

Resources and Transformation Overview and Scrutiny Panel – 26 June 2025

Local Government Reorganisation Report June 2025

Purpose	For Review
Classification	Public
Executive Summary	This report provides an update on the Council's Local Government Reorganisation (LGR) work, focusing on key programme governance, risk management, and resource allocation. The programme aims to establish a responsive, resilient, and impactful framework for local government reorganisation, ensuring effective leadership and representation of NFDC priorities.
Recommendations	That the Panel consider the following recommendations to the Cabinet:- That the Cabinet:- 1. Notes the progress made on the development of final local government reorganisation proposals by September 2025. 2. Agrees that the priority for LGR proposals are:- a. A financially sustainable rural-focused unitary council, bringing together the New Forest area with mid-Hampshire. b. An authority that does not split the historic communities of the New Forest through boundary changes, or forces the district into an urban-led model. 3. Supports the active engagement in competing proposals for LGR in Hampshire and the Solent, to best represent and campaign for the above priorities, including the strong

	opposition to any proposals that involve boundary changes that would split the historic communities of the New Forest. 4. Supports the establishment of the LGR Programme Governance and Member oversight arrangements detailed in the report, alongside current programme activity and spend incurred from the established LGR reserve.
Reasons for recommendations	The recommendations enable the Council to prioritise the development of local government reorganisation proposals that align with the Council's agreed position. They support the Council's objectives within the Corporate Plan, ensuring effective leadership, representation, and resource allocation for the LGR programme and the Council's ongoing service delivery.
Wards	All
Portfolio Holder	Councillor Jill Cleary – Leader
Strategic Director	Kate Ryan – Chief Executive
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Introduction and background

1. In December 2024, the Government published the English Devolution White Paper: "Power and Partnership: Foundations for Growth," which outlines a model for local government based on strategic authorities alongside unitary councils. The Government aims to bring about an end to the two-tier local government arrangements of separate county and district councils, with unitary councils forming the delivery arm of local government underneath the new strategic authority.
2. The proposed Hampshire and Solent Mayoral Strategic Authority will oversee functions such as strategic growth, spatial development, transport, housing and police and crime. The new unitary councils will form the constituent elements of the strategic authority.
3. Following the publication of the White Paper and the government's subsequent announcement that Hampshire and the Solent would join the Devolution Priority Programme, aiming to establish mayor-led strategic authorities by May 2026, the Leader and Chief Executive have been collaborating with councils across Hampshire and the Solent to respond to the Government's devolution initiative and begin work on proposals for local government reorganisation.
4. This Hampshire and Solent collective work, facilitated by KPMG consultants, has undertaken a significant amount of activity since the Government's invitation for LGR proposals.
5. In depth stakeholder interviews were held with the leaders and chief executives of councils across Hampshire and the Solent as part of the early work to understand the opportunities and challenges for LGR across the area. Meetings and workshops were also held with key council Members and officers, to understand priorities and develop ways to evaluate future options.
6. Initial longlisting workshops were held with leaders and chief executives to discuss and define the options that would be collectively pursued, alongside the development of the eight principles that formed the collective interim plan for LGR. This interim plan was submitted on behalf of all principal councils on 21 March 2025, supported by this Council. Alongside the collective interim plan, the Full Council gave the Leader clear feedback on the priorities to be pursued as part of the next phase of work on LGR.
7. Feedback was received from government on the interim plan on 7 May 2025 and is included in full at Appendix 1. The feedback is summarised in the following section of this report.

8. It is recognised that there are differences across the councils in the priorities to be taken forward for full proposals. The Leader and Chief Executive have been seeking to build alliances to support the Council's preferred outcome, and also to defend the district from any boundary changes that the Council has expressed it does not feel are necessary or justified.
9. This report provides an update on this activity and begins to establish an LGR programme for the New Forest that is responsive, resilient, and impactful in support of the Council's priorities and objectives. Key milestones are included, including the establishment of programme resources, an enhanced plan for community engagement and the steps to be taken in developing and approving final proposals by 26 September 2025.

Interim Plan Feedback

10. The following summarises key feedback included in the government's response to Hampshire and the Solent's interim plan:-
 - Single Tier of Local Government:
 - Proposals should aim for a single tier of local government for the entire area.
 - Further detail on proposed geography and expected outcomes is needed.
 - Isle of Wight Exceptional Circumstances:
 - More detail and data to support the rationale for an 'Island deal' are required.
 - Decisions on specific unitary solutions will be made based on full proposals, not at this point.
 - Deadline for Proposals:
 - The deadline for final proposals is 26 September 2025.
 - Extensions are not possible due to the need to maintain the planned timeline for LGR.
 - Population Criteria:
 - Proposals should consider populations of 500,000 or more, but flexibility is allowed (a guideline, not a hard target)
 - Clear rationale for any deviations from this guideline should be provided.
 - Collaboration and Data Sharing:
 - Effective collaboration between councils is crucial.
 - Final proposals should use consistent data sets and assumptions.

11. There were also a number of matters which the Hampshire and Solent councils specifically requested further clarity, and the responses to those issues are summarised below:-

- Boundary Changes:
 - Proposals involving boundary changes should provide strong justification.
 - Clear identification of proposed boundaries is necessary as part of final proposals (proposals should include maps).
 - There are a number of mechanisms to achieve boundary changes dependent upon how fundamental they are.
- Critical Service Demand:
 - Detailed financial positions and risk modelling should be included in final proposals.
 - Consideration of council tax harmonisation and financial sustainability is important.
- Support for Implementation:
 - £7.6 million will be available for proposal development across 21 areas.
 - Further detail on transformation costs and financial sustainability is needed.

Hampshire and the Solent collective work next phase

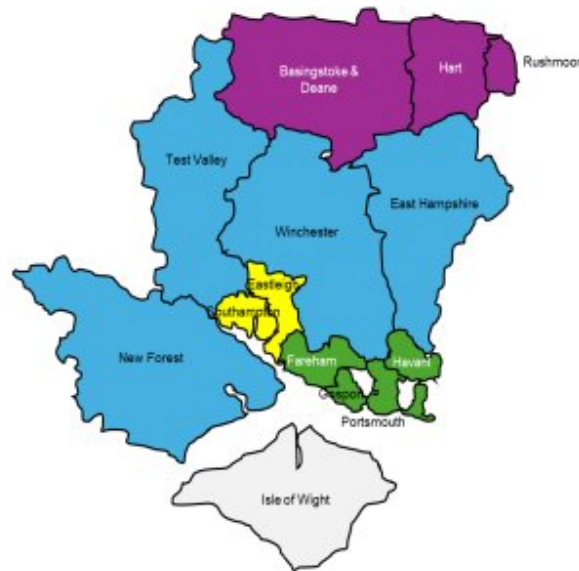
12. Multiple meetings with the chief executives of councils has developed and agreed assessment methodology for use in how options would be considered by leaders in developing final proposals.
13. A defined analysis approach was adopted, to ensure that the development of options are aligned to the government criteria. The consideration of these options with this analysis, aims to provide sufficient information for a compelling case for change as part of the full proposal submission. The analysis, in addition to the government's criteria, includes the guiding principles agreed in the interim plan, financial and service demand analysis, economic market assessments. It will in due course also be informed by public stakeholder engagement.
14. Significant activity across all councils has supported the collation of data for use in this analysis.
15. On 19 May 2025, the Leaders of 13 councils across the region met to consider 7 LGR options which had been refined from a long list of 12 options. The rationale for the shortlisting of options included the robust assessment methodology explained above. The key decision

taken by the leaders at this meeting, was to progress the development of three options to a full case for change phase. These options are as follows:-

16. Option "H" – Four unitary councils comprising the following current district/borough/unitary council areas:-

- Portsmouth, Fareham, Havant, Gosport
- Southampton, Eastleigh
- Basingstoke & Deane, Hart, Rushmoor
- New Forest, Test Valley, East Hampshire, Winchester

This option is supported by NFDC and is the basis for our positive work developing further the vision and case for a future council based on this footprint. The map for this footprint is outlined below.



17. Option "I" – Four unitary councils comprising the following current district/borough/unitary council areas:-

- Portsmouth, Fareham, Havant, Gosport
- Southampton, Eastleigh, New Forest
- Basingstoke & Deane, Hart, Rushmoor
- Test Valley, East Hampshire, Winchester

This option has been consistently opposed by NFDC as it does not deliver a future council that reflects local identity, and there are

questions as to whether it is the best model to develop future sustainable services. The map for this footprint is outlined below:-

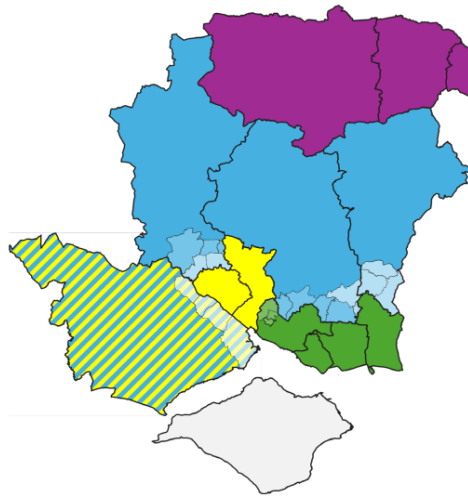


18. Option "Boundary Changes" – Four unitary councils, modelled on Options "H" and "I" which include the consideration of boundary changes to the current district/borough council areas of New Forest, Test Valley, Winchester and East Hampshire. This option has been consistently opposed by the New Forest as it was confirmed that the wards intended to become part of a council with Southampton and Eastleigh would be substantive and include the following from the New Forest District:-

- Totton North
- Totton Central
- Totton South
- Marchwood & Eling
- Dibden & Dibden Purlieu
- Hythe Central
- Hythe South
- Hardley, Holbury & North Blackfield
- Fawley Blackfield Calshot & Langley

This can also be described as splitting the parishes of Totton and Eling, Marchwood, Hythe and Dibden and Fawley from the remainder

of the New Forest District. The map for this footprint that shows the areas being considered for boundary changes is outlined below:-



19. It should be noted that prior to the leaders 'workshop, Hampshire County Council and East Hampshire District Council withdrew from the collective work being facilitated by KMPG. Gosport Borough Council has also since withdrawn. 12 councils remain engaged in these collective conversations and the associated officer workstreams.
20. The next phase of work facilitated by KPMG will involve the preparation of a case for change that takes forward these three options with a single submission to Government being anticipated. A separate submission is anticipated, led by Hampshire County Council.
21. Hampshire County Council are taking forward a separate analysis of four models, and will be selecting their final preference in July. Further information can be found on the County Council's website from the link in the background papers of this report. NFDC is disappointed that none of these proposals reflect what the district's towns, parishes and residents have told us thus far, as to what matters for the New Forest in developing the future of local government in the area. It is important that Hampshire County Council Members are clear on the views of New Forest District Council, local stakeholders and residents to inform the selection of a competing submission to Government.
22. It must be remembered that it is Government (MHCLG) who will be then considering the proposals, and running a formal consultation before taking a decision on the future of local government across Hampshire and the Solent.

23. A significant step change in activity has taken place, particularly involving officers of the council, through the mobilising of programme governance and workstreams to include data, finance, service design, partner and public engagement, democratic and community representation. Service design workshops are currently being held with senior council officer leads across Education, Customer and Digital, Highways, Adults, Childrens, Housing and Homelessness, Waste and Strategic Planning and Regeneration.
24. Work to assess the implications of boundary changes is also taking place, supported by the collation of a number of data sets including population statistics, council tax and business rate metrics, housing and homelessness data, planning, assets and open spaces.

NFDC key activity and decisions taken

25. Since the agreement of the interim plan in March 2025, the Leader, Chief Executive and officer team have been working at a significant pace to pursue the council's priorities for LGR. This has involved the collective work with KPMG above, in addition to the building of alliances with key local authority partners, and a significant programme of stakeholder engagement including meetings with MHCLG, the District Council's Network, New Forest MPs, the National Park Authority, the Official Verderer of the New Forest, key businesses, community organisations and Town and Parish Councils.
26. A specific workstream has been progressed in partnership with local authorities into Mid Hampshire, to shape a shared narrative that provides a compelling case for change in respect of the council's priorities for LGR. This includes case studies and further operational detail that will support Option "H".
27. The Council will need to focus on developing and approving a final proposal ahead of the government deadline of 26 September 2025. The period ahead will continue to involve extensive consultation and collaboration to ensure proposals align with NFDC priorities and to engage with and address counter proposals.
28. The Council agreed an initial LGR reserve of £150,000, alongside an ongoing revenue budget of £150,000, to support the necessary activity over the coming months. The following paragraphs summarise the commissioned work and resources being secured against these budgets to date.
29. A Hampshire wide consultation, supported by all 12 councils working collectively with KPMG will launch on 23 June. It is essential that our residents, businesses, towns and parishes and all stakeholders respond to this in representing the views of all our communities.

30. From initial engagement work the Council has undertaken, alongside the expressed intention of the proposed boundary change option, it is clear that a detailed case will be developed by some councils that attempts to split the New Forest. This proposal will need to address the guidance of the Local Government Boundary Commission for England, and demonstrate a compelling case to government for such changes. In response, the council is developing key messages, service logistics, financial, legal, housing, governance and place assessments to counter this proposal. A place-shaping exercise was externally commissioned to capture the identity, character and personality of the various waterside communities.
31. To support the work above on the case development and wider engagement, the Chief Executive, in consultation with the Leader of the Council, has commissioned external strategic engagement, and campaign support. This will also enable the Council to programme communications for members, staff, and stakeholders on LGR activity in a clear and consistent way, whilst delivering the significant communications activity this year, which includes the Council's new waste and recycling service.
32. Alongside this, deliberative engagement is being externally commissioned. This will include a number of online and in-person focus group sessions, with a representative sample of the district's residents including hard to reach communities. The evidence from these sessions will inform the final case for change and the development of options.
33. To ensure an effective and responsive programme can be maintained, particularly moving into the implementation phase, two internal resources have been identified, a Programme Manager and a GIS/Mapping data lead. Both of these posts are currently being recruited to.

Timeline

34. The following timeline summarises the LGR programme activity in support of the wider government timetable:-

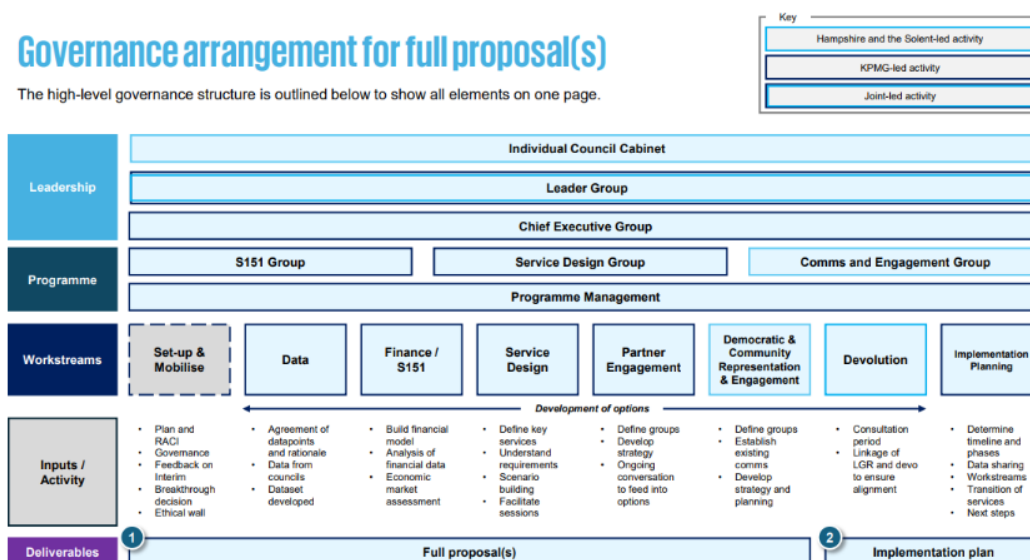
April – September 2025	Stand up programme approach Finalise local authority alliance for NFDC proposal Develop and approve final proposal - (26 September deadline) Counter alternative proposals including local campaigns Government response to Devolution consultation and next steps
September 2025 – January 2026	Influence Government decision making Respond to Government LGR consultation Devolution legislation laid
February – April 2026	Respond to Government decision on LGR (due by 'Spring 2026') Step up implementation
May – September 2026	Mayoral Elections (May) HCC elections (May) TBC
September – December 2026	LGR legislation laid
May 2027	Shadow unitary council elections
May 2028	New unitary councils go-live

35. Looking beyond the current period to September 2025, the Council will need to influence Government decision-making and respond to consultations. This phase will be critical in shaping the final outcome of the LGR programme. Following the Government decision, the Council will be required to step up implementation, ensuring a smooth transition and effective execution of the programme to deliver new unitary councils.

Programme Governance

36. Devolution programme governance is established and officers are supporting the lead upper tier local authorities across Hampshire and the Solent to oversee the implementation of the Mayoral Combined County Authority (MCCA).

37. The Council is represented within the KPMG programme governance, with formal LGR governance to be established once a government decision has confirmed the final geography for the future of local government across Hampshire and the Solent. The following image is a snapshot of the KPMG programme governance for the full proposal phase:-



38. Experience from previous reorganisations highlights the importance of programme capacity and the demands that fall initially on corporate services. It is proposed to establish initial programme governance within the council to enable us to prepare and support the wider work, and also oversee the New Forest specific proposals and workstreams such as town and parish council engagement.
39. To ensure a cohesive and efficient approach to significant organisational change, the governance structure for the LGR programme will be aligned with the existing governance arrangements for the Transformation programme. This integration enables a joined up programme management approach, allowing the flexible deployment of resources, capacity, and expertise across both initiatives.
40. In accordance with this revised governance framework, Member oversight of the LGR programme will be conducted through the Transformation/LGR Member Oversight Board. This board, formerly known as the Transformation Member Oversight Board, is chaired by the Leader of the Council and includes the Deputy Leader, the Portfolio Holder for Finance and Corporate, and the Leader of the Opposition.
41. The existing Transformation Programme Board, which meets monthly and is chaired by Kate Ryan, will be reconstituted as the

Transformation/LGR Programme Board. This board comprises all Strategic Directors and Assistant Directors. It will be responsible for making delegated key decisions, setting the strategic direction of the programme, and receiving progress updates from programme workstreams and subject matter experts.

42. To support the timely delivery of critical activities, an LGR Steering Group will be established. This group will meet bi-weekly and will initially consist of the Executive Management Team and the Assistant Directors for Strategy, Transformation, and Place Development. When appointed the LGR Programme Manager will facilitate this group.
43. This is an initial model and workstreams will develop over time, particularly through the implementation phase once it is known who the council's key partners are in delivering a safe and legal new unitary council that includes the New Forest District.
44. The programme will be supported by corporate services; bringing together finance, estates, legal, IT, HR and communications. Indicative workstreams are likely to focus on initial pieces of work around NFDC LGR proposals (including development of the business case, the local strategic narrative and engagement activity), establishment of the Mayoral Combined Authority and the transfer of community assets and services. These will be supported by a number of enabling workstreams that will be stood up as required. It is anticipated these will include:
 - Programme core (governance, programme administration, risks and budget)
 - Resources (Finance, legal advice, contracts, procurement and assets)
 - People (HR, workforce, organisation development and internal engagement)
 - Data and ICT (Place and people based datasets, service data, ICT systems and technology)
 - Communications and Engagement (External communications, stakeholder engagement, local campaign management and public consultation)
45. The full resource requirements cannot be anticipated at this stage, however there will be an increasing draw on key service leads. It is to the benefit of the New Forest to support staff engaging in the development of both the strategic authority and the formation of new unitary councils. There is also likely to be an increase in turnover both within NFDC and in other councils. Solutions may be sought that involve interim resource or wider partnership working such as

secondments. There will also be an increasing need to support staff, including the prioritisation of resource to deliver the People Strategy.

Corporate plan priorities

46. A well resourced LGR programme will ensure that the Council has adequate capacity to deliver on its own corporate plan priorities over the remaining life of the plan.

Options appraisal

47. The Council could choose not to engage with the collective KPMG work, or with any competing proposals. At this stage, it is recommended that securing the best outcome for the residents of the New Forest is achieved by participating in and shaping all proposals and conversations with partners.

Consultation undertaken

48. Consultation on the developing LGR programme has been undertaken with the Leader of the Council, Cabinet Members, Group Leaders, the Transformation Programme Board and wider engagement with senior leadership team and staff.
49. Town and Parish Councils were engaged in the development of the Council's approach to LGR at an event on 28 April 2025, which included specific feedback regarding options and the Asset Strategy.

Financial and resource implications

50. A 2025/26 ongoing revenue budget of £150,000 was agreed by the Council in February 2025, for Devolution and LGR activity. A £150,000 one off Devolution and LGR reserve was also approved in February, and is available to support one-off or temporary resourcing requirements in support of the LGR programme. The provisional budget outturn proposes that Cabinet approve that an additional £350,000 is placed into the reserve.
51. At present, the committed spend on commissioned activity from the reserve is £93,000. The general fund budget spend for 2025/26 is currently profiled to be £140,000.

Legal implications

52. The programme workstreams will include the legal framework for establishing new unitary councils. There are no specific legal implications arising from the recommendations in this report.

Risk assessment

53. With a programme approach being established, key risks, mitigations and residual risks are being monitored at regular intervals.

Environmental / Climate and nature implications

54. A key aspect of service design for new unitary councils will be the approach to carbon reduction and climate and nature actions.

Equalities implications

55. The approach to consultation and engagement will include the recruitment of participants across a range of protected characteristics, including those with a long term health condition or disability.

Crime and disorder implications

56. None arising directly from the report.

Data protection / Information governance / ICT implications

57. None arising directly from the report.

New Forest National Park implications

58. The proposed geography for new unitary councils could have a material impact on the National Park. It is now clear that options are being proposed that would see the New Forest National Park boundary split in a significant number of places along the waterside. The council will campaign for an LGR model that will allow for a new unitary to continue the strong partnership working that enables the council to fulfil its obligation to further the interests of the National Park.

Appendices:

Appendix 1 – Interim Plan
Feedback

Background Papers:

Cabinet agenda and papers – 21
March 2025
Hampshire County Council Update
– June 2025