three upper-tier authorities. This will require careful and considered review of potential anchor services and frameworks, with significant added complexity of disaggregating services from both the county and one other unitary.

This will require additional effort and resources to adequately plan and manage; delicate stakeholder management; and add significant risk of delay and destabilisation of the system throughout the transition period.



High

Option B Delivery Feasibility

This option maximises stability and de-risks transition by anchoring to, and building on, strong existing upper-tier services delivered by Portsmouth, Southampton, and Hampshire Councils.

It provides the strongest possible foundations for all new unitaries to build and transform services on – offering the least disruptive and most stable route through transition.

Crucially, this option creates a platform for future transformation. By avoiding the cost, delay, and fragmentation associated with more complex options, it allows new unitaries to shift from stabilising services to innovating them. This is essential for delivering long-term change.



Low

Option C Delivery Feasibility

The 5UA model creates an additional UTLA across the H&SA. This introduces additional disaggregation risk and cost and fails to build on the current foundations and infrastructure of existing organisations, significantly increasing the complexity of transition.

The result would be a more fragmented system, making it harder for partners to navigate and collaborate, and adding time, cost, and risk to implementation.

This option carries the greatest risks of de-stabilising services, exacerbating inequalities, and offers the least clear path to improving system resilience and maximising the devolution opportunity.

The 5UA model introduces significant complexity by creating more social care, public health, and highways authorities than currently exist in the H&SA.

This directly undermines the core purpose of LGR: to simplify and streamline the system. The result would be greater fragmentation, an increase in statutory posts, more governance overhead, and more complexity for partners such as the NHS, police, and voluntary sector. Ultimately, this would increase the time, cost, and risk of implementation.

Creating additional unitary authorities also presents workforce risks. It would intensify competition for talent in an already stretched sector, particularly in statutory roles such as Directors of Children's Services, Adult Social Services, and Public Health. Moreover, it risks destabilising existing teams and weakening service delivery, especially in high-performing areas where continuity and cohesion are essential.

Establishing a fifth UTLA without appropriate services and frameworks upon which to anchor it is equivalent to contracting out high-risk services required to operate at scale to a small start-up organisation – one that may have ambition and vision, but lacks the tested infrastructure and systems required to deliver complex public services at scale. Systems cannot simply be cloned, and culture cannot flourish within a new organisation from day one.

Building on strong foundations: the case for 4 Unitary Authorities in delivering critical services

UTLAs across the H&SA already deliver high-quality public services. The greatest risk to these services is fragmentation through disaggregation, which would undermine performance, increase costs, and disrupt outcomes for vulnerable residents.

Critical services such as social care, public health, education, and highways are complex, high-risk, and resource-intensive. These are currently delivered by the four UTLAs in the H&SA which have the infrastructure, workforce, and systems to manage them effectively: **these are the fundamental building blocks for a stable and effective transition to the new unitary model.**

A 4UA model significantly reduces the risk of service fragmentation, avoids the duplication of systems and processes, makes better use of current infrastructure and helps to minimise disruption to the delivery of critical public services.

Importantly, **a 4UA model involves the least disruption to our strategic partners.** Systems of interaction with key organisations such as the NHS, Police, Fire and Education need to be as simple and less congested as possible. Creating a fifth UA in the H&SA would increase costs and place further strain on the budgets and capacity of these partners. These concerns have been consistently raised during our extensive stakeholder engagement (see letter from the Hampshire and Isle of Wight Constabulary in Appendix K).

A 4UA model also avoids diverting resources into duplicated senior leadership structures across newly created authorities, allowing investment to remain focused on the front-line services that residents use and depend on every day. By building on existing upper-tier infrastructure, the model supports continuity and retains valuable institutional knowledge.

Whilst all reorganisation options carry inherent risks, using the infrastructure, services and frameworks of existing institutions as the foundation for the 4UA model offers a more manageable and lower-risk pathway to change. **It allows attention to be focused where it matters most: creating new organisational identities and cultures, designing long-term transformation opportunities and evolving towards a Simpler, Stronger, Secure future for Hampshire and the Solent's residents and partners.**

Building on strong foundations enables new authorities to focus on innovation, integration, and public service reform, rather than spending years resolving the challenges of unnecessary fragmentation.

Our preferred option (4UA: B2) stands out as the strongest following a comprehensive options appraisal and extensive engagement with residents and strategic partners.

It is best placed to deliver high quality services, rooted in local communities and driven by local need to catalyse inclusive growth whilst managing transition risks.

Our appraisal shows Option B (4UAs) provides a good mix of scale, localism, and stability. It de-risks transition, minimises disruption, supports effective service delivery, meets the needs of local communities, and offers a strong system as the foundations for Devolution. Our preferred option meets the local needs of communities and critical partners.

Our preferred option creates the strongest foundation for future transformation and innovation whilst avoiding the additional cost, complexity and fragmentation of five unitary authorities.

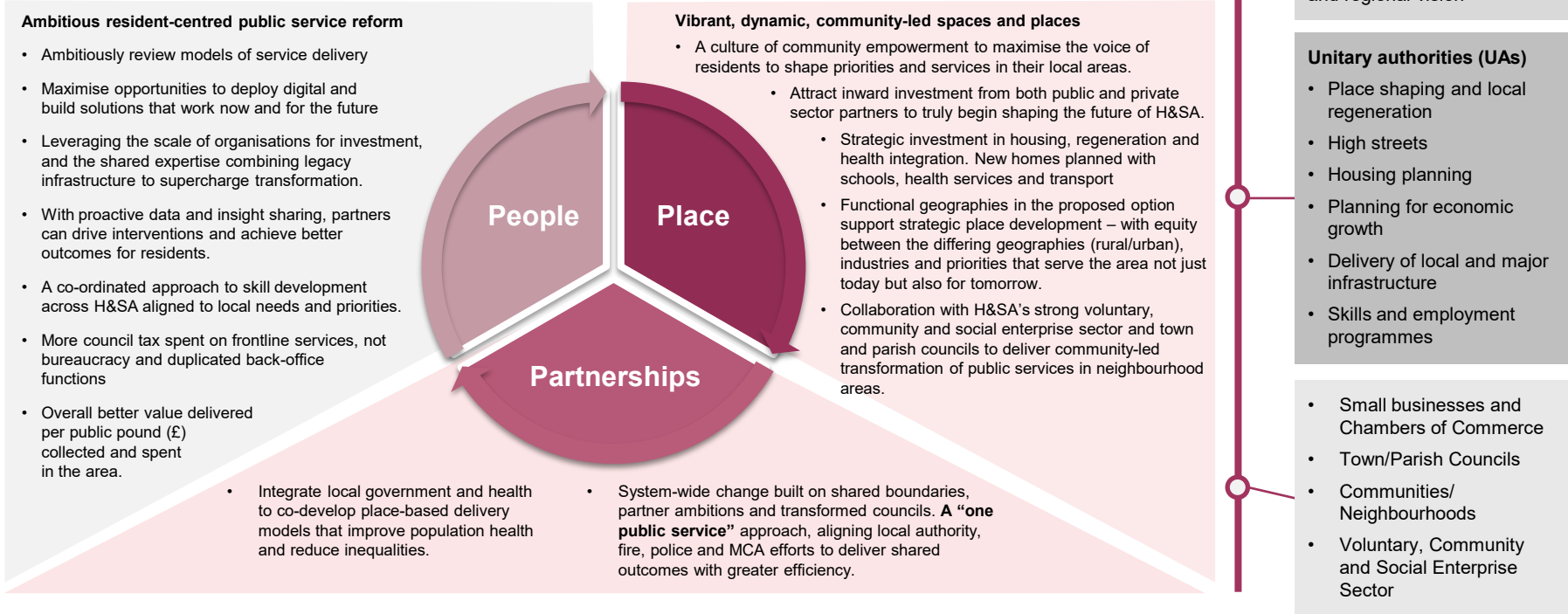
Why 4 Unitary Authorities in H&SA is the clear choice

The reasons for choosing this preferred option are explained in the following comparison, which shows how Option B (4UA) performs against each MHCLG criterion.

<p>Criterion 1: Sensible single tier of local government</p>	<p>Proposal of a sensible economic and geographic construct allows localised delivery aligned with existing urban, rural and island identities while avoiding the complexity of merging upper-tier authorities or establishing a 'greenfield authority'. Compared to 3UA, it offers greater place alignment with coherent geographies across all new unitaries which align with functional economic areas and wider public services.</p>
<p>Criterion 2: 'Right-sized' local government</p>	<p>Meets population criteria and avoids the viability risks of five smaller UAs under Option C. Population split is more balanced across the mainland unitaries in option B2, presenting the most manageable configuration. Financial savings of £48.6m annually present opportunities to improve finances across the H&SA and ensure taxpayers are getting value for money. Offers the lowest transition costs, facilitating investment in future service transformation opportunities from a position of strength.</p>
<p>Criterion 3: High quality, sustainable services</p>	<p>The model strikes a practical balance between integrated service oversight and place-based flexibility and avoids the transition disruption under Options A (3UA) and C (5 UA), creating the space for innovation and transformation to critical services such as social care, children's services, SEND and homelessness, rather than unnecessarily fragmenting these services. 4UA offers the strongest foundation to protect existing shared service arrangements (including the Intergrated Business Centre) and to develop further arrangements where appropriate to release capacity to enable high-quality services across the H&SA. It aligns strongly with system-partners desire for fewer stakeholders to engage with to drive improved service quality.</p>
<p>Criterion 4: Meets local needs</p>	<p>Delivers a balanced model that combines the scale to sustain services with the flexibility to tailor delivery to local priorities. Compared to Option A (3UA), it better reflects distinct identities and supports place-sensitive planning. It also avoids the fragmentation and service coordination challenges of five smaller UAs under Option C, providing clearer accountability and stronger alignment to community needs.</p>
<p>Criterion 5: Supports Devolution arrangements</p>	<p>Aligns strongly with the H&SA devolution ambitions, through providing the scale to deliver on the Strategic Authority priorities. This includes driving growth across the polycentric economy, enabling strategic planning and housing growth across the H&SA, and focusing on the preeminent industry clusters based in the H&SA. Compared to Option A (3UA) and Option C (5UA), it offers the clearest balance of local accountability and coherent regional voice, which is essential for unlocking future innovation, investment and delivering priorities.</p>
<p>Criterion 6: Local engagement and empowerment</p>	<p>The neighbourhood empowerment model under the 4UA option strengthens the resident voice while ensuring engagement connects communities to strategic decision-making affecting their local areas. The financial viability of this option provides the foundation for long-term investment in the health, wellbeing and empowerment of communities, which could generate savings for councils in the long term through gradual reduction in demand and reliance on public services that respond to acute health and care needs.</p>

Four unitary authorities maximises opportunities and enables cohesive transformation of public services

A four unitary authority model amplifies the voice of residents whilst strengthening their connection with local government, combined with strengthened working between tiers of government. The preferred option provides the best balance of simplicity, representation, and scale to take on delivery of Mayoral priorities that will have to be delivered via unitary authorities; offering the strongest foundations for ambitious transformation based on scale of investment and capability needed to deliver.



Four unitary authorities, built on strong foundations, allow for growth and room to focus on our future vision

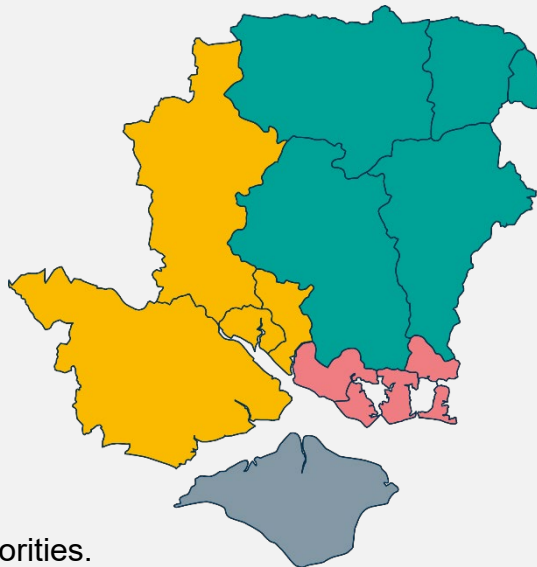
The proposed configurations combine coherent identities, with clear, sensible and functional geographies which will form the strongest foundations from which to build our growth engine and deliver wider strategic transformation priorities.

West

Balanced urban-rural communities delivering the opportunity for urban growth, enhancing a unique natural environment and unlocking regeneration, growth and productivity potential of a city and major towns.

Isle of Wight

A bold, self-sustaining island leading with innovation and a distinct sense of place, strengthened by its links to mainland authorities.



Mid-North

Connected corridors of innovation and skilled talent with a thriving rural economy and communities. This area will unlock growth and productivity through innovative sectors such as digital, defence, advanced manufacturing and aerospace.

South-East

A proud connected coastal community united by maritime heritage and regeneration, ready to shape a resilient and inclusive future.

Using existing Upper Tier Local Authorities infrastructure and frameworks ensures continuity and reduces disruption

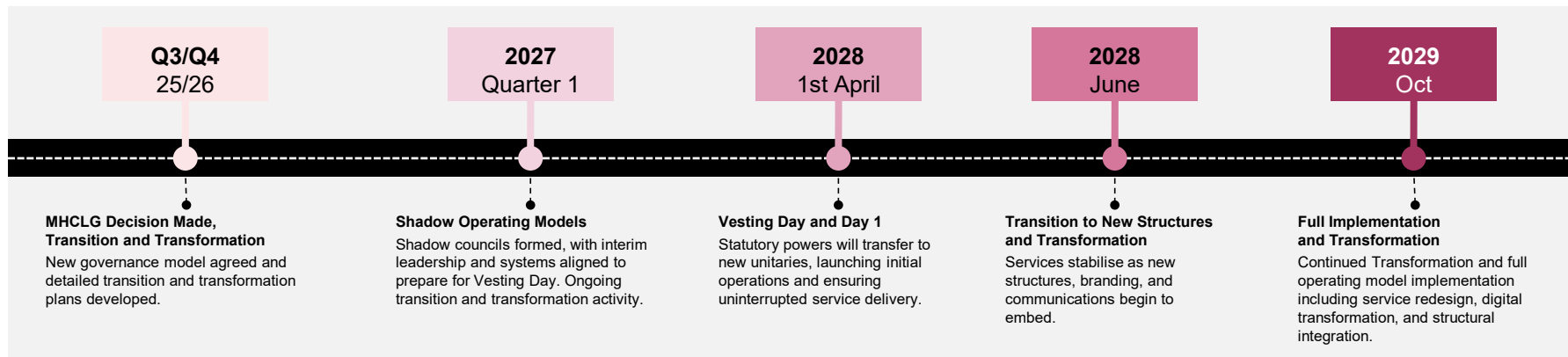
Our proposal recommends that transition arrangements reflect the complexity of the operating landscape, particularly in the context of disaggregation, by ensuring upper tier councils have a clearly defined and proportionate role within transitional governance structures to protect and support the transition of services into the new unitary councils.

We believe that the appropriate transition governance model for the new unitary authorities under the SCO 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, which are designed to mitigate the risks associated with transition of critical functions. These safeguards include ensuring at least equality of votes for the upper tier of local government with the Districts and Boroughs combined, on each joint committee.

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.

It is important to note the security offered by three mainland UAs 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.

This transition model protects vulnerable residents, safeguards statutory services, and lays the groundwork for ambitious transformation. Building on existing anchor services and frameworks reduces risk, cost, and complexity — in contrast to a “greenfield” approach, which would require creating new infrastructure from scratch and divert resources away from service improvement.



Our proposal offers the strongest foundation for Hampshire and the Solent Area to thrive - responding to local needs, improving lives, and unlocking new opportunities for growth and better public services

We are proposing four new unitary councils that will:

- Be big enough to make a difference, with the scale to invest in better services, infrastructure, and opportunities.
- Make sense for places and people whilst avoiding disruptive mergers or costly new structures.
- Stay close to communities, with local leadership that understands what matters most to residents.
- Work smarter together, unlocking new ways to improve care, support families, and grow local economies.
- Start strong, with clear plans, stable foundations, and the right people in place from day one.

Our proposal is the most balanced and sustainable option for the future of local government in Hampshire and the Solent

Our proposal offers the strongest approach to increasing financial sustainability



It has lowest implementation cost.



It provides an annual saving of £48.6m.

As well as a new structure, this will give us a fresh start. A chance to build councils that are ambitious, responsive, and focused on what really matters: delivering better outcomes for people across the Hampshire and the Solent Area.

LGR is best achieved from a position of strength. From a position that mitigates against complexity and is supported by critical partners. A safe transition and innovation are not mutually exclusive. They can be achieved together. That's possible through our proposal.

Four unitary authorities. Our proposal for a Simpler, Stronger, Secure future for Hampshire and the Solent's residents and partners.

Section two

Hampshire and the Solent Area's Vision for LGR

Simpler. Stronger. Secure.

To unlock our potential, innovation, and growth

Titchfield Haven



Our Vision for Local Government Reorganisation in Hampshire and the Solent

To ensure our proposal reflects both local ambitions for the future of local government, in addition to being aligned with Government criteria, a Vision for LGR has been created – providing local ownership and direction to this work. This does not seek to set a strategic direction for the new councils, which would be a matter for elected Members in the new organisations, but instead seeks to articulate a vision of the significant opportunity and aspirations for local government across the H&SA for many years to come.

The development of the Vision for LGR is rooted in the aspirations of those with a stake in the success of any new unitary model. Engagement with residents, businesses, elected Members from Hampshire County Council (HCC) and East Hampshire District Council (EHDC), MPs, senior officers at HCC and key partner organisations has revealed consistent themes that clearly articulate the potential benefits of LGR.

We have heard that residents want efficient, effective and equitable new councils and improved services which are rooted in local identity. Our partners have told us that they want to work with us to grasp the opportunity to do things differently, to provide better alignment between our organisations and to harness the economies of scale and reduced number of touch points that four Unitary Authorities will bring.

This engagement has provided the foundations of a Vision for LGR in Hampshire and the Solent which has been shaped by the HCC and EHDC's Cabinets into the statement on the right which has guided us in our work through options appraisal to option selection – resulting in 4UA B2 as the option that creates the strongest system to deliver the Vision for LGR in H&SA.

Vision Statement for Hampshire and the Solent

Reflecting the aspirations of local people, organisations and businesses, our vision is the creation of unitary authorities which have the best chance of being financially resilient, sustainable, and trusted - delivering consistent and high-quality services across Hampshire and the Solent. Our goal is a streamlined, single-tier system that builds on existing strengths yet removes unnecessary complexity, making public services more accessible, transparent, and easier to navigate for everyone.

Rooted in the unique identities of our communities, we want this future model to be equitable and responsive - fairly serving the needs of both urban and rural areas. Local people will feel heard and supported, with local councillors, parish and town councils and community organisations playing a key role in shaping vibrant, healthy and inclusive neighbourhoods that reflect the aspirations of their residents. New councils will work together with a new Mayoral Combined Authority to help unlock economic opportunity by ensuring it's easy to do business in Hampshire and the Solent, attracting investment, driving regeneration and encouraging entrepreneurship.

We want the new model of local government to support further collaboration across councils, their public and private sector partners and the future Mayor – working together in areas such as health, housing, planning, transport, and economic opportunity to attract investment and drive regeneration through our shared values and goals.

The transition to new unitary councils should be smooth and cost-effective, ensuring continuity for those who access our services, especially those who need support the most, and building public confidence throughout the journey.

Above all, we aspire for Hampshire and the Solent to be a place where people are proud to live, with accountable and accessible local government that every resident can trust.

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

How Local Government will help deliver this vision

The vision reflects the unique identities of H&SA's communities and the aspirations of those who live and work in the area. It sets out how local government can drive transformation in place shaping, community wellbeing, and organisational effectiveness, ensuring the area is resilient, financially sustainable, and thriving both socially and economically in the years ahead. Underpinning the vision, action-orientated 'we will' statements demonstrate how councils across the H&SA, facilitated with an enabling environment for change by the Government, must collaborate through transition to realise the vision and ensure that LGR is delivered with coherence, resilience, and a collective commitment to lasting positive change for residents and communities.



Place and Lived Environment

Growth

We will enable sustainable and inclusive growth by enabling regeneration, housing, skills development, entrepreneurship, supported by investment across both urban and rural communities that allows long-term prosperity. We will focus on economic opportunities in key sectors such as maritime, aerospace, and digital.

Local Leadership

We will provide strong and responsive local leadership through trusted, accountable, and accessible councils that reflect the identity of our communities and fairly serve the needs of both urban and rural areas, with a strong focus on place shaping around priorities such as affordable housing, revitalising high streets, public realm, access to green space and regeneration.

Place-based Approaches

We will reshape public services around the lived realities of place, working alongside residents as active partners, not passive recipients, championing the belief that local communities know what's best for their area. Through place-based approaches, we will deliver better outcomes, strengthen local democracy, and build resilient, thriving places that reflect the aspirations of those who live there.

Get Hampshire Working Plan

Partnerships for Prosperity: Working together to boost labour market outcomes



The Get Hampshire Working Plan is an excellent example of genuine partnership collaboration that involved working with 77 different organisations across Hampshire and the Isle of Wight, including:

- Business networks and employer representative bodies
- Education and skills providers
- Housing associations
- Jobcentre Plus
- Local government
- NHS
- Voluntary, Community and Social Enterprise sector

The Plan outlines how as a group of partners we will target and tackle the root causes of unemployment and economic inactivity, and deliver a better join up across employment, health and skills support, based on local needs.

This work has played a key role in strengthening relationships between local government and education, laying a strong foundation for continued collaboration under the new unitary authorities. It identifies areas requiring further support and provides the evidence base needed for the new authorities to make a compelling case to the Mayoral Combined County Authority for appropriate funding and resources. Additionally, it creates a valuable platform for future engagement with health partners and local employers.

The Northern Gateway

Turning public assets into community anchors

East Hampshire District Council has granted a lease of the Northern Gateway site in Bordon to the Whitehill & Bordon Community Trust, enabling the transformation of a vacant council owned asset into a vibrant community hub. The site will host a range of local groups and services, providing a central base for the Trusts operation and a focal point for community activity. This asset-based approach empowers the Trust to lead regeneration from within the community, addressing local needs for space, cohesion, and service delivery.

The hub will play a vital role in protecting and enhancing Bordon's local identity, anchoring civic life in a place that reflects the town's heritage and aspirations. While the Northern Gateway is the physical asset in this case study, it's the Trust that is the critical asset. As the enabler, connector and the catalyst for local change, the Trust is an organisation rooted in the community, driven by local passion, and committed to building a better Bordon.



As we move toward Local Government Reorganisation, the new unitary authorities will inherit significantly larger property portfolios. This presents a strategic opportunity to embed neighbourhood empowerment by repurposing assets to build community capacity, especially important as larger councils serve broader populations. The Northern Gateway model shows how councils can act as enabling organisations, supporting community led development through asset transfer. It offers a scalable approach for how local identity, wellbeing, and civic participation can be strengthened through collaborative, place-based investment.

How Local Government will help deliver this vision (cont.)



Wellbeing and Communities

Health, Wellbeing and Social Care

We will protect vulnerable residents with joined-up and targeted health and care services that are easier to navigate and tailored to local needs. Our services will be designed to reduce inequality and improve outcomes for all, with specific focus on rural and Island health access, mental health services, and supporting ageing populations.

Community, and Voluntary Sector Engagement

We will work closely with communities, voluntary groups and local leaders to ensure that all voices are heard, respected, and help shape neighbourhood-level services. This includes strengthening community infrastructure and supporting services for children, young people, and those in deprived or isolated areas.

Democratic Engagement

We will strengthen local democracy by increasing engagement, simplifying governance, and ensuring decisions are transparent and shaped by residents. Neighbourhood empowerment and visible leadership will give people a stronger role in shaping decisions that affect their local area.

Multi-Agency Safeguarding Hub (MASH)

Excellence in partnership to support the most vulnerable

Hampshire's Multi-Agency Safeguarding Hub (MASH), based at The Parkway in Fareham, is the integrated front door for safeguarding concerns across children's and adults' services. It brings together professionals from Hampshire Children's Services, Hampshire Adults' Health and Care, Hampshire Constabulary, Fire and Rescue, and the NHS.

MASH handles tens of thousands of referrals annually, with a triage system that applies consistent thresholds for accessing services, and enables rapid multi-agency safeguarding decision-making, to ensure vulnerable children and adults are kept safe.

The hub is staffed by experienced professionals ensuring multi-agency collaboration and decision-making at pace.

HCC's children's model is recognised nationally for its consistency and effectiveness, with exceptionally strong performance.

In the June 2024 Ofsted inspection, HCC's Children's Services were rated:

Outstanding overall
Outstanding in Help and Protection.

Why Top Performing Services Matter

HCC's MASH has been established for over 10 years, as the front door to Children's Services. The application of consistent thresholds is embedded throughout the service, the multi-agency systems are strong and keep the most vulnerable children safe from serious harm, abuse and neglect. To try to build this from scratch or replicate in a 5UA scenario would take many years, as we know from our extensive sector led improvement work.

Highly effective services have established governance, resilience, and the ability to adapt to new requirements more easily.

We also know that at times of significant structural change, the most vulnerable children are more likely to slip through the net. We cannot allow that to happen.

Stability during transition is essential, this is best achieved through our proposal.

The benefits of our proposal are:

- Less fragmentation of services across the area.
- Consistent safeguarding thresholds applied to protect children and consistent thresholds for accessing local preventative services.
- Shared experience and increased resilience across the 'front door' workforce.
- Reduction in costly duplication of infrastructure and systems.
- Retention of high-performing teams.
- A platform for future integration once the new authorities are fully operational.

HCC Care and Support Services - Prevention Hubs

Empowering independence and recovery through inclusive, community-based care

HCC's in-house Younger Adults Day Services and Respite Service provide preventative support for people with learning and physical disabilities across the county area. These services promote wellbeing, community engagement, and pathways into employment through social enterprises. This example demonstrates how HCC's in-house services are benefiting individuals whilst have a wider, positive impact on the wider community.

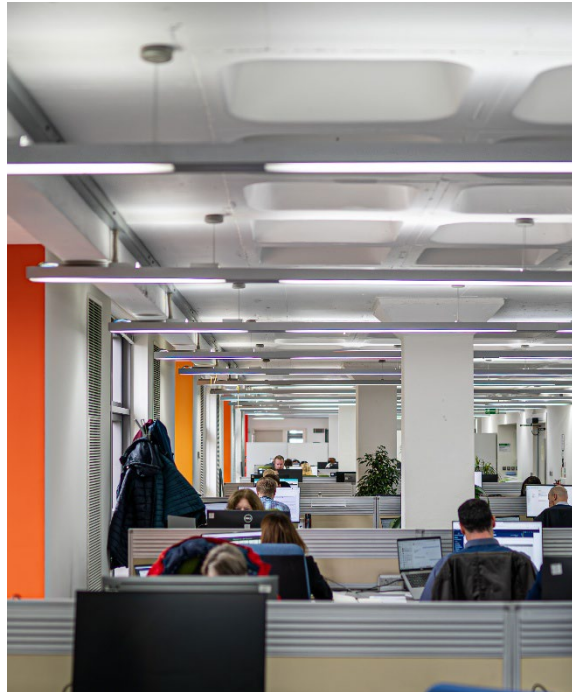
A standout example is Fareham Community Link. The service blends building-based activities with strong community links, including a weekly café and hub. Activities focus on healthy living, wellbeing, and community access. A horticultural programme enables service users to grow, sell, and deliver plants and produce - used within the service and to fund outings chosen by participants. This not only provides new experiences but also fosters community contribution through support for local charities.

In addition, HCC Care and Support Services operate four strategically located short-term bedded facilities across Hampshire. These enable individuals to 'step down' from acute settings into nursing-led recovery environments. With 116 discharge beds supporting all health systems, the service supports around 125 individuals per month, significantly reducing long-term placement needs. Notably, 43% of those admitted recover sufficiently to return home, demonstrating the effectiveness of this short-term intervention model.

By combining community-based activities with short-term clinical support, Hampshire is reducing long-term care dependency and improving quality of life.

Services at scale do not come at the expense of very localised provision. Adults' health and care provision is embedded locally and making a difference to individuals accessing the service whilst enhancing the resilience, economy and cohesiveness of the local community.

How Local Government will help deliver this vision (cont.)



Organisation

Shared Services and Integration

We will continue to innovate across the system through shared service models and integration to reduce duplication and improve the staff and resident experience through smarter collaboration across councils. This includes integrating back-office functions and customer-facing services such as waste collection, planning enforcement and regulatory service, and enabling clearer accountability.

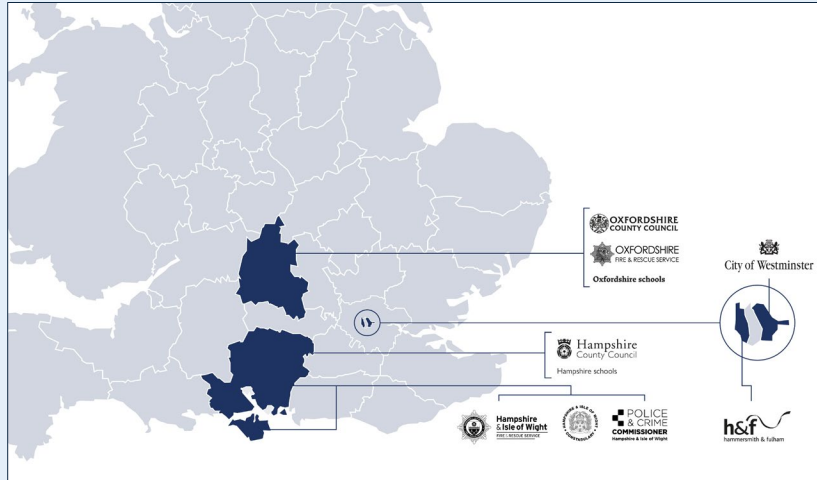
Workforce and Organisational Development

We will invest in our people and develop strong leadership by providing high-quality training, fostering collaboration, and uniting teams around a shared vision for excellent local services. This will support delivery in core areas such as social care, planning, and regulatory services, and help address workforce recruitment and retention challenges.

Digital, Data and Technology (and Innovation)

We will modernise systems, share data effectively, and invest in digital infrastructure to deliver more efficient, transparent and evidence-based decision-making. This includes improving connectivity in rural and coastal areas and driving digital innovation in service delivery and planning.

These ambitions build on a strong track-record of collaboration and innovative service delivery



Integrated Business Centre (IBC) UK's largest shared services partnership

Launched in 2014, the Hampshire Shared Services Partnership has grown into the **largest and most complex public sector shared services initiative in the UK**, supporting over **85,000 employees** and around **three million residents**. At its core is the **Integrated Business Centre** which provides HR, payroll, finance, procurement, and recruitment services.

Services are delivered to a broad range of public sector partners including Hampshire County Council, Hampshire and Isle of Wight Constabulary the Office of the Police and Crime Commissioner, Hampshire and Isle of Wight Fire & Rescue Service, Oxfordshire County Council, London Borough of Hammersmith & Fulham, City of Westminster, and more than 750 schools across Hampshire and Oxfordshire.

Staffed by 450 professionals and powered by SAP S/4HANA technology, the IBC is supported by an in-house 70-strong accredited SAP Centre of Excellence. The model is fully scalable, with proven experience in onboarding and offboarding organisations. It will migrate to SAP S/4HANA in September 2025 to maintain a modern, resilient platform.

Integrated Business Centre (cont.)

UK's largest shared services partnership

Results and Impact

Efficiency and Savings

- SSP has returned **over £1.6 million in savings to partners over the past five years**, alongside significant efficiencies from shared infrastructure.

Customer Satisfaction

- In **2024/25, 88% of customers rated their experience as “Highly Satisfied”**, based on 8,700 surveys.
- Performance is driven by faster response times, smarter service design, and a strong “right first time” culture.

Scalability and Resilience

- Seamless onboarding of partners such as **Oxfordshire County Council** and **Hampshire and Isle of Wight Constabulary** demonstrates the IBC's flexibility and resilience.
- Partners benefit from shared infrastructure that strengthens both service delivery and financial resilience.

Digital Transformation and Assurance

- Accredited by the **Chartered Institute of Payroll Professionals (CIPP)** through the **Payroll Assurance Scheme** and operating a **BACS-approved bureau** on behalf of the partnership.
- **Recognised as an SAP Centre of Excellence**, with in-house expertise enhancing and supporting the technology platform.

Operational Excellence – 2024/25 Metrics

- **£7.7 billion in supplier payments processed, with 98% of invoices paid within 30 days.**
- **£2+ billion in salary payments, covering 740,000 transactions at 99.8% accuracy.**
- **105,000 customer enquiries handled**, with contact volumes reduced by 11.6% through smarter self-service tools.

LGR opportunities

- **The IBC is uniquely positioned to support a smooth transition during LGR**, with a proven track record of onboarding diverse partners and maintaining high-quality service delivery.
- This capability will be especially critical as the IBC takes on the responsibility of progressing both the **Oxfordshire County Council** and **Hampshire County Council** LGR programmes concurrently. With both authorities undergoing transformation, the IBC's stability of service and **deep experience in managing complex change will be key to ensuring continuity, resilience, and successful delivery.**
- Its scalable infrastructure and SAP S/4HANA platform ensure continuity and resilience, even as services are aggregated under a new unitary authority.
- Post-LGR, the IBC offers significant potential to **extend shared services across the wider H&SA**, enabling consistent standards, economies of scale, and enhanced digital transformation.
- There is a significant risk of fragmentation if services are disaggregated or duplicated across new structures, which would be felt most acutely under a 5UA model. **Without the IBC's scale, not only our functions but broader partner services could be impacted, reducing efficiency and increasing cost.**

Maintaining and expanding the IBC model will help to protect frontline services, ensure financial sustainability, and support regional collaboration.

Waste Disposal and Collection

The opportunity to realise system wide benefits through LGR



HCC, in partnership with Southampton and Portsmouth, currently processes over 750,000 tonnes of waste annually as the designated disposal authority. It is also leading the development of a new £50 million Material Recovery Facility (MRF) - a major investment in sustainable waste infrastructure.

Under the two-tier system, waste responsibilities are split between collection authorities (districts) and the disposal authority (county). This separation creates financial and operational tensions. For example, a more cost-effective disposal method may require a more complex and expensive collection system - yet the budgets and incentives are not aligned. Attempts to adopt a whole-system cost approach have been hindered by the need for cross-subsidisation and lack of unified governance.

Local Government Reorganisation offers a transformative opportunity to merge collection and disposal responsibilities within a single unitary authority. This would:

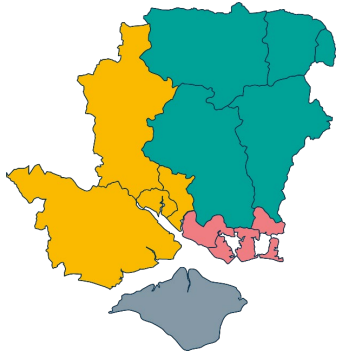
- Unify budgets, enabling strategic investment decisions based on total system cost
- Improve service design and delivery, with better coordination across the waste lifecycle
- Reduce duplication and inefficiencies, unlocking long-term savings and environmental benefits
- Support innovation, such as advanced recycling technologies and circular economy initiatives

LGR can enable smarter, more sustainable public service delivery by removing structural barriers and aligning incentives across tiers of government. In this context, retaining the footprint of 3 Upper Tier Authorities on the mainland with current disposal responsibility will be critical to give the area the best chance of simple strategic alignment and sharing of infrastructure.

A

Building Growth on Strong Foundations

Four unitary authorities, built on strong foundations, allow for growth and room to focus on our future vision



The proposed configurations combine coherent identities, with clear, sensible and functional geographies which will form the strongest foundations from which to build our growth engine and deliver wider strategic transformation priorities.

West	Mid-North	South-East	Isle of Wight
Balanced urban-rural communities delivering the opportunity for urban growth, enhancing a unique natural environment and unlocking regeneration, growth and productivity potential of a city and major towns.	Connected corridors of innovation and skilled talent with a thriving rural economy and communities. This area will unlock growth and productivity through innovative sectors such as digital, defence, advanced manufacturing and aerospace.	A proud connected coastal community united by maritime heritage and regeneration, ready to shape a resilient and inclusive future.	A bold, self-sustaining island leading with innovation and a distinct sense of place, strengthened by its links to mainland authorities.

The West Unitary | a balanced urban-rural authority primed for growth

The proposed West unitary area enables a balanced authority of the future, blending major towns, a vibrant city and connected rural communities.

This unique combination creates a geography that is full of potential to further opportunities for all residents and communities, working alongside public, private and voluntary sector partners.

Harnessing the power of an internationally significant maritime gateway and industries, world-class tourism, an international airport and cutting-edge advanced manufacturing and life sciences, the West unitary area is poised to become a powerhouse for innovation and opportunity. Ambitious regeneration projects, such as the regeneration of Andover and Romsey Town centres, New Forest Fawley Waterside Regeneration, Eastleigh's innovative approach to Major Development Areas and Southampton's recently announced Renaissance Vision demonstrate a powerful combined ambition for regeneration and growth.

This is a geography designed for sustainable, resilient progress, maximising the major infrastructure of Southampton water, the M27 corridor, Southampton Airport and the North/South economic ripple of the Solent Freeport. It offers a compelling foundation for prosperity and inclusivity.



The West Unitary | a balanced urban-rural authority primed for growth

The West Unitary Authority is balanced between urban-rural areas with strong potential to fast-track developments that are underway to drive regional growth



Economy

A self-contained area - strong in and out commuting flows between the existing District and City areas that make up the West Unitary. In all cases the other three areas make up the majority of all in and out commuting.

Industries: The configuration balances urban and land-based economies both with industries of national significance. The maritime and logistics industry in Southampton, Eastleigh and the New Forest includes a container port, the country's largest cruise terminal maritime engineering and Fawley Refinery. The New Forest National Park has a strong tourist industry and Totton and Test Valley both have a strong advanced manufacturing industry presence, with Andover, Southampton and Eastleigh key logistics and distribution hubs for the wider region.

Significant sector similarities: Business concentrations in advanced manufacturing are above the national average in Southampton, Eastleigh, Test Valley, and New Forest. Similarly, employment in knowledge intensive services such as the life sciences industry is significantly above average in Southampton, Eastleigh, and Test Valley.

Growth opportunities: Regeneration programmes underway including the Bargate Quarter, Maritime Gateway and Leisure World and Solent Freeport expansion.



Land Use Breakdown

There is a significant need to expand the housing supply in both Southampton and Eastleigh, this configuration offers the strongest opportunity to drive and leverage collective growth. Southampton has a significant number of brownfield sites. Southampton City Council recognises the value of brownfield sites in building 8000 affordable homes, as part of a £120m programme by 2040.



Key Strategic Partnerships

There are examples of partnership working already including the current Solent Freeport operating its major tax sites at locations in the New Forest, Eastleigh and Southampton alongside Districts and Portsmouth to the East. The New Forest National Park also extends and connects communities in New Forest and into Test Valley.

Southampton city has a history of strong collaboration across authorities, including the City Deal with Portsmouth and the Transforming Cities Fund which has specifically leveraged over £50m of transport infrastructure investment working in specifically partnership across Hampshire County Council, Southampton, New Forest, Eastleigh and Test Valley.



Demographic Breakdown

Balanced urban-rural population and geography: There are a number of strong urban economic centres (including Southampton, Eastleigh, Romsey and Andover) balanced by rural areas in the New Forest and Test Valley. The population split tends to be younger and more diverse in Southampton and Eastleigh, and an older, rural profile in the New Forest and Test Valley.

AI Growth Zone & AI Growth Alliance

Driving innovation and growth through partnership



The **AI Growth Alliance**, initiated by Hampshire County Council, is a collaborative partnership aimed at developing a thriving and accessible AI economy and skills ecosystem across the H&SA. Formed in response to a Government call for AI Growth Zone proposals in early 2025, the Alliance brings together industry partners and public and private landowners (such as Fawley Waterside which has been proposed as the site of the AI Growth Zone). Its goals include to:

- Catalyse AI driven transformation
- Accelerate AI adoption across sectors
- Develop skills and training opportunities that help people from all backgrounds gain the knowledge, skills and confidence to thrive in an AI driven world
- Foster innovation and infrastructure
- Promote responsible AI and attract investment.

The AI Growth Alliance complements other initiatives like the **Hampshire and Solent Super Cluster**, demonstrating how diverse partnerships - each with a unique focus - can collectively advance shared regional ambitions, drive innovation, and strengthen economic resilience.

Local authorities will continue to play a critical role in enterprise and growth as constituent authorities of the Mayoral Combined County Authority, contributing local insight and engagement, planning expertise, and community engagement and as landowners.

A significant concentration of opportunities spanning land use, business development, and higher education partnerships lies within the proposed West Hampshire Unitary Authority, underscoring the area's sectoral strengths.

The IoW | preserving the IoW's unique autonomy and identity

The Isle of Wight has a distinctive identity shaped by its island geography and strong sense of place. As a UNESCO Biosphere Reserve, it is nationally and internationally recognised for its outstanding natural environment, rich biodiversity, and commitment to sustainable development.

The Island supports a dynamic local economy, with over 90% of residents living and working locally. It is underpinned by a thriving visitor economy, a vibrant creative sector, and a resilient network of SMEs. Entrepreneurial spirit and community pride are evident across its towns and rural communities.

In the context of an ageing population and persistent social challenges, the Island is proactively identifying opportunities for strategic investment in affordable housing, digital infrastructure, and place-based regeneration.

Guided by a strong civic identity and collaborative partnerships with the NHS, VCSE sector, and private infrastructure providers - and strengthened by strategic links with mainland authorities - the Isle of Wight is well-positioned to lead on sustainable tourism, green innovation, and inclusive economic growth. Its unique characteristics showcase a locally-led, future-facing approach to public service delivery and regional collaboration.



The IoW | preserving the IoW's unique autonomy and identity

The IoW has a number of structural challenges that accompany being a self-contained island community with an ageing population. The Island would remain a sovereign organisation, preserving the unique identity, autonomy and history of the island. It is recognised, throughout this case, that it will require support from the rest of the H&SA system to support ongoing delivery – however, the unique geographical and historical position necessitates this meeting the exceptional circumstances threshold.



Economy

A distinct functional economic area: A self-contained labour market area – over 90% of residents both live and work on the Island, a figure well above the averages for the wider H&SA and other unitary authorities in the region.

Clearly defined sector strengths - The IoW hosts sectoral concentrations in marine industries, alongside more traditional sectors such as tourism, health and social care and land-based sector - reflecting the Island's natural endowments and demographic profile.

The economy is centred around tourism and SMEs (5,600 SMEs) this results in a seasonal economy with high rates of community-based employment. There is a recognised need for increased inward investment including upgrades to digital connectivity and regeneration.



Land Use Breakdown

The affordable housing supply requires expansion on the island. The complexity of land constraints and protections means development requires careful and considered coordination.



Key Strategic Partnerships

Strategic partnerships are integral to the sustainability of the IoW and core services. There is an opportunity to build on existing partnerships with the NHS, the local VCSE (1500+ organisations) and with private-sector infrastructure providers (ferries) to transform and strengthen services and communities.



Demographic Breakdown

The IoW has an older and ageing population and a relatively small working age population. This is combined with higher rates of deprivation and accompanying health needs creating service pressures and challenges.

Public Health

Maximising impact through strong partnerships



The Public Health system in England empowers local government to lead on major health issues that affect local populations. This enables a strategic approach tailored to local health needs and to address the determinants of health and health inequalities. The Public Health role is a multi-faceted statutory responsibility, providing strategic leadership to the system, commissioning of key Public Health service delivery and influencing the building blocks of health.

The Public Health partnership between Hampshire County Council and Isle of Wight Council which was in place for six years demonstrated that working at scale across two authorities can succeed with the right governance and structures. The leadership and technical skills were provided at scale, bringing the benefit of specialism whilst also delivering at local level for the needs of the population.

Strong recognition of the value of working at a large geography was highlighted through the LGA Peer Review of the Isle of Wight Public Health Partnership with Hampshire County Council, including how the Public Health team led and facilitated the Mental Health Alliance, playing a key role in avoiding duplication amongst partners and maximising impact of local provision.

This approach of working strategically at scale has brought more sustainable commissioned services, standardised approaches to working with NHS partners and improved outcomes.

The Mid-North Unitary | building on strong foundations of high skills, productivity and industries

The Mid-North Unitary proposal centres on clearly defined M3 and A3 corridors - a dynamic geography shaped by strong commuter links in all directions, shared employment patterns, and thriving digital, professional and business services, defence, advanced manufacturing and aerospace economies.

This area is home to a highly skilled workforce, low deprivation, and a robust council tax base, making it well-positioned to drive future prosperity.

With major housing developments at Manydown, North Whiteley and Whitehill and Bordon, and the highest land supply in the area, the Mid-North offers real capacity for sustainable growth. Its high performing polycentric economy spans high growth and innovative towns including Fleet, Alton, Whitehill and Bordon, Farnborough and Aldershot - with Rushmoor being the most productive local authority area in the UK - and is anchored in innovation with opportunities to expand business hubs in Basingstoke and knowledge-intensive services in Winchester.

Demographically balanced, with a blend of younger populations and older rural communities, this geography reflects both stability and ambition. The Mid-North is not just economically coherent; it's primed to lead significant regional growth.



The Mid-North Unitary | building on strong foundations of high skills, productivity and industries

The Mid-North Unitary has strong economic foundations, aligns with the M3 corridor and commuter patterns and industries anchored in digital and technologies, aerospace, space and defence, and creative industries.



Economy

The economy reflects the polycentric nature of the H&SA with a range of industries from defence to aerospace, advanced manufacturing, through to digital and other professional and business services. The economy in the Mid-North is strong, however there is an opportunity to accelerate and drive growth. This includes building on the highly skilled workforce and strong productivity base in both established and emerging sectors. There are strong commuting patterns to London from within the Unitary, supporting a strong council tax base. The area has an extensive rural economy noting that Basingstoke and Deane, Hart, Winchester and East Hampshire are all extensively rural.

Strong digital and creative industries, with all areas having significant creative industry concentrations, most areas sit above the national average.



Land Use Breakdown

There is a significant supply of land for housing growth (6.48 years, highest in the H&SA) which enables ongoing development. This will build upon the existing major housing development and regeneration programmes at Southern Manydown, North Whiteley, Kings Barton and Whitehill and Bordon. There are significant opportunities to leverage the extensive connected infrastructure across the area to continue to drive growth and development.



Key Strategic Partnerships

Hampshire Hospitals NHS Foundation Trust operates its two primary hospital sites in Winchester and Basingstoke, reflecting a polycentric health economy that has strong interdependencies with neighbouring areas including Surrey, Sussex and West Berkshire. The South Downs National Park area also extends across both Winchester and East Hampshire. This area represents a strongly interconnected economic area that was reflected as the Enterprise M3 LEP area (excluding Test Valley), recognising the significant and high potential economic growth corridors along the M3 (connecting Farnborough, Fleet, Basingstoke and Winchester) as well as the A3 and A31 corridors connecting East Hampshire to neighbouring areas which includes established regeneration partnership at Whitehill and Bordon. The area also includes an Enterprise Zone Partnerships in Basing View and Tech Forest working in partnership with Hampshire County Council and major employers.



Demographic Breakdown

There is a balanced demographic split across the Unitary with younger, commuting populations in Rushmoor and Basingstoke, and an older rural population in East Hampshire. A highly skilled area with over 183,000 working-age residents holding advanced qualifications (proxied by RQF Level 4+), above both the H&SA and England averages.

Whitehill and Bordon Regeneration

A green, healthy and connected town showcasing collaborative transformation

Following the British Army's withdrawal in 2015 after over a century in Whitehill and Bordon, a strategic regeneration programme was launched to transform the former garrison town. The vision included 3,350 new homes, 3,350 new jobs, a new town centre, secondary school, leisure centre, relief road, community facilities, and green infrastructure.

To mitigate the socio-economic impact of the British Army's departure, a long-term partnership was formed involving East Hampshire District Council, Hampshire County Council, MOD (DIO), the Local Enterprise Partnership, Whitehill Town Council, Homes England, and the Whitehill and Bordon Regeneration Company.

A strategic masterplan and strong governance structure enabled the successful case for investment, securing over £90m in external funding. Key outcomes include 1,241 homes delivered, 537 under construction, a new relief road, secondary school, leisure centre, innovation centre, and the town's green loop. Further development is underway, including a new food store.

Whitehill and Bordon's Tech Forest, alongside Basing View in Basingstoke, represents one of two key Hampshire locations within the EZ³ Enterprise Zone - each positioned to drive innovation, attract investment, and support high-growth sectors.



This regeneration scheme demonstrates the power of collaboration across four tiers of government. It shows how proactive planning and joint investment can deliver infrastructure ahead of housing. Under Local Government Reorganisation, this model could be streamlined, enhancing local accountability and simplifying engagement with Central Government.

The South-East Unitary | urban-coastal cluster with strong existing interdependencies between housing, economy and transport

The South-East Unitary brings together a tightly integrated urban-coastal geography, anchored by Portsmouth and extending through Gosport, Fareham, and Havant. This unitary area already functions as a connected economic zone, with shared infrastructure, commuting patterns, and service networks.

Its economy is powered by maritime industries, defence, and advanced manufacturing - sectors with deep roots and strong growth potential. The South-East is poised to accelerate regeneration and innovation along the coast. This is enhanced by its key role in the Solent Freeport through Portsmouth International Port and the Dunsbury Park tax site.

While land supply is constrained by flood zones and urban density, this challenge reinforces the need for a coordinated approach to development. Brownfield regeneration and strategic planning will be key to unlocking sustainable growth alongside the strategically important major development area of Welborne Garden Village which will unlock 6,000 new homes, 97,250m² of employment space and more than 5,700 new jobs.

Demographically, the area is diverse. From high-density urban centres to mixed suburban communities, it faces inherited challenges around deprivation and health but also holds the potential for inclusive renewal through targeted investment and economic opportunity.

This is a geography with momentum: compact, connected, and ready to lead the next phase of coastal transformation.



The South-East Unitary | urban-coastal cluster with strong existing interdependencies between housing, economy and transport

The South-East Unitary has a dense urban-coastal cluster in Portsmouth with strong existing interdependencies across the geography and an opportunity to drive growth via the maritime and coastal economies.



Land Use Breakdown

Land supply in the South-East is the most constrained of the proposed configurations. This is driven by flood zones, coastal areas and a constrained geography. There is limited greenfield land and as such, development will need to focus on brownfield regeneration.



Key Strategic Partnerships

There are highly effective passenger transport partnerships established between PCC, HCC and First Bus, which have successfully leveraged significant investment into the sub-region, including Zero Emission Bus Regional Area (ZEBRA) funding which has seen 62 new electric buses enter service across the region in March 2024. In addition, £56m has been secured in partnership between HCC, PCC and IoW alongside HBC, GBC and FBC to deliver improved infrastructure, including improvements to the A27, Gosport Bus Interchange and Havant centre cycling and walking routes.



Economy

Portsmouth's Primary Urban Area (PUA): Covers the whole of the unitary area and represents a continuous urban footprint. This leads to very strong internal labour market flows with much commuting occurring within the area.

Clear sector strengths: Marine and maritime activities, as well as advanced manufacturing, are concentrated across the area. Within advanced manufacturing, there are notable concentrations of aerospace, space, and defence industries across most local authorities - particularly in Portsmouth as well as the Freeport and Daedalus Enterprise Zone in Fareham and Gosport. There are also emerging concentrations of automotive, clean tech and clean energy industries in the area.

Demographic Breakdown

High density in Portsmouth and Gosport, and a mixed suburban profile in Havant and Fareham. It is important to note that the South-East Unitary will inherit challenges including areas of deprivation, lower employment rates and wider health challenges.

Unlocking Growth Through Major Infrastructure- M27 Junction 10

Strong local government with the capability and capacity to deliver major infrastructure



The new M27 Junction 10 in Fareham enables the full development of Welborne Garden Village, unlocking:

- 6,000 new homes
- Circa 5,700 new jobs
- New employment areas
- New community and healthcare facilities
- Four new schools

Hampshire County Council is the delivery body for this £100m project. Junction 10 showcases HCC's capability and capacity to influence strategic opportunities and deliver large scale, complex, multi-agency infrastructure projects to support and enable economic growth.

Junction 10 is being delivered concurrently with a £50m Botley Bypass project and other local capital schemes, alongside business-as-usual frontline highways and transport services.

LGR offers an opportunity to broaden and refocus significant in-house capacity and capability across the H&SA. It would also remove longstanding complexities from the current two-tier system, e.g. a unitary arrangement would enable closer working between the Highway Authority and Local Planning Authority. The preferred model of four unitary authorities retains the scale and capability of local government to support nationally important infrastructure schemes, whilst unlocking these opportunities.



These four UAs will be Simpler, Stronger, and Secure; the bedrock upon which growth can build and sustain

This is an opportunity to deliver improved, high quality and better integrated public services through a Simpler, Stronger and Secure model of public services across the H&SA. Doing so in the quickest and least risky way through our proposal provides the solid base that is needed to ground future strategic and transformational change. Examples of opportunities that will allow the Local Government system to become Simpler, Stronger, and Secure through 4UA are set out below:



Simpler

- **Make services easier to find and use** with a single tier of service delivery informed by evidence-based decisions
- **Use a standardised and unified community empowerment approach** to seeking feedback from residents, that ensures all voices are heard equally
- **Have fewer back-office systems and contracts**, covering more tasks
- **Reduce the number of different organisations that residents must speak to**
- **Have simpler policies and processes**, and consistent responsibilities for each council, so people know what to expect
- **Integrate full-service functions into one place** to remove duplication between tiers and give residents a clearer, simpler public service experience. This will also build resilience by giving councils clearer accountability

Stronger

- **Transformation of services** including, where appropriate, integration of services
- **Councillors working as convenors** of local communities to inform and shape decision-making
- **Have a workforce strategy**, including the roles and skills that are important for the future structure
- **Provide good training and support staff**, to develop stronger leadership
- **Implement shared service standards**, motivated by a shared vision of the future
- **Collaborate with other councils and place partners** to avoid duplicating tasks in delivering for our communities
- **Make good decisions**, informed by the views of local people and **share data more efficiently** to make smarter, faster, evidence-based decisions
- **Foster innovation and transformation** by enabling councils to redesign how services are delivered

Secure

- **Prioritise front line services** when planning staffing levels and leadership, ensuring they are safe and stable
- **Protect vulnerable residents** with joined up and targeted support
- **Invest in infrastructure that supports everyone**, to ensure it lasts well
- **Think about the priorities for Hampshire and the Solent Area as a whole**, when making investment decisions
- **Have shared processes when buying goods and services**, to secure better value and transparency in the use of public funds
- **Support new ways of delivering services**, such as using digital tools, shared local hubs, and joined-up teams to reach the people who need help the most

B

Catalysing Opportunity and Growth through
Devolution

Our Devolution ambition is to boost economic activity, reduce inequality, and deliver excellent services to residents

Our 4UA proposal offers the surest path to the area being able to achieve and deliver on the opportunities afforded by Devolution, driven by the quickest and smoothest transition enabling resource investment in delivering strategic authority priorities rather than unpicking complex structural changes.



Stronger resident voice and better outcomes

- **Stronger use of devolved powers** to target funding and tailor delivery to local need
- **A unified voice to Government**, improving negotiation power and alignment of priorities
- **Closer alignment with the Integrated Care Board (ICB)** to better integrate local government and health services, including opportunities to co-develop place-based delivery models that improve population health and reduce inequalities.

Targeted investments to support inclusive economic growth

- **Targeted investment capability**, with flexible use of funding to support deprived areas and strategic priorities
- **A co-ordinated approach to skill development across the H&SA aligned to local needs and priorities.** This includes a single Local Skills Implementation Plan, enabled by Adult Skills Funding being devolved to the Mayoral Combined Authority (MCA) with a central funding pot for programmes including Bootcamp and Careers Hub
- A high-growth, **innovation-led** regional economy with national and international reach
- **Improved access to good jobs, skills, education, digital connectivity and public transport** to reduce isolation and improve opportunity, especially in lower-income areas.

Strategically aligned partnerships

- **Strategic, cross-sector place planning**, by aligning housing and economic development with regional priorities to enable economic growth, meet demand, boost prosperity, and respond to core indicators such as jobs, infrastructure, and housing delivery
- **A ‘one public service’ approach**, aligning local authority, fire, police and MCA efforts to deliver shared outcomes with greater efficiency
- **Greater capacity and capability**, bringing the right leadership, resourcing and delivery structures to manage large-scale programmes and investment pipelines
- **Targeted investment capability**, with flexible use of funding to support deprived areas and strategic priorities.

The H&SA has the right ingredients for growth to help supercharge UK PLC's economic strategy and plan.

Together, the H&SA represents a population of two million residents, 90,000 businesses and £81bn in GDP. Defence, maritime, advanced manufacturing and space/aerospace are clusters of regional, national and international importance.

The H&SA is a true national and international economic powerhouse and a significant asset for the UK economy. There is a significant opportunity for continued economic growth, productivity and innovation - to lead the way in the UK's economic recovery over the coming years.

The H&SA's ambition is to take full advantage of the opportunities presented by Devolution to capitalise on the opportunities to improve key infrastructure, helping to attract and retain business investment and skills.

H&SA has strong foundations to continue growing as a national economic powerhouse

The H&SA is a good place to do business; with sectors of national importance located here, as well as being a very liveable place with strong connectivity to London, national infrastructure and the rest of the country. New UAs will have a key role to support the region's growth priorities as the responsible organisations to drive progress on critical ingredients for successful economic growth, as set out below. LGR means that local government will be able to discharge these responsibilities more effectively through streamlined governance, greater visibility across all strategic themes, and the right levers to directly control delivery.

However, areas such as Gosport, Isle of Wight, Havant and Andover face ongoing challenges around productivity, skills, and connectivity, reinforcing the case for targeted investment and levelling up. In addition, there are pockets of rural deprivation with challenges around connectivity, access to services, jobs and training.

Skills and education

The H&SA has a highly-educated workforce, with 45.9% of residents aged 16-65 holding RQF4+ qualifications in 2024. This makes the area attractive for sectors reliant on skilled labour and fosters innovation through strong educational foundations. Southampton University plays a pivotal role, supporting the wider H&SA by integrating with the private sector. This highlights the University's reach and its contributions beyond the Solent area, facilitated by the M3 corridor. However, qualification levels differ across districts, with some areas facing skills gaps that risk limiting access to higher-value employment.

Productivity

The H&SA demonstrates robust economic activity, generating £72.6bn in economic output (GVA) in 2023. Headline productivity is approximately 13% above the national average, while productivity per job stands at £70,600, reflecting presence of high productivity sectors and industries. The area's focus on research and development within key sectors underpins innovation and aligns with strategic objectives for sustained economic growth and rising productivity. However, labour productivity varies significantly across local authorities. Notably, Rushmoor ranks as the most productive local authority in the UK, with headline productivity more than 50% higher than in several neighbouring areas, including East Hampshire, Gosport, and the IoW.

Liveability

The H&SA's labour market is strong, with a 78.5% employment rate (2024) reflecting economic stability. Quality public services and high life expectancy underpin liveability. Education is a key strength, with 93% of schools rated good or better, above the national average of 91%. Median house prices in 2024 ranged from 245,000 (in Gosport) to 465,000 (in Winchester). Good connectivity to London, efficient rail links, and airport access add to the H&SA's appeal. Targeted approaches and investment would maximise development opportunities in towns and coastal communities in respect to connectivity, health, and deprivation.

Investment-readiness

The H&SA's sizeable economy highlights the area's scale and readiness for investment, offering a solid platform for large-scale ventures. With 90,000 businesses, the H&SA possesses a diverse business environment where small businesses as well as SMEs and global firms such as Lockheed Martin and Estée Lauder have made strategic decisions to locate and invest in the area, play a crucial role as key drivers of growth, enhancing local vitality. Efficient land supply management further supports development and expansion. Joint planning between UAs and the MCA will also be critical in delivering infrastructure at both local and strategic scale to support economic ambition.

The H&SA's economic ambition should be supported by future-focused unitary footprints - not constrained by historic geographies that no longer reflect current or future economic realities/ambitions.

Economic growth across the H&SA needs to be equitable and based on the strengths that currently exist across the area, as well as big ambitions for its future.

It is important to recognise that the H&SA has a polycentric economy, and its growth strategy therefore needs to be built on this spread of economic productivity.

To ignore this profile of activity does the area a disservice and potentially limits the ambition for what the H&SA could be in the future. Two thirds of the H&SA's £81bn economic output comes from outside of Southampton, Portsmouth, Basingstoke, and Winchester^[1].

The H&SA needs to capitalise on the diversity and spread of its polycentric economy.

This economic ambition needs to grow from the H&SA's strong, polycentric economy

The H&SA economy is strong beyond the traditionally perceived centres of Portsmouth, Southampton, Winchester and Basingstoke.

Towns including Farnborough, Newport, Chandler's Ford and Aldershot have all seen significantly higher growth in GVA in the past two decades compared with Portsmouth, Winchester and Basingstoke. This complements growth in the traditionally recognised urban centres, reinforcing the need for an integrated regional growth strategy. At an even more local level districts including Basingstoke and Deane have seen higher growth outside of their urban-centre than within.

Strong productivity in the H&SA has been driven by towns including Farnborough, Fleet and Aldershot, which rank significantly above the national average. The larger cities and towns have typically lagged behind, experiencing relatively modest growth in productivity between 2010 and 2019. Both rural and urban areas bring distinct economic strengths, the future model for growth depends on ensuring these areas work together to unlock sustainable and inclusive development across the H&SA. ^[2]

Whilst the number of high-growth businesses in the H&SA is in line with the national average, the highest share of these businesses in the H&SA are based outside the cities and are in the rural areas of East Hampshire, Test Valley and the New Forest. High growth businesses typically drive innovation, and the adoption of technology across an area. This is further evidence for how the polycentric nature of the economy will be vital to drive sustained growth across the H&SA. These areas have previously been supported by district councils in fostering innovation and business growth, and combining this local insight with new unitary functions could help accelerate outcomes and delivery. ^[3]

86% of the H&SA's residents live and work in the H&SA Functional Economic Area, underlining that growth in one area will benefit the area as a whole.

In the vast majority of local authorities in the H&SA (12 out of 15) two of the top three areas commuted to are also within the H&SA. Rates of commuting between the cities and towns do not also flow in the way they would be traditionally assumed. For example, the rate of individuals commuting from Winchester to Southampton is lower than the reverse rate.

The rates of out-commuting from Southampton to Eastleigh, the New Forest, Test Valley and Fareham have all significantly increased over the past two decades with the corresponding commuting in rate decreasing.^[4]

There is strong evidence that the economic pull of the H&SA therefore exists beyond the traditionally thought of centres underlining the polycentric nature of the economy in terms of productivity, growth investment and employment opportunities.

Sources: [1] ONS Data, [2] ONS Data, [3] ONS Business, Demography UK [4] Census 2011

Devolution supports more direct decision-making; and simplicity and clarity on how priorities will be delivered and by whom.

Our proposal offers the strongest opportunity to deliver this by creating the most stable and sustainable Local Government system.

Executed well, Devolution presents a significant opportunity for the H&SA to supercharge economic growth, infrastructure and investment.

A single tier of local government across four unitary authorities will provide better value for the public pound, simplicity and consistency in delivery, and will be at the right scale to manage operationally and financially.

LGR will reduce the number of Members on the Combined Authority board as a result of removing the two-tier system, helping to provide clearer lines of accountability and increasingly decisive, streamlined decision making. This is more effective in a 4UA model than in a 5UA model where additional voices could limit decisiveness.

Strong unitaries are the lynchpin of successful Devolution, growth, and public sector transformation

Strengthening economic strategy and vision through to execution

Devolution will enable local authorities to make important decisions closer to where residents live and work, meaning powers and flexibilities moving away from Westminster to local places. Devolution and LGR will represent a significant step change in the H&SA's relationship with Central Government and contribution to UK PLC:

- For national benefit, as the H&SA cements itself as a powerhouse of growth and being the southeast engine of economic growth.
- For the benefit of the H&SA's residents and catalysing a virtuous cycle of growth, opportunities, skills, and the contribution that makes in return to UK PLC.

The future Mayor and the MCA will set the H&SA-wide economic vision and strategy for the H&SA - connecting the H&SA's constituent places together, with a single voice, into central Government. It will allow the H&SA to come together to become more than the sum of its parts.

To do this, the new unitary authorities need to quickly be operational, financially and operationally stable, and performing at a high standard to then be able to deliver on Mayoral priorities.

Responsibilities for delivering the strategic MCA plan will remain with local authorities. Unitaries will retain critical functions and responsibilities needed to deliver on this economic ambition, including statutory planning and regeneration decisions, transport, and other key areas of place-shaping strategy and delivery.

A simpler local government landscape allows for clearer opportunities for collaboration. **But only if the right model is implemented. Only if the needs of critical partners are listened to. Only if our proposal is implemented.**



We'll only be able to unlock the H&SA's full potential with a four unitary model

Four unitary authorities under a Mayoral Combined Authority is the only model capable of delivering the H&SA's full ambition.

Our proposal provides the balance of scale, simplicity and accountability to drive inclusive growth across the area.

It will continue to position and further solidify the H&SA as a national powerhouse of economic growth directly aligning with the ambitions of Central Government.

Growth will be inclusive with rural, urban and coastal communities benefiting from the system-wide transformation that the proposed model supports.

These ambitions will only be fully realised by a four unitary model.

Our proposal is the only option that securely delivers the H&SA's Devolution ambitions, drives inclusive growth across geographies and demographics, and maximises efficiency at a system and organisational level.

It offers the smoothest and fastest route to transitioned, stable, and viable unitary authorities – each of which is increasingly sustainable and financially resilient in its own right, to then have the headroom to focus on delivering regional strategic priorities.

Delivers benefits for local communities

- Enables long-term and sustained investment in the empowerment and wellbeing of communities and neighbourhoods throughout the H&SA.
- Ensures every community, be it urban, rural or coastal, shares in the benefits of Devolution and area-wide growth.

Maximises efficiency and value

- Replaces duplicated structures across the system with clear leadership, one voice to Government, and streamlined delivery structures.
- Fewer contact points for partners to access services facilitating easier integration, fewer touchpoints and streamlined access and decision making for residents.

Delivers national impact

- Solidifies the H&SA as a powerhouse for UK PLC, driving innovation, productivity, and levelling up across a polycentric economy.
- Coordinated planning across housing, development and transport will accelerate growth across the region supporting industries of national importance.

Unlocks the H&SA's Devolution ambition

- Provides the scale, simplicity, and accountability of organisations and governance models to deliver sustainable growth, reduce inequalities, and deliver sustainable net zero transformation across the area.

Considerations about the H&SA Combined County Authority

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.

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 UAs will become the constituent authorities of the H&SCCA. As the new UAs will largely be built on the previous UTLAs, they will substantially align with the previous H&SCCA constituent authorities, albeit they will represent a more equal division across the H&SA. Therefore, through our LGR proposal, disruption and change will be minimised and enable the H&SCCA to continue to function effectively.

Hampshire and the Solent Super Cluster

A blueprint for integrated economic leadership in a post-LGR landscape



The Hampshire and Solent Super Cluster, launched in July 2025, is a business-led initiative designed to strengthen the area's innovation ecosystem and boost its national and international profile. It unites key industry clusters, including Space South Central, Maritime Solent, and the Farnborough Aerospace Consortium, to address fragmented engagement and improve visibility, business support, and investment attraction.

Driven by strong business engagement and strategic coordination by Hampshire County Council, the Super Cluster is already supporting collaborative initiatives like the Local Innovation Partnership Fund. It is delivering tangible benefits, including enhanced cross-sector collaboration, greater recognition of regional strengths, and a growing pipeline of innovation-led opportunities.

This example demonstrates the power of working together across sectors and geographies.

Whilst some of the upper tier authority economic development functions will transfer to the new strategic authority, economic development remains a unitary responsibility, especially in terms of liaising with employers, fostering local partnerships and local economic led regeneration.

The cross-area approach, working beyond separate local authority boundaries has strengthened sector relationships with local government as well as built a strong understanding of how to build on current economic success.

Under LGR, there is a significant opportunity to upscale this success. A more integrated governance model - with a strategic authority supported by four stable and strong unitary authorities will enhance coordination across councils and economic partners, streamline support for innovation and investment, and reduce duplication and increase efficiency.

Section three

Case for Change

Simpler. Stronger. Secure.

To unlock our potential, innovation, and growth

Brighton Hill Roundabout, Basingstoke



LGR in the H&SA offers a transformational moment to develop a system of local government and service delivery that is efficient, rooted in localism and future-proofed.

This national policy shift aims to simplify governance, strengthen local leadership, and enhance the efficiency and impact of public services.

The case for change outlines how the H&SA is building on the strengths of high-performing local organisations. The H&SA benefits from strong leadership, effective collaboration between councils, a track record of innovation, and good practice on community engagement and empowerment. These strengths make it well equipped to attract the talent needed to drive transformation, including skilled officers and forward-thinking political leadership. This will ultimately prepare the H&SA to leverage the opportunities that the White Paper presents.

National context

Local Government Reorganisation overview

LGR offers a transformational opportunity to tackle fragmented governance and deliver more efficient public services with communities, aided by the new councils enabling genuine neighbourhood empowerment and adopting a culture of asset-based community development.

Aligned with the 2024 Devolution White Paper's drive to simplify structures, strengthen leadership, and devolve powers, the H&SA is well placed to deliver change. Strong leadership, collaboration, and innovation across the area provide the foundation to deliver streamlined services, strengthen resilience, and secure greater local control, improving outcomes for residents while positioning the H&SA as a leader in growth, care integration, transport, and sustainability.

How will our proposal maximise LGR the benefits of LGR in the H&SA?

The H&SA has a strong track record of delivery at all tiers of local government, with upper-tier services that act as the building blocks for the new unitary authorities. However, the region is not immune to the challenges that local government is facing nationally. This includes ongoing fiscal challenges, rising demand and a need to transform and modernise services at pace. Whilst LGR will not solve every challenge that the H&SA faces, our proposal offers the strongest foundation for maximising transformation opportunities and achieving long-term success. Getting LGR right therefore matters.

The case for change will set out the context of the wider landscape that local government operates in across the H&SA including the unique challenges and opportunities ranging from geography to economic strengths and demonstrating how our proposal meets the Government's tests for sustainable, right-sized, high-quality local government which enables residents to get the best outcomes in a faster, more cost-effective way.

Our Local Context | What is Hampshire & the Solent Area known for?



The H&SA is a nationally significant area, known for its natural beauty, diverse communities, and vibrant economy.

The H&SA is home to a diverse mix of urban, rural and coastal communities, supported by four universities (Southampton, Portsmouth, Winchester, and Solent) and a highly skilled workforce including 53,000 in tech and digital sectors. It includes nationally important assets such as the ports of Southampton and Portsmouth, Farnborough and Southampton Airports and the New Forest and South Downs National Parks.

The H&SA boasts a dynamic and resilient economy worth £81bn, supported by over 90,000 businesses and thriving sectors such as marine and maritime, aerospace and defence, professional and business services, creative and digital and tourism. The IoW, while geographically distinct, plays a vital role in the area's economy and identity, offering nationally recognised tourism and maritime services. World-class infrastructure and 98% superfast broadband coverage form the backbone of economic success and daily life. In the north of the county, Farnborough hosts a world-renowned international airshow, which is a major global aerospace and defence event held every two years, attracting leading companies and experts from across the industry. Alongside thriving international events like Cowes Week, the Southampton International Boat Show and attractions such as Portsmouth's Historic Dockyard, the area balances heritage with innovation, making it a strategically important, vibrant, and forward-looking place to live, work, and invest.

Hampshire & the Solent Area is dedicated to fostering growth, innovation and inclusivity

The H&SA plays a **crucial role in the UK's economy**, contributing **£81bn to UK GDP** across **diverse sectors**. Serving as an **economic gateway** with **strategic links to Heathrow and ports** handling over **20% of South-East England's exports**. **Initiatives are being implemented** to address the **urban-rural divide** and **promote equitable growth** and **resilience across rural areas**. Despite this **economic strength**, the H&SA faces challenges such as **pockets of deprivation** and **unemployment**, which **heighten the demand for public services**.

Sources: [1] [Solent 2050 Strategy](#), [2] [Hampshire County Council](#), [3] [Southampton City Council](#)

Major economic sectors:



Marine and Maritime



Aerospace and Defence



Creative and Digital



Professional and Business Services



Tourism

Our Local Context | Economy, geography, and culture

The H&SA's identity is shaped by a powerful blend of economic strength, natural beauty, and rich cultural heritage. This overview highlights the area's unique assets, from a thriving economy and world-class infrastructure, to its diverse landscapes and celebrated cultural scene, that together make the H&SA an exceptional place to live, work, visit, and invest.

Economy and Industry

The H&SA has one of the most dynamic and resilient economies in the UK, contributing around £80bn in GDP and supporting over 90,000 businesses. It is a major gateway for global trade, with the ports of Southampton and Portsmouth handling more than £78bn in goods annually. The H&SA's strategic coastal location, coupled with its robust infrastructure, supports a diverse range of industries, including marine and maritime, aerospace and defence, professional and business services, creative and digital, and tourism.

The H&SA is also well connected through two international airports (Southampton and Farnborough), providing global connectivity and enhancing the area's offer for business and trade. With strong research and innovation credentials, including four universities and significant R&D investment, the H&SA is not only driving regional prosperity but also playing a vital role in the UK's future economic growth. The strong economy is being complemented by ongoing major housing developments in Andover, Basingstoke, Bordon, Whiteley and Welborne. Initiatives are also being implemented to address the urban-rural divide and promote equitable growth and resilience across rural areas.

Geography and Landscape

Nestled in the south of England, the H&SA boasts a rich tapestry of landscapes and coastline. The area is home to two National Parks, the New Forest and the South Downs, and over 376,000 hectares of countryside, making it one of the most naturally rich areas in England. These protected areas offer residents and visitors alike a chance to connect with nature. The H&SA's strategic position - with excellent road, rail, sea and air connectivity - also provides strong links to London and other major cities, enhancing its appeal as a place to live, work and invest in. It also benefits from its proximity to the Solent, which supports two of the UK's most important ports at Southampton and Portsmouth.

This geographical strength enables the H&SA to deliver services and opportunities that are place-sensitive, equitable, and future-ready. However, this level of connectivity does not extend equally across the area. The IoW, while offering its own distinctive geography and environmental richness, faces additional barriers due to its separation from the mainland. Reliance on ferry links and limited shared infrastructure restricts mobility and access to services, highlighting the need for bespoke geographic and transport solutions that reflect the island's unique needs alongside those of the wider area.

Culture and Heritage

The H&SA boasts a rich and diverse cultural landscape shaped by deep historical roots and vibrant contemporary creativity. From the world-renowned Cowes Week and Southampton International Boat Show to the nationally significant public art collections and Jane Austen's legacy in Winchester, East Hampshire and Basingstoke, the area offers a unique mix of heritage and innovation.

The H&SA's military and maritime heritage - anchored in Aldershot, Southampton, Portsmouth, and Farnborough has shaped its identity as a gateway to the world. Cultural assets such as the Titanic Museum, the Mary Rose Museum and Farnborough's aviation legacy further enrich the offer.

Victorious and The Isle of Wight Festival together with Boomtown, Hat Fair and The New Forest Show, reflect the area's diverse events scene, while creative industries including Rushmoor's gaming and tech sector demonstrate its economic and artistic vitality. Museums, nationally accredited galleries, and theatres add to the cultural offer.

This distinctive cultural identity fosters strong local pride, drives tourism, and underpins growth. Over 150,000 work in the sector in the H&SA, contributing over £5.25bn every year of real value to the area's economy.

Sources: [1] [Solent 2050 Strategy](#), [2] [Hampshire County Council](#), [3] [Southampton City Council](#)

Our Local Context | The H&SA's strengths

LGR will not only address unique local challenges, but through emphasising the local strengths it will seek to maximise the opportunity for the area, so the H&SA can reach its full potential for sustainable growth and collaboration.

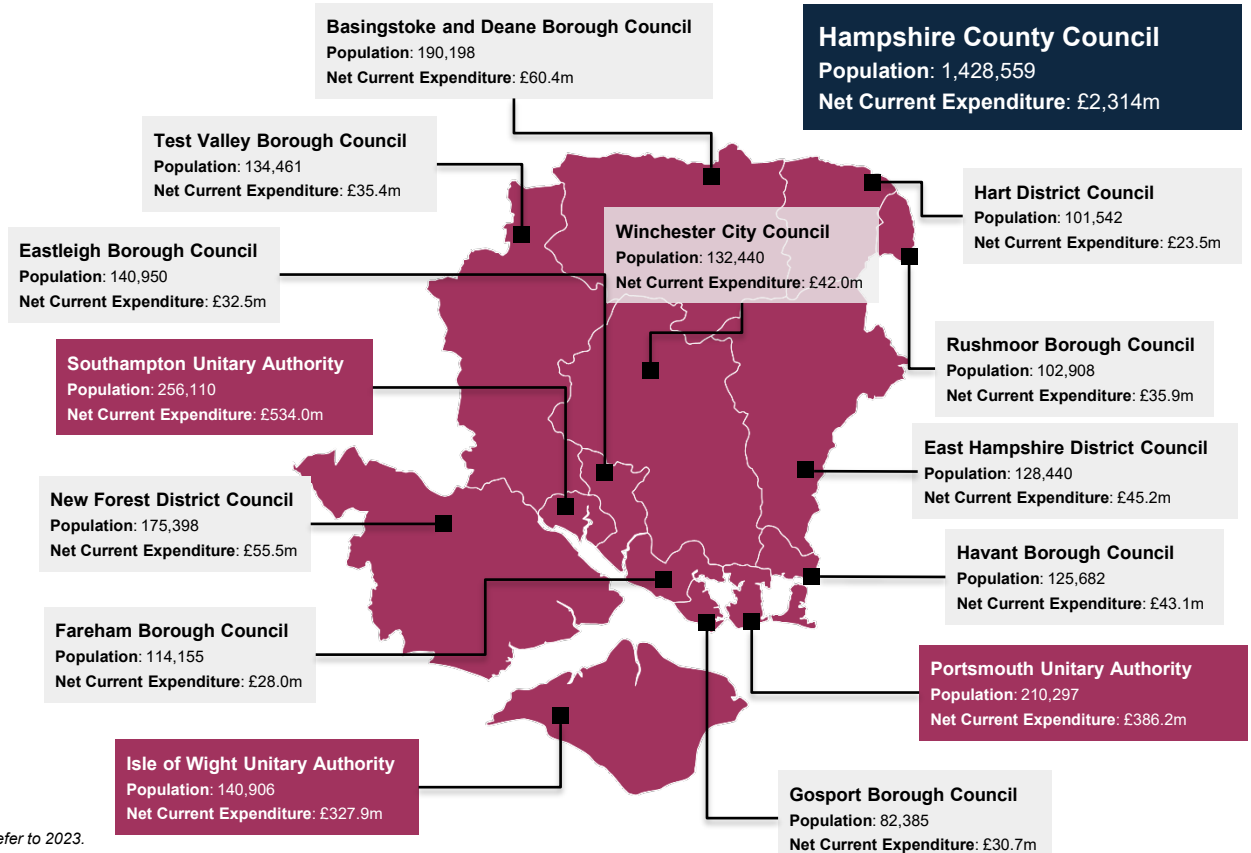
	Connectivity with place	Collective place-based identity with strong local connections to individual cities, towns and sub-regions	Rich with cultural assets including Portsmouth's Historic Dockyard, Southampton City Art Gallery, Osborne House and Winchester Cathedral.	Hosts major events such as Southampton International Boat Show, Cowes Week, Farnborough Airshow and the IoW Festival	Strong voluntary and community sector and town and parish councils are already the backbone of vibrant neighbourhoods	
	Strong economy	£81bn GDP economy in the H&SA	90,000 businesses across the H&SA	~£39.8k GDP per head across the H&SA	£78bn worth of goods passing through the ports	Key sectors: Marine and maritime, aerospace and defence, advanced manufacturing, professional services and digital
	Highly skilled workforce	4 universities and 14 further education colleges	545,000 residents with advanced skills	£978m R&D investment (2017 in the H&SA)	£4.2bn per year GVA generated for the UK economy from the four universities	82,000 People employed in IS-8 digital and technologies
	World class environment	370,00 hectares of countryside across the H&SA	2 National Parks 4 AoNBs (national landscapes) 1 UNESCO Biosphere Reserve		39% reduction in greenhouse gas missions over last ten years (the H&SA)	The IoW produces surplus electricity from solar during the summer
	Excellent infrastructure	2 major commercial ports Southampton and Portsmouth	Portsmouth International Port has the greatest number of routes to Europe	The Port of Southampton is the busiest cruise terminal in the UK	2 international airports Southampton and Farnborough	Home to a number of major science and technology parks including Southampton Science Park , Farnborough , Solent and Lakeside North Harbour

Sources: [1] Solent 2050 Strategy, [2] Hampshire County Council, [3] Southampton City Council, [4] Hampshire County Council Decision report

Current local government in Hampshire and the Solent Area

The H&SA is home to over two million residents across its 15 councils, which include the three unitary authorities of the Isle of Wight (IoW), Southampton and Portsmouth. The H&SA is comprised of 11 district and borough councils alongside a county council - operating a two-tier system. Hampshire County Council handles services such as social care, highways, and education, while the district and borough councils manage planning, housing, leisure, refuse, homelessness, adaptations, and regulatory services including licensing, food safety, building control, and burial services. They also administer council tax collection and elections. Portsmouth, Southampton, and the IoW Councils provide a combination of these services tailored to their areas. Together, these 15 councils have worked effectively in partnership over many decades to support the diverse needs of their communities.

LGR offers a once-in-a-generation opportunity to integrate services and deliver simpler, more streamlined, consistent, and sustainable local government and services of the future to Hampshire's residents.



Source: MHCLG Revenue Outturn Summary 23/24. Population estimates refer to 2023.

LGR will support the H&SA's local and regional challenges (1/2)

LGR presents an opportunity to address H&SA's structural challenges by simplifying governance, unlocking efficiencies, and enabling more strategic planning. Our proposal provides the strongest foundation for tackling these challenges.

Theme	Current H&SA challenges	Future opportunities
Environment	<p>The H&SA faces mounting pressures on its natural assets from housing development, infrastructure growth, and intensive land use. These trends are contributing to habitat loss, biodiversity decline, and degradation of iconic landscapes such as chalk streams and ancient woodlands. Whilst pockets of good practice exist, local authorities operate across a fragmented environmental governance system, limiting joined-up action on nature recovery and sustainable land use. Communities are increasingly disconnected from green spaces, undermining wellbeing and local stewardship.</p>	<p>LGR offers the chance to improve environmental protection and land stewardship across the area. Unitary authorities could deliver joined-up planning and investment in nature recovery, green space access, and biodiversity. This includes protecting vital ecosystems like saltmarshes and chalk streams. By coordinating housing, transport, and health strategies, a unified approach would better integrate environmental priorities. Moreover, the creation of a specialist team of experts working across the area can build capacity and resilience to lead H&SA's environmental transition.</p>
Climate	<p>The H&SA's response to climate change is hampered by fragmented governance and inconsistent environmental strategies across councils. The H&SA faces significant variation in local climate strategies, with different councils progressing at different paces toward net zero. Limited coordination restricts the ability to address large scale issues such as carbon reduction, biodiversity loss, and flood risk management. Smaller authorities also lack the resources and capacity to invest in green infrastructure.</p>	<p>LGR offers a unique opportunity to align climate goals and integrate climate action across the entire area. Unitary authorities can develop a single, cohesive climate strategy that supports investment in renewable energy, sustainable transport and green space enhancement. The scale of the unitary authorities would unlock investment in large-scale green energy, active travel, and low-emission infrastructure.</p>
Economy	<p>The H&SA's economic landscape is marked by uneven development, with rural and coastal areas often facing resource limitations, skills gaps, and poor connectivity. The scale and varied nature of the H&SA geography increases the challenge of maintaining and regenerating public assets such as roads, public transport, and community facilities. Fragmentation also leads to duplicated economic functions and inconsistent business support services. There are also persistent productivity differentials across the area, with some localities underperforming relative to national averages due to infrastructure, skills, and access constraints. This limits the area's overall competitiveness and ability to attract investment. At the district level, constrained capacity to coordinate local plan-making, waste strategy, and regulatory services such as environmental health and planning enforcement further compounds economic inefficiency and delays delivery of growth priorities.</p>	<p>Through LGR, councils can form a stronger economic voice capable of leading regional development and engaging productively with a new Mayoral Combined Authority. LGR can also pool resources across a larger area, boosting impactful infrastructure and economic development. A unitary authority also has greater capacity to coordinate local economic strategies with spatial planning, waste management, and regulatory services such as environmental health, licensing, and local plan enforcement, functions often constrained by district capacity. LGR also creates an opportunity to address productivity differentials across the area, helping to level up areas currently held back by underinvestment, poor connectivity, or workforce gaps. There is also the opportunity for strategic, integrated planning across housing, health and education to deliver better outcomes for residents, increased productivity, reduce workforce challenges to drive economic growth across the area.</p>

Grow Up!

Connecting People, Place & Skills in Rural East Hampshire



East Hampshire District Council delivered the Grow Up! programme using £1m UKSPF and £490k REPF funding. This six-strand initiative tackles rural challenges through skills development, business support (a new Rural Business Network to address rural business needs), community capacity, and environmental investment. At its heart is the new Rural Grow Up Hub at Butser Ancient Farm (a new space for volunteering, workshops, and training) supported by outreach, grants, and business networks.

Rural communities face unique issues: worklessness (especially over-45s), limited access to training, recruitment challenges, and social isolation. The programme responded with flexible, joined-up funding and cross-sector collaboration.

The initiative has delivered new infrastructure, improved skills and employment outcomes, stronger business networks, and enhanced wellbeing through inclusive, community-led initiatives.

The Grow Up! programme is a compelling example of how targeted, multi-strand initiatives can effectively address the complex challenges faced by rural communities. By combining infrastructure investment, tailored skills development, and inclusive community engagement, it fosters resilience and economic opportunity in areas often overlooked by mainstream growth strategies.

Its place-based approach, underpinned by strong cross-sector collaboration, demonstrates a scalable model for equitable development that empowers rural populations, strengthens local identity, and helps close the urban-rural divide in a sustainable and locally meaningful way.



Funded by
UK Government



Bird Aware Solent

Embedding nature recovery into wider regeneration and development strategies

Bird Aware Solent was established to address the growing threat of recreational disturbance to the Solent's internationally important migratory bird populations, driven by increasing development pressures. It operates as the public-facing brand of the Solent Recreation Mitigation Partnership - a multi-agency collaboration involving 19 organisations, including local authorities and conservation bodies. The partnership is overseen by the Partnership for South Hampshire (PFSH) and hosted by Hampshire County Council.

New residential developments within 5.6km of designated Special Protection Areas (SPAs) contribute financially to mitigation measures. These include a team of dedicated rangers, public awareness campaigns and the creation of Suitable Alternative Natural Greenspaces (SANGs).

Primarily funded through developer contributions, the programme has a budget of £3.7m for 2024/25 and has received national recognition through multiple awards. Bird Aware Solent exemplifies the ability of councils across Hampshire and the Solent Area to work collaboratively across boundaries to deliver effective, nature-positive solutions that also unlock housing development. It demonstrates the power of coordinated governance in meeting environmental obligations.

Bird Aware represents a scalable model that could support delivery of the Local Nature Recovery Strategy. Through strategic leadership and pooled resources, high-impact, area-wide outcomes can be delivered. Under LGR, there is a significant opportunity to build on this success. A more integrated governance structure could enhance coordination, streamline environmental planning, and embed nature recovery into wider regeneration and development strategies.



LGR will support the H&SA's local and regional challenges (2/2)

Theme	Current H&SA Challenges	Future Opportunities
Financial	<p>The H&SA's local government faces financial pressures from rising demand (particularly in social care, special educational needs and disabilities, and housing) and limited funding. Fragmented structures lead to duplicated costs, difficulty leveraging economies of scale and a lack of join up between services.</p>	<p>LGR presents an opportunity for councils to improve financial resilience by reducing duplication and transforming services. Improved economies of scale have the potential to reduce costs. Better join up between services would improve efficiency and allow better outcomes to be delivered without increasing costs.</p>
Population	<p>The H&SA is facing sustained population growth alongside a significant ageing trend. This evolving population profile places pressure on housing, education, health, and care services, with demand frequently outpacing supply. Service provision varies between districts, creating inconsistencies in access, outcomes, and long-term planning. There are also increasing pressures on Special Educational Needs and Disabilities (SEND) services and both adult and children's social care, which require specialist provision, strong leadership, and system resilience to meet growing complexity and demand. The H&SA faces rising childhood obesity, increasing mental health need, and significant health inequalities, particularly in deprived areas, impacting healthy life expectancy and public service demand.</p>	<p>LGR allows for integrated planning across housing, health, and education systems to respond more effectively to demographic trends and inequalities. By adopting a place-based approach, a single authority can design services that reflect population needs and effectively support the most deprived areas through tailored local plans. The scale of a unified authority also supports better forecasting, investment, and service innovation tailored to all life stages. A single model supports greater consistency in social care, SEND provision, mental health and public health planning, and enables strategic pooling of resources to improve outcomes and reduce pressure on services. Improved local representation will empower communities with stronger community engagement to shape services. Enhanced community participation in local decision-making and services will be part of a more responsive culture and operating model of public service that does 'with' rather than 'to' local communities and partners.</p>
Infrastructure	<p>Aging infrastructure and growing housing demand require significant investment, but fragmented governance complicates coordination and long-term planning. The H&SA faces uneven housing supply due to inconsistent policies and council resistance, leading to growth imbalances and unmet housing needs. This also impacts access to affordable housing and exacerbates levels of homelessness in parts of the area. Limited digital and transport connectivity in rural and island communities further complicates service delivery. In addition, fragmented structures can limit the ability to work effectively with wider public services such as health, care, and emergency services, leading to duplication, misaligned priorities, and missed opportunities for joined-up delivery.</p>	<p>LGR facilitates a joined-up approach to infrastructure development, enabling cross-boundary planning for waste services, transport, digital connectivity, and utilities. A unitary authority can develop integrated infrastructure plans that reflect future growth needs, tackle regional imbalances in housing supply and reduce congestion. Larger authorities – as per 4UA rather than 5UA - provide greater space for housing development where there is demand whilst protecting and respecting national park development considerations. It can also improve strategic responses to housing-related vulnerabilities, such as homelessness by enabling consistent support services across the H&SA. For the IoW, this creates an opportunity to develop tailored infrastructure solutions that reflect the island's specific challenges around connectivity and service resilience. It also improves collaboration with wider public services such as health, care, and emergency services by aligning priorities and simplifying governance. LGR also provides a stronger platform for transformation as authorities can share best practice, scale innovation, and redesign services using automation and AI to drive performance.</p>

Future proofed - Technology Enabled Care (TEC)

Digital transformation to maximise independence and improve outcomes

Hampshire's partnership with Argenti has uncovered new opportunities to use TEC to improve care outcomes and efficiency. Individuals' care needs can be met with TEC alone, or as part of a package of care to support overall independence and wellbeing.

Key successes:

- Provided innovative care technology to over 45,000 people over 12 years, with 15,000 people currently supported with care technology
- Delivered more than £28m net financial benefits
- Service users consistently tell us the new technology has increased their feelings of independence, safety and security.
- 96% of service users would recommend Argenti telecare to others; 91% say their care technology has increased their feelings of safety and security; and more than nine in ten social workers report that the Argenti solutions are "good" or "very good" at achieving care outcomes.

Combining housing and social care services could provide the opportunity for increased early intervention, allowing more people to access TEC solutions sooner.

Hampshire and the Solent can continue to collaborate to implement flexible and scalable solutions that meet the evolving needs of its population with greater opportunity for investment and innovation.

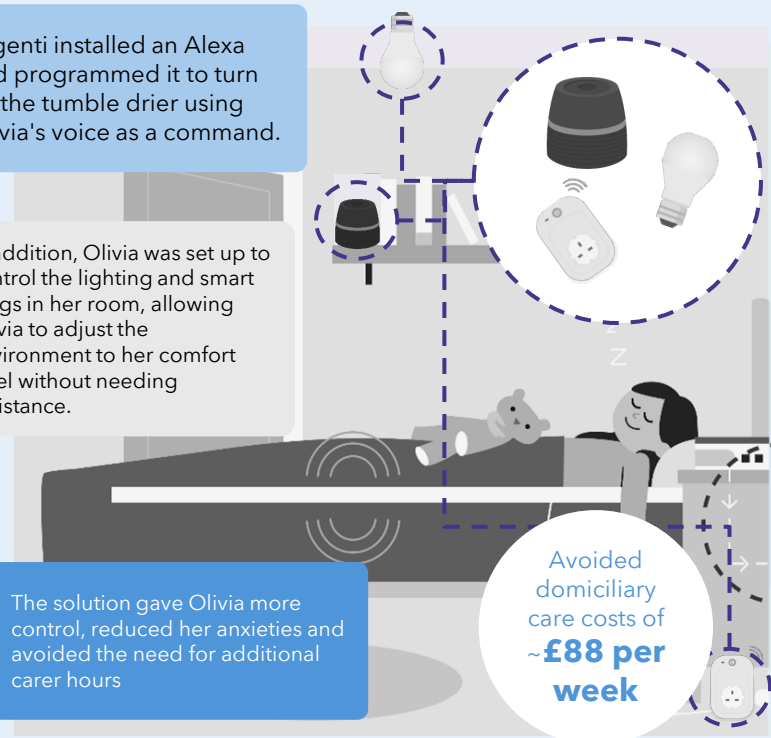
Olivia was bed bound and needed regular carers to support her with personal care. While the carers put her washing on, Olivia found the noise anxiety-inducing. They were considering the need to increase carer visits to turn off the washing machine.

Argenti installed an Alexa and programmed it to turn off the tumble drier using Olivia's voice as a command.

In addition, Olivia was set up to control the lighting and smart plugs in her room, allowing Olivia to adjust the environment to her comfort level without needing assistance.

The solution gave Olivia more control, reduced her anxieties and avoided the need for additional carer hours

Avoided domiciliary care costs of
~£88 per week



Delivering safety, support and community through Extra Care Housing

Hampshire's collaborative approach to meeting future care needs

There are 21 Extra Care housing schemes across Hampshire, supporting over 1,000 residents with 24/7 commissioned care. Extra Care enables residents to stay independent for longer, reducing demand for more specialist and costly services. These schemes are delivered through strong partnerships with district and borough councils, care providers, and registered providers.

Local Government Reorganisation presents an opportunity to scale this success further. A unified approach could streamline commissioning, accelerate delivery of new schemes, and embed innovative practices like demand modelling across a wider geography.

By using a data-driven, forward-looking approach there is an opportunity to take an even more progressive approach to meeting both the housing and health needs of our ageing population by providing early specialist support for people living with dementia to reduce the need for individuals to relocate to dementia nursing homes. The County Council, together with partners, is developing a new dementia strategy in which all aspects of local support will be considered.

This case study highlights the value of integrated planning and shared ambition in delivering high-impact services. Hampshire's experience shows that with the right partnerships we can transform care delivery and meet future challenges head-on.



Key Achievements:

- **99% occupancy** sustained over 12 months.
- **£880,000+ savings** from three new schemes within six months.
- **£288,000 saved in 5 years** through short-stay alternatives to residential care.
- **96% of residents** reported improved quality of life in 2024 survey.
- National recognition for **innovative demand modelling** and strategic planning.



The H&SA's strategic intent is rooted in its ambition to build a thriving, resilient, and inclusive area that can successfully meet both current and future challenges. Our proposal offers the strongest configuration to deliver on local priorities – as set out in the Options Appraisal (Section Four).

Our local priorities focus on creating a place where economic opportunity, care for the environment, and community wellbeing go hand-in-hand, ensuring long-term prosperity and a high quality of life for everyone who lives and works in the H&SA. At the heart of this intent is a commitment to place-based leadership, which entails understanding and responding to the unique needs of the H&SA's diverse communities. It recognises that effective local governance must be rooted in strong local identity and driven by the voices of residents. It is therefore focused on designing services that are agile, data-informed, and responsive to local context in priority areas.

The H&SA seeks to strengthen its role as a strong regional leader, advocating for greater Devolution, simpler structures, and more accountable local government. Getting LGR right matters, it offers the opportunity to drive delivery of these priorities and deliver the best outcomes for residents now and in the future.

Our proposal helps progress local priorities



Sustainable growth

The H&SA is committed to managing population growth and economic development in a way that respects the natural environment, strengthens communities, and maintains the area's distinctive rural and urban character. Strategic planning will ensure housing, infrastructure, and employment evolve in a balanced, sustainable way.



People and community wellbeing

A key priority is to improve the health, education, and overall, wellbeing of residents, with a focus on prevention, early intervention, through independence and community-led action. The H&SA aims to be a place where all individuals across all ages and backgrounds can live fulfilling lives in safe, inclusive communities.



Infrastructure and connectivity

Investment in transport, digital infrastructure, and low-carbon energy systems is central to enabling growth, improving access to services, and ensuring the H&SA's residents and businesses are well connected locally, regionally, and globally.



Environmental protection

The H&SA is committed to safeguarding rich natural assets, including its national parks, coastline, and biodiversity. Environmental resilience and climate adaptation will be embedded in all planning and investment decisions to protect future generations.



Inclusive governance

Future success depends on collaboration across sectors and geographies. The vision calls for streamlined, transparent, and responsive local leadership that empowers communities and ensures public services are accountable and fit for the future.



Diversity

The H&SA's future must be shaped by the voices and needs of all communities - rural and urban, young and old, from all backgrounds - ensuring equity, opportunity, and representation for everyone.



Identity

At the heart of the vision is a celebration of what makes the H&SA unique: a place of natural beauty, heritage, innovation, and opportunity. Preserving and actively supporting the H&SA's thriving identities, while embracing change and innovation, is key to keeping it a great place to live, work, invest in, and visit.

Sources: [1] [Hampshire 2050 Strategy](#), [2] [Servinq Hampshire Strategic Plan 2021-2025](#), [3] [LGR Identity and Empowerment Interim Report](#), [4] [Stakeholder Interviews with HCC, Districts and Partners](#) [5] [Solent 2050 Strategy](#) [6] [Portsmouth Corporate Plan](#) [7] [Southampton City Strategy](#)

And is the strongest proposal to support national priorities too

The H&SA's strategic intent aligns strongly with national priorities, and when combined with effective delivery will drive improved outcomes for residents across the area.

Strategic plans, from across the H&SA, emphasise six interlinked priorities: climate, environment, economy, population and society, technology, and housing and place.

These priorities reflect the H&SA's ambition to lead in clean innovation, digital infrastructure, and wellbeing, while aligning closely with national policy agendas around net zero, improvement, and economic productivity. These priorities directly shape outcomes for residents such as improving jobs, connectivity, and quality of life, and strongly align with emerging national policy goals to kickstarting economic growth and break down barriers to opportunities.

The H&SA's strategic intent

- **Changing climate:** Reduce carbon emissions, transition to clean energy, and improve climate resilience through investment in energy-efficient infrastructure, low-carbon technology, and flood protection.
- **Changing environment:** Protect and enhance the H&SA's natural capital, including green spaces, waterways, biodiversity, and landscapes to support wellbeing, nature recovery, and sustainable land use.
- **Changing economy:** Grow the H&SA's economy beyond £81bn by supporting high tech industries such as maritime, aerospace, clean energy, and digital, while improving productivity and attracting investment.
- **Changing population and society:** Create healthy, inclusive, and age-friendly communities by adapting services and infrastructure for a growing and ageing population.
- **Changing technology:** Enable universal digital access, adopt data-driven public services, and use AI to improve efficiency and personalise care and learning.
- **Changing housing and place:** Ensure balanced and sustainable housing growth that improves affordability.

How this overlaps with emerging national priorities

- **Net-Zero 2050:** The H&SA's climate and environment agenda mirrors the UK's legally-binding target and the Government's Clean Power by 2030 Mission.
- **Productivity and growth:** The H&SA's push for innovation-led growth supports the UK's Economic Growth mission of the Government's Plan for Change and Modern Industrial Strategy, with a focus on advanced manufacturing, digital, and defence and port infrastructure.
- **Public service reform:** Local plans to improve digital inclusion, access to skills, integrated health and care delivery and neighbourhood empowerment are fully aligned with national reform agendas such as the 10-Year Health Plan for England and the Get Britain Working White Paper.
- **South-east gateway role:** The H&SA's ports (Southampton and Portsmouth) are national assets vital to trade, defence, and green growth. They support strategic priorities in logistics, export capability, and international competitiveness.
- **Innovation:** The H&SA's investment in digital infrastructure, advanced industries, and AI supports the national emphasis on technology-led growth.
- **Housing delivery and growth:** The Government has committed to delivering 1.5m new homes over the next five years and identifying new towns and development zones to accelerate housing supply.

What this means for residents

- **Healthier, greener living:** Cleaner air, more green space, access to nature-based amenities.
- **Better paid, future-proof jobs:** Growth in green, digital, and marine sectors creates better employment opportunities closer to home.
- **Reliable digital and transport networks:** Faster, more consistent broadband and integrated transport options improve daily life and reduce rural isolation.
- **Inclusive prosperity:** Greater access to affordable housing, skills training, and responsive local services, meeting the needs of both young people and older adults.
- **Smarter health and care access:** More joined-up and personalised health, care, and wellbeing support delivered locally.
- **More homes, better planned places:** National plans to accelerate housebuilding could help address local housing need, offering more affordable homes for younger people, families and key workers. With strong local planning, this growth can support well-designed, connected communities with the infrastructure, services and green space residents need to thrive.
- **Greater say in local decision-making** through inclusive neighbourhood governance and opportunities for genuine community empowerment.

Section four

Options Appraisal

Simpler. Stronger. Secure.

To unlock our potential, innovation, and growth

Gosport Waterfront

A nighttime photograph of the Gosport Waterfront. The scene is dominated by two tall, modern apartment buildings with many lit windows, one on the left and one on the right. In the center background, a church with a prominent spire is visible. The foreground shows a body of water reflecting the lights from the buildings and streetlights. A bridge or walkway with lights is visible in the middle ground. The sky is dark with some light clouds. A large, diagonal graphic element consisting of three parallel stripes in maroon, white, and dark blue runs from the top left towards the bottom right, partially overlapping the text and the photograph.

Our approach centres on developing and assessing credible options that reflect the whole spectrum of upper and lower tier services delivered across the H&SA.

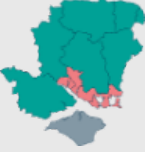



The four selected options shown in the table illustrate the geographical configurations and estimated population distribution for each model. These options have been assessed for their deliverability and strategic alignment with the objectives of LGR and the Devolution White Paper. Each configuration aims to strike a balance between population size, economic geography, community identity, and practical considerations for service delivery.

The IoW will remain as a standalone unitary authority in all options due to its island status, cultural identity, and unique demographic and service challenges.

A 2UA option has been discounted because it would have a population of 1.89m. This would exceed the Government guidance in terms of population limits (not greater than 1.2m) and not be in-line with Government Devolution ambitions.

Four reorganisation options have been considered

In all options, boundary changes were not considered. It is clear that the options modelled and ultimately the vision for LGR can be delivered effectively without disruptive and undesirable boundary changes that only serves to increase complexity of transition and costs.

Option	Geography	Components (city / district / borough level)	Population (% of total)
A 3 Unitary Authorities		North: Basingstoke and Deane, East Hampshire, Hart, New Forest, Rushmoor, Test Valley, Winchester South: Eastleigh, Fareham, Gosport, Havant, Portsmouth, Southampton Isle of Wight	North: 965,387 (47.4%) South: 929,579 (45.7%) Isle of Wight: 140,906 (6.9%)
B1 4 Unitary Authorities		Mid-North: Basingstoke and Deane, East Hampshire, Hart, Rushmoor, Test Valley, Winchester West: Eastleigh, New Forest, Southampton South-East: Fareham, Gosport, Havant, Portsmouth Isle of Wight	North: 789,989 (38.8%) West: 572,458 (28.1%) South-East: 532,519 (26.2%) Isle of Wight: 140,906 (6.9%)
B2 4 Unitary Authorities		Mid-North: Basingstoke and Deane, East Hampshire, Hart, Rushmoor, Winchester West: Eastleigh, New Forest, Southampton, Test Valley South-East: Fareham, Gosport, Havant, Portsmouth Isle of Wight	North: 655,528 (32.2%) West: 706,919 (34.7%) South-East: 532,519 (26.2%) Isle of Wight: 140,906 (6.9%)
C 5 Unitary Authorities		North-East: Basingstoke and Deane, Hart, Rushmoor Central: Test Valley, Winchester, East Hampshire West: Eastleigh, New Forest, Southampton South-East: Fareham, Gosport, Havant, Portsmouth Isle of Wight	North-East: 394,648 (19.4%) Central: 395,341 (19.4%) West: 572,458 (28.1%) South-East: 532,519 (26.2%) Isle of Wight: 140,906 (6.9%)

Source: [ONS 2023](#)

Our Approach | MHCLG criteria

Our approach

Our decision to develop our own proposal was deemed necessary to discharge a professional responsibility to ensure a full evidence-based evaluation of a wider range of options that was in accordance with the initial assessment shared in March 2025 and the clear Government criteria.

We have considered how each of the options meet the criteria within the framework set out by the MHCLG.

This section sets out how well each option is aligned to the six criteria (shown opposite) and the evidence base to support this analysis (see next page).

This provides a view of critical risks, potential areas of complexity in implementation, and cost-benefits comparison for each option.

This assessment is informed by stakeholder interviews, qualitative review of available data, balance analysis and detailed financial analysis.

HCC and EHDC have continued to collaborate with all 13 local authorities across the H&SA throughout the process, through data sharing and providing access to senior officers (See note).

Sensible single tier of local government

01



Options propose establishing a single tier of local government for the H&SA, with sensible breakdowns (both economically and geographically) into unitary areas.

High quality, sustainable services

02



Options propose structures which prioritise delivery of high quality and sustainable public services, avoiding unnecessary service fragmentation and risk to critical services.

Supports Devolution arrangements

03



Options support Devolution arrangements and help to unlock Devolution, with sensible population size ratios between local authorities and any strategic authority.

Meets local needs

04



Options meet local needs and are informed by local views - improving or mitigating risks to issues of local identity, cultural and historic importance, and addressing local concerns.

'Right-sized' local government

05



Options are composed of unitary areas of the 'right size' (>500,000 population size as a guiding principle) to achieve efficiencies, improve capacity and withstand financial shocks.

Local engagement and empowerment

06



Options composed of unitary structures which enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment.

Note:

To support collaborative working, HCC implemented a protocol for all 15 local authorities to efficiently access data from a single point of contact and from which data can be shared onto a central repository accessible by all authorities and hosted by Southampton City Council, underpinned by a data sharing agreement signed by all 15 authorities. In line with guidance from the MHCLG, this has ensured that all authorities can develop and submit proposals on a single and consistent data set.



Our Approach | Methodology (1/2)

To ensure a robust, objective and evidence-based evaluation of the proposed options, a three-part appraisal methodology has been completed. This approach combines qualitative insights, financial modelling, and balance analysis to assess each option’s viability, resilience, and alignment with the MHCLG criteria. The appraisal has considered the short-term implications of transitions, balancing risk and opportunities, and the long-term sustainability, transformation and public service reform opportunities of each option.

Step	Methodology
<p>Qualitative analysis</p>	<p>The development of the options has been underpinned by extensive independent analysis and national learning. Building on the significant groundwork undertaken in March 2025, the County Council has drawn on insight from the County Councils Network (CCN), the District Councils’ Network, and a wide range of local stakeholder engagement. Independent support from PwC, Newton Impact, and Pixel Financial Management has ensured a robust, evidence-based approach to the appraisal of options. This collaborative and data-driven approach has strengthened the credibility and strategic integrity of the proposal. We have reviewed the operational considerations, risks and transformation opportunities against the six MHCLG criteria for of each of the proposed options via engagement with:</p> <ul style="list-style-type: none"> • The 13 other unitary, district, city and borough councils in Hampshire and the Solent Area • System partners including Fire, Police, Education and Health • Internal Hampshire County Council services • Internal East Hampshire District Council services • External organisations with expertise and experience in reorganisation <p>Given the criticality of the decision surrounding LGR, HCC and EHDC have leveraged the wealth of knowledge and expertise from some of our most senior officers working at both county and district level and developed statements that acknowledge the most important considerations to best ensure LGR is delivered safely and effectively. These statements have provided important evidence to support the options appraisal and have been shared with all authorities across the H&SA through the data sharing agreement to ensure these key professional views are reflected in the development of all proposals for the area. To ensure our proposal is as robust and credible as possible, insight from the District Councils’ Network has also been used to inform the qualitative analysis including the report published in partnership with IMPOWER.</p> <p>Stakeholder interviews have been combined with wider feedback, including public, staff and Members (see Section 6) and PwC’s independent national expertise in LGR, incorporating lessons learned from previous reorganisation programmes. Outputs have been collated, and mapped, including where possible using evidence or case studies, to each of the relevant criteria, to provide a holistic, balanced and objective view of each of the four options.</p>

Our Approach | Methodology (2/2)

Financial and balance analyses have been completed alongside the qualitative analysis to provide a complete view to inform the options appraisal.

Step	Methodology
<p>Financial analysis</p>	<p>Financial analysis has looked at the short to medium-term financial benefits and costs of each option, and how this contributes to the long-term sustainability of the overall system. This summarises changes to annual revenue expenditure based on recurring costs and benefits as a result of reorganisation and transformation; and one-off implementation costs which help inform a calculation on payback period per option. This includes, the financial impact of disaggregating County services, assets, and debt, and shows the baseline income and expenditure position per option.</p> <p>Through the CCN, HCC has worked with the consultants Newton Impact and Pixel Financial Management. The purpose of the Newton work, commissioned by the CCN, was to provide data-driven evidence and analysis of the potential impact of LGR on people services. This research explores the impact of disaggregation and aggregation and focuses on the demand and cost of key areas of service provision across the future unitary scenarios. This work has considered the impact on adult social care, children’s social care, SEND, Home to School Transport and education and has been shared with all 15 authorities across the H&SA through the data sharing agreement.</p>
<p>Balance analysis</p>	<p>The ‘balance’ of each proposed unitary authority was balanced against a basket of indicators ranging from economic strength through to rates of deprivation to support an understanding of the regional context with relation to factors external to councils. This is intended to help paint a richer picture of the existing strengths and challenges of each option’s constituent footprints as an insight into potential future service priorities.</p> <p>Balance in and of itself is not intended to be a goal in itself. Instead, it is used as one of many data inputs to understand the wider context for LGR and provide insight to help make the most informed and reasonable decision possible on the preferred option.</p>

Professional Views of Statutory and Senior Officers

Professional statements (Appendix B) have been combined with evidence from statutory and senior officers to form a robust evidence base to inform the arguments made throughout the qualitative analysis. The following sets out the key themes, with specific service examples explored throughout the analysis.

Theme	Commentary
Scale and resilience of services	Scale is essential in delivering resilient, high-performing services and currently allows HCC: 1) economies of scale; 2) flexibility to manage demand fluctuations; 3) stronger leadership and workforce stability.
Risks of disaggregation	Disaggregating services from the upper tier will introduce significant risk due to 1) fragmentation of systems, governance, and partnerships; 2) service delivery risk to vulnerable service users ; 3) duplication of effort, increased costs and complexity in delivery. LGR of any form that meets the Government criteria will introduce disaggregation, and therefore it is imperative to minimise the amount of disaggregation , and the risk associated with it. In particular, disaggregation significantly increases risk during the transition to the new structure, and the absence of established anchor services and frameworks can exacerbate instability . Conversely, anchor services and frameworks play a critical role in reducing transition risk by providing continuity, stability, and trusted relationships during periods of structural change.
Local authority anchor services and frameworks	Local Authority anchor services and frameworks are viewed as the fundamental building blocks of future unitary authorities as: 1) infrastructure, leadership and systems are in place; 2) minimises disruption and mitigates risk of forming new 'greenfield' unitary authorities without any infrastructure; 3) vast proportion of service delivery is driven by UTLAs. This should be an essential consideration when considering highest risk services to the most vulnerable service users.
Systems leadership	Effective multi-agency leadership is critical - LGR must not fragment or complicate strategic relationships and operational partnerships but leverage them to catalyse growth and deliver efficiency for the area. Systems of interaction with key partners such as the NHS, Police, Fire and Education need to be as simple and streamlined as possible by minimising the number of organisations and interactions in this space.
Workforce	Concerns were identified in relation to 1) increased competition for talent as more unitary authorities are created; 2) destabilising existing teams and weakening service delivery , particularly in relation to the County Council's Outstanding Ofsted-rated Children's Services.
Financial sustainability	Whilst recognised that LGR will not solve the structural financial issues facing local authorities, 1) an option which includes fewer unitary authorities is more likely to be financially sustainable and deliver better value-for-money to the taxpayer as well as being able to transition more quickly; 2) smaller authorities are less likely to have the flexibility to manage funding pressures and withstand financial shocks. 3) future innovation and transformation services needs to be built on the strongest possible financial foundations.
Local identity and knowledge	Whilst strategic integration is welcomed, retaining deep local knowledge, accountability, and identities is crucial to enhance locally tailored services. This should be enabled through appropriate planning and a robust structure, leveraging experiences of larger authorities that deliver services at scale whilst maintaining local connections.
Transformative public service reform	Over the medium to long term, LGR presents a once in-a-generation opportunity to redesign services, break down silos and provide the best support for residents where and when they need it, whether they live in rural parts of Hampshire and the Isle of Wight or larger urban towns and cities.
Transition planning	Transition to the new unitary authorities will need to be well-resourced and carefully managed. Cost of failure would have the greatest impact on the most vulnerable - the risks associated with a poorly managed transition are severe and could lead to service collapse and financial distress for the authorities. Formal governance arrangements are paramount with appropriate representation to oversee transition.

Effective partnership working is essential to delivering high-quality, sustainable social care services during and beyond the LGR process.

A 4UA model represents the strongest foundation for effective partnership working across the H&SA.

Strategic partners have been clear that future structures must maintain strong strategic alignment, ensure operational efficiency, and avoid fragmentation or duplication of services.

Our model enables us to build on existing partnerships while creating space for new, co-designed arrangements that reflect the voices of residents, care providers, and the wider workforce. By embedding these principles from the outset, our proposal ensures that partnership working is not an afterthought, but a core driver of service continuity, innovation, and long-term sustainability.

Partnership Working in the H&SA: strengthening social care through collaboration

- HCC is the largest provider of social care in the H&SA, delivering services at scale and with consistently high standards. Adult and children’s social care services are nationally recognised, with Ofsted rating HCC’s children’s services as ‘Outstanding’ across all areas for two consecutive inspections.
- This scale and quality of provision have been achieved through a strong culture of collaboration—across local authorities, health partners, the voluntary sector, and communities.
- HCC is clear that any changes resulting from LGR must protect and build upon these well-established partnerships. LGR is not starting from scratch: collaborative working between HCC, Southampton and Portsmouth City Councils already takes place within the Hampshire and Isle of Wight Integrated Care Board (ICB).
- Our proposal commits to reshaping these partnerships thoughtfully, ensuring continuity of care and embedding community collaboration from the outset. We will work with residents, care providers and the social care workforce to transform how services are delivered to reflect local needs and aspirations.
- This is not just about preserving what works—it’s about being ambitious. Our proposals uses LGR as a catalyst to strengthen integrated service delivery, expand joint commissioning, and improve value for money. Our focus will be on strategic collaboration across boundaries, including through Family Hubs, Discharge and Transfer of Care Hubs, and Neighbourhood Health Services. These efforts will ensure that H&SA remains a leader in social care innovation, resilience, and sustainability.



Maximising independence to prevent escalation of need

The County Council's commissioned Community Wellbeing Worker Service is delivering positive outcomes for residents, supporting their independence and preventing the escalation of need.

Brian is one of over 400 people who have received support from the CWW service since February 2024. He was referred by the local housing team via the local Older Adults Community, with concerns of fire risk, severe hoarding, breaching tenancy, low mood, victim of fraud, debt, no contact with family, historically hard to engage, isolated, had recent heart attack. The CWW supported Brian to report fraud on his bank account which led to monies being refunded, helped him manage his utility debts leading to no debt for energy and heating with a sustainable plan for regular top-ups having now been put in place. The CWW also supported with the clearance of the property. This intervention avoided the need of further assessment, and the otherwise likely need for domiciliary care in the next six months as well as likely avoided the cost of a short stay bed if hoarding was to continue.

Adults' Health and Care has successfully used the Household Support Fund to commission the Community Wellbeing Worker Service, supporting 11 of its 14 Older Adults Community Teams from February 2024. Contracted Voluntary Sector providers take direct referrals from Older Adults teams and work with individuals for up to 12 weeks to achieve personal goals related to promoting independence and wellbeing. The service is designed to be flexible to individuals' specific needs and includes enabling people to overcome any barriers they may face when trying to access support services for issues such as debt, isolation, housing issues and food/ fuel poverty. Key outcomes from the current service show that 97% of 527 individuals worked with had at least one support goal achieved, with a total of 985 goals recorded (reflecting that many individuals had multiple goals met). Individuals typically had multiple needs at the point of referral, and the support provided addressed a wide range of issues. These goals included improving benefits claims, reduced social isolation through socialisation out of home or befriending services, daily living support, directing to further support for unpaid carers (33 cases), as well as ensuring individuals receive additional support from relevant services.

LGR presents an opportunity to upscale this model, align similar roles and embed Community Wellbeing Workers within multi-disciplinary teams as part of integrated neighbourhood care delivered at place level. By scaling up, and joining up, prevention will be strengthened, more people could benefit from tailored support, and there is greater potential to expand referral routes so that health partners could also refer into the service.

Demand and cost drivers

There is long-standing growth across education and social care services, with further demand projected due to poverty and deprivation, and increasing complexities of mental health and wellbeing amongst adults (parents) and children.

Rising demand and LGR

Tackling demand and the drivers behind it is a system wide endeavour. It requires focus and investment from national and local government and coordinated strategies to address the root causes.

This can and must be achieved in parallel with LGR, but we must collectively ensure that the changes to children's services do not draw focus from managing demand and need.

“Larger authorities are better able to withstand growth and fluctuations in demand by flexing and repurposing resources (services and people). There is less resilience and ability to meet this growth in smaller authorities, as I learned whilst Director of Children’s Service for the Isle of Wight” – Hampshire County Council’s Director of Children’s Services.

“Smaller unitary authorities might reduce what we do collaboratively in Hampshire which is a real strength” – Hampshire school headteacher.

Sustaining high-quality school services through LGR

Working in partnership with schools is central to HCC’s high-performing education system. With 458 local authority-maintained schools, HCC has the infrastructure and capacity to deliver services at scale, supporting both statutory responsibilities and strong educational outcomes.

This scale enables resilience, specialism, and consistency. These benefits could be at risk in a more fragmented system. Hampshire’s maintained schools have articulated clearly through feedback during the engagement stage of the LGR process that they value these services and are concerned that they will no longer be available after the LGR process has completed – expressing concern about disparities in support across existing local authorities, and the potential impact of disaggregating services. These risks must be addressed early to ensure continuity and equity for all schools, regardless of which new unitary authority they may fall under.

As we move toward a new local government structure, we are keen to begin to collectively consider how best to protect and strengthen support for schools. A range of models is available, from school-led systems to partnerships between local authorities, to ensure the best outcomes for our schools.

The following principles are proposed to mitigate risks, particularly the risk of introducing an additional UTLA, which could further complicate service delivery and accountability:

- Minimise impact on schools by retaining the existing number of UTLAs and limiting disaggregation. Where disaggregation is required, a ‘minimum disruption principle’ should be applied.
- Explore opportunities that other local authorities have implemented to enable all-encompassing products and services for education settings, demonstrating open-mindedness to effective service delivery for the H&SA.
- Multi-agency partners must be able to operate effectively across any new unitary boundaries. Additional financial or operational burdens on key safeguarding partners (e.g. Police, ICBs) risk undermining wider system reforms.
- Government must be assured that any new unitary authority can establish a robust children’s services leadership team, structure, and supporting systems and processes from the outset.

Services for Schools

Working at scale to improve education outcomes

Hampshire is almost unique in the fact that it has retained its own comprehensive suite of services for schools. These support schools to deliver outcomes for children and young people that are consistently in line with or above national averages.

Hampshire's strong track record in education is underpinned by its retained school improvement service, HIAS (Hampshire Improvement & Advisory Service), which, alongside other high-performing services, supports outcomes consistently above national averages. This success is enabled by the high proportion of maintained schools in Hampshire (85% vs. 47% nationally), allowing for economies of scale, targeted local support, and the sharing of best practice.

Our LGR proposal of four unitary authorities preserves this scale, ensuring continued support for maintained schools and inclusive education. In contrast, introducing an additional unitary authority would risk fragmenting services and weakening this support. Hampshire's maintained schools have articulated clearly through feedback during the engagement stage of the LGR process that they value HIAS and the range of Hampshire services and are concerned that they will not be supported to remain strong maintained schools after the LGR process has completed.

Hampshire's approach also supports inclusion, with low permanent exclusion rates, particularly in maintained schools, and a growing opportunity to extend this success across all four proposed unitary authorities through joint working and shared expertise. Ongoing efforts in Southampton, Portsmouth, and the Isle of Wight to reduce exclusions further strengthen this potential. Hampshire's LGR proposal leverages the capacity of HIAS and existing local structures to support a more inclusive education system, enabling significant further reductions in exclusions across the region.



Permanent Exclusion Rate

Group	2023/24
Hampshire	0.049
National	0.129
Southampton	0.102
Portsmouth	0.089
IOW	0.188

Ofsted

July 2024 was last awarding of one grade judgements

Group	Good or better July 2024
Hampshire	92%
National	90%
Southampton	82%
Portsmouth	87%
IOW	77%

In a typical year:

- **600 governors and clerks** will be trained across **470 maintained schools**
- **176 Ofsted Inspections** will be supported by Hampshire's Improvement and Advisory Service (HIAS)
- Services for Young Children will support **600 early years settings**
- **512 Active Speech and Language Therapy cases in our schools** will be supported by our speech and language teams
- Our Education Psychology service will deliver training to Emotional Literacy Support Assistants in 486 settings
- **423 new referrals** will be made to our Specialist Teacher Advisory Service
- **Future You will support 341 young people** not currently accessing education
- Hampshire Outdoors PE and Sports advisers will deliver **training to 4,636 teachers**
- **Hampshire Futures will track and support over 32,000 young people aged 16-18** (Yr12-13) to ensure a successful post-16 placement
- Hampshire Music Service will run **61 ensembles across Hampshire**

Tsend

Transforming Special Educational Needs



Hampshire County Council is now in the fourth year of extensive work focused on improving the lives and outcomes of our children and young people with SEND. This is being delivered through a wide range of initiatives and strategies that focus on meeting the needs of children and young people at the right time, and without the need for a label or diagnosis. We are also developing significant training and resources for schools, and creating additional specialist places at pace. This work sits under the umbrella heading and governance of TSend.

Due to the economies of scale made possible by the large number of schools in Hampshire, a small TSend team has been funded to coordinate and lead on this work. Their data-driven approach enables successful pilots to be tracked, scaled, and adapted quickly for maximum impact.

A key example is the response to a **54% rise in EHC plans for under-5s** in 2021–22. A transition to school pilot in the district of greatest deprivation, introduced the following year, enabled needs to be met when first observed and without the requirement for an EHC Plan. This resulted in a reduction in requests for plans by 97%. This evidence enabled the rollout of this pilot to the next two most in need districts, and has continued to show great impact, with additional benefits of significant improvements in both school and parental confidence that the needs of their children were being met.

Hampshire has also retained enough maintained schools to support a school improvement service, Hampshire Improvement and Advisory Service, and this has enabled the provision of an SEN support team to work directly with schools to help them to meet the needs of their children with more complex needs. 100% of users say they would recommend this service with approximately 90% saying that they had new ideas from this work which they had not previously considered and were very likely to implement.

The cost implications of the TSend programme are also significant with an actual reduction in cost of approximately £80 million from 2021 to 2025, and further forecast reductions in cost, in excess of £100 million over the next two years.

Our proposal for four unitaries supports the sustainability of this work. Early intervention receives no direct funding, and increasing the number of unitaries beyond four would risk losing the economies of scale needed to resource a TSend team. Larger unitaries maintain local focus while enabling consistent service delivery.

Our proposal also builds on strong existing initiatives in **Portsmouth, Southampton, and the Isle of Wight**, avoiding the risks of a new authority lacking the institutional memory and expertise essential for progressing this work.



Hampshire County Council delivers a high-performing highways service, consistently recognised through national surveys and incentive funding awards.

The service manages over 5,500 miles of road, 1,750 structures, and associated infrastructure such as drainage, traffic signals, and street lighting. The County Council has a strong track record in both routine maintenance and major infrastructure delivery, including the £100m M27 Junction 10 project, which supports housing growth and economic development.

Importantly, the highways service is delivered centrally from Winchester, supported by strategically located depots in Havant, Petersfield, Bishops Waltham, Hook (Basingstoke), Micheldever, Andover, and Totton (near Southampton). Disaggregating this model under LGR risks diluting access to these business-critical facilities, potentially leaving some areas without a local base to deliver core services such as winter maintenance.

Whilst new facilities could be considered, this would require both land and planning consent, and neither of which is likely to be straightforward. Shared depots may offer a partial solution, but they introduce contractual and safety risks that could compromise service resilience.

Maintaining the integrity of the current highways delivery model is therefore essential to managing risk and ensuring continuity of service across Hampshire.

Building a resilient future for highways services through LGR

LGR introduces significant risks to the highways service, particularly if disaggregation is not carefully managed. Some of the most significant risks include:

- **Fragmentation of services and contracts:** existing contracts are geographically bound. Disaggregation could lead to increased costs, service disruption, and reduced attractiveness to contractors due to smaller contract scopes.
- **Loss of scale and agility:** smaller authorities may lack the capacity to respond to weather events, emergencies, or spikes in demand, increasing the risk of network failure and reputational damage.
- **Infrastructure vulnerability:** disaggregation could dilute access to critical depot infrastructure, leaving some areas without adequate local facilities for winter maintenance or emergency response.
- **Leadership and workforce challenges:** creating new authorities would require recruiting senior leadership and technical teams from scratch, risking gaps in expertise and continuity.
- **Impact on strategic projects:** fragmentation may reduce the ability to secure and deliver major transport infrastructure funding, undermining economic growth and regeneration efforts.
- **Statutory risk exposure:** failure to meet statutory duties under the Highways Act and related legislation could result in legal liabilities, including corporate criminal proceedings in the event of serious incidents.

To mitigate these risks, LGR must prioritise minimum disruption and build on existing anchor services, infrastructure and frameworks. The three-mainland upper-tier authorities—Hampshire, Southampton, and Portsmouth—already have the infrastructure, expertise, and strategic relationships necessary to support safe and effective highways delivery. Any new unitary model should leverage these strengths to ensure continuity, resilience, and value for money.



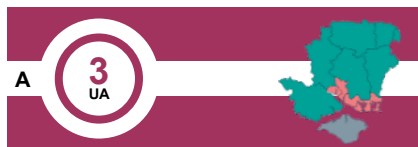
A

Options Appraisal: **Summary**

The objective, comparative analysis concluded:

- Option A (3UAs) maximises efficiency and resilience but requires careful transition planning and attention to local needs.
- Option B (4UAs) offers the strongest balance of leveraging existing structures and scale whilst preserving local identities. **The preferred option is 4UA B2, which offers the best opportunity to deliver the vision for the area and economic growth, and most strongly aligns with MHCLG criteria.**
- Option C (5UAs) offers smaller unitary authorities and does not have the scale to achieve economies, manage costs, or distribute resources equitably. **The 5UA model costs more than the current system, offering no financial benefit or scale to improve service delivery or transform.**

Our clear conclusion is that a 4UA model is the most credible and strongest option for the future of the H&SA



Summary of Option A:

This model offers greater potential for efficiency, financial resilience, and strategic capacity. The larger size of each unitary unlocks significant economies of scale and streamlined services.

However, the geographic scale of the North authority in this option necessitates careful consideration of the balance of demand and costs for social care, SEND services, waste etc. across such a large geography, and how the cost of delivery compares to that of the much smaller, urban focused unitary authority it neighbours.

There are added complexities of transitioning to only two mainland unitaries from a baseline of three upper-tier authorities which are fraught with local history. This will require additional effort and resources to adequately plan and manage.

Alignment of LGR options to MHCLG criteria:

1. Medium	2. Medium	3. High
4. Medium	5. Medium	6. Medium



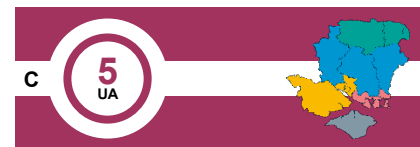
Summary of Option B:

Two versions of 4UA (B1 and B2) were considered – in both options it presents the strongest and most balanced option – combining scale, organisational resilience, and a greater degree of local focus than 3UA. **It takes advantage of UTLA anchor services and frameworks, provides the most effective platform for high quality and sustainable services of the future, and significantly minimises implementation risks.** This provides the best possible foundation for all unitaries to capitalise on this opportunity to reform public services.

Option B2, with Test Valley in the West, maximises Devolution's potential; driving Southampton's economic and geographic growth to benefit the wider area. It creates stronger urban–rural balance, supports sustainable service delivery, safeguards rural identity, and provides a single authority for the New Forest National Park.

Alignment of LGR options to MHCLG criteria:

1. Medium	2. High	3. High
4. Medium	5. Medium	6. Medium



Summary of Option C:

The 5UA is economically unviable as a result of increasing the number of UTLAs in the H&SA which is contradictory to the views of critical partners – it is anticipated to incur significant levels of cost over five years and does not pay back.

The smaller size of each unitary limits the system's ability to fully realise efficiencies and build financial and operational resilience as it builds in duplication and additional overheads.

There is additional inherent risk, complexity, and cost of establishing at least one 'greenfield authority' taking resources away from delivering public service reform and adding risk and potential fragility to the system. This option carries the greatest risk to service stability, exacerbating inequalities, and provides the weakest route to improving system resilience and maximising the Devolution opportunity.

Alignment of LGR options to MHCLG criteria:

1. Medium	2. Low	3. Low
4. Medium	5. Medium	6. Medium

Summary of options appraisal against MHCLG criteria

A summary view of the options appraisal against the 6 MHCLG criteria is shown below; with ratings indicating high, medium or low alignment to each criterion and sub-criterion.

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 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 / mitigates risk to issues of local identity, cultural and historic importance	Low	Medium	Medium
		Addresses local concerns	Medium	Medium	Medium
5	Supports Devolution arrangements	Helps to support devolution arrangements / 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

Our preferred option (4UA: B2) stands out as the strongest following a comprehensive options appraisal and extensive engagement with residents and strategic partners.

It is best placed to deliver high quality services, rooted in local communities and driven by local need, and to catalyse inclusive growth whilst managing transition risks.

Our appraisal shows Option B (4UAs) provides a good mix of scale, localism, and stability. It de-risks transition, minimises disruption, supports effective service delivery, meets the needs of local communities, and offers a strong system as the foundations for Devolution. Our preferred option meets the local needs of communities and critical partners.

Our preferred option creates the strongest foundation for future transformation and innovation whilst avoiding the additional cost, complexity and fragmentation of five unitary authorities.

Why 4 unitary authorities in the H&SA is the clear choice

The reasons for choosing this preferred option are explained in the following comparison, which shows how Option B (4UA) performs against each MHCLG criterion.

<p>Criterion 1: Sensible single tier of local government</p>	<p>Proposal of a sensible economic and geographic construct allows localised delivery aligned with existing urban, rural and island identities while avoiding the complexity of merging upper-tier authorities or establishing a 'greenfield authority'. Compared to 3UA, it offers greater place alignment with coherent geographies across all new unitaries which align with functional economic areas and wider public services.</p>
<p>Criterion 2: 'Right-sized' local government</p>	<p>Meets population criteria and avoids the viability risks of five smaller UAs under Option C. Population split is more balanced across the mainland unitaries in option B2, presenting the most manageable configuration. Financial savings of £48.6m annually present opportunities to improve finances across the H&SA and ensure taxpayers are getting value for money. Offers the lowest transition costs, facilitating investment in future service transformation opportunities from a position of strength.</p>
<p>Criterion 3: High quality, sustainable services</p>	<p>The model strikes a practical balance between integrated service oversight and place-based flexibility and avoids the transition disruption under Options A (3UA) and C (5UA), creating the space for innovation and transformation to critical services such as social care, children's services, SEND and homelessness, rather than unnecessarily fragmenting these services. 4UA offers the strongest foundation to protect existing shared service arrangements (including the Intergrated Business Centre) and to develop further arrangements where appropriate to release capacity to enable high-quality services across the H&SA. It aligns strongly with system-partners desire for fewer stakeholders to engage with to drive improved service quality.</p>
<p>Criterion 4: Meets local needs</p>	<p>Delivers a balanced model that combines the scale to sustain services with the flexibility to tailor delivery to local priorities. Compared to Option A (3UA), it better reflects distinct identities and supports place-sensitive planning. It also avoids the fragmentation and service coordination challenges of five smaller UAs under Option C, providing clearer accountability and stronger alignment to community needs.</p>
<p>Criterion 5: Supports Devolution arrangements</p>	<p>Aligns strongly with the H&SA Devolution ambitions, through providing the scale to deliver on the Strategic Authority's priorities. This includes driving growth across the polycentric economy, enabling strategic planning and housing growth across the H&SA, and focusing on the preeminent industry clusters based in the H&SA. Compared to Option A (3UA) and Option C (5UA), it offers the clearest balance of local accountability and coherent regional voice, which is essential for unlocking future innovation, investment and delivering priorities.</p>
<p>Criterion 6: Local engagement and empowerment</p>	<p>The neighbourhood empowerment model under the 4UA option strengthens the resident voice, while ensuring engagement connects communities to strategic decision-making affecting their local areas. The financial viability of this option provides the foundation for long-term investment in the health, wellbeing and empowerment of communities, which could generate savings for councils in the long term through gradual reduction in demand and reliance on public services that respond to acute health and care needs.</p>

B

Option A | Three Unitary Authorities

Option A | Three Unitary Authorities



The merits of the option for 3UAs has been considered based on analysis against key differentiating factors in line with the MHCLG criteria.

Key:

H High alignment

M Medium alignment

L Low alignment

Three Options

North: Basingstoke and Deane, East Hampshire, Hart, New Forest, Rushmoor, Test Valley, Winchester
South: Eastleigh, Fareham, Gosport, Havant, Portsmouth, Southampton
Isle of Wight

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

Option A | Three Unitary Authorities

3UA presents a simplified model that offers strong efficiency and financial benefits by creating larger, strategic unitaries. However, it carries a greater risk regarding transition costs and implementation complexity, and its success depends on the new authorities' ability to maintain local responsiveness.

Criteria	Alignment Summary	Rating
<p>1. Sensible tier of local government</p>	<p>Offers the simplest structure, meeting key system partner needs, minimising duplication, and reducing management overheads. Consolidates existing service footprints to simplify delivery, in theory, and strengthens levers of control over wide geographies. However, the large geographic areas are significantly larger than MHCLG guidance, and may reduce responsiveness to local identity, and dilute flexibility in rural or coastal areas, requiring strong locality arrangements.</p> <ul style="list-style-type: none"> • Reduces duplication and complexity: Fewer systems, service structures and governance layers support operational efficiency and consistency. • Aligns with strategic partners: Matches footprints for health, fire, and police services, enabling coordinated planning and shared infrastructure. • Supports housing and strategic planning: Larger geographies support a consistent approach to infrastructure, housing supply, and local development needs. • Limits local flexibility: Larger footprint may reduce sensitivity to hyper-local needs, requiring strong locality models. 	<p>Medium</p>
<p>2. 'Right-sized' local government</p>	<p>Meets MHCLG population thresholds guidance and offers strong financial resilience, through pooled resources and larger tax bases, supporting value for money and efficiencies. However, there are higher transition costs in 3UA from disaggregation, than 4UA, and the size of each organisation could pose operational challenges, requiring additional consideration in terms of management. Therefore, although the scale does improve the capacity to manage demand and infrastructure investment, transition planning must manage variation in local needs, and the additional cost of combining two sets of upper-tier services, especially where urban and rural geographies are merged, and experience in delivering across these geographies is mixed.</p> <ul style="list-style-type: none"> • Enables financial resilience: Pooled budgets and broader tax bases support value for money and greater fiscal stability. • Supports efficiencies through scale: Allows consolidated procurement, workforce deployment, and shared services. • Requires careful transition planning: Disaggregating services across multiple organisations and managing diverse geographies may present challenges. 	<p>Medium</p>
<p>3. High quality, sustainable services</p>	<p>Delivers the strongest model for service continuity by reducing fragmentation and improving resilience of services. Organisations have the scale of delivery to withstand shocks to the system. Consolidation supports consistent service standards, peer learning, and workforce sustainability. Strong partnerships (e.g. IBC, safeguarding networks) provide a platform for quality and efficiency, though transition complexity must be carefully managed. Opportunity to strengthen existing partnerships and alignment in the system.</p> <ul style="list-style-type: none"> • Improves service consistency: Consolidating service leadership and governance strengthens access and accountability for residents. • Supports resilient leadership and delivery: Larger unitaries retain experienced leadership teams and mature service structures (e.g. safeguarding, SEND) critical to service continuity. • Enables policy alignment: Strong educational outcomes and inclusive frameworks create a foundation for joined-up approaches to demographic need. • Modernises service infrastructure: Shared platforms (e.g. IBC, payroll, HR, finance) enable investment in system upgrades and innovation. • Reduces service delivery risk: Larger footprint allows for pooling risk and managing fluctuations in demand, especially in high-need services. • Requires careful transition design: Disaggregating two existing upper-tier authorities poses significant planning, onboarding, and integration challenges. 	<p>High</p>

Option A | Three Unitary Authorities

3UA presents a simplified model that offers strong efficiency and financial benefits by creating larger, strategic unitaries. However, it carries a greater risk regarding transition costs and implementation complexity, and its success depends on the new authorities' ability to maintain local responsiveness.

Criteria	Alignment Summary	Rating
<p>4. Meets local needs</p>	<p>The 3UA model provides strategic capacity to deliver services at scale, enabling efficiency, investment, and coherent delivery of regional priorities. However, challenges exist in tailoring services to hyper-local identities and priorities, especially in rural, coastal and deprived areas.</p> <ul style="list-style-type: none"> • Supports strategic delivery with local adaptation: 3UAs have the scale to deliver tailored community strategies and regional priorities (e.g. transport, housing, economic development) while allowing strategic oversight to be combined with localised delivery through area-based governance and committee structures. • Cost-effectiveness: Shared services reduce duplication, and free up resources for reinvestment into place-based models that meet community needs. • Maintains democratic representation: Localised models and hubs will be needed to maintain responsiveness and avoid disengagement. • Risks to local identity and representation: Larger authority footprints could dilute cultural, social and economic identities, particularly in cities like Portsmouth and Southampton. Specific strategies will be needed to preserve distinctiveness and mitigate risk of disengagement. 	<p>Medium</p>
<p>5. Supports Devolution arrangements</p>	<p>Aligns closely with strategic geographies and simplifies regional collaboration with national partners. The scale supports the pan-H&SA planning and investment strategies. However, safeguards must be in place to avoid over-centralisation and ensure the voices of all areas are effectively represented in the region's strategic direction.</p> <ul style="list-style-type: none"> • Enables strategic scale and delivery: The model provides sufficient scale to deliver against the pan-H&SA priorities (e.g. skills, transport, regeneration), and supports collaboration across both mainland and island areas. The model also strengthens the ability to influence national decisions through combined economic geographies (e.g. Portsmouth and Southampton). • Supports Government engagement: By reducing fragmentation, the 3UA model enables clearer engagement with Whitehall and Combined Authorities (e.g. the H&SA MCA), improving coordination and accountability. • Island autonomy and flexibility: Retaining the IoW as a standalone UA supports a tailored Island Deal. • Balances population and voice: By combining major urban centres and surrounding areas, the model avoids dominance by a significantly larger unitary. • Requires safeguards to avoid over-centralisation: Risks exist in ensuring equal representation and voice across distinct areas within larger UAs. • Skills and Funding Agenda: Streamlined approach to the skills and funding agenda across the H&SA, coordinated by the Strategic Authority, to deliver consistent access/provision. 	<p>Medium</p>
<p>6. Local engagement & empowerment</p>	<p>The larger scale of 3UAs enables investment in stronger engagement infrastructure and innovative tools for local engagement, supporting a consistent regional approach. Resident engagement models will be maximised, as unitaries have the funding to deliver these models.</p> <ul style="list-style-type: none"> • Leveraging scale: Scale enables better support of local engagement and "golden thread" between delivering local needs, high quality service delivery and strategic decisions at the combined authority level. Additionally, the 3UA option provides the scale and infrastructure to better resource effective neighbourhood empowerment models consistently including through area committee structures. • Supporting strong community ownership through consolidation: Amalgamation and consolidation of property portfolios could provide stronger community-owned hubs and solutions in local areas. • Deep community engagement: However, deep engagement in rural, coastal, or parished areas may require focused local area committees and active partnerships with Parish and Town Councils, where they exist, to ensure that hyper-local voices are heard. 	<p>Medium</p>

C

Option B | Four Unitary Authorities

Option B | Four Unitary Authorities



The merits of the option for 4UAs have been considered based on analysis against key differentiating factors in line with the MHCLG criteria.

Key:

- H** High alignment
- M** Medium alignment
- L** Low alignment

Four Options

Mid-North: Basingstoke and Deane, East Hampshire, Hart, Rushmoor, Winchester
West: Eastleigh, New Forest, Southampton, Test Valley
South-East: Fareham, Gosport, Havant, Portsmouth
Isle of Wight

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

Option B | Four Unitary Authorities

4UA represents a balanced model, combining the continuity of existing upper-tier authorities with greater flexibility for local delivery. It offers strong potential to reduce transformation risk and support place-based services, and better alignment to local identities.

Criteria	Alignment Summary	Rating
<p>1. Sensible single tier of local government</p>	<p>Offers continuity by building on anchor services and frameworks and reduces excessive fragmentation of services. Enables tailored local service delivery, especially in urban and rural areas with distinct needs. However, it introduces additional complexity compared to a 3UA model due to managing four governance models.</p> <ul style="list-style-type: none"> • Builds on strength of existing upper-tiers: Retains anchor services, enabling continuity of service delivery and minimising disruption through transition. • Simplifies partnerships and engagement: Reduces reconfiguration and disruption for NHS, Police, and Fire partners. • Enables strategic planning of housing growth and infrastructure: Larger unitary authorities retain the scale and capacity to lead long-term planning aligned with economic and environmental priorities. For example, 4UAs support a consistent housing offer across the H&SA, including a unified homelessness strategy. • Geography considerations: Retains the challenge of integrating currently urban-focused authorities (Southampton) with rural areas (New Forest). • Single operating model: opportunity for a single operating model across an area, rather than the current two-tier system, across services ranging from Waste to Planning, ending current disparities in terms of service provision and access. 	<p>Medium</p>
<p>2. 'Right-sized' local government</p>	<p>Meets MHCLG guidance on MHCLG population thresholds and avoids the viability risks of smaller UAs. The scale of authorities offers strong financial stability, retains large tax-bases (as in 3UA) and opportunity to build resilient, forward-looking services through suitable investment. The authorities will have the capacity to deliver the strategic aims of Devolution and the H&SA MCA, including infrastructure investment such as Junction 10, and Whitehill and Bordon. However, it presents the greatest economic and demographic imbalance. Option B2 mitigates some imbalance through the inclusion of Test Valley in the West. However, as per criteria one it offers the most sensible economic and geographic configuration (per Criteria 1). This raises challenges for equitable service delivery, tax harmonisation, and consistent public experience, requiring strong fiscal strategy to manage cross-subsidy and investment trade-offs.</p> <ul style="list-style-type: none"> • A compromise between scale-efficiency and localism: This 4UA option balances economies of scale and cost efficiencies through consolidated services, with agility to meet local community needs. • Reduced transition costs: This 4UA option avoids the complexity and expense of merging Portsmouth and Southampton. Building on the three existing mainland upper-tier local authorities minimises the disruption of disaggregating a county structure, in comparison to a 5UA model. However, upper-tier services currently delivered by Southampton City Council, in Option B2, would be required to expand significantly in terms of both the size of population and the geographic size of the area (including mixed rural-urban delivery). • Disaggregation of the county services: This option requires county services in affected districts to be separated and reorganised under new authorities. Delivery challenges arise as the geography and demographics of these districts do not align with the urban centres. 	<p>High</p>
<p>3. High quality, sustainable services</p>	<p>Supports shared service collaboration and reduces the level of transformation risk compared to 3UA or 5UA models. Retains critical delivery platforms (e.g. IBC, safeguarding boards), preserving service continuity and oversight. However, fragmentation across 4UAs may increase pressure on specialist workforces, and require more coordination to maintain consistency in delivery standards, particularly in health, education, and social care.</p> <ul style="list-style-type: none"> • Reduced transition risk and costs: This 4UA option mitigates transition risk to crucial social care services, where there is strong performance and quality in each of the three existing upper tier services. • Optimise partnership working: There is no increase in the number of UTLAs in the 4UA option, which supports the requests from partners to simplify and strengthen partnership working. For example, it will be easier to optimise partnerships across social care through a reduction in disaggregation, and supporting efficiency across brokerage and CART. • Building on Isle of Wight relationship: A 4UA model provides a platform to strengthen and formalise existing collaboration with the Isle of Wight. • Targeted service amalgamation: There are opportunities to combine specific services across authorities to maintain specialist coverage while benefiting from focused, smaller-scale oversight (e.g. Coroner Service and Approved Mental Health Professional structures). • Requires strong oversight to maintain performance standards: Increased fragmentation in some service areas may dilute system-wide efficiency, collaboration, and reduce improvement and innovation if cross-authority coordination is weak. • Shared services: The 4UA option presents the necessary scale and stability to host and deliver alternative delivery models including shared services and partnership working. It provides a strong foundation to build arrangements on, with the opportunity to expand the ambition of arrangements beyond transactional services in the future, i.e Joint Commissioning. 	<p>High</p>

Option B | Four Unitary Authorities

4UA represents a balanced model, combining the continuity of existing upper-tier authorities with greater flexibility for local delivery. It offers strong potential to reduce transformation risk and support place-based services, and better alignment to local identities.

Criteria	Alignment Summary	Rating
<p>4. Meets local needs</p>	<p>Balances scale and responsiveness, providing the opportunity to sustain services while being responsive to distinct local identities and needs, through place-based planning. This is especially valuable in geographies such as the New Forest or coastal areas where localised needs are more pronounced. However, success relies on strong cross-boundary coordination to mitigate risk of service variation and planning inconsistency.</p> <ul style="list-style-type: none"> • Balancing regional and local needs: The model allows investment in locally distinct priorities (e.g. flood defence, housing, environmental protection) while retaining scale for system-wide service delivery. Option B2, balances rural urban delivery in the West unitary, driving an equity of consideration in both delivery and priorities. • Using scale to prioritise localism: Larger UAs have more resources and access to infrastructure to support effective local delivery models (e.g. town/parish councils and community hubs). • Maintenance of local identities: Retains the governance and character of existing unitaries, thereby preserving place-based strengths. • Protection of cultural heritage: Such as the area's historic and current links to the Armed Forces, historic buildings and monuments, local festivals. • Responsiveness to hyper-local service demand: Smaller authorities can focus on specific local needs, especially in unique areas like the Isle of Wight. • Supports partners: Partners are clear that LGR must meet local needs, align with existing boundaries and reduce the number of partner interfaces, as achieved through 4UA B2. For example, the Police and New Forest National Park Authority requirements mean 4UA: B2 best enables the ongoing delivery of services. 	<p>Medium</p>
<p>5. Supports Devolution arrangements</p>	<p>Provides scope for more localised devolution priorities, enabling UAs to lead on thematic issues such as coastal protection or Net Zero. Success depends on establishing clear alignment between the Strategic Authority and the individual local authorities' governance, to align delivery responsibilities, and ensure coherent regional propositions.</p> <ul style="list-style-type: none"> • Targeted delivery through place leadership: Each UA can develop specialisms aligned with economic clusters (e.g. defence, ports, coastal regeneration), supporting locally-led delivery, as well as advocating more clearly for place-specific priorities (e.g. green infrastructure, coastal protection) • Scale supports MCA delivery: 4UAs provides the scale needed to deliver mayoral priorities effectively and strengthen partnership with the MCA. • Population balance: 4UAs ensure better local identity retention while enabling structured engagement with the MCA. • Reduced structural complexity through distinct urban centres: 4UA keeps established urban centres (Portsmouth and Southampton) separate. 	<p>Medium</p>
<p>6. Local engagement & empowerment</p>	<p>4UA provides a good balance between scale and local responsiveness. 4UAs can support neighbourhood empowerment with adequate resources for engagement tools and local teams. Structured governance (e.g. area committees), with the necessary investment, will ensure consistent community input across a larger geographical area and population size. However, variation between urban and rural areas will need careful design to maintain fairness and inclusion.</p> <ul style="list-style-type: none"> • Balanced local engagement infrastructure: Each UA is large enough to invest in digital tools, neighbourhood teams, and participation platforms, while staying close to residents. • Opportunities for stronger democratic accountability: More councillors per authority allows for stronger visibility and local voice. • Balanced scale for neighbourhood empowerment: Allows for consistent community input through Area Committees while remaining responsive to variation across geographies. • Variation in community expectations: Variation across geographies may lead to uneven participation, requiring tailored local governance models to ensure consistency. 	<p>Medium</p>

Overall Test Valley aligns better with the West Unitary Authority

Two versions of the 4UA option have been considered - with the difference being the location of Test Valley which moves from the Mid-North to the West Unitary Authority. The justification to consider Test Valley in both scenarios was to ensure that the most optimal 4UA configuration was proposed, to maximise the opportunities from LGR and de-risk transition.

Option	Geography	Components (City / district / borough level)	Population (% of total)
B1 4 Unitary Authorities		<p>Mid-North: Basingstoke and Deane, East Hampshire, Hart, Rushmoor, Test Valley, Winchester</p> <p>West: Eastleigh, New Forest, Southampton</p> <p>South-East: Fareham, Gosport, Havant, Portsmouth</p> <p>Isle of Wight</p>	<p>Mid-North: 789,989 (38.8%)</p> <p>West: 572,458 (28.1%)</p> <p>South-East: 532,519 (26.2%)</p> <p>Isle of Wight: 140,906 (6.9%)</p>
B2 4 Unitary Authorities		<p>Mid-North: Basingstoke and Deane, East Hampshire, Hart, Rushmoor, Winchester</p> <p>West: Eastleigh, New Forest, Southampton, Test Valley</p> <p>South-East: Fareham, Gosport, Havant, Portsmouth</p> <p>Isle of Wight</p>	<p>Mid-North: 655,528 (32.2%)</p> <p>West: 706,919 (34.7%)</p> <p>South-East: 532,519 (26.2%)</p> <p>Isle of Wight: 140,906 (6.9%)</p>

Note: population estimates refer to 2023.

Whilst the conclusions of the qualitative analysis indicated both B1 and B2 are strong options, the benefits of B2 on strong, stable service delivery, Devolution and meeting local needs demonstrates why this is the preferred option.

Moving Test Valley between the two Unitary Authorities does not materially impact the arguments in the Qualitative Analysis for why 4UA is the strongest option.

A breakdown of the qualitative analysis indicates the need to consider the impact on Devolution, rural-urban delivery of the West authority and the strategic distribution of assets.

The financial analysis, incorporating demand pressure projections, indicates there is no material impact to where Test Valley is placed. The overall cost and benefit of each option is consistent.

Test Valley has relatively low debt and borrowing levels, with total debt of £12.04m and long-term borrowing of just £29.75m - significantly lower than other authorities.

Overall, the balance analysis indicates a mixed picture with increased balance across a number of economic and demography indicators and higher imbalance in others.

Comparative Analysis of Options B1 and B2 (1/3)

Comparative analysis		
MHCLG Criteria	B1: Test Valley in Mid-North	B2: Test Valley in West
1. Sensible single tier of local government	<ul style="list-style-type: none"> In the B1 scenario, Test Valley aligns with the geography of other Districts in the Mid-North due to shared rural character and transport links, creating a more homogenous region with shared requirements for service delivery. In both B1 and B2 the Mid-North and West remain significantly larger (sq. kms) than the South East and IoW. Moving Test Valley makes the Mid-North and West more equitable, but does not impact the size of other authorities. 	<ul style="list-style-type: none"> Moving Test Valley does not materially alter the overall debt burden in the Mid-North or West due to Test Valley's low levels of debt (£12.04M) and borrowing (£32.82M) compared to other authorities. Further, Test Valley only receives 4.22% of HCC debt and borrowing based on the agreed approach to apportionment. Geographically shifting Test Valley to the West brings together predominantly rural areas like New Forest and Test Valley with the urban centre of Southampton. While this creates complexity in aligning service models and governance, it also mirrors the rural-urban diversity found in B1 and offers opportunities for integrated delivery that reflects different local needs. Both the NFDC and NFNPA highlight the option B2 best mitigates the risk to the New Forest which will be housed under a single Unitary Authority. The Director of Adult Social Care for the County Council has highlighted the risk of fragmentation, arguing that more than three mainland authorities would jeopardise safe delivery. Option B2 minimises this risk by further aligning with boundaries. For example, Reablement is already configured in three teams across Hampshire (South- West, South-East and North) so option B2 provides least disruption and best balance of services across geographical boundaries. The inclusion of Test Valley in the West creates a significantly wider geographical area, compared with B1, and as such there are increased opportunities to expand the housing supply. In B1 these opportunities are limited due to restrictions in the New Forest National Park. As such, opportunities for Southampton to expand in terms of housing supply or the economy are limited. A greater area means that housing, and how this benefits Southampton and the region, can be considered strategically.
2. Right-sized local government	<p>Both B1 and B2 create right-sized local government, with populations over 500k, and both will have the capacity and resilience to withstand financial shocks. There are marginal differences in terms of population balance to be considered, with B2 being marginally more favourable.</p> <ul style="list-style-type: none"> Unlike B2, B1 has natural anchors that align more strongly with the existing scale of services, systems and infrastructure in both the North and West. 	<ul style="list-style-type: none"> If Southampton City Council was to be the SW anchor it would be required to scale significantly in order to anchor the delivery of upper-tier services to Test Valley as well.

Comparative Analysis of Options B1 and B2 (2/3)

MHCLG Criteria	Comparative analysis	
	B1: Test Valley in Mid-North	B2: Test Valley in West
<p>3. High quality, sustainable services</p>	<ul style="list-style-type: none"> Option B1 retains a natural anchor (HCC) for upper-tier services in Test Valley and would therefore not require further disaggregation and fragmentation of HCC services. Retaining HCC as the anchor would de-risk transition and implementation and would be significantly less disruptive for high risk upper-tier services. The geographic alignment of the B1 could increase the complexity of delivery models through needing to deliver in both highly urban and smaller rural geographies (rural areas would be significantly more imbalanced than in B2). Delivering across a large, rural geography would increase costs for HTST and Highways. However, this would be offset by a more aligned geographical composition that B1 would offer. The Mid-North has a slightly improved job density and GVA balance. These support and deliver a more resilient economic structure. Business growth is weaker and more uneven across B1 regions, increasing dependence on stronger regions. The financial analysis has reviewed the allocation of cost, income and demand at a county and district level. This includes reviewing the impact of demand pressures for services including ASC, CSC, HTST and SEN. The analysis indicates that there are no material differences between option B1 and B2 with overall costs and benefits concluded to be consistent. As such, the ability to withstand financial shocks, and deliver high quality sustainable services is broadly consistent. 	<ul style="list-style-type: none"> The increased scale of, and demand for, rural delivery, through combining the New Forest and Test Valley, would increase the prominence of rural communities within decision making. The New Forest National Park would remain managed by a single unitary authority (rather than split as per B1) streamlining the governance and driving an increase in service quality. The Director of Universal Services has highlighted that with regards to highways B2 means that there would be reduced fragmentation of existing frontline services allowing operational risks to be effectively managed. West unitary includes both high (Southampton and Eastleigh) and moderate (New Forest and Test Valley) growth areas, providing a more stable base for productivity and public service transformation. Both the Director of Adult Social Care and Children's Services for the County Council have highlighted that reduced fragmentation of services, as is the case in B2, would protect safeguarding of residents. Director of Children's Services: "Option B2 enables continuity of care, preserves vital multi-agency partnerships, and avoids the unnecessary fragmentation risks associated with other models... places no greater resource demand on the NHS, Police or other safeguarding services, as they already deliver co-located multi-disciplinary services with the existing Children's Services. This is a critical aspect of consideration as an increased number of Children's Services would impact those agencies. Anchoring services and frameworks to Southampton would pose a number of challenges. This includes a significant increase in size of population to which upper tier services would be provided (c. tripling the size) and changes to delivery mechanisms (i.e. transitioning from city-focussed to mixed urban-rural delivery, over a significantly larger geography). Significant, and careful implementation and transition planning would be required to de-risk the growth of Southampton and ensure that services are fully integrated.

Comparative Analysis of Options B1 and B2 (3/3)

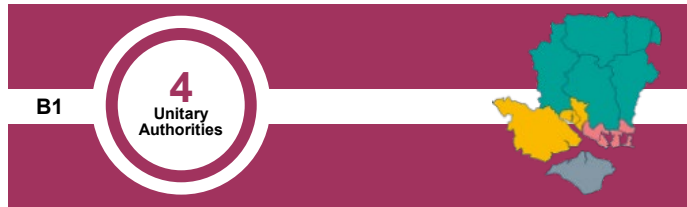
MHCLG Criteria	Comparative analysis	
	B1: Test Valley in Mid-North	B2: Test Valley in West
<p>4. Meets local needs</p>	<ul style="list-style-type: none"> The more homogeneous geography of the Mid-North would strengthen the perception that the authority would be able to more readily mitigate issues of local identity and cultural importance in the Mid-North. However, Test Valley's southern areas are economically and socially oriented towards Southampton, Eastleigh and the New Forest, while the northern part has stronger ties to Winchester, Basingstoke, Berkshire, and Wiltshire. This dual alignment requires flexible planning to meet local needs effectively. 	<ul style="list-style-type: none"> Combining Test Valley with Southampton may balance urban and rural influence in the West, supporting the New Forest, reducing disparity within unitaries, and supporting better tailoring of services to local needs. Significantly, it will strengthen the rural voice and both the NFNPA and NFDC have indicated that B2 will best support the meeting of local needs in the New Forest. Test Valley's split economic ties make alignment complex, with the south linked to Southampton and the north to areas like Winchester and Basingstoke. Both options involve balancing diverse rural and urban communities. The presence of Southampton in the West and Test Valley in the Mid-North each introduce differing, but comparable, challenges for tailoring service. The New Forest national park would be supported by a single UA supporting planning, and coordination across the area. Preserves the area's rural identity through inclusion of another rural area in Test Valley.
<p>5. Supports Devolution arrangements</p>	<ul style="list-style-type: none"> Both the Mid-North and West retain the scale required to maximise the opportunities of Devolution. There is no significant change between the relationship with the strategic authority based on where Test Valley is located. The proposed approach streamlines the relationship between communities and the strategic authority. 	<ul style="list-style-type: none"> Inclusion of Test Valley into the West Unitary gives a significant opportunity for Southampton to expand both geographically and economically – maximising the benefits of Devolution. It presents an opportunity to strategically plan a greater sized area and maximise Southampton's existing social and economic links with the southern part of Test Valley through influence over the economy, planning and transport. There is no significant change between the relationship with the strategic authority based on where Test Valley is located. The proposed approach streamlines the relationship between communities and the strategic authority.
<p>6. Local engagement and empowerment</p>	<ul style="list-style-type: none"> The neighbourhood empowerment model proposed as part of this submission, means that local engagement and empowerment is retained in both situations. In both options, the geography and population remain significant. As such, there are no changes to arguments around local accountability. 	<ul style="list-style-type: none"> Rural-urban divide in the West between Southampton and the districts remains, but Test Valley's inclusion could strengthen rural voices and community engagement due to population size. In both options, the geography and population remain significant limiting the impact on any arguments around local accountability.

B2 as the preferred 4 Unitary Authority option

The preferred 4UA option is B2 as it maximises the impact of Devolution and strengthens effective delivery of rural-urban services.

Option B2 facilitates the Devolution agenda enabling Southampton to grow economically maximising the benefits to the area as a whole. There is increased balance between urban and rural areas, supporting more sustainable service delivery.

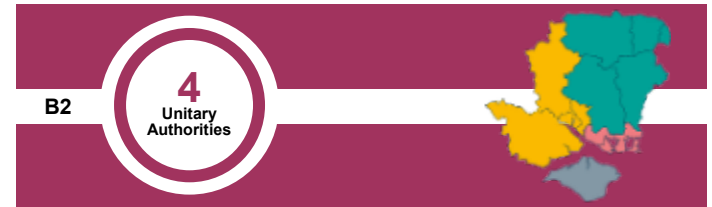
Importantly, this option keeps the New Forest National Park under a single authority, preserving its integrity, rural identity and simplifying governance.



Summary of Option B1 (Test Valley in Mid-North):

Option B1 places Test Valley in the Mid-North, aligning it with areas of shared rural geography and infrastructure e.g. transport, highways). This creates a more coherent delivery geography, simplifies rural service coordination, and builds on existing HCC service delivery, reducing transition risk and unnecessary disruption to service delivery, with HCC already delivering services across most of the Mid-North (including Test Valley). It also provides an opportunity to build on HCC's existing institutional capacity to act as an anchor service for either the Mid-North or West, reducing the risk of needing to establish greenfield authorities.

However, this comes at the cost of population imbalance, with the Mid-North larger (38.8%) than other authorities. While this imbalance can be managed through governance design, it may pose longer-term challenges in terms of fair representation, resource allocation, and perceptions of equity. However, it presents better balance across economic indicators (e.g. GVA and consistent travel to work patterns) than B2.



Summary of Option B2 (Test Valley in West):


Option B2 places Test Valley in the West alongside Southampton, Eastleigh, and New Forest. While Option B2 results in a more balanced population split (SW 34.7%, Mid-North 32.2%), the difference is marginal (c.4% / 80,000 people) and does not represent a significant change in regional population balance. Opportunities to maximise Devolution represent a real chance to drive sustained growth across the region. B2 presents the opportunity to strategically plan a greater area when aligning economic, housing and infrastructure priorities. The scale of rural delivery/ demand is increased driving resilience and capability through scale whilst increasing the equity of consideration between differing geographies in the West.

However, there is an additional transition complexity as B2 anchor (Southampton City Council) would need to triple in size to form the basis of a new unitary. Alternatively, HCC could act as the anchor for the West, but this would then leave the Mid-North without an established anchor, increasing the likelihood of greenfield authority creation. Clear mitigations would be required to support upper-tier services to deliver at increased scale and complexity. As such, B2 is preferred in strategic and balance terms. However, implementation and delivery risks must be managed carefully.

D

Option C | Five Unitary Authorities

Option C | Five Unitary Authorities



C

5
Unitary Authorities

The merits of the option for 5UAs has been considered based on analysis against key differentiating factors in line with the MHCLG criteria.

Key:

- H High alignment
- M Medium alignment
- L Low alignment

Five Options
North-East: Basingstoke and Deane, Hart, Rushmoor
Central: Test Valley, Winchester, East Hampshire
West: Eastleigh, New Forest, Southampton
South-East: Fareham, Gosport, Havant, Portsmouth
Isle of Wight

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

Option C | Five Unitary Authorities (cont.)

5UA faces significant challenges in coordination, resilience, and system efficiency due to increased fragmentation.

Criteria	Alignment Summary	Rating
<p>1. Sensible single tier of local government</p>	<p>Supports simplified local government for Hampshire's residents. Whilst smaller authorities are seen to be closer to communities, effective local engagement is not necessarily a function of organisation size. 5UAs increases fragmentation in the system, with more complexity and distinction across the area - including risks of duplication, service inconsistency and more coordinating effort required.</p> <ul style="list-style-type: none"> • Potential for scale benefits: While smaller than other options, the 5UAs would each still operate at a significant scale, which could enable targeted economies of scale in service delivery and enhance purchasing power. • Greenfield unitary: This option requires establishing at least one greenfield unitary with no existing anchor service; the complexity, scale, and feasibility of delivery of this should not be underestimated and incurs significant cost, resource, risk, and time. • Reduces system resilience: Smaller UAs will lack the scale and operational resilience needed to deliver Upper Tier responsibilities and services to the public, particularly for high-risk and critical services such as social care and safeguarding, whilst also maintaining stability and quality outcomes. The impact of this is inevitably most strongly felt by society's most vulnerable, and so the impact of service and system failure and instability will have a disproportionately negative impact. Services including, MASH, schools and child protection conferencing have highlighted the reduced resilience during demand spikes that smaller unitaries would result in. • Risks fragmentation: At a time when local government is seeking simplification to support future sustainability, new modes of fragmentation put in jeopardy the goal of using LGR as an opportunity to stabilise delivery and transform for the future. The risk of distraction from critical delivery priorities is high - as attention is required to create multiple new authorities. • Capacity and workforce coordination challenges: 5UAs may exacerbate existing pressures on critical service delivery by fragmenting the workforce – this will be particularly pronounced during the transition and implementation period. • Reduced transformation capacity and capability: Increased fragmentation and complexity of delivery will increase the potential instability of the 5UA model. This will reduce organisations' ability to innovate and transform how services are delivered both now and in the future. There will be limited capacity to redesign services to meet changing resident needs or deliver system-wide improvement to build either resilience or improve outcomes for residents. 	<p>Medium</p>

Option C | Five Unitary Authorities (cont.)

5UA faces significant challenges in coordination, resilience, and system efficiency due to increased fragmentation.

Criteria	Alignment Summary	Rating
<p>2. 'Right-sized' local government</p>	<p>The 5UAs model fails to meet key national guidelines on population thresholds and demonstrates no evidence (financial or otherwise) to justify being below guidance. Smaller unitaries lack the scale and financial resilience to absorb shocks or deliver upper tier services efficiently and effectively. Duplicated leadership, management, and back-office functions are also costly for the system, and will put more strain on a nationally challenging labour market.</p> <ul style="list-style-type: none"> • Improved efficiency: System partners and some districts have indicated that fewer UAs supports better system integration and efficiency, facilitating efficient distribution of capacity-building resources, ensuring even the least populated areas can receive support proportional to their needs. • Exposes fiscal and workforce vulnerability: Smaller authorities may be closer to communities but incur higher per-unit costs with limited purchasing power, resource optimisation, and economies of scale. Smaller tax bases, limited borrowing capacity, and fragmented workforces challenge financial and service stability. • Transition costs: Additional new unitaries increase transition costs and complexity requiring new systems, processes and people; and the need to create one additional authority with no anchor service creates disproportionate added cost and challenge. 	<p>Low</p>
<p>3. High quality, sustainable services</p>	<p>5UA risks significant fragmentation of critical county-wide functions. Smaller UAs may face coordination challenges and be unable to retain specialist teams or offer robust county-wide services. This creates a risk of inequitable access and unstable delivery models, particularly for vulnerable populations. The reduced scale of organisations reduces both the financial and operational resilience of organisations to withstand shocks.</p> <ul style="list-style-type: none"> • Service integration: Localised governance can enhance integration of services within respective areas and be responsive to local needs. • Increases fragmentation of key services: Disaggregating safeguarding, SEND, and education services limits workforce coordination and service quality. Furthermore, partners across key services have indicated that increased fragmentation would significantly impact service provision, through increasing the complexity of provision. • Weakens ability to retain specialist teams: Smaller authorities may struggle to attract and retain key roles (e.g. safeguarding leads). • Strains strategic partnerships: NHS, Fire, and Police report concerns over coordination with a more fragmented unitary structure. • Capacity and workforce coordination challenges: 5UAs may exacerbate existing pressures on critical service delivery by fragmenting the workforce without significant investment in partnership and shared working across the region. To successfully deliver partnership and shared working, even for transactional services, a strong, stable host organisation with the necessary scale of delivery and capability (including commercial skills) are required. A five unitary model will find it more challenging to deliver successful partnership working opportunities, which limits opportunities in the future to expand beyond transactional services into complex delivery arrangements i.e. Adult Social Care and Children's Social Care. • Limited opportunity to transform – increased fragmentation reduces the capacity within organisations, impacting their ability to transform or innovate, to build resilience, or to effectively meet residents' needs - now or in the future. 	<p>Low</p>

Option C | Five Unitary Authorities (cont.)

5UA faces significant challenges in coordination, resilience, and system efficiency due to increased fragmentation.

Criteria	Alignment Summary	Rating
<p>4. Meets local needs</p>	<p>Smaller authorities may have more focus to engage locally, but delivering quality upper tier services is harder with fewer resources and a more complex needs base (from combining some very distinct geographies). Conversely, larger authorities with more resources and ability to pool risk and manage shocks are likely to be more able to resource strong, innovative local engagement models.</p> <ul style="list-style-type: none"> • Enhances local identity: Residents may feel greater recognition in smaller footprints aligned with local history, heritage and identity. • Reduces delivery capacity and resilience: Smaller UAs may lack capacity to meet complex or high-cost needs (e.g. adult social care, SEND). New authorities would be required to establish effective and efficient front door, brokerage, and multi-agency safeguarding function. Excessive disaggregation could significantly impact safeguarding, through negatively impacting partnerships and reducing economies of scale, particularly in the case of MASH and Child Protection statutory obligations, where partners are already required to work with four upper tier authorities. Further, it does not meet partner needs, with the Police indicating the 5UA option would increase their costs, reducing money available to front line services. • Increases risk of uneven development: Risk of variation in infrastructure delivery, housing capacity, and accessibility across UAs, as the system is more fragmented, and inherently requires more coordination across the area. • Inconsistent community empowerment: There is a higher risk of inconsistent and misaligned approaches across the area, in the models of community empowerment deployed across 5 UAs; which inevitably increases "shoe-leather" costs. 	<p>Medium</p>
<p>5. Supports devolution arrangements</p>	<p>The 5UA model supports agile, locally driven Devolution strategies. However, maintaining scale to deliver infrastructure and investment priorities requires greater internal capacity and clear regional direction. The increased number of organisations in the system, and potentially weaker partner alignment may reduce the voice of each individual organisation in the system.</p> <ul style="list-style-type: none"> • Leverages place-specific priorities: UAs can align to sectoral strengths (e.g. logistics, marine, defence), supporting bespoke growth and innovation. • Reduces bargaining power: Fragmentation may weaken the region's ability to negotiate devolved deals or influence national policy. • Weakened system leadership: Fragmentation makes it harder to align priorities across authorities. Investors and universities prefer fewer, larger authorities for engagement, making effective governance and regional voice more difficult. • Requires strong strategic authority coordination: Without cross-UA alignment, risks emerge in delivering regional housing, skills, or transport priorities. 	<p>Medium</p>
<p>6. Local engagement & empowerment</p>	<p>Five authorities may appear as if they are more aligned due to the size and recognisability of the area. However, smaller authorities have reduced scale and finances to be able to deliver the proposed resident engagement model.</p> <ul style="list-style-type: none"> • Local empowerment: Opportunities exist to embed community voices through place-based and neighbourhood empowerment, as with all options. • Councillor access and representation: Smaller unitaries could enable stronger relationships between councillors and communities, but this is dependent on councillor numbers and ward structures; and has implications for funding as more councillors will cost more to the system. • Lacks delivery consistency: Without shared platforms, tools, or oversight, models risk variation across areas and potential gaps in engagement quality. • Reduces strategic voice for communities: Smaller UAs may lack influence in regional and cross-boundary decisions. • Faces resourcing challenges: Smaller budgets and workforce pools may limit capacity to invest in high-quality, inclusive participation structures. 	<p>Medium</p>

E

The Isle of Wight

The IoW has been treated distinctly due to its unique demographic, geographic, economic and cultural position.

The IoW is a core part of the H&SA, sharing the same LGR opportunities and outcomes that the rest of the H&SA is looking to achieve. However, its unique context presents specific strengths and challenges.

There are a limited number of options for how the IoW is incorporated into the model. One option is for IoW to remain a standalone unitary, which would require considerable support. The analysis in this document, supported by Isle of Wight Council's own case (Appendix I), sets out this approach, the reasons it has been proposed and the impact on the MHCLG criteria. Alternatively, the IoW could be incorporated into a mainland unitary through formal shared services agreements – for example with the South-East, due to the significant existing integrated arrangements. A counterfactual analysis of how this impacts the South-East has also been provided.

Isle of Wight | Context

The IoW faces a number of distinct challenges that support the argument for it to keep a standalone unitary authority:

Economic

The IoW's economic position is **uniquely constrained** compared to both the South East (region) and national averages. With a significantly lower GDHI per head (£20,749) and GVA per hour worked (£35.5), and a high deprivation score (23.3), the island experiences deeper socio-economic challenges than the mainland. Its financial resilience is limited and a projected £8.5 million budget gap across 2024/25 and 2025/26. These factors, coupled with the additional costs of island logistics and staffing, make the case for an approach tailored to the Island's needs, not one merged into a broader system.

Geographic

The IoW is England's largest island, covering an area of 380 square kilometres, and is situated in the English Channel, **separated from the mainland** by the Solent, which increases both the cost and the operational challenges associated with delivering services. The island's separation from the mainland means it cannot be merged with a neighbouring authority with contiguous boundaries, limiting opportunities for shared service delivery. While partnerships exist across the Solent such as the H&SA and IoW Integrated Care System, they do not extend to the shared funding or operational delivery of services, nor do they remove the need for a dedicated governance model that reflects the island's physical and service realities.

Population

The population of the IoW is 140,906, **making it the sixth largest local authority in the H&SA**. The island also has a markedly rural and older population, with a median age of 51, compared to 41 regionally and nationally. This demographic skew places additional strain on health and social care services and limits the local labour market. This presents a specific set of challenges and considerations for the delivery of services on the IoW which require continuity of focus and delivery through a localised, standalone authority.

Cultural and Historic

The IoW has operated as a **separate county since 1890**, with its own **Lord Lieutenant since 1974** and, historically, a Governor dating back to the 16th century. It was also the first county to become a county-unitary and previously had its own district councils. This long-standing institutional distinctiveness underpins the island's strong desire to retain its independence. This autonomy is deeply valued by residents and is reflected in the island's unique local traditions. Cultural events such as the IoW Festival and Cowes Week not only contribute to the island's economy, but also help maintain a distinctive local identity. A standalone authority ensures decisions are made with full understanding of the island's unique **history**, culture, and priorities.

Isle of Wight | The IoW as a standalone unitary

The IoW is an important consideration at the heart of transformation and a unique part of the Solent area. Retaining the island's standalone UA could help preserve local identity and accountability, while responding to the island's distinct geography, population and service needs. The IoW Council, along with many other local government organisations, has a structural funding deficit.

The Isle of Wight retaining a standalone Unitary Authority meets a plurality of the MHCLG criteria

- **Sensible Single Tier:** The IoW is geographically separate from the mainland by the Solent. Its natural boundaries and lack of a major population centre make it unsuitable for merger with neighbouring authorities. A standalone authority maintains coherence in governance, avoids cross-Solent delivery complexities, and reflects the physical realities of service delivery on the island. To note, there is a significant increase in cost of delivery across the Solent due to the cost of importing services.
- **Right-Sized local government:** While the population is below the MHCLG threshold (140,906 vs. recommended 500,000), IoW functions as an autonomous UA with clear governance arrangements and no shared boundary overlaps. It has sustained unitary status since 1995, with decisions tailored to local needs and priorities.
- **High-Quality, Sustainable Services:** Although financial challenges exist, a dedicated governance model enables bespoke solutions for the island's unique pressures, including transport logistics, tourism reliance, and workforce constraints.
- **Meets Local Needs:** The IoW has a rural and ageing population, with higher levels of deprivation than many mainland areas - it has the oldest median age (51), placing unique demands on adult social care, health services, and housing. Larger authorities such as Portsmouth have different priorities, creating a risk that IoW's needs could be overlooked. Retaining standalone status ensures services remain focused on the island's distinct demographic and geographic profile.
- **Supports Devolution Arrangements:** Retaining the independent status of the unitary retains the IoW's support for Devolution. A shared strategic authority covering the wider H&SA will support the IoW to access the devolution benefits without changing political autonomy. There is an opportunity to explore an IoW deal.
- **Local Engagement and Empowerment:** The unique culture, autonomy and political landscape of the IoW reinforces the narrative that the IoW should remain standalone. Combining with a mainland authority could dilute the voice of the population, impacting the distinct cultural and historical identity.

The preferred option is strengthening existing, and developing new relationships with mainland services

The vision for the H&SA, and the new approach to local government, will enable the IoW to work with the rest of the area through a series of formal and informal relationships with the new unitary authorities to improve its financial resilience and deliver improved outcomes for residents.

There is also an opportunity, without combining with another unitary authority, to strengthen the relationship formally or informally with other authorities. For example, this could build on the strategic health partnership with Portsmouth Hospital University NHS Trust. This would mitigate but not remove the financial challenge.

Strengthening relationships with mainland services could help address some of the inherent challenges the IoW faces. While certain services, such as Children's Services, can be delivered across the Solent at additional cost, others may not be easily shared. Any benefits from greater integration are likely to come from reduced management overheads, increased capacity, and enhanced resilience, rather than significant financial savings.

However, a standalone unitary does not meet a number of the MHCLG criteria; population size (less than 500k), sustainable services (resourcing challenges, limited tax base and ageing population). The efficiencies of scale would be unlikely due to the additional cost of merging with a mainland service whilst challenges around sustainability could be mitigated through shared service arrangements and exploring changes to devolved funding.

While the preference remains for the IoW to continue as a standalone authority, this does not preclude future collaboration with mainland unitary authorities. All partners recognise the IoW's unique challenges and are committed to exploring further opportunities for efficient, joined-up service delivery where appropriate.

Isle of Wight | Supporting island resilience and stability

The IoW is assumed to remain standalone across all options. The following analysis sets out how each option would support IoW.

Criteria	Option A: 3UA	Option B: 4UA	Option C: 5UA
1. Sensible single tier of local government	Rating - Medium 3UA has the scale to share services effectively with the IoW, but may over-centralise governance decisions on the mainland and risks overlooking the distinct geography and sense of autonomy.	Rating - High 4UA model provides clearer alignment with geography and balances strategic delivery with the ability to tailor to IoW's specific needs. Easier to align IoW via shared services without diluting identity.	Rating - Medium 5UA model increases responsiveness through smaller authorities, benefitting IoW's strong local identity, but increased fragmentation raises operational complexity for shared delivery.
2. 'Right-sized' local government	Rating - Medium The IoW would be significantly smaller than the two mainland authorities but would be able to benefit from their increased scale and resilience.	Rating - High Best balance of scale and locality. Offers appropriate scale for integration and shared resourcing while preserving IoW autonomy and flexibility to develop island-specific locality arrangements.	Rating - Low The IoW remains smaller than the mainland authorities, but the population distribution is more equitable. Smaller authorities would have less resilience and limited ability to support island-specific service pressures.
3. High quality, sustainable services	Rating - Medium Limited fragmentation of services, with mainland authorities having the scale to potentially support the IoW to mitigate risks associated with delivery through shared working arrangements.	Rating - Medium The mainland unitaries retain the scale to support the IoW with increased local tailoring. Increased opportunity to share services where this would mitigate risks.	Rating - Low Increased fragmentation raises operational complexity for shared delivery with smaller authorities potentially lacking the scale to support, for example, island safeguarding and specialist teams.
4. Meets local needs	Rating - High Autonomy of the island is retained, enabling decisions to be informed by local views. The IoW has a clear link to strategic decision making and risks are mitigated by ability to access support from mainland authorities.	Rating - High Strong opportunity to balance strategic oversight with local delivery. Supports neighbourhood models and IoW-specific planning with access to mainland authorities.	Rating - Medium There remains strong alignment between community engagement and the Strategic Authority. Albeit the increased number of stakeholders may dilute the voice of the IoW.
5. Supports Devolution arrangements	Rating - High Fewer stakeholders at the Strategic Authority level would increase access, influence and island visibility around regional decision making and priority setting.	Rating - High 4UA structure supports tailored island representation in devolution discussions, while aligning with regional planning and funding opportunities.	Rating - Medium The model supports local voice, but having more authorities may dilute individual voices in regional decision making. Albeit populations are more equitable.
6. Local engagement & empowerment	Rating - Medium The IoW retains its autonomy. Community engagement is strengthened through the alignment with the strategic authority and regional decision-making, albeit the scale of the mainland authorities requires consideration.	Rating - Medium The autonomy of the IoW is retained; there remains a strong balance between number of stakeholders at the strategic authority. Disparity between the size of the IoW and mainland unitaries remains.	Rating - Medium Smaller, more equitably sized authorities at the Strategic Authority level to represent the strong community engagement. However, the increased number of voices may dilute island representation.

A Hampshire and Solent wide solution is required for the IoW



Additional change and support is needed for IoW to become financially and operationally sustainable in the long term.

The IoW Council experiences significant challenges as a result of being a small unitary authority, separated from the mainland by the Solent.

The IoW Council highlights the pressures that they are facing within their own case.

These include ongoing challenges around financial resilience and operational challenges around recruitment and retention.

These challenges will not be completely resolved through either remaining a standalone authority (as proposed in all scenarios) or by joining with a mainland authority - where significant additional cost to operate would be incurred.

When considering each option, the risks (and potential benefits) need to be considered and addressed.

Regardless of the option selected, the IoW will need to explore options which either mitigate or resolve the current structural and fundamental challenges.

The IoW Council faces significant challenges driven by local factors including the geography of being separated from the mainland, demographics on the island and how these then interface with, and impact, how the organisation operates.

All proposed options retain the IoW as a standalone unitary authority. Formally merging the IoW with a mainland unitary authority may, in theory, improve financial and operational resilience for island services to some extent. However, it is likely to significantly impact the financial sustainability of whichever unitary authority houses the IoW.

Historically, economic growth on the IoW has lagged behind the rest of the region coupled with acute challenges around the housing labour and skills supply. The reorganisation option needs to incorporate approaches that shift the dynamics between the IoW and mainland to drive economic growth, support movement of skills across the Solent area, expand the housing supply, and contribute to the South-East region being a national economic powerhouse.

The key challenges that require a Hampshire and Solent wide solution are:

- 1. Service Delivery** – what the H&SA wide options are there to build sustainable, innovative and resilient models of service delivery across the whole system?
- 2. Economic Growth** - how do Devolution, Government, and regional priorities intersect to unlock economic and housing growth on the IoW and drive the wider ambitions around growth in the South-East?
- 3. Demand Pressures** - what medium and long-term interventions, building on best practice and partnerships, would sustainably reduce the overall demand pressures on IoW services?

The Needles, Isle of Wight

How does the IoW align with wider LGR in Hampshire?

The ambitious reorganisation and transformation of the mainland will implement a new system of local government, with strengthened delivery models and partnerships and a focus on supercharging economic growth across the whole region. The IoW should look to align with these initiatives to benefit from the wider reorganisation whilst remaining a standalone authority.

Delivery model

Effective and ambitious transformation of delivery models on the IoW will embed resilience and sustainability across the whole region.

The IoW should actively participate in and co-design cross-regional delivery models that directly or indirectly support the development of resilient services.

Opportunities include:

- Sharing capacity and expertise to address recruitment and retention challenges.
- Developing people-based services (e.g. community-based care) through locally tailored delivery routes.
- Leveraging shared back-office and support functions, with savings reinvested in frontline capacity and capability.

Some services requiring major infrastructure or assets may remain locally delivered. Applicability will need careful consideration, particularly in Social Care, in line with MHCLG guidance.

Economic growth

The creation of a Strategic Authority, overseeing the area's priorities, offers a route to coordinate area-wide asks from MHCLG - including specific support for the IoW

It is important to ensure that retaining the IoW as a standalone unitary authority does not contradict Devolution efforts. The IoW will need to consider any specific asks from MHCLG in order to facilitate its role in jointly delivering the regions ambition.

Further consideration will be required around how the IoW can increase the supply of affordable housing on the island.

Demand pressures

Mainland reorganisation is seeking to redefine relationships with partners and strengthen community engagement and empowerment.

Partners across the system have consistently expressed a preference for fewer upper-tier organisations. Local Government Reorganisation (LGR) therefore provides an opportunity to consolidate, simplify, and leverage new relationships.

The IoW should seek to benefit from this streamlining of relationships with mainland partners, working collaboratively to co-design approaches that reduce demand pressures in the medium to long term.

F

Financial Analysis Summary

LGR presents a complex financial modelling challenge, requiring the integration of services and funding from 14 local authorities of varying sizes. Estimating the potential costs and savings that will result from these changes inevitably involves making assumptions.

The financial challenges faced by HCC and the wider local government system are well documented. While LGR has the potential to contribute meaningfully to improving the financial sustainability of local government, the savings it could deliver will neither be sufficient to resolve the structural financial deficit alone nor will they come soon enough to do so.

The structural deficit has arisen from the demand for, and cost of, services significantly outstripping available funding. When the County Council's costs and funding are disaggregated, these challenges will pass to those new authorities. Disaggregation of costs and funding at district level, supported by analysis conducted by Newton Consulting, has shown that there are no obvious outliers in demand for people services across the current districts.

Financial Analysis | Approach

The decision over which option to implement will have significant financial consequences – the options appraisal process is therefore a critical decision.

Those responsible for evaluating and approving proposals must be equipped with the most accurate and comprehensive information possible to support their decision making. **With forecast implementation costs exceeding £80m across all options considered in this case, it is essential that this substantial investment can be justified by clear and measurable benefits delivered to residents.**

The approach taken in our financial analysis has been to:

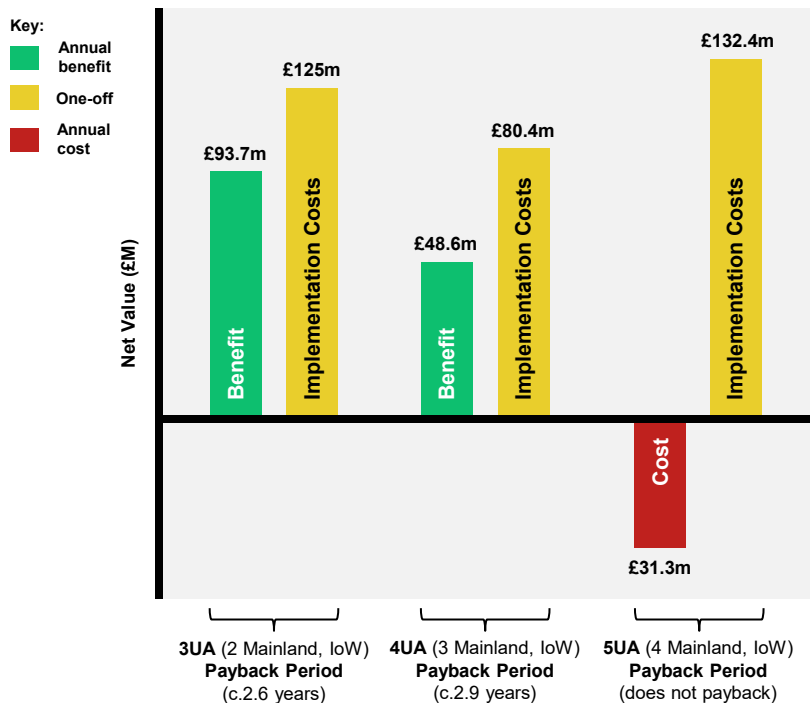
- Draw on the expertise of local government officers from HCC and EHDC, as well as the experience of PwC.
- Use the current spend of the existing authorities as a basis for assessing the potential impacts of change – utilising the shared data stack developed by KPMG and hosted by Southampton City Council.
- Make prudent and logical assessments of the potential to deliver savings and of the one-off and ongoing costs of change.
- Consider the difference in financial consequences of aggregating services and disaggregating services as well as the potential for transformation once reorganisation has been delivered.
- Focus on comparison between different options rather than absolute numbers to support decision making.
- Model at a macro level to consider the overall impact on the Hampshire mainland area, not differentiate between different unitary constructs (supported by conclusions of the Newton analysis).

Throughout the process, HCC and EHDC have maintained a strong commitment to collaboration and transparency, working with all local authorities across the H&SA through a shared data protocol and central data repository, ensuring that all partners have access to a consistent and robust evidence base.

The CIPFA template has been completed as part of this process and will be made available to MHCLG. Full detail of the financial analysis is set out in Appendix A.

Financial Analysis | Overview

The financial analysis presents the comparative view of different options for local government reorganisation in the Hampshire mainland area. It considers the forecast recurring net benefits / costs of the different options and the and the forecast one-off costs of delivering the change. The model considers mainland Hampshire only, as no option involving the Isle of Wight has been considered.



Conclusion

As shown in the chart, based on just the financial modelling, **the 3 UA (2-mainland unitary) option is the best option financially**, but the risk of delivery is considered significant given the impact on the existing 2 unitary authorities and the disruption to upper tier services.

Therefore, taking account of transition risk, stability, maintaining the quality of the services delivered, minimising the impact to upper tier services, and taking account of the key findings from the qualitative assessment, **the 4 UA (Option B2: 4UA) option would be the least risky option whilst still providing significant financial benefit**, with more confidence of delivery based on the concept of building on the existing anchor services and frameworks. **It is for these reasons that Option B2: 4UA is the recommended option.**

Notes

Benefits / costs are annual and recurring at the point the benefits / costs have been fully realised. The phasing of costs and benefits is explored in Appendix A.

Prudent and logical assumptions on costs and on the potential for delivering savings have been used. Less prudent assumptions would impact the total quantum of costs / benefits but not materially impact the differential between the options.

Full details of the methodology and assumptions are contained within Appendix A.

Recurring benefits and costs

The following sets out the breakdown of the annual recurring net savings / (costs) projected for each option, once fully realised. These are presented as mid-points in the savings ranges calculated.

Both 3UA and 4UA offer strong financial benefits – these have been adjusted based on confidence in delivery.

3UA: The assessed level of savings is high, due to the reduction in the number of UTLAs from three to two, and the significant opportunity for aggregation of district services; but it is also a complex option, which involves combining two existing unitaries, and disaggregation of county services. It includes the highest level of system integration, through a reduction from fourteen mainland authorities to just two. For these reasons, the confidence in delivery of the savings in the first five years is assessed as only 70%.

4UA: maintains the existing number of UTLAs, and on the assumption that the new unitary authorities would build on existing anchor services and frameworks, this option has a higher level of confidence that the assessed savings can be delivered, and with more certainty than the more complex 3UA option.

5UA: there is high confidence that there will be significant additional costs due to the duplication of upper tier infrastructure, senior management, cost of IT systems etc due to the creation of an additional upper-tier provider on the mainland.

Appendix A provides further detail on the breakdown of savings and costs from aggregation, disaggregation and transformation and the assumptions, including confidence factors, that underpin these.

Area	3UA (£m)	4UA (£m)	5UA (£m)
Senior management	8.7	7.0	5.2
Elected Members	2.0	1.5	(0.4)
Back office	45.5	17.5	(10.6)
IT	11.7	-	(14.1)
Other staffing	50.5	27.1	3.4
Third party spend	15.4	1.0	(14.8)
Total annual recurring net saving / (cost)	133.8	54.0	(31.3)
Confidence factor	0.7	0.9	N/A
Confidence adjusted recurring net saving / (cost)	93.7	48.6	(31.3)

Implementation costs

The following sets out the breakdown of the **one-off implementation costs** projected for each option.

The implementation of LGR will be a complex undertaking, whichever proposal is taken forward:

- New democratic and organisational structures and processes will need to be established.
- Staff will need to transfer to new organisations and adapt to working in new organisational cultures.
- IT systems will need to be introduced or changed, and complex data transfers will need to take place.

This will all need to be delivered to a challenging timetable, whilst ensuring the delivery of public services is not compromised.

Leveraging existing anchor services and frameworks is likely to be the best way of minimising the costs of delivering the change.

Appendix A provides further detail on the more significant cost differentials within each of the options.

Cost component	3UA (£m)	4UA (£m)	5UA (£m)
New unitaries' setup and closedown	(15.3)	(14.0)	(17.5)
IT and systems	(45.0)	(30.0)	(65.0)
Service / operating model design and implementation	(22.5)	(15.0)	(30.0)
Redundancy	(33.9)	(15.5)	(8.7)
Contingency	(8.3)	(5.9)	(11.2)
Total implementation costs	(125.0)	(80.4)	(132.4)

Comparative Cost-Benefit over 5 years

The following sets out the **projected net financial impact over five years** for each unitary reorganisation option.

The net five-year benefit takes into account:

- Aggregation and disaggregation benefits / costs (recurring)
- One-off transition and transformation costs
- Ongoing transformation benefits (recurring)

The realisation of both aggregation and transformation benefits is phased over the implementation period and is not linear to reflect the reality of delivery. Aggregation and transformation benefits become fully realised from Year 5 onwards.

Implementation costs are shown as fully incurred in Year 1 for the purpose of modelling.

This balances a realistic view of benefit realisation with a strong ambition to deliver financial savings and transform services.

	3UA (2 Mainland) (£m)	4UA (3 Mainland) (£m)	5UA (4 Mainland) (£m)
FY 2028/29	26.3	15.5	(38.2)
FY 2029/30	81.9	45.1	(71.4)
FY 2030/31	158.4	86.3	(103.2)
FY 2031/32	245.9	131.3	(136.5)
FY 2032/33	339.6	179.9	(167.9)
Benefit / (Cost) after 5 Years	339.6	179.9	(167.9)
Implementation costs	(125.0)	(80.4)	(132.4)
Net Benefit (cumulative) after 5 years	214.6	99.5	(300.3)
Payback Period (years)	c. 2.6	c. 2.9	Does Not Payback

Comparison of business cases

We are aware that an alternative business case promoted by other Local Authorities in the H&SA draws different conclusions about the net financial impact of a 5UA model. This is down to differences in methodology and assumptions.

There are significant differences in methodology between business cases:

Our case provides comparators of 3, 4 and 5UAs, whilst the alternative case does not offer a comparator and only considers 5UA models (and is based on the savings forecast - not savings achieved - from previous LGR cases nationally), **so a comparator of the costs and benefits against our recommended option B2: 4UA using the methodology from the alternative case is not available.**

Given the different methodologies adopted, the outputs of the financial modelling in the two business cases are significantly different; savings from reorganisation and transformation are significantly higher in the alternative case, while disaggregation costs are significantly lower, which in their modelling of a 5UA lead to a net difference of £95.2m. Implementation costs for a 5 UA option are broadly similar in both cases.

There are a number of core differences with the assumptions:

Comparing the 5UA analysis from both cases highlights some stark differences. Our case builds in savings on contract consolidation and staffing that can be achieved when organisations are aggregated. However, it recognises that:

- Where these aggregation savings come from districts, they are coming from a limited cost base that only accounts for 5.3% of third party spend and 20.2% of staff costs in mainland Hampshire.
- These benefits will be more than offset by the significant, nationally recognised cost of disaggregating upper tier services and creating a new 'greenfield' authority. In particular, the recurring cost of duplicating the infrastructure needed to effectively run an additional large organisation delivering complex services; and the diseconomies of scale this will create for third party contract spend.

The alternative case uses historic estimates of savings per head of population based on 14 previous LGR business cases (which, on review, we believe is 9 previous LGR proposals, 7 of which were implemented) from 2009 onwards, and indexes to a 2025 price base as the basis for establishing the potential quantum of savings; such an approach is likely to **significantly overestimate** the potential for savings.

The alternative case assumes that consolidation savings can be achieved *on all third party spend and all staffing expenditure*, even for complex upper tier services (e.g. social care) where markets are extremely challenging, there are skills shortages and delivery would actually be disaggregated from 3 to 4 mainland organisations. It does recognise some additional costs from duplicating infrastructure and staff but assumes these costs will be significantly lower than our case. Appendix A provides full analysis of the differences.

	HCC / EHDC Case	Alt. Case	Difference
	Option C (5UA)	5UA (no BC)*	
	£m	£m	£m
Savings from aggregation 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 costs	(132.4)	(128.2)	4.2

** No boundary change – the alternative case outlines three options with the same projected recurring savings and costs. The only difference is found on implementation costs which are higher for their Option 3 which involves boundary changes.*

For the purpose of this comparison, we have considered the options without boundary changes.

MHCLG is asked to carefully review the methodology and assumptions which sit behind the financial analysis in both submissions given the significant differences between them.

Financial Analysis | Conclusion

There is no easy solution to the financial challenges facing local government. LGR has the potential to materially improve the financial sustainability of local government. But to successfully deliver any form of LGR will take significant investment. It is essential that this investment delivers significant and long-term savings.

The financial modelling shows that creating more unitary authorities than the number of existing UTLAs will create significant additional recurring costs through duplication of running costs associated with additional organisations delivering UTLA services.

As part of the early work on LGR, the Chief Financial Officers (CFO) (s151) of HCC and EHDC prepared professional statements (Appendix B). These statements set out some key considerations:

- *The CFO is not merely the servant of the local authority but holds a fiduciary responsibility to local taxpayers. In the context of LGR, this responsibility should weigh heavy on all CFOs, as our evaluation of the benefits and risks associated with LGR and the construct of any new unitary authority(s) should take account of the long-term impact to and on local taxpayers (EHDC statement)*
- *One of the key roles of the section 151 officer is to ensure that **those taking decisions are presented with relevant, objective and reliable financial analysis and advice, clearly setting out the financial implications and risks of decisions.** This aspect of my responsibility will feed into any reports to Cabinet and Full Council on the issue of LGR, to ensure that any proposed decisions by Members take account of **relevant, objective and reliable financial analysis of the potential options** for establishing unitary local government across Hampshire and the IOW. (HCC statement)*

The approach set out in these statements has guided the approach to the financial analysis. This analysis provides a sound comparison of the potential financial benefits of the 3UA, 4UA and 5UA options.

The expectations of LGR are that “efficiencies will be identified to help improve council’s finances and make sure that council taxpayers are getting the best possible value for their money.”

Both the 3UA and 4UA options have the potential to meet these expectations, whilst 5UA would create significant financial and operational challenges, cost more than the current arrangements, and not recover implementation costs. Although the 3UA option has the potential to deliver more savings, it is also a more challenging and risky option to deliver.

Critically, a financially less resilient unitary will require more financial support to ensure safe delivery of statutory services, likely result in further reductions in discretionary services and would likely necessitate increases in Council Tax levels. This, alongside the non-financial considerations set out in the rest of this case, mean that 4UA is the preferred option.

G

Balance Analysis Summary

Balance Analysis | Approach

This section offers a high-level evaluation of various indicators for external factors that may impact the economic and geographic breakdown of the region into the constituent geographies for the LGR options.

The intention is for these indicators to provide additional richness regarding the context within which the new unitaries will be operating, and relative balance between the new unitary geographies per option on these proxy metrics.

Balance in and of itself is **not** intended to be a goal in itself. Instead it is used as one of many data inputs to understand the wider context for LGR and provide insight to help make the most informed and reasonable decision possible on the preferred option.

Methodology

For each indicator, the ratio uses the following formula: **Balance Ratio1 = Max Value / Min Value**



The analysis seeks to establish if there is a balanced distribution of key geographical factors across each proposed option. It is important to note that a balanced option does not automatically imply it is good or bad.



Comparing the value to national and regional benchmarks further evaluates the indicator, providing a deeper understanding of its relative strength and relevance.



It offers a foundation for stakeholders to assess choices in light of the H&SA's unique economic and geographic characteristics.

Decision Making Principles



Balance is a neutral metric, and other factors must be considered in evaluating the different options under review; particularly with reference back to the six MHCLG criteria.



This analysis serves as a tool, highlighting how each option might align with local priorities and strategic goals.



Leverage this analysis as a foundation for informed discussions on the area's optimal future state. Balancing factors is only a small input into a much broader and considered decision-making process, helping to support consideration of each option in its full context.

Balance Analysis | Summary View

The balance analysis for the H&SA serves as one input into the overall LGR options analysis. Below is a description of four categories where proxy metrics have been included for review (see Appendix J for detail on metrics) and a summary assessment of the level of balance for each LGR option.

Category	Growth and Productivity	Demography	Land and Infrastructure	Wider Public Services
Description	Here, the analysis delves into the economic growth potential and productivity levels. It aims to understand how well the unitary option can support economic development and impact productivity metrics.	This indicator assesses population distribution, age dynamics, and demographic growth trends. It aims to ensure the unitary option supports future population needs adequately.	This aspect evaluates the availability and adequacy of land and infrastructure necessary to support development and economic activities, focusing on connectivity, utilities, and spatial planning.	This indicator looks at the provision and quality of essential services, such as healthcare and education, ensuring that all necessary services are accessible and well-maintained.
Option	Level of Balance	Level of Balance	Level of Balance	Level of Balance
Option A: 3UA	Strong	Strong	Strong	Strong
Option B1: 4UA	Strong	Strong	Strong	Strong
Option B2: 4UA	Moderate	Strong	Strong	Strong
Option C: 5UA	Moderate	Strong	Moderate	Strong

Key: Strong balance Moderate balance Significant imbalance

H

Options Appraisal Conclusion

Options Appraisal Conclusion (1/2)

What we do as local government matters. It enables and supports delivery of services and shapes our places to all residents and communities across the H&SA, often those most in need.

LGR presents opportunities to significantly re-think and improve local government of the future. However, we know it carries significant financial and operational risk and complexity.

It is therefore essential that the development of LGR proposals are based on robust, evidential and professionally informed assessments of options in the context of the Government's criteria.

Our approach, appraisal and proposal does this.

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. This is easy to promise, but in our case, this is founded in credible, evidence-led reality.

New unitary authorities must be of a scale and size to ensure that there is a real opportunity to bring about efficiencies through aggregation of services – this presents an opportunity to increase resilience and expertise across the H&SA. Unitary councils of the scale proposed in our preferred option 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 LGR options appraisal demonstrates that, **alongside most closely aligning to Government criteria, 4UA: B2 is the strongest option to achieve this** – prioritising high quality and increasingly sustainable public services and achieving a system of local government that is balanced and sensible.

Reimagining local government through the preferred option creates a simpler, stronger, and more responsive model – one that unlocks housing, drives economic growth, and empowers communities to shape their own futures. **4UA: B2 offers the safest transition as it doesn't increase the number of UTLAs in the H&SA, delivers £49m annual financial benefits to the taxpayer and the strongest platform for innovation and transformation.**

4UA: B2 is the model that partners want, it avoids increasing cost and pressure on a stretched public service system. Partners want simple, cost effective and joined up local government with the fewest number of strategic touchpoints to maintain and improve operational interactions. The preferred option creates the perfect ingredients to work systematically to deliver public service reform.

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 in a recent report, 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 fallout 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.

Options Appraisal Conclusion (2/2)

LGR is not about recreating HCC, Southampton City Council, or Portsmouth City Council, but equally it doesn't need to be about starting from scratch.

It is about integrating the best of public service delivery across the H&SA and transforming it into something greater – something that the public can trust. It's about creating future-proofed UAs that can serve the residents of the H&SA effectively. The future UAs must act as brokers of collaborative working, designing integrated systems that are modern, digital-first, and rooted in local needs.

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 H&SA. The options appraisal demonstrated how 3UA and 5UA are inherently riskier.

That doesn't mean 4UA is just about being the safe option. The robust assessment – accounting for the views of statutory officers, partners and independent national bodies – 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.

Section five

Transforming Public Services

Simpler. Stronger. Secure.

To unlock our potential, innovation, and growth



A

Transforming Public Services

LGR is an opportunity for ambitious transformation of public services that should not be missed

The creation of new unitary authorities is a unique opportunity to reshape local government around the needs of residents – delivering simpler, stronger, and more secure public services. It's essential that the strongest possible foundations are built to grasp the opportunity and catalyse longer-term transformation following a safe and effective transition.

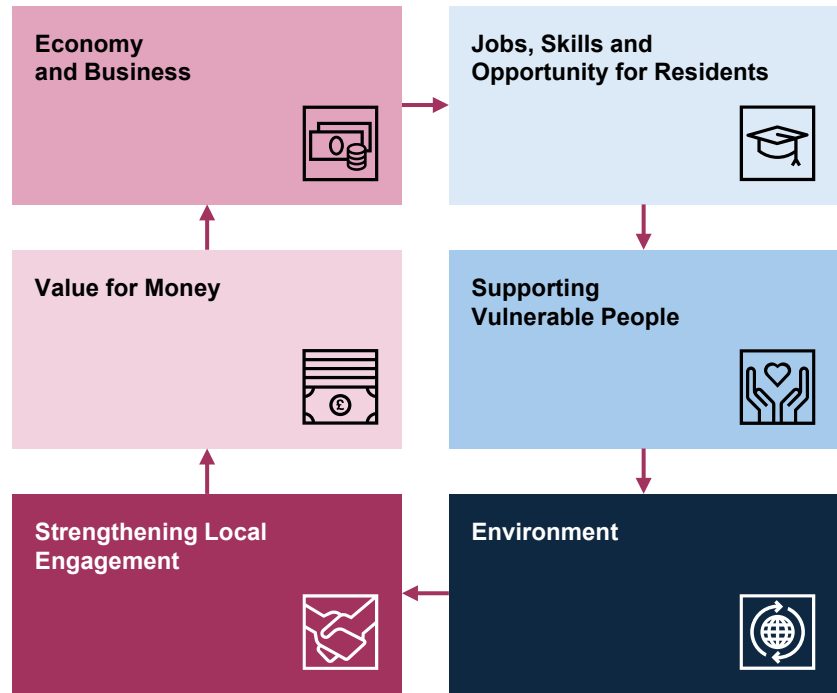
Transformation will challenge ways of working across individual organisations, but also across the wider system. The benefits of transformation will improve outcomes for the H&SA residents, businesses and communities, combined with more efficient organisations. Strong leadership will be vital in delivering successful transition and transformation.

LGR presents a significant opportunity to simplify services, unlock efficiencies, deliver more targeted and effective outcomes, and strengthen community participation in local decision-making through neighbourhood empowerment and governance. The H&SA can, and should, use this as an opportunity to catalyse radical and transformational change across the area. Our proposal offers the strongest opportunity to deliver transformation at pace, delivering better value for money for the H&SA residents and increasing capacity and capability spent delivering front-line services.

For example, our proposal enables the rapid integration of housing and social care, creating opportunities to embed early intervention and person-centred services at the heart of all the new unitary authorities. Simplified local government also provides opportunities for better collaborative working with other public sector partners who operate with some degree of coterminosity; and reimagining use of the asset base across the 'one public sector' estate.

Across the H&SA, Devolution also presents opportunities for accelerating strategic priorities, such as attracting direct investment, incentivising economic growth, and supporting better regional decisions and coordination on place, spatial and infrastructure matters (these have been set out in Section Two).

Transformation will support the delivery of six core outcomes:



Place-shaping through significant new Schools Programme

Multi-disciplinary capability and capacity to deliver infrastructure at scale



Hampshire County Council is progressing an ambitious three-year £502m investment in school buildings, which aims to deliver 3,175 additional school places by September 2028.

This includes 10 new schools, three new special schools, three school expansions, and 11 projects to increase provision for SEND children by an additional 114 places. These schools are integral to enable significant housing development and economic growth.

Phase 1 saw the unprecedented achievement of three new primary schools opening simultaneously (Sept 25) – on time, on budget, with exemplary energy standards, and high-quality education environments for local communities.

All of these schools were designed by the County Council's multi-disciplinary Property Services team – working in partnership with Children's Services, major construction contractors, and academy trusts – and were delivered through the County Council's long-established record of brokering arrangements with developers via Section 106 negotiations, which ensure suitable sites and outstanding buildings for new schools are secured at no (or minimal) cost to the public purse.

Through the LGR lens, this capacity and capability can be easily scaled up to cover a wider geography with authorities working in collaboration.



New schools opened September 25

Top – Stanhope, Aldershot

Bottom left – Newlands, Waterlooville

Bottom right – Hounsome Fields, Basingstoke

[Time lapse footage of Hounsome Fields construction](#)

Transformation is ambitious and will build on what has been delivered already

Transformation should not be limited to processes within individual organisations. True transformation considers the impact on individual services, organisational culture, cross-organisational function, the benefits of a single tier of delivery, and the wider system to drive improved outcomes.

Service transformation opportunities could be delivered by integrating upper-tier and lower-tier services in a systematic way – unifying distinct waste services, marrying together services such as social care and housing, co-designing new place-based empowerment models, and collaborating more effectively between services like local planning and highways.

Each unitary authority is a new organisation and offers an opportunity to commence an ambitious transformation programme based on the deep collective intelligence from constituent authorities and learnings from across the public and private sector.

The scale and configuration of our proposal provides a robust foundation for ambitious transformation driven by the level of investment and the strengths of our capabilities.



Place

Building on existing good practice and strong local partnerships in the H&SA, LGR offers a significant opportunity for community-focused transformation of public services through neighbourhood empowerment and inclusive neighbourhood area governance. Transformation would be founded on an empowering organisational culture, embedded into the design of the new councils, that prioritises broader participation in local decision-making across key strategies and services.

Our proposal creates functional geographies that support place development, and equity of consideration between the differing geographies, industries and priorities across individual unitary authorities. The current fragmented model, with limited coordinating leadership, restricts the opportunity to attract inward investment, demonstrating the **opportunity that the new model offers.**



People

Ambitiously review models of service delivery, maximise opportunities to deploy digital, and build solutions that work now and for the future, for both residents and staff of the new authorities to deliver **true and ambitious public service reform**. Including leveraging the scale of organisations for investment and the shared expertise of combining legacy organisations to supercharge transformation.

To deliver consistent service access and standards – be it for children in schools or older adults in care homes, joint commissioning, shared digital tools, and a cultural change based on system collaboration. This is a marked departure from a continuation of the current model and effectively combines local district insight and expertise with the scale of the new unitary authorities.



Partnerships

A true opportunity for system-wide reform – in-line with the explicit preferences of partners – that builds on the conterminous boundaries with partners, the internal transformation of the organisation, and a strong partnership approach to neighbourhood services and community empowerment. There are significant opportunities to transform social care and housing across the system.

The stated aim of transforming internal and resident/partner operations, using digital and AI, will enable partners to engage in a more open and efficient way with authorities. Combined with proactive data and insight sharing, partners will be able to leverage the new organisations to drive interventions and better outcomes for the residents of the region. *Further key themes around changes to Partnerships are explored within the Qualitative Analysis.*

Common principles for transforming public services

As part of implementation, the new unitary authorities will need to define their service offers, delivery models, and transformation required to achieve this. The following sets out a starter-for-ten on key principles across key operational/enabling areas that could be used by the new unitary authorities to minimise disruption and maximise the opportunity for transforming public services that LGR presents. This seeks to retain a shared focus on retaining quality service delivery, outcomes, and value for money for all the H&SA's residents, across the whole area, regardless of which LGR option is selected.

Service and outcomes	Technology and property	People and workforce	Organisation and governance	Interaction and collaboration
<p>Building high-quality, secure, and resilient services that deliver resident outcomes and are able to meet rising demand across complex population needs.</p> <ul style="list-style-type: none"> • Equity of access – promoting consistent and equitable access to services for residents • Deprivation – focussing services on areas with high levels of deprivation • Minimise disruption – adopting an approach that minimises disruption in transition and transformation • Prevention and place-based Focus – embedding preventative, person-centred, and place-based approaches to population health and outcomes 	<p>Maximising opportunities to leverage and rationalise the technology and property portfolio to drive efficiency, outcomes and value for money.</p> <ul style="list-style-type: none"> • Asset transformation – strategically transform how assets are used and embedded in strategies including early intervention and prevention • Data and analytics – maximising the use of emerging technology and data to inform service planning and transformation • Investment – in digital and assistive technologies to drive transformation of outcomes and reduce operational expenditure 	<p>Individual organisations have a defined culture which individuals recognise and feel part of which aligns with a wider H&SA strategy to the workforce.</p> <ul style="list-style-type: none"> • Workforce strategy – alignment on workforce planning, recruitment, and retention at a strategic, regional level • Talent development – clear pathways to develop and retain talent • Strong leadership – promoting and developing effective leadership across both individual organisations and across the system • Partner alignment – working with partners across the private and public sector to develop skills 	<p>Robust, but proportionate, organisational governance focused on maintaining the delivery of resident outcomes. Retaining individual accountability for each organisation.</p> <ul style="list-style-type: none"> • Shared services, different operating models – consideration of where shared services, or other models of delivery, could deliver improved value for money or outcomes • Locally accountable – retaining governance structures which promote locally accountability and resilience • Framework integration – retain organisational accountability but consider where integration, e.g. of procurement frameworks or SEND standards, would support the selected model 	<p>Leveraging opportunities for partnership working and collaboration across the system, through both formal and informal relationships.</p> <ul style="list-style-type: none"> • Maximising strategic partnerships – e.g. ICBs, DWP, Police, Probation, Voluntary Sector, Further Education (FE), Higher Education (HE), Private Sector, or Housing Associations to align prevention strategies, outcomes, commissioning and delivery • System leadership – assuming leadership roles across the systems to drive improved outcomes • Community engagement – strengthening the voice of communities and streamlining the alignment with strategic decision making

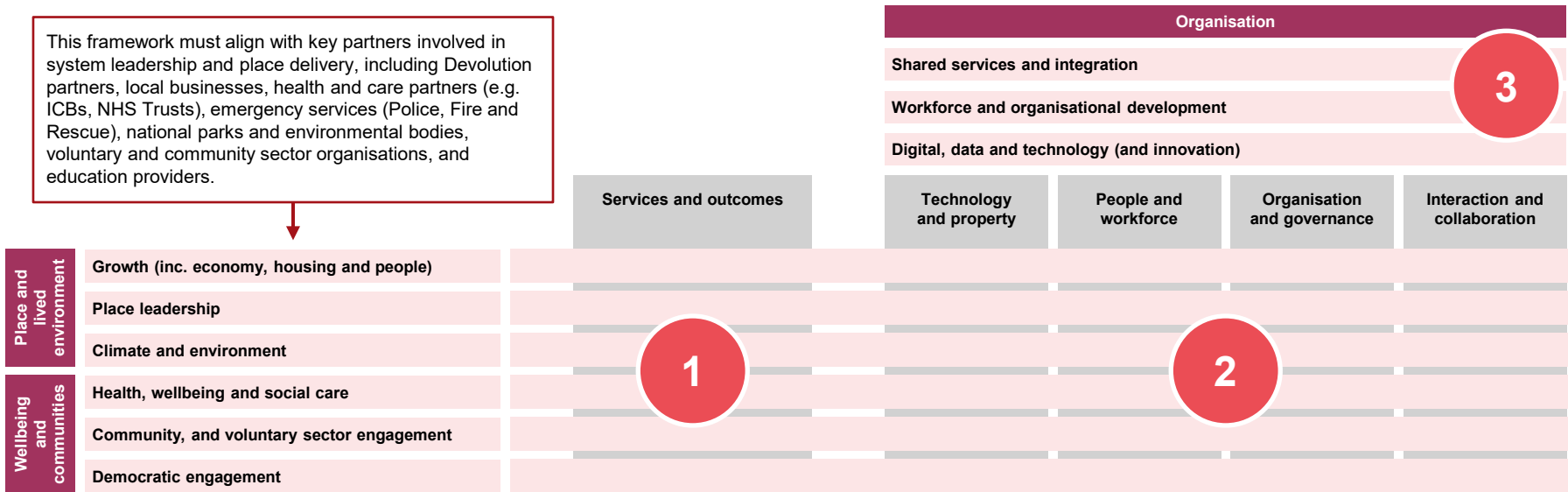
A framework to support transition and transformation across all unitary authorities

Shown below is a suggested draft framework designed to support planning for transition and transformation across all unitary authorities, regardless of which option is selected. Quality of outcomes, at both system and unitary level, will be a function of the success of transition and how individual authorities are operationally run. Service outcomes and quality will be impacted by organisational themes around shared services, workforce, and digital and data.

During implementation planning, it will be important for all anchor services to consider across the strategic themes; service goals and outcomes (1), critical aspects of how this will work (2), and determine the critical enablers needed to achieve this (3).

Key: **Strategic themes** – High-level outcomes services will deliver and how these are strategically delivered; **Operational consideration** – How and what is required to deliver

This framework must align with key partners involved in system leadership and place delivery, including Devolution partners, local businesses, health and care partners (e.g. ICBs, NHS Trusts), emergency services (Police, Fire and Rescue), national parks and environmental bodies, voluntary and community sector organisations, and education providers.



B

Neighbourhood Empowerment

Our Local Voices, Lasting Change report (Appendix C) sets out how LGR presents an opportunity to deliver culture change in local government, embedded at every level of the new unitaries, where neighbourhoods are empowered and community voices shape the decisions and services that impact them. A culture of *delivering with the community*.

By supporting residents to take part in place-making, empowering councillors to convene and represent their communities, and fostering strong partnerships with other public bodies, town and parish councils and VCSE organisations, councils can help enhance the wellbeing, capacity and resilience of neighbourhoods and thereby reduce the longer-term need for costly intervention-based services.

Neighbourhood empowerment offers a way to connect communities to local decision-making, build local capacity, and foster resilience. Done well, it will change the relationship between community and local democracy, enabling communities to shape services, influence strategy, and take ownership of local solutions.

Neighbourhood empowerment to drive wholesale culture change in local government

Below we outline some of the potential risks under LGR, and how a neighbourhood empowerment-based model overcomes those risks

Issues highlighted by residents and stakeholders	Benefits of neighbourhood empowerment model
<p>Unitary council covering much wider areas</p> <p>Councillor wards much bigger, reducing ability to connect with all residents</p> <p>Larger unitary councils may feel remote, especially to rural and small towns and villages, risking disengagement and lack of trust in local democracy. Equally the scale could impact urban communities</p>	<p>Financially stable model allows for long-term investment in neighbourhood empowerment approach, with dedicated community development teams working with councillors and community to 'bridge the gap'. Wider partners, including business and industry included in debate.</p> <p>Effective and adaptable neighbourhood governance models create opportunities for communities to actively co-design local policies, strategies, and services that affect them. The adaptability of these models allows them to respond to diverse local needs and evolving circumstances.</p>
<p>Loss of local identity due to much broader council areas. Loss of the 'local touch' delivered by the former districts who understood the assets and dynamics that communities coalesce around, forming part of their identity</p>	<p>Enhances and builds upon local identity, by harnessing community voice and skills, supporting and enabling neighbourhoods of varying size and make-up to participate in – and shape – the decisions that impact their local area.</p>
<p>Legacy of the old, traditional style of local government is an over-reliance on public services to solve local issues and the resultant lack of community resilience</p>	<p>The skills, ambitions, knowledge and resource that exist in the community are fully enabled to deliver local solutions for themselves.</p>
<p>Increasing demand on council services in an era of reduced public sector budgets</p>	<p>Trusting that communities (when fully supported) have the capacity and skills to run some local assets and services more efficiently, building community resilience and reduced demand on public services.</p>

Neighbourhood empowerment

Opportunities for the new unitary councils to explore.
(Extracts from the *Local Voices, Lasting Change* report in Appendix C)

The Neighbourhood Empowerment Model

1. Councils as enabling organisations

- Empowerment culture through ABCD approach
- Coordination by community development teams
- Co-production and co-evaluation of key strategies
- Social value policy
- Framework for community asset transfers
- Neighbourhood covenants with the VCSE
- Neighbourhood planning
- Enhancing digital and in-person engagement

2. Neighbourhood governance as a vehicle for empowering communities

- Neighbourhood area committees
- Collaboration with town and parish councils
- Deliberative and participatory democracy

3. Councillors as community convenors

- Dedicated support for councillors
- Ward profiles
- Representation and inclusion

Six PRINCIPLES of Neighbourhood Empowerment

COMMUNITY STRENGTHS

Through an Asset Based Community Development (ABCD) approach, the skills, knowledge, ambition and resource within the community are unlocked and enabled to deliver local solutions.

GOOD PRACTICE

A future model would build on the good practice that is already taking place to empower local communities throughout the H&SA.

PARTNERSHIPS

Delivering solutions with town and parish councils, the VCSE, and the community – in partnership and with trust – encouraging co-design and co-evaluation of activity.

INCLUSION

Community Development officers to actively build links with all sectors of the community, to enable all voices to be heard, as opposed to just hearing the loudest voice.

PREVENTION AND RESILIENCE

The future model would not just be responsive to the immediate concerns and priorities of local communities but also involve communities in programmes and initiatives that support prevention and local resilience for the long-term.

LONG-TERM OUTLOOK

A future model would be founded on increasingly financially sustainable public services, to facilitate long-term commitment and investment in the discretionary place-focused services that matter to communities.

One of the most powerful tools for delivering neighbourhood empowerment is to ensure strong community governance models.

Clause 58 of the English Devolution and Community Empowerment Bill provides a duty on the new unitary councils to make appropriate arrangements for effective governance of any neighbourhood area.

The proposal for four unitary councils across the H&SA places neighbourhood area committees at the heart of its community empowerment approach.

Bringing together ward Members, town and parish councils, the VCSE, community, and public agencies (e.g. Police, NHS, PCN, etc) to co-design and deliver community solutions, amplify local voice, and build renewed trust in local democracy in action.

East Hants District Council will evolve existing forums to run a series of neighbourhood area committee pilots over the next two years to help inform and advise future unitary councils in the H&SA.

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.

Neighbourhood area committees

Core elements to be considered for any neighbourhood area committee

Core element	Benefits
<ul style="list-style-type: none"> Membership of the committees may include town and parish councils, where they exist, as well as unitary ward councillors. Committees could be topic based rather than geographical. There could be an option for the committee to be chaired by a town or parish councillor as a neutral convener, depending on the issue. The VCSE could be included as a permanent member, with individual community groups attending as members of project working groups. Attendance by other public agencies (NHS, Police, PCNs, etc.) as part of a partnership approach to neighbourhood empowerment. Each area committee to have an area action plan, supported by appropriate project groups working together to deliver solutions. Committee boundaries should be porous and flexible, allowing for broad-area issues to be addressed jointly between numerous committees. All meetings should be public and accessible, with published agendas and minutes. 	<ul style="list-style-type: none"> Strengthens the role of ward Members as community convenors. Able to be reactive to ultra-local issues as well as area-wide strategic projects. Effective way to bridge the gap between the new, larger unitary councils and the community. Action plans and project groups ensure the committees are not talking shops, but actual forums for getting things done. Recognises that most community issues are multi-faceted and generally require a partnership approach to fully resolve. Provides a mechanism for deliberative and participatory democracy – including the potential allocation of CIL.

 Case study

Petersfield Neighbourhood Plan

Led by Petersfield Town Council and shaped by extensive community engagement, the Petersfield Neighbourhood Development Plan (PNP) enabled residents to take control of their town's future. It delivered 800 homes within the South Downs National Park while safeguarding heritage assets, green spaces, and vital infrastructure. But its greatest success lies in transforming local engagement. Volunteers who initially resisted new development became informed advocates for sustainable growth. Two became town councillors – one continues to serve with deep expertise in planning and landscape sensitivity.

The neighbourhood plan reflects what residents value most: the historic town square, narrow alleyways with independent shops, streams weaving through the town, and small green spaces. These features, central to Petersfield's identity, were identified and protected through the PNP.

This journey highlights the power of ABCD, and the vital role community development will play in a unitary structure, supporting councillors, facilitating neighbourhood governance, helping residents shape their places, and protecting local identity.

 Case study

Gosport Heritage Generator – Hampshire Cultural Trust

Gosport Heritage Generator is a three-year project led by Hampshire Cultural Trust that celebrates Gosport's heritage and invests in its future, supported by funding from The National Lottery Heritage Fund and Gosport Borough Council.

Running until 2026, there are several strands to the project:

- A training programme is enhancing the skills and capacity of local heritage organisations. So far, 85 participants have attended training ranging from governance to event planning, marketing to community engagement.
- A small grants programme is available to support attendees to put their ideas and learning into practice. So far, Hampshire Cultural Trust has received 24 applications and awarded £46,000 in grant funding, leading to heritage trails, exhibitions, green sketching, and blackout poetry all engaging communities in Gosport's heritage.
- Alongside the skills and grants programme, community co-creation projects have resulted in a new board game exploring Gosport's pub history, an exhibition delving into Gosport's vibrant entertainment scene, and a collection redisplay at Gosport Museum and Art Gallery launching in 2026.

The programme is shining a spotlight on the town's rich heritage, unearthing untold stories, developing hands-on heritage experiences, and investing in both individuals and groups to increase local community involvement in heritage and ensure the sustainability of the local heritage offer.

Listening to Afghan women

A community-led approach to tackling health inequalities

This case study highlights a collaborative project aimed at addressing health inequalities among Afghan women in Hampshire. The initiative supported by Hampshire County Council, NHS England, Hampshire & Isle of Wight NHS Integrated Care Board, Voluntary Sector, and the Afghan community. The project employed a Community Participatory Action Research (CPAR) approach. Two Afghan national community researchers were recruited and trained to lead the research.

Afghan women in Hampshire face significant barriers to accessing healthcare, particularly mental health services, and the challenges contribute to poor mental health outcomes and limited engagement with local services. The community-led research worked well where Afghan women were engaged directly through focus groups and interviews, conducted in English, Dari, and Pasho. The use of Afghan researchers helped build trust and cultural understanding, the participants received a £10 voucher, encouraging involvement, and the initiative created safe spaces for women to share their experiences.

Outcomes included improved understanding, for example local services gained deeper insight into the lived experiences of Afghan women. There has been enhanced collaboration with stronger ties formed between public health bodies and the VCSE sector. The findings will inform future service design and delivery, ensuring they are more inclusive and culturally sensitive.

This case study exemplifies the power of collaborative, community-led approaches in addressing complex health inequalities. It demonstrates how working together – across councils, NHS, and the voluntary sector – can lead to more inclusive and effective services. The success of this initiative shows how joint working can lead to better outcomes for underserved and seldom-heard communities. It demonstrates the scaling potential where LGR could enable wider adoption of CPAR models across regions, leveraging shared resources and expertise. Without integrated structures, such initiatives may remain isolated, limiting their reach and impact. Investing in community-led research and cross-sector collaboration is essential to tackling health inequalities. LGR offers a strategic opportunity to embed these practices more broadly and sustainably.

C

Democratic Arrangements

Alignment between the tiers of government will strengthen community engagement in decision making

A simplified model amplifies the voice of residents whilst strengthening their connection with local government. Combined with strengthened partnership working between tiers of government will facilitate community-led solutions.

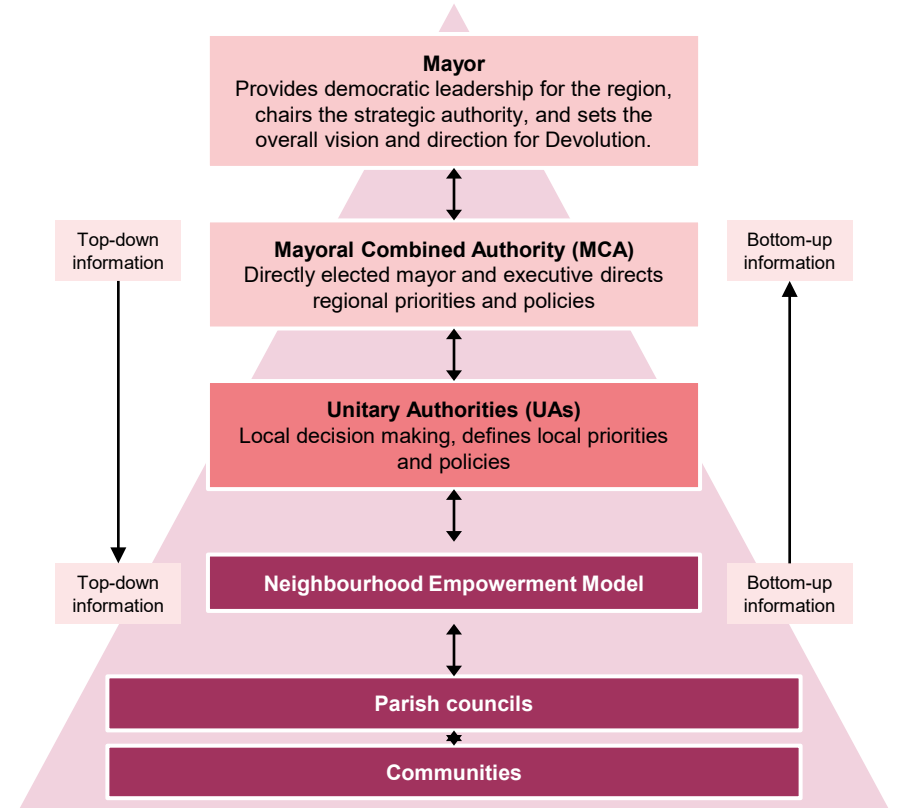
The new model strengthens the democratic connection between residents and communities, amplifying resident and community voices in strategic decision making at both a regional and national level and enabling residents to engage in local democracy.

A democratically elected mayor will shape the strategic vision and agenda for the region based on resident voices which are now represented at both a mayoral and unitary authority level.

There will be a clear, and codified relationship between the Mayoral Combined Authority (MCA) and unitary authority in terms of members, roles and decision making. This simplifies the thread of information and decision making between residents, communities via the proposed community engagement model, and decision making at a strategic level.

Alignment between the strategic authority and the mayoralty will enable community priorities to directly influence the strategic vision for the region and the asks from Westminster in terms of investment and the wider Devolution agenda.

This simplified approach to decision making, based on the foundational premise residents have direct access to their local authority, ensures that parish and town councils, as the first tier of local government, play a critical role in articulating hyper-local needs. These feed into neighbourhood area governance and UAs, ensuring that local priorities and opportunities are represented effectively in strategic decisions at both regional and national levels.



Councillor numbers

LGR offers the opportunity for a modern approach to governance, with fewer Members but a focus on strong democratic representation.

In collaboration with the Local Government Boundary Commission for England (LGBCE), the councils have developed a governance framework that aligns with national guidance and local needs.

Following a bottom-up assessment of the democratic representation requirements across committees and panels, the proposed structure for our proposed future model suggests approximately 95 councillors per authority. Under this model, the Isle of Wight would retain its existing number of 39 councillors.

Each future unitary authority will retain the flexibility to determine its own governance arrangements including absolute councillor numbers, with the proposed model serving as a practical and scalable foundation subject to local unitary authority requirements. This configuration ensures robust leadership, effective scrutiny, and sufficient capacity for casework and community engagement.

Currently, the H&SA 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.



Section six

Local Engagement

Simpler. Stronger. Secure.

To unlock our potential, innovation, and growth



Our engagement journey

Meaningful and constructive dialogue with residents, partners and other stakeholders has been an essential part of forming the strategic business case for LGR in the H&SA. This engagement ensured that local perspectives, challenges, and aspirations were embedded in shaping proposals that strengthen community identity and empowerment, address local concerns, seize opportunities for system-wide improvement, and align with national policy direction.

Engagement has been ongoing since February 2025, evolving in parallel with the development and refinement of our proposal.

We wanted to ensure that the views of those who will be impacted by LGR, including the perspectives of local residents, councillors, and partners, were understood and used to shape a proposal that aligns with both local priorities and national criteria.

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, allowing us to take an informed and considered approach to understanding and addressing these during each stage of the process.

Our **first phase of engagement** took place during the options appraisal phase of work to July, engaging over 1,200 people. It sought to understand local feeling towards LGR and identify any emergent opportunities, concerns and aspirations. It also explored views on local identity, representation, and community empowerment. The aim was to gather valuable evidence to ensure that our proposed model was designed in a way that addresses local priorities.

Our **second phase of engagement** gathered a substantial body of evidence to support understanding of views on our preferred option, including any perceived potential benefits or risks and the relative importance of Government's criteria when designing a new council. Open engagement activities were validated through representative sampling and targeted work with traditionally under-represented groups. Insights reports can be found in Appendices L-Q.

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

Opportunity to engage

In addition to an ongoing briefing programme for both Members and staff, external engagement on our preferred option comprised:

- 3,500 responses from individuals, groups, organisations, businesses and democratically elected representatives
- A representative sample survey of around 1,100 residents, based on the age, gender, and geographical characteristics of people living within the H&SA.
- A survey of Year 10 and Year 12 students attending schools within Hampshire (406 responses)
- In-depth interviews with residents from ethnic minority communities
- Focus groups with community reps from across Hampshire, to help understand the views of people with a range of additional needs and disabilities and people living in urban/unparished communities
- Briefing and ongoing discussion with a range of critical stakeholders, including:
 - Headteachers from all Hampshire schools and other educational settings
 - HCC/ICB Partnership Board
 - South Downs and New Forest National Parks
 - Hampshire and IoW Constabulary and Fire and Rescue Service
 - Hampshire Adults Safeguarding Board
 - Hampshire Local Infrastructure Organisations (VCSE sector)
 - Hampshire Prosperity Partnership Board
 - Hampshire Safeguarding Children Partnership
 - Hampshire Leadership Forum (VCSE sector)
 - Vice Chancellors of universities
 - Parish and town councils (Hampshire and IoW)
 - Military representatives
 - MPs

Local voices

Respondents speaking as, or on behalf of, local residents recognised the importance of the Government’s criteria in designing new councils, with value for money, quality, stability and reflection of needs being particularly important. They noted a range of potential benefits of the proposed structure, but also several concerns to be considered as part of the final submission.

	Residents*	Parish councils
Benefits and opportunities	<p>Identified benefits predominantly related to efficiencies and savings arising from economies of scale and reduction in roles.</p> <p>Some felt the structure offered a good mix of communities with balanced population sizes, helping to maintain local identities.</p> <p>There was also some optimism that the approach would ensure a smooth transition to joined up, cohesive and equitable services that were simpler for residents to access.</p> <p>In their survey, young people most frequently mentioned benefits of improved efficiency of council operations and services, resident engagement, investment in recreational facilities, benefits to the local community and investment in strategic priorities (e.g. highways/housing)</p>	<p>These focused on enhancing parish councils’ future influence through collaboration, shared resources, local area committees, neighbourhood plans, and asset transfers where suitable.</p> <p>Some felt the proposed changes could simplify processes and improve efficiency.</p> <p>It was also felt there could be opportunities for improvements in services such as social care, housing, transport, and healthcare through better integration, streamlining management and strategic planning over larger areas.</p> <p>The approach was recognised as being logical, risk-aware and informed by stakeholder engagement.</p>
Areas for reassurance	<p>Concerns most notably related to the combination of districts within each proposed council and how these might affect local identity, community representation, service delivery and distribution of finances.</p> <p>There was a particular focus on the challenges of bringing together communities with different characteristics (notably rural/urban, financial stability, levels of deprivation, infrastructure, demography and political make-up) across large geographies.</p>	<p>Sought reassurance about the promised benefits and savings, as well as reorganisation costs and accountability if LGR fails.</p> <p>Fears included rural voices being overshadowed, unfair housing allocations, and doubts about fair representation through area committees.</p> <p>Some also feared losing local identity, tailored services, influence, and direct communication with elected Members and experienced staff.</p> <p>Parish councils’ future capacity was also questioned due to workload pressures, limited volunteers, asset responsibilities, and uncertainty around satellite offices and funding.</p>

**incorporating open survey, representative sample, young people, ethnic communities and focus group feedback*

Professional perspectives

While there were expected individual differences and priorities across the different professional stakeholder groups – 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.

	Stakeholders	Members and staff
Benefits and opportunities	<p>Reorganisation was seen by some as an opportunity to improve service delivery, form new partnerships, strengthen identities, renegotiate contracts, and adopt a more localised approach for areas currently covered by Hampshire County Council.</p> <p>Some organisations felt the proposed structure better matched their geographical coverage, and/or organisational priorities/principles, and offered improved opportunities for collaboration.</p> <p>There was recognition of the potential for simplification, cost savings and improved efficiency through streamlined processes, reduced bureaucracy, and fewer organisational touchpoints.</p>	<p>Highlighted the need for LGR to deliver improved and more uniform services which would be simpler for residents to understand and access.</p> <p>Stressed the importance of LGR streamlining processes, particularly in areas where activities are currently split between different authorities.</p> <p>Hoped for more effective governance and improved ability to see the bigger picture to allow for more long term, strategic decision making.</p> <p>Emphasised LGR should help councils become more financially resilient, leading to less spend constraints and increased stability and security for staff and residents.</p>
Areas for reassurance	<p>Immediate concerns about the potential for service disruptions and uncertainty about roles and responsibilities during the transition.</p> <p>Longer-term clarity was sought about the likely impact on day-to-day operations, such as working with multiple authorities, pressure on resources, and risks to existing funding and relationships. Stakeholders would like to understand future governance and legal responsibilities, as well as how leadership changes might affect stability in their sector.</p> <p>Financial concerns raised included restructuring costs, potential loss or reallocation of current funds, and doubts about the financial benefits.</p> <p>There were also some fears around the potential for an inconsistent approach across new authority boundaries, unequal representation, and neglect of rural needs in favour of urban interests.</p>	<p>Concerns included operational clarity, clarity of communications, job security, and achieving benefits with minimal disruption.</p> <p>The potential for disruption to existing partnerships.</p> <p>Members also hoped that a future unitary council would support real devolution to the local level through an investment in councillors as the vital link between residents and the council – empowering and enabling them to lead, convene, and deliver.</p>






Our response

In-depth engagement with residents across the H&SA, combined with feedback and discussions with critical partners and stakeholders, has provided a rich understanding of how our proposal addresses the opportunities and concerns of those most impacted by LGR, but also where further refinement has been needed to ensure we have designed a model that responds to local needs, has the capacity to improve lives, and unlocks new opportunities for growth and better public services. The table below sets out the specific concerns raised from our engagement, and how this is the best option to address them.

Areas of reassurance	Examples of how our proposed structure addresses these key concerns
Loss of local connection, voice and identity	By introducing a scalable neighbourhood empowerment model – <i>Local People, Lasting Change</i> – which empowers councillors as community convenors, and ensures local voices shape decisions. Our aim is to ensure that community leadership is embedded into the DNA of the new councils – regardless of their size.
Cohesion and boundaries – especially rural/urban combinations	Crucially, our aim is to create new, future-proofed authorities equipped to harness the strengths of both rural and urban communities for the benefit of the H&SA. As recognised by Hampshire and Isle of Wight Constabulary, a unitary authority without an urban centre would result in a resource imbalance, however, we also recognise the concerns of rural areas. Our proposed structure offers a balanced rural-urban composition, particularly in the West UA (44% rural, 56% urban), to ensure that rural priorities are not overshadowed by urban centres, but instead harness the strengths of both, to benefit the whole area.
Service delivery and quality – during transition and beyond	<p>Our proposed model avoids disruptive boundary changes and preserves alignment with key partners under a simplified strategic and operational relationship. The creation of four unitary authorities enables more locally responsive service delivery, while still benefiting from shared arrangements and partnerships where scale and integration are essential.</p> <p>It builds on existing anchor services to ensure continuity for safeguarding, health and care, and ensures that district and borough services will be aggregated in a way that preserves the local expertise of council officers and the deep understanding of local needs and relationships built over time.</p> <p>Clear safeguards are built into the transition plan to make sure services remain accessible and consistent to avoid a 'postcode lottery'.</p>
Financial impacts	<p>In addition to the lowest implementation cost (£99.5m) and a £100m net benefit over five years, our proposed model avoids the financial instability of smaller authorities. It supports equitable resource distribution by aligning population size, service demand, and economic geography.</p> <p>The structure is designed to deliver efficiencies that reduce pressure on Council Tax. By consolidating back-office functions, harmonising service delivery, and leveraging economies of scale, the new authorities will be better positioned to maintain fair and sustainable tax levels.</p> <p>To allay concerns about future authorities inheriting existing council debt, a key task during implementation will be to ensure debt and associated assets are transferred fairly and proportionately to the new unitary authorities (NB: Borrowing is strictly regulated and tied to assets).</p>
Employment and workforce	The proposed model has been carefully designed to safeguard employment and support the workforce through transition. A resilient foundation will provide greater capacity to support organisational stability and career progression.

A proposal shaped by local understanding to enable collaboration

Engagement with stakeholders and residents across the H&SA has not only given us a clear steer as to where we needed to refine our proposal but also **provided a clear and consistent message: the four unitary option offers the strongest foundation for effective, responsive, and sustainable local government reform.**

Local identity and engagement	<p>While concerns about losing local identity were raised, many stakeholders and residents also saw the opportunity to forge stronger local identities, enhance community engagement, and create more responsive local councils.</p> <p> <i>As a result of this feedback, we have developed the Local Voices, Lasting Change report, our proposed approach for embedding neighbourhood empowerment within future unitary councils. Our proposal also allows for balanced population sizes and fair representation, helping ensure that urban and rural voices are heard.</i></p>
Simplicity and strategic coherence	<p>Stakeholders emphasised the need to minimise fragmentation and reduce the number of local authority boundaries, enabling more streamlined strategic and operational partnerships.</p> <p> <i>Fewer authorities means clearer lines of accountability, simplified service delivery, and better coordination across public services.</i></p>
Financial and operational strength	<p>Engagement consistently told us that all stakeholders both value and prioritise financial stability, efficiency and value for money.</p> <p> <i>Our four-unitary model offers the greater financial resilience, economies of scale, and long-term sustainability.</i></p>
Improved service delivery	<p>Concerns about differing levels of service quality between existing authorities was raised, as well as a strong desire to retain what is good in the current system.</p> <p> <i>The model supports more equitable and consistent services across the region, with opportunities to level up provision without compromising quality.</i></p>
Alignment with existing structures	<p>Fewer touchpoints for partners and alignment with existing critical service footprints to make collaboration easier came across as strong requirement from LGR for stakeholders</p> <p> <i>Our four-unitary model aligns with current policing areas – improving the vital relationships with the Constabulary – as well as ensuring the New Forest National Park boundary within Hampshire is entirely within one unitary council.</i></p>

Section seven

Transition and Implementation

Simpler. Stronger. Secure.
To unlock our potential, innovation, and growth

M27 Junction 4, near Eastleigh



Stable, strong foundations matter as they set the trajectory for the H&SA's future transformation and growth

Getting LGR right is critical to the H&SA's future. It has the potential to unlock major transformation benefits and significant opportunities for long-term success. Our proposal provides the strongest foundation to deliver the change safely, securely and at the pace required. However, the transition and implementation phases carry the greatest risk. Identifying and mitigating these risks is essential to safeguarding residents and ensure positive outcomes. Whilst LGR presents a valuable opportunity, it won't solve every challenge the H&SA faces. Poorly managed LGR could introduce new risks diverting time and money to be spent resolving issues rather than driving improvement.

Successful implementation of LGR will enable...

- **Better public services:** Enables better, more joined-up services across health, care, housing, waste collection, planning, and regulatory functions. LGR offers scope for efficiencies through whole-system approaches, such as combined collection and disposal routes for waste, and stronger coordination in services like licensing, which can support wider public protection (e.g. taxi driver safeguarding or antisocial behaviour enforcement). Residents will benefit from quicker help, clearer access, and more reliable support across the region.
- **A stronger voice for the H&SA:** A single council can speak up more effectively on behalf of local people, helping to secure investment in areas such as housing and transport, enabled by clearer and strengthened representation on the MCA supporting increasingly decisive action.
- **Improved value for money:** By reducing duplication between councils, a new structure can deliver services more efficiently – our proposal minimises duplication across the system. Shared systems, clearer processes, and smarter planning – both in terms of land-use planning (e.g. local plans, development control) and service planning (e.g. coordinating delivery of transport, housing, and health) – will help budgets go further. A single tier of delivery offers significant transformation opportunities, for example a single provider of waste collection and disposal harmonising service access and benefiting from economies of scale.
- **Improved protection for vulnerable people:** Clearer responsibilities and better coordination between services will strengthen support for children and adults who need it most – our proposal provides the strongest continuation of services. Shared records, training, and standards will help ensure support is more consistent, timely and effective.
- **Fairer access for everyone:** Consistent policies and services across the area will make access fairer, especially for residents in rural or underfunded communities.
- **Protecting local identity:** Neighbourhood empowerment will ensure decisions reflect the unique needs and voices of communities.
- **Greater public confidence and stronger reputation:** Strengthened leadership and accountability will build trust with residents enhancing the reputation of organisations.

Impacts of delivering LGR poorly...

- **Vulnerable people may suffer:** Poor planning could delay or disrupt vital services such as social care or mental health support. Careful, phased changes are essential. Our proposal maintains existing boundaries and delivery models and supports how partners want to deliver services.
- **Weakened community identity:** Residents may feel disconnected from larger, more remote authorities. Without strong local links, communities may lose trust and engagement. Community engagement can help maintain trust.
- **Workforce challenge:** Uncertainty about jobs and leadership during the transition can lower morale and lead to experienced staff leaving. Clear communication around LGR and engagement with staff is essential in order to maintain trust.
- **Fragmented services:** If services aren't well coordinated during the transition, residents may experience confusion or delays, especially if systems don't align – our proposal retains clear anchor frameworks to develop services on. A clear plan, with joined-up working will be essential to maintain service continuity. Aggregation of district services will require difficult decisions in terms of harmonising current policies and service provision.
- **Loss of public trust:** If change takes too long to appear, or isn't clearly explained, residents may lose faith. Honest communication and regular updates are key.
- **Financial risk:** Can lead to high one-off implementation costs and missed opportunities for long-term savings and efficiencies, undermining value for money and delaying transformation benefits – the 4UA option offers a strong financial basis with capacity to invest and transform, a 5UA option does not leave capacity to invest in transformation.
- **Bureaucratic complexity:** Poor governance design or fragmented structures could result in unclear decision-making, duplication, and inefficiency.
- **Inaccessible local services:** There is a risk of remote and inaccessible services if local access points (e.g. face-to-face contact centres) are lost in the transition – the proposed neighbourhood empowerment model will ensure communities are able to co-design services and access.

Timeline to Vesting Day

A detailed implementation plan to secure Vesting Day will be critical to protecting the H&SA's most vulnerable residents, safeguarding statutory service delivery, and laying the foundations for ambitious transformation.

Building on existing anchor services and frameworks helps de-risk transition by maintaining operational continuity – helping reduce cost, mitigate risk, and make best use of existing infrastructure. In contrast, establishing a complete greenfield authority would significantly increase complexity and cost, and transformation benefits are far less likely to be realised if time and resources are diverted to building new infrastructure from scratch.

Practical considerations for each existing authority from now

- Early planning is essential to a successful Vesting Day, particularly in maintain service continuity and realising financial and non-financial benefits, accelerating delivery, and improving implementation outcomes.
- Each new authority will need to develop a clear identity and sense of purpose to establish itself as a new organisation, both culturally and operationally. This includes ensuring district-level services such as planning, environmental health, and local place-shaping are integrated in a way that maintains strong local relationships with anchor services like housing providers, colleges, and voluntary and community groups.
 - Tendering and re-procuring of outsourced services that will be impacted by the new model.
 - Transformation ambitions benefits to be delivered.
 - All partners working collaboratively to manage the transition and shape the new model.

2026
March



Decision from MHCLG on option to implement.

2026
Autumn



SCO Order – Governance model decided, and detailed transition and transformation plans developed across service areas, and confirmation of leadership continuity. Once this plan is complete, a proposal for Chief Execs and Leaders that sets how to drive transition planning will be developed.

2027
Quarter 1



Shadow councils formed, with interim leadership and systems aligned to prepare for Vesting Day. Ongoing transition and transformation activity.

2028
1st April



Statutory powers will transfer to new unitaries, launching initial operations and ensuring uninterrupted service delivery.

2028
April
Onwards



Transition to new structures and transformation

Transition model considerations

The Structural Changes Order (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.

Safeguarding critical services and securing a safe Day 1 transition

We believe that the appropriate transition governance model for the new unitary authorities under the SCO 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, which are designed to mitigate the risks associated with transition of critical functions.

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.

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.

Embedding these principles is vital to maintaining stability and protecting the interests of residents across the H&SA 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.

It is important to note the security offered by three mainland UAs 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 SCO across the H&SA 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.**

Proposed key safeguards

- *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.*
- *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.*

Adopting this governance approach across the H&SA will safeguard services, reduce disruption, and ensure strong, adaptable leadership during the transition to shadow councils.

Preparing for transition

Thematic area	Transition principles
Legal and governance	<p>Representation is linked to the services they are representing with the aim of achieving the most effective and efficient service arrangements for Day 1. E.g. adults' services in the West option would require representation from HCC, Southampton, as well as the relevant districts.</p> <p>Future proof decision-making – Decisions made during the transition period consider the good of the future organisation that they will impact. E.g. procurement decisions will not significantly impact the operations of the future authorities.</p> <p>Robust and transparent governance structure that is representative of the constituent local authorities.</p>
Finance and assets	<p>Collaboration – We will aim to build and develop collaboration across all new UAs throughout transition and into future operations. E.g. assets that were designed to serve the county as a whole should continue to do so – new secure children's homes, SEND schools, depots.</p> <p>Best value – Aggregation and disaggregation of services across the H&SA will be based on a set of jointly agreed outcomes rooted in best practice.</p>
Services and operations	<p>Best practice – Building services and operations on the foundations of best practice across the constituent authorities.</p>
IT and data	<p>Shared data baseline – Committed to accurately baselining organisation in a standard format and sharing data (where appropriate).</p> <p>Interoperability – Procurement decisions, regarding renegotiation, retendering or novation, are made in line with the emerging 'to be' data and enterprise architecture.</p>
People and culture	<p>Staff from all constituent authorities have a voice and will be engaged on people decisions for the new authorities, including how the new authority will operate and how services can be ambitiously transformed.</p> <p>New organisations and culture – The new unitary authorities are not a continuation of existing organisations and instead will focus on defining and establishing a new culture and set of values for staff, including the opportunity to embed inclusive practices and strengthen workforce diversity.</p>
Voice of the resident	<p>Clear strategic vision which reflects the voices of residents, aligns with local priorities as well as wider Devolution aims.</p> <p>Voice of the resident – Services are reviewed, considered in line with the voice of the resident and designed in a way which empowers communities across the region.</p>
Partners	<p>Designing for collaboration – Working with critical partners and stakeholders during transition to embed effective partnership working and codesign as services are reviewed.</p>

We recognise that proactively commencing implementation activity is prudent – regardless of the option selected by MHCLG.

Beginning transition and implementation activity early will not only ensure the safety of Day 1 but fully maximise the opportunity of LGR through beginning to transform services during this period.

Successful transition will require explicit and coordinated cooperation amongst local authorities.

Regardless of the legal mechanism for transition, which will be set out in the Structural Changes Order, there are principles we commit to adhere to during transition.

When preparing for reorganisation, leaders need to build relationships with other councils to agree proposals, develop clear project plans and actively engage with stakeholders and the public.

An equalities impact assessment can be found in Appendix D. This assessment will continue to evolve as transition progresses to ensure services users and staff with protected characteristics are not disproportionately impacted by LGR.

The period between submission of our proposal and Government’s decision provides an opportunity for local authorities to “get their house in order” ahead of transition.

The following sets out an indicative set of core activities that should take place during this period. Note: it is not anticipated that this will be completed prior to decision.

This ranges from baselining data through to appointing statutory roles prior to Vesting Day.

This activity does not pre-empt a decision, but prepares each organisation for the volume of activity required during transition.

All activity completed will support the new unitary authority to drive the ambitious transformation of services through data-led and informed decision making from a shared baseline.

Pre-MHCLG decision activity

Thematic area	Transition considerations
Transition principles	Jointly agreeing the principles that will oversee and coordinate transition. These range from cooperation between organisations to standardised data sharing etc. Note: Regardless of the decision, HCC will be involved in all unitary authority transitions due to the disaggregation of the county. Agreeing to a set of principles to guide ways of working, alignment and coordination will facilitate an effective, safe and ambitious transition.
Transition programme team	Transition will require a substantial investment in capacity and capability from each organization to be dedicated to the delivery of the programme of work. Individual organisations will be required to understand how this will be resourced pre- and post-MHCLG decision, including where external support will be required.
Organisation baselining	A complete, and accurate baseline view of the organisation is vital to facilitate transition and ensure the successful Day 1 operations of the new organisation. Core areas to baseline include financial baselining (debt, assets etc.), workforce (FTE, Pensions), organisation structures (roles, grades), demand, service delivery, and performance baselining. For example, the volume of temporary accommodations across the geography, the volume of service users, and the cost per user. The volume of FTE in each team, total base budget, pay policies, and holiday allowances. Baselining, where possible, should be completed in a standardised format to support aggregation between authorities and used to inform the impact assessment each service will be expected to complete.
“As is” architecture	Each organisation will be required to map the “as is” enterprise and data architecture. This will inform early planning, during transition, around the reference and “to be” architecture. A number of key areas need defining, including the core datasets used in the organisation, the current data governance framework, the critical systems required for each Unitary Authority, existing rationalisation plans, and an assessment of what would be considered a legacy system.
Strategic contract review	Each organisation will need to complete a full contract review to determine what will be novated, renewed or terminated. Pre-MHCLG decision, a strategic contract review of the largest contracts (by value), and those critical to service-delivery that are due to expire in the interim period, should be completed. This can be used to inform decision making within the transition structures/committees.

Post-MHCLG decision, a full implementation programme will be required based on the known configurations.

The following sets out the core activity that will be required post MHCLG decision.

The period of time to Vesting Day may feel significant. However, the volume of activity required, for all organisations, and complexity of transition to all models proposed in the H&SA, demonstrates the need for a clear plan and cooperative, joint working between all authorities.

Immediately building on the foundational work completed prior to the MHCLG decision will support a successful transition.

The role of community empowerment in all proposed models demonstrates the benefits of building this into business-as-usual during the transition phase.

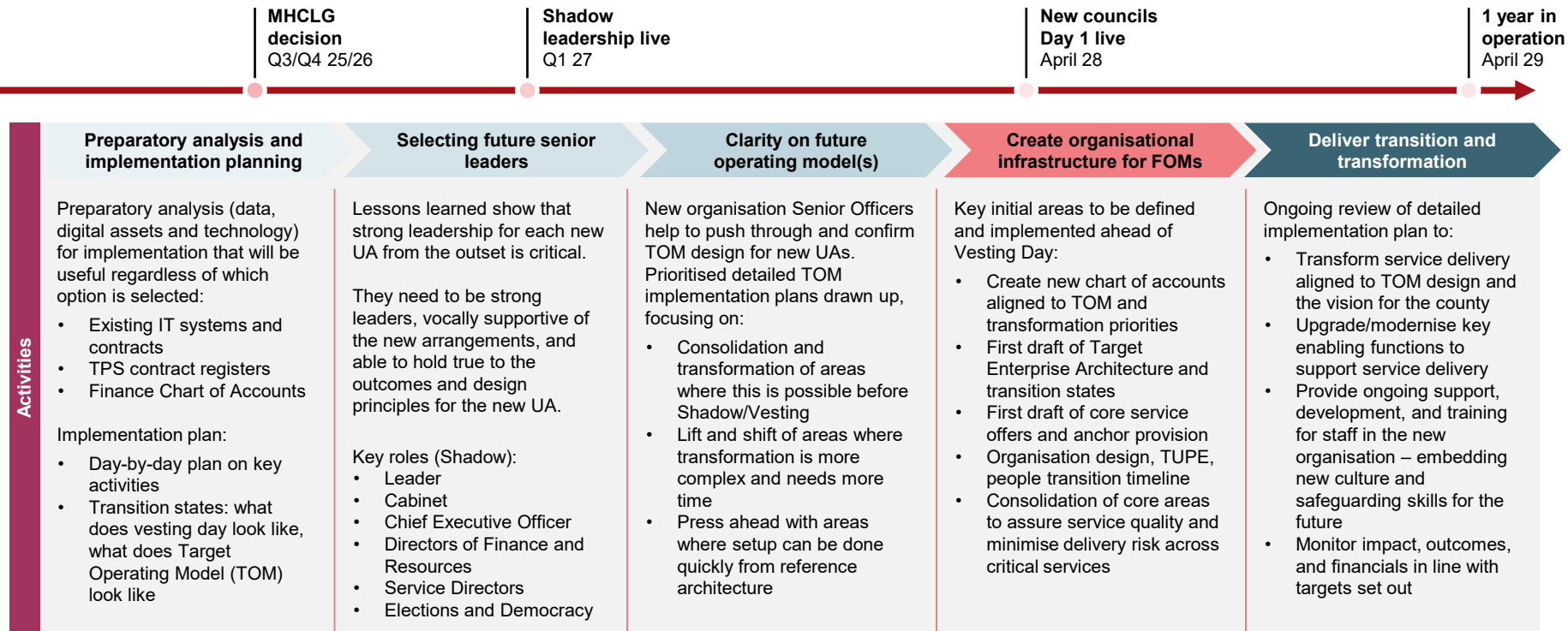
Note: this is not an exhaustive list of activity and priorities, but indicates the building blocks of a successful transition.

Post-MHCLG decision activity

Thematic area	Considerations
Policies and procedures	Collating and reviewing all policies and procedures across the organisation. Decisions will be required as to how policies, for both internal (e.g. pay, holiday and HR) and external (i.e. service eligibility) service, are harmonised within each new authority.
Governance structures	The Structural Changes Order will set out the governance structure required to oversee transition. The individual constituent organisations will be required to understand how the agreed governance structure will be resourced and serviced with the necessary information required to make informed decisions.
Programme plan	A detailed implementation plan will need to be drafted, including how the transition is resourced, the necessary governance structures, and critical path/milestones detailed. The implementation plan will require co-authoring between the organisations in scope for each new unitary authority. Aligning this plan across the H&SA will support the organisations involved in multiple transitions.
Data/ information collation approaches	Organisations will need to agree a shared approach to collating and baselining information prior to transition. This will aid the migration of data into new organisations, and the agreed future systems/repositories (i.e. the ERP system). Note: close alignment will be required with “to be” decisions regarding the data and enterprise architecture to ensure alignment between collation approaches and how this will be transitioned.
“To be” decisions	<p>There are a significant number of “to be” decisions to make. These include:</p> <ul style="list-style-type: none"> • Decisions around enterprise and data architecture – these design decisions will inform what systems and services are retained and what are retired. • Decisions will also be required regarding the “to be” shape of organisational design, services offered, etc.
Establish transition programme	<p>A full transition programme will need to be established by HCC, in-line with the agreed implementation structure and governance. The structure of the programme alongside the core activities to be completed will need to be agreed during transition. The following list is not exhaustive, but provides an indicative set of programmes which are likely in all scenarios:</p> <ol style="list-style-type: none"> 1. Workforce – FTE, terms and conditions, TUPE and harmonisation 2. Partner relationships – reviewing and defining statutory partnerships and relationships with the VCSE 3. Operating models – defining and implementing operating models for the new organisations 4. Contracts – reviewing existing and planned third party spend, including where novation and termination is required 5. Finance – re-baseline the MTFS, closing and producing a single statement of accounts 6. Property and assets – transfer to the new organisation and review approach to debt linked to assets 7. Data and IT – mapping the “as is” and “to be” structure, and defining a transition between the two and what is required on Day 1 8. Legal and governance – novation and termination of contracts, transfer statutory responsibilities, make statutory appointments 9. Policies and service continuity – baselining and harmonisation of policies and agreeing Day 1 continuity plans

Delivering a successful transition

A full implementation programme will be required to successfully transition to the future authorities. This will define the work required, roles and responsibilities and deadlines for the implementation phase. An indicative view of the activity required is set out below.



MHCLG Checklist

The following section sets out the MHCLG criteria and relevant guidance notes shared by the MHCLG; it references pertinent sections and pages within the business case where evidence can be found that aligns with each of these, however our proposal should be considered in its entirety.

MHCLG checklist and evidence (1/4) - note our proposal should be considered in its entirety – this section directs to key sections and pages among many where the criteria are addressed

Invitation letter – Guidance and criteria (05 02 2025)	Evidence
Criteria 1. A proposal should seek to achieve for the whole of the area concerned the establishment of a single tier of local government.	
a) Proposals should be for sensible economic areas, with an appropriate tax base which does not create an undue advantage or disadvantage for one part of the area.	P8, 24, 40-45, 89
b) Proposals should be for a sensible geography which will help to increase housing supply and meet local needs.	P70 (housing supply), 90, 98, 102
c) Proposals should be supported by robust evidence and analysis and include an explanation of the outcomes it is expected to achieve, including evidence of estimated costs/benefits and local engagement.	Outcomes - 23, 55, 59, 67, 70, 152 Costs / benefits – 16, 17, 79, local Engagement section (145-150)
d) Proposals should describe clearly the single tier local government structures it is putting forward for the whole of the area, and explain how, if implemented, these are expected to achieve the outcomes described.	P8, 127-128, 133, 134
Criteria 2. Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks.	P16-18
a) As a guiding principle, new councils should aim for a population of 500,000 or more.	P8
b) There may be certain scenarios in which this 500,000 figure does not make sense for an area, including on devolution, and this rationale should be set out in a proposal.	Isle of Wight – P76, 110-114
c) Efficiencies should be identified to help improve councils' finances and make sure that council taxpayers are getting the best possible value for their money.	P8, 18, 122
d) Proposals should set out how an area will seek to manage transition costs, including planning for future service transformation opportunities from existing budgets, including from the flexible use of capital receipts that can support authorities in taking forward transformation and invest-to-save projects.	P116-120, 130-135 (transformation)
e) For areas covering councils that are in Best Value intervention and/or in receipt of Exceptional Financial Support, proposals must additionally demonstrate how reorganisation may contribute to putting local government in the area as a whole on a firmer footing and what area-specific arrangements may be necessary to make new structures viable.	P122, 127-128
f) In general, as with previous restructures, there is no proposal for council debt to be addressed centrally or written off as part of reorganisation. For areas where there are exceptional circumstances where there has been failure linked to capital practices, proposals should reflect the extent to which the implications of this can be managed locally, including as part of efficiencies possible through reorganisation.	P101-103, 122, 127-128

MHCLG Checklist and Evidence (2/4)

Invitation letter – Guidance and criteria (05 02 2025)

Evidence

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

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| a) Proposals should show how new structures will improve local government and service delivery, and should avoid unnecessary fragmentation of services. | Sections two, three, four, five and six. Case studies throughout. Appendix B. |
| b) Opportunities to deliver public service reform should be identified, including where they will lead to better value for money. | Sections two, three, four, five and six. Case studies throughout. Appendices A, B & C. |
| c) Consideration should be given to the impacts for crucial services such as social care, children’s services, SEND and homelessness, and for wider public services including for public safety. | Sections two, three, four, five and six. Case studies throughout. Appendices B & K. |

Criteria 4. Proposals should show how councils in the area have sought to work together in coming to a view that meets local needs and is informed by local views (including a: meaningful and constructive engagement should be evidenced).

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|--|---|
| b) Proposals should consider issues of local identity and cultural and historic importance. | P76 – working together
P145-150 – engagement |
| c) Proposals should include evidence of local engagement, an explanation of the views that have been put forward and how concerns will be addressed. | P40-42, 44-45, 47-48, 50-51, 63-65 |
| | P12-13, 145-150, Appendices L- Q |

Criteria 5. New unitary structures must support devolution arrangements (including b: how the proposal will unlock devolution where no CA or CCA exists currently)

- | | |
|---|-----------------------|
| a) Proposals will need to consider and set out for areas where there is already a Combined Authority (CA) or a Combined County Authority (CCA) established or a decision has been taken by Government to work with the area to establish one, how that institution and its governance arrangements will need to change to continue to function effectively; and set out clearly (where applicable) whether this proposal is supported by the CA/CCA /Mayor. | P22, 54-59, 72-73 |
| c) Proposals should ensure there are sensible population size ratios between local authorities and any strategic authority, with timelines that work for both priorities. | P59 |
| | Sections two and four |

Criteria 6. New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment.

- | | |
|--|---------------------------|
| a) Proposals will need to explain plans to make sure that communities are engaged. | P11, 136-141 (Section 5b) |
| b) Where there are already arrangements in place it should be explained how these will enable strong community engagement. | P136-141. Appendix C. |

MHCLG Checklist and Evidence (3/4)

Interim Plan Feedback (07 05 2025)	Evidence
<p>Include high-level breakdowns, for where any efficiency savings will be made, with clarity of assumptions on how estimates have been reached and the data sources used, including differences in assumptions between proposals.</p>	
<p>Provide clarity on the underlying assumptions underpinning any modelling e.g. assumptions of future funding, demographic growth and pressures, interest costs, Council Tax, savings earmarked in existing councils' MTFS.</p>	<p>P115-22. Appendix A – Financial Analysis.</p>
<p>Recognising that Southampton City Council has received Exceptional Financial Support, proposals must additionally demonstrate how reorganisation may contribute to putting local government in the area as a whole on a more sustainable footing, and any assumptions around what arrangements may be necessary to make new structures viable.</p>	
<p>What is the impact on safeguarding? How will risks be managed?</p>	<p>P 33, 83, 93, 97, 101 and 106. Appendix B <i>P105-108 SUA Risks to Safeguarding.</i></p>
<p>What are the implications for public health, including consideration of socio-demographic challenges and health inequalities within any new boundaries and their implications for current and future health service needs.</p>	<p>P70, 141, Appendix B</p>
<p>Include indicative costs and arrangements in relation to any options including planning for future service transformation opportunities. Relevant criteria: 2d) Proposals should set out how an area will seek to manage transition costs, including planning for future service transformation opportunities from existing budgets, including from the flexible use of capital receipts that can support authorities in taking forward transformation and invest-to save projects.</p>	<p>Appendix A – Financial Analysis. P130-135.</p>
<p>Include early views as to the councillor numbers that will ensure both effective democratic representation for all parts of the area, and also effective governance and decision-making arrangements which will balance the unique needs of your cities, towns, rural and coastal areas, in line with the Local Government Boundary Commission for England guidance. Relevant criteria: 6) New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment.</p>	<p>Appendix A – Financial Analysis. P142-144.</p>
<p>Include early views on how new structures will support devolution ambitions. Relevant criteria: 5a-c) New unitary structures must support Devolution arrangements.</p>	<p>P54-60.</p>
<p>Provide detail on the implications of the various LGR options for the timelines and management of devolution across the Hampshire and the Solent geography. Include considerations on any eventual transition period as the new unitary authorities and potential MSA are established.</p>	<p>P151-158. <i>Risks documented throughout the case.</i></p>

MHCLG Checklist and Evidence (4/4)

Correspondence to areas invited to submit final proposals (23 07 25) – key considerations	Evidence
Prioritising Service Continuity	
<p>Consider how the new UA will continue to deliver on their statutory responsibilities to ensure all services are safe and legal on vesting day, whilst maintaining a focus on continuous improvement of outcomes for local residents. This will require collaboration between councils in an LGR area in planning for the continuity of social care services.</p>	P81, 93, 97, 152 and 154
<p>Where disaggregation or aggregation is proposed, we expect proposals to include how either option will be safely managed so that local residents receiving social care services continue to access the help and support they need. In line with criterion 3b, we expect areas to include detail on how partnership working could lead to better value for money and financial sustainability.</p>	P21 80-82, Section six
Partnership Working	
<p>Consider where partnership working presents opportunities that are specific to the needs of your local residents.</p>	P13 (Summary), 36-7 (IBC), 30 and 43 (Growth), 141 (Health),
<p>Build on existing structures for collaboration, such as partnerships with Integrated Care Boards and Regional Improvement and Innovation Alliances. New unitaries are expected to continue to work together and with partners on integrated service delivery, such as through Family Hubs, Discharge and Transfer of Care Hubs, and the development of Neighbourhood Health Services.</p>	P46, 81 (Social Care), 83 (Social Care), 134 (Future Approach), 141 (Health), 146 (Engagement with ICB)
<p>Consider the benefits of collaboration and partnership working from proposal development and beyond. Areas may wish to think creatively about their engagement with local residents, including those who are seldom heard, care providers, the social care workforce, and the voluntary sector to ensure community and partner input is included as proposals are developed and services are delivered in the longer term. Consideration at the start of the LGR process will ensure community collaboration and partnership working is embedded early on so that its benefits can be maximised further down the line.</p>	<p>Local Engagement Summary P145-150. <i>Detail included in Appendix K-Q.</i></p> <p>Neighbourhood Empowerment Model P137-141. <i>Detail included in Appendix C.</i></p>
<p>Consider how partnership working could be used to focus on a single theme common to all authorities, such as improving dementia support or efficiencies in children’s residential care provision for example.</p>	P33 (MASH), 34 (Community Hubs)

Thank you



Lepe Beach