

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

21<sup>st</sup> March 2025



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

## Foreword

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

The interim plan is submitted on behalf of:

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

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

## About Hampshire and the Solent

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



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

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

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

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

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

### **Working together across the region**

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

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

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

- 24<sup>th</sup> February 2025: Leaders' and Chief Executive workshop to discuss progress to date and proposed next steps.
- 27<sup>th</sup> February 2025: Leaders' meeting to agree a set of guiding strategic principles, the content of the interim submission, agree the timeline for the full proposal and review data from across the Hampshire and Solent region.
- 5<sup>th</sup> & 6<sup>th</sup> March: Leaders' and Chief Executives met to agree the Interim Plan submission.

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

### **Our guiding principles**

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

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

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

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

### **Key areas of our interim plan**

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

**a) Boundaries of new mainland unitaries**

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

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

We have unanimously agreed that the Isle of Wight should remain as a separate unitary council due to being an island. This would not preclude exploring shared service arrangements across Hampshire and the Solent, but no model of local government reorganisation will comprehensively address the sustainability of local government on the island when also considering the geographic delivery of services. More detail on this is provided in point b) below.

**b) Isle of Wight exceptional circumstances**

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

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

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

**c) Indicative costs and future service transformation opportunities.**

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

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

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

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

### **Future service transformation opportunities**

As all councils have not yet reached consensus on a preferred option of unitary structures, we have not been able to appropriately model transformation opportunities, beyond the very substantial savings, transformation and collaborative working which we have already delivered. We expect to explore opportunities regarding:

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

#### **d) Councillor numbers**

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

#### **e) Supporting devolution ambitions**

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

#### **f) Local engagement**

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

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

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

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

**g) Indicative costs of preparing proposals**

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

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

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

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

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

**h) How we are working together**

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

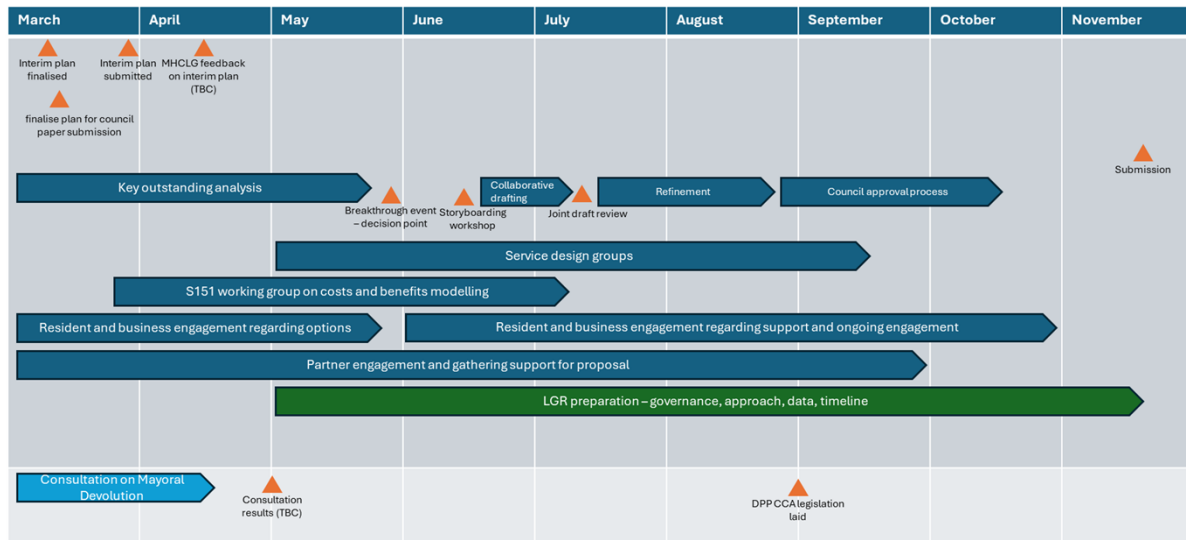
We are working collaboratively and have a solid foundation for implementing LGR and devolution as well as managing service delivery and setting the new unitaries up for success.

**Proposed timeline**

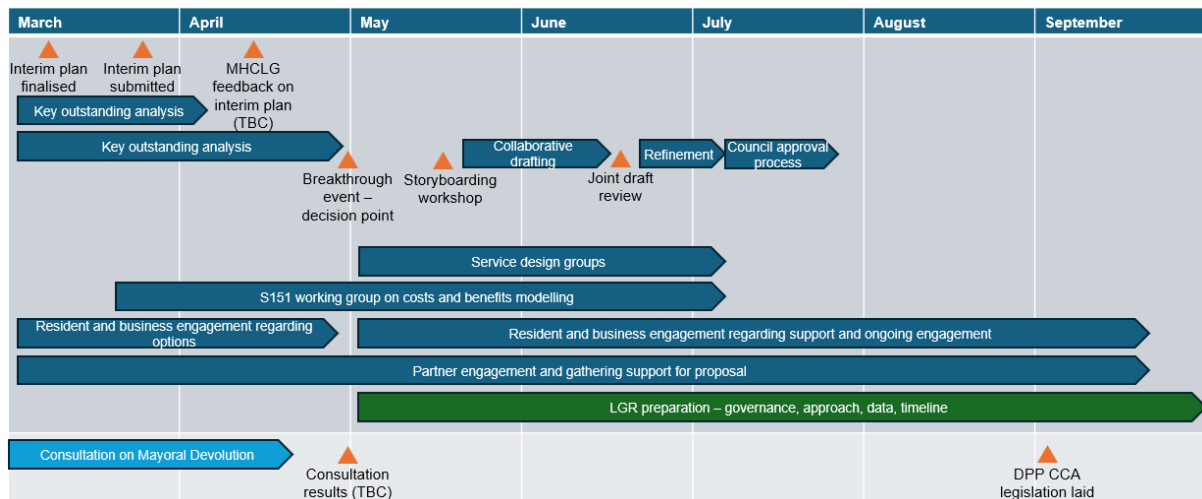
We are delighted to be selected for the Devolution Priority Programme (DPP) and see the benefits of delivering at pace. We are aligned to continue working collaboratively on both the DPP and LGR programme whilst ensuring a level of robust consultation and analysis we believe to be necessary for long-term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

other authorities, and in consequence request an extension for the submission of the full proposal until at least 28<sup>th</sup> November 2025.

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



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



### Barriers or Challenges where we require clarity and support

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



have boundary changes. As a result of changes since district boundaries were defined for the 1974 reorganisation, some of the current boundaries in Hampshire split towns, communities and economic geographies. Unitaries should reflect economic geographies and how people access services, healthcare, education, leisure and shopping as well as driving economic and housing growth. As a result, our options analysis may lead to proposed changes to some boundaries (although we will also assess cost, complexity and feasibility of any such changes). To do this with accuracy and confidence, we require:

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

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

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

**4. Support for implementation and ongoing financial sustainability:** As mentioned above, local government in Hampshire and the Solent is under significant financial pressure. The EFS support for Southampton to fund the council's transformation programme, restructuring costs and equal pay, and the request from Hampshire County Council for EFS shows the scale of the challenge we face. As an example, the Hampshire County Council deficit alone is over £216m. To help fill some of the budget gap post-LGR, we require support to fund transformation opportunities and the autonomy to be flexible around council tax.

While there may be opportunities through LGR, we do expect significant challenge from the capacity required to deliver LGR alongside devolution and our existing council's operations and change portfolios. We would request financial support to fund costs relating to the implementation of LGR and would want to agree a multi-year financial arrangements with the government to effectively support transition post vesting day.

**5. Timeline:** It remains challenging to deliver appropriate local engagement and decision-making in this period, alongside devolution. We therefore request an extension for the full proposal to 28th November 2025. If after a detailed options appraisal has been undertaken, the preferred option requires the need for boundary changes, then we would also request an extension to the implementation timeline to allow sufficient time for the appropriate statutory mechanism to be delivered.

Yours sincerely,

*Signed by all Leaders of councils in Hampshire and the Solent*

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