


## Notice of Meeting

# Cabinet- Supplementary Agenda



<u>Date and Time</u>	<u>Place</u>	<u>Contact</u>	<u>Web:</u>
Tuesday, 18 March 2025 2.30 pm	Surrey County Council, Council Chamber, Woodhatch Place, 11 Cockshot Hill, Reigate, Surrey, RH2 8EF	Huma Younis or Sarah Quinn huma.younis@surreycc.gov.uk or sarah.quinn@surreycc.gov.uk	<a href="#">Council and democracy Surreycc.gov.uk</a>  @SCCdemocracy

### 3 DEVOLUTION AND LOCAL GOVERNMENT REORGANISATION

(Pages  
1 - 100)

Following the publication of the English Devolution White Paper on 16 December 2024, all councils in Surrey have been invited to move forward on an accelerated pathway for local government reorganisation (LGR), paving the way to unlock further devolution and create more sustainable, effective local government for the county.

This report sets out the opportunities presented for Surrey in accessing further devolution to the county and outlines emerging proposals for LGR, ahead of the 21 March deadline to submit an interim LGR plan to government. It also provides an update on the implementation of Surrey County Council (SCC)'s County Deal, put in place with the previous government in 2024 and being implemented by the current government.

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### **Please note the following regarding questions from the public:**

1. Members of the public can submit one written question to a meeting by the deadline stated in the agenda. Questions should relate to general policy and not to detail. Questions are asked and answered in public and cannot relate to “confidential” or “exempt” matters (for example, personal or financial details of an individual); for further advice please contact the committee manager listed on the front page of an agenda.
2. The number of public questions which can be asked at a meeting may not exceed six. Questions which are received after the first six will be held over to the following meeting or dealt with in writing at the Chairman’s discretion.
3. Questions will be taken in the order in which they are received.
4. Questions will be asked and answered without discussion. The Chairman or Cabinet members may decline to answer a question, provide a written reply or nominate another Member to answer the question.
5. Following the initial reply, one supplementary question may be asked by the questioner. The Chairman or Cabinet members may decline to answer a supplementary question.

**SURREY COUNTY COUNCIL****CABINET****DATE: 18 MARCH 2025****REPORT OF CABINET MEMBER: TIM OLIVER, LEADER OF SURREY COUNTY COUNCIL****LEAD OFFICER: TERENCE HERBERT, CHIEF EXECUTIVE OF SURREY COUNTY COUNCIL****SUBJECT: DEVOLUTION AND LOCAL GOVERNMENT REORGANISATION**

**ORGANISATION STRATEGY PRIORITY AREA: HIGH PERFORMING COUNCIL / NO ONE LEFT BEHIND GROWING A SUSTAINABLE ECONOMY SO EVERYONE CAN BENEFIT / TACKLING HEALTH INEQUALITY / ENABLING A GREENER FUTURE / EMPOWERED AND THRIVING COMMUNITIES**

<b>Purpose of the Report:</b>
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Following the publication of the English Devolution White Paper on 16 December 2024, all councils in Surrey have been invited to move forward on an accelerated pathway for local government reorganisation (LGR), paving the way to unlock further devolution and create more sustainable, effective local government for the county. This report sets out the opportunities presented for Surrey in accessing further devolution to the county and outlines emerging proposals for LGR, ahead of the 21 March deadline to submit an interim LGR plan to government. It also provides an update on the implementation of Surrey County Council (SCC)'s County Deal, put in place with the previous government in 2024 and being implemented by the current government.

<b>Recommendations:</b>
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It is recommended that Cabinet:

1. Notes the letter received from government on the 5 February 2025 inviting all councils in Surrey to submit an interim plan for Local Government Reorganisation by 21 March 2025 and a full proposal by 9 May 2025.
2. Approves the Council's interim plan for Local Government Reorganisation in Surrey (the interim plan comprises Part A in Annex 6 and SCC authored Part B in Annex 7).
3. Agrees the Leader of Surrey County Council submits the interim plan to Government for the 21 March deadline.
4. Notes the District and Borough Councils' (D&B) authored Part B (Annex 8).

5. Delegates authority to make any final amendments to the interim plan (and other associated information) for Local Government Reorganisation in Surrey to the Chief Executive, in consultation with the Leader of the Council, before submission within the deadline given by the Secretary of State.
6. Delegates authority to the Chief Executive, in consultation with the Leader of the Council, to consent to the making of the necessary Regulations to devolve the Land Assembly and Homes England Compulsory Purchase Powers and Adult Skills Fund thereby implementing and giving effect to these aspects which formed part of the County Deal agreed with government in March 2024.

#### **Reason for Recommendations:**

Following the publication of the English Devolution White Paper on 16 December 2024, all councils in Surrey have been invited to move forward on an accelerated pathway for local government reorganisation (LGR), paving the way for further devolution for the county. Approving the Council's interim plan for LGR in Surrey is an important milestone in our ongoing work with the district and borough councils and government to shape Surrey's future so it remains a uniquely special place where everyone has a great start to life, people live healthy and fulfilling lives, are enabled to achieve their full potential and contribute to their community, and no one is left behind.

Unitary councils are key to unlocking further devolution for Surrey. A County Devolution Deal was put in place with the previous government and implemented by the current government and will bring more powers and decisions closer to communities. To build on the foundations laid by this agreement, unitary councils will make local government in Surrey fit for purpose so we can take the next steps towards more powers, freedoms and flexibilities to benefit Surrey's residents and businesses.

Based on our assessment, we believe that reorganising the current 12 councils into two new unitary authorities is the best direction for Surrey to unlock devolution, realise improved local government services, create more financially sustainable local government and to lay the foundations for future public service reform. A shortlist of potential geographical configurations being considered for these unitaries has been included. We recognise that there is support for 3 unitaries but we have explained in the SCC authored Part B (Annex 7) why that is not our preferred option.

Two unitary councils in Surrey would build on current good examples of community engagement and involvement and work even closer with communities to tackle the specific challenges in the towns and villages they cherish. Partnerships will be more straightforward, less fragmented and more cost effective. Having fewer councils will help enable more transparent, quicker and effective partnership decision-making.

Whilst we seek further devolution for the county, we are also focused on implementing the County Deal agreed with the previous government in March 2024. Securing delegated authority to the Chief Executive, in consultation with the Leader, to consent to the necessary regulations needed to devolve the Homes England

Compulsory Purchase Power and the Adult Skills Fund to the county council, is a further step towards fully implementing these devolved powers to the County Council.

## Executive Summary:

### Context

1. On 16 December 2024, the government released the English Devolution White Paper, setting out ambitions for deepening and widening devolution across England. The paper also signalled the start of a programme of LGR to simplify and streamline local government.
2. The White Paper establishes a new tier of local government: Strategic Authorities (SAs). The enhanced Devolution Framework (Annex 1) details the powers and responsibilities that government will devolve to SAs, with the most extensive powers and funding being granted to Mayoral and Established Strategic Authorities (MSA and ESA). Powers available to a Mayor span local transport, infrastructure, housing, planning, skills, economic growth and climate change.
3. Given the opportunity presented for greater powers and funding to sit at a more local level, the Leader of Surrey County Council wrote to the Minister for English Devolution and Local Government on 8 January 2025 expressing Surrey's interest in pursuing LGR and devolution to the government's accelerated timeline (Annex 3).
4. On 5 February 2025 the Minister wrote to the Leaders of all Surrey councils inviting them to submit proposals for a single tier of local government and confirming that Surrey is part of the accelerated pathway to unlock further devolution (Annex 4). An interim plan is due with government on 21 March 2025, and a final proposal is due 9 May 2025. The government also confirmed that to enable an ambitious timeline, instead of holding Surrey County Council elections this May, there will be elections for any new shadow unitary councils in May 2026, and a Mayoral election most likely in 2027. This will enable detailed work for reorganisation and devolution to take place.
7. Leaders of all councils in Surrey are committed to seizing the opportunity for greater devolution to enable communities to take more control of their destinies, and for a new, simpler system of local government. They have been meeting weekly to progress the development of proposals, and the interim submission is due to be a joint submission in two parts. Part A (Annex 6) sets out the joint challenges and opportunities facing residents and businesses across the county and outlines how all councils are working together. Part B sets out the 12 councils' proposal for future unitary local government arrangements in Surrey. Recognising that there is currently more than one unitary option preferred by councils, Part B will be in two parts. SCC authored Part B (Annex 7) attached to this report outlines Surrey County Council's preferred unitary option. Other

councils in Surrey are agreeing an alternative Part B, authored by the D&B councils (Annex 8). The D&B councils' Part B document had not been received by SCC at the time of publishing this paper. It will be published as a supplementary document (Annex 8) once available.

5. A single submission comprising Part A and the two Part Bs will be submitted to government by 21 March 2025.

### **Delivering Deeper Devolution for Surrey**

8. Surrey County Council has a strong history of advocating for and delivering devolution into the county. In March 2024, we agreed a County Deal with the previous government which began the devolution of functions and funding related to skills, economic growth, strategic planning and the environment, laying the foundation for future devolution to the area.
9. Deeper devolution into Surrey will support better alignment of our public services, see greater funding and powers brought closer to our residents, and bring robust, accountable and visible local leadership.
10. Government have set clear criteria for how areas can access deeper devolution. To form a Strategic Authority (SA), an area must be covered by two or more upper-tier or unitary councils. Government do not wish for any 'devolution islands' to be created, where areas are left without a natural grouping for an SA. Most of Surrey's neighbours are currently exploring SA footprints that do not include Surrey, with many now on the Devolution Priority Programme, risking Surrey becoming a 'devolution island'. To bring deeper devolution into the county, two or more unitary councils must be established through LGR, allowing for a MSA to be formed on the Surrey footprint.
11. The Devolution Framework sets out the extent of opportunity available to Surrey through the formation of an MSA. Initially, a Mayor for Surrey would have enhanced powers and responsibilities for local transport, infrastructure, housing, planning, skills, economic growth and climate change, as well as control of devolved funding streams and income generation levers. As the MSA matures over time, the Mayor will then have even greater responsibilities and increasing funding flexibility in the form of an Integrated Settlement, and greater influence over the direction future devolution could take. The Mayor will also be a strong advocate for Surrey through their membership on the Council of Nations and Regions, chaired by the Prime Minister, and the Mayoral Council, chaired by the Deputy Prime Minister. With the South-East region largely moving to MSAs as well, cross-regional working with other Mayors will enable better collaboration on larger scale issues.
12. Putting in place the necessary conditions for deeper devolution now will result in short term benefits and long term opportunities for the county and its residents. We set out how these powers could be utilised to address some of the key challenges Surrey is facing.

### Economy and skills

13. Surrey is an area with many economic strengths and is the second biggest economy outside of London. The county is exceptionally well connected and has more than 110,000 businesses. There are many key economic opportunities within Surrey that put the county in a strong position to continue growing a sustainable economy so everyone can benefit, however we must also continue to tackle the economic inequalities faced by many communities across the county. With enhanced powers and funding in employment support, adult skills and innovation, a Mayor of Surrey will be well placed to support the delivery of economic growth, more local jobs and the right skills provision to meet local demand and tackle economic inequality.

### Climate change

14. Residents across Surrey are already facing, and will continue to face, the impacts of climate change. The Mayor will be able to work collaboratively with local partners, including the newly formed local authorities, to deliver on the ambitions to be Net Zero. The Mayor's devolved responsibilities around transport, infrastructure and planning will allow for a joined up strategic approach to delivering local transport, housing and economic growth, whilst continuing to work towards net zero.

### Health inequalities

15. Health inequalities in Surrey can be found across life expectancy, access to healthcare, and socioeconomic factors such as income, education and employment. Joined up efforts to address these inequalities at the right level are crucial to ensure that all residents have the opportunity to lead healthy lives in Surrey. The Mayor, alongside the unitary councils, will play an important role in addressing the social determinants of health by leveraging their functions in areas like transport, housing, and planning, and collaborating with other local leaders, they can shift from traditional service delivery methods to a holistic, resident-centred approach.
16. The Mayor will undoubtedly want to continue to drive forward 'health in all policies'. This will be possible through a new bespoke statutory health improvement and health inequalities duty and their anticipated roles in the Integrated Care Partnership, giving them a clear stake in improving local health outcomes.

### Housing, planning and homelessness

17. Housing plays a fundamental role in people's wellbeing, employment and health and Surrey's local authorities play a vital role in delivering and managing vital social housing and tackling homelessness. However, Surrey, like other places, is experiencing a housing crisis and in order to deliver on Surrey's ambition for everyone to have access to appropriate housing, and the government's ambitious housing targets for the area, Surrey needs a more strategic and joined-up

approach to planning and housing delivery.

18. The Mayor will have a range of enhanced powers and responsibilities for local planning and housing to help enable the delivery of more housing across Surrey. The ability to strategically accelerate the delivery of suitable housing will support economic growth by aligning housing and planning with regional economic strategies, stimulating local economies, attracting investment, and creating jobs.

#### Transport and local infrastructure

19. High-quality local transport infrastructure is vital for supporting growth and opportunity in Surrey. With ambitious government housing targets and expected population growth, further pressure on existing transport systems could negatively impact air quality, noise pollution, and resident health if not managed strategically. Devolution presents an opportunity for a Mayor to bring greater strategic oversight to Surrey's local transport networks, ensuring transport decisions align with climate change, housing, and health ambitions.

### **LGR Options Appraisal**

20. Government is clear that they expect all two-tier areas – areas with county, district and borough councils - to reorganise to simplify and right size local government whilst making sure it is sustainable and fit for the future. For devolution to be delivered on a Surrey footprint, local authorities in Surrey must reorganise to ensure there are two or more unitary authorities to form an SA.
21. The government's priorities for LGR, set out in the English Devolution White Paper, are as follows:
- New councils should be the right size to achieve efficiencies, improve capacity and withstand financial shocks. For most areas, the government assumes this will mean creating councils with a population of 500,000 or more. There may be exceptions to ensure new structures make sense for an area, agreed on a case-by-case basis.
  - High quality and sustainable public services to citizens and communities should be prioritised.
  - New councils should take a proactive and innovative approach to neighbourhood involvement and community governance to empower residents.
  - All councils in an area should collaborate on developing unitary proposals in the best interests of a whole area, rather than producing competing proposals.
  - Councils should work with government to bring about changes as swiftly as possible.
  - Governance models for local authorities to best support decision making.
22. To meet the initial deadline of 21 March 2025 for an interim plan and 9 May 2025 for a final proposal, we have conducted a high-level options appraisal for potential unitary government arrangements using the qualitative assessment of the relative advantages and disadvantages of different geographical options



against the government's criteria for LGR and principles for reorganisation. Financial costs and benefits for each of the options also fed into the analysis.

23. The appraisal considered three options for LGR in Surrey; a single unitary authority, two unitary authorities, and three unitary authorities. When assessed against the government's criteria, a single unitary authority does not unlock devolution on a Surrey footprint and a three unitary model would not meet government's criteria including a minimum population of 500,000 people per new authority. **Our preference is for two new unitary councils as the best way forward for unlocking further devolution for Surrey in line with the government's criteria.** It sets the stage for longer term public service reform in Surrey, with an aim of unifying public services to achieve the best value for money and improved outcomes for residents.
24. Two unitary authorities for Surrey will also strike the right balance between operating at greater scale for more efficient and financially sustainable local government while enabling scarce resources to be directed into the unique needs and priorities of the communities they serve. This option also aligns with the likely future delivery footprints of other public service partners such as the police and health enabling better partnership working.
25. SCC authored Part B of the interim plan in Annex 7 sets out the methodology and findings of the options appraisal in more detail.
26. Surrey's District and Borough councils have also prepared a Part B document, but it had not been received by SCC at the time of publishing this paper. It will be published as a supplementary document (Annex 8) once available. On this basis no commentary can be offered on the D&B Part B in this report.

### **Empowering Surrey's Towns and Villages**

27. The governance models for unitary local government in Surrey will be complementary to the work we are already doing to strengthen participation and engagement across our towns and villages. In line with the government's criteria, we are committed to using LGR to establish even stronger arrangements for local community engagement and neighbourhood empowerment, using a wide range of inclusive approaches that build on current good practices across the county.
28. Surrey has a rich civic life, including community groups and forums, residents' associations, voluntary, community, social enterprise and faith organisations, town and parish councils, business forums and many more. The new unitary authorities will ensure effective collaborative arrangements with these vital community-based groups and associations.
29. LGR will enable us to further develop models of joint partnership working at local levels. Surrey's geography, reflecting its history, is one of multiple towns and villages rather than single centres. These towns and villages are typically the "real places" that people identify with, over and above any administrative

boundaries. They are also the key building blocks at which practical outcomes can be delivered for residents at a local level.

30. In recent years, all Surrey's councils have worked ever closer alongside communities and other organisations at these meaningful local scales – and crucially local NHS partners have aligned into this model to develop integrated neighbourhood teams, better joining up care and support.
31. Two unitary councils will work with partners and residents to deepen collaboration across Surrey's towns and villages so public services are locally responsive, more aligned in how they work and are effective in prioritising and delivering the outcomes that matter most to people, such as economic growth or reducing health inequalities. This will include looking at alternative delivery models that further incentivise collaboration and formalise these arrangements as part of a wider framework for community governance in Surrey
32. We will develop this further through the implementation stage, drawing on national examples, learning from work in Surrey to date, and insights from local councillors. We will review options including considering a consistent set of non-precepting community boards or area partnerships at each town and village area scale, supported by themed networks for strategic priorities (eg Health and Wellbeing), bringing together the full range of organisations and community groups, including Town and Parish Councils, with councillors to drive local improvements and surface key insights to inform decision-making at the unitary and Strategic Authority levels.

### **Implementing our County Devolution Deal**

33. Since the County Deal was agreed in 2024, officers and government officials have been working together to implement the deal in Surrey. Two functions within the deal will require parliamentary approval of secondary legislation to devolve these functions to the County Council. These two functions are the Adult Skills Fund and the Homes England Compulsory Purchase Powers.
  - a. **Adult Skills Fund** – Devolution of the Adult Skills Fund to Surrey County Council will allow skills programmes and delivery to meet local economic and resident needs, helping to grow a sustainable economy so everyone can benefit. The council is working with government to implement the fund from the academic year 2026/27 subject to readiness conditions and Parliamentary approval of the required secondary legislation conferring the appropriate functions.
  - b. **Homes England Compulsory Purchase Powers** – The devolution of the Homes England Compulsory Purchase Powers will enable Surrey County Council and Homes England to work collaboratively to reduce the barriers to affordable housing delivery, regeneration and wider housing growth. Surrey County Council has met government's readiness criteria and the power is expected to be devolved in 2025, subject to parliament approving the required secondary legislation conferring the appropriate functions.

34. To ensure timely consent of the regulations for the devolution of these powers to be put to parliament, Cabinet is asked to delegate authority to the Chief Executive, in consultation with the Leader of the Council, to agree the regulations with government.
35. Surrey County Council will continue to work with relevant government departments to implement all elements of our County Deal, within the context of Local Government Reorganisation and anticipated further devolution to the area.

<b>Consultation:</b>
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36. A number of key stakeholders and partners have been engaged with the development of the interim plan (Annex 6 and 7).
37. An LGR Member Reference Group has been established to bring together Select Committee Chairs, Vice Chairs, other senior backbench Members including Group Leaders, the Chair and Vice-Chair of the Council and Chairs of the Regulatory Committees. The Leader of the County Council meets with them to discuss and scrutinise the analysis of LGR options being explored for inclusion in the interim and final LGR proposals. The group has met three times ahead of the interim plan deadline and will meet at least once more ahead of the 9 May deadline for the final proposal.
38. All elected members of Surrey County Council have been kept informed of the development in this work programme through All Member Briefing and regular communications and updates.
39. The County Council and District and Borough councils have worked closely together, meeting weekly in dedicated Chief Executive and Leader fora to discuss the development of the interim plan and share data through online repositories.
40. The Leader of Surrey County Council is using existing communication channels with local MPs, including regular meetings, to keep them up to date and engaged on the work ahead of the interim and final LGR submission deadlines.
41. Key partners across the county have also been engaged. The Combined Health and Wellbeing Board and Integrated Care Partnership Board are the primary engagement mechanism with regular items taken to the group for discussion. Key strategic partners have also been invited to two partner briefings, one prior to the March interim deadline and the second prior to the May final proposal deadline. Additional engagement continues to take place via existing meetings and forums.
42. These stakeholders will continue to be engaged in the lead-up to the Final Proposal submission on 9 May and will become key partners in the implementation of the LGR proposal taken forward by government.

43. Although there is no statutory requirement to consult residents, we feel it is vital to keep residents informed and engaged in the changes to local government in Surrey and our commitment to continuing to focus on service delivery. The council has published FAQs and an explainer video for LGR, is engaged with residents via social media and is reviewing existing resident insight to understand residents' priorities and views to feed into this process.

#### **Risk Management and Implications:**

44. With any change there are associated risks and typically the greater the change the greater the risk. Surrey County Council has an effective risk management process which will be adopted in support of LGR.
45. Surrey County Council's risk management process looks to identify, assess, treat, monitor and report on risks in a systematic way.
46. Risks will be captured at the service, directorate, programme and corporate level with associated reporting and governance. This will underpin the need to:
- Strengthen accountability – through clear risk ownership, risk monitoring, escalation of risks and oversight
  - Make best use of resources – through relevant and proportionate treatment of risks
  - Build stakeholder trust – by demonstrating that risks are consistently identified, assessed, managed, and monitored
  - Give confidence – that appropriate actions are being taken to manage risks in a timely manner
  - Make informed decisions – with reliable information on risks.
47. Recognising the potential impact on the organisation from LGR, services and directorates have begun to review their risk registers to capture the potential implications. In addition, a Programme Risk Register has been developed for LGR which will evolve over time. These activities are being coordinated and supported by risk leads within each directorate, an LGR programme risk lead, as well as support from the Head of Strategic Risk.
48. In addition, the current Corporate Risk Register, which identifies the key strategic risks for the organisation, has LGR as the top corporate risk. It is important to point out that LGR in itself is not a risk, rather the risks are related to what needs to be done in order to effectively deliver and realise LGR and the benefits it can bring.
49. Current controls around risk management include regular items on devolution and LGR to the internal transformation board, monthly briefings to senior leaders in the organisation and weekly extended programme team meetings where the impact of service disaggregation is analysed and discussed. Further controls to help mitigate this risk that are in the process of being developed and include creating and resourcing a formal programme structure around this work, ensuring relevant stakeholders, especially district and borough colleagues, are being

engaged and collaborated with, and exploring where LGR funding will be sourced to adequately enable this work.

### Financial and Value for Money Implications:

50. The cost of implementing our County Devolution Deal, agreed with government in March 2024, is included in the MTFs. The cost of developing a strategy for and administering the Adult Skills Fund will be met from the government grant, the cost of providing skills programmes will not exceed the funding. The implementation funding for Adult Skills is £150,000 and the annual devolved funding is likely to be c£11m. The Homes England Compulsory Purchase Power provides the Council with powers and does not require additional service costs.
51. An initial financial appraisal has been undertaken of moving to one, two or three unitary authorities in Surrey. This has considered the initial benefits that would derive from reorganisation of the current local authorities in Surrey and opportunities to deliver further benefits through transforming services once the new unitary authorities have been established. In the case of creating two or three unitary authorities the costs of disaggregating services currently operated by the County Council on a countywide footprint have been considered. Implementation costs are included, related to both creating the new authorities and delivering the changes required to achieve the transformation benefits. Further information about the initial financial appraisal can be found in Annex 7: Draft Interim Plan for Surrey: SCC authored Part B.
52. Benefits and costs have been estimated over the period 2025/26 through to 2031/32, five years after when it is expected the new authorities will have been established. For each option of one, two or three unitaries, modelling has been carried out on base (more prudent) and stretch (more ambitious) scenarios. The table below summarises initial modelled ongoing annual net benefits or costs five years after the creation of the new authorities, when it is anticipated a new steady state should be reached, for the mid-point between the base and stretch scenarios for each option.

	1U	2Us	3Us
Annual reorganisation benefits	£28m	£19m	£10m
Annual transformation benefits	£62m	£44m	£35m
Annual disaggregation costs		-£36m	-£53m
Total ongoing annual net benefits/(costs) five years after the creation of the new authorities	£90m	£27m	-£8m

53. Considering the recommendations in this report, the two unitaries show an ongoing net saving of £27m per year at mid-point. The modelling as this stage shows that the three unitaries at mid-point is estimating an additional cost of £8m per year due to reduced savings through aggregation and increased costs of disaggregation.

54. The cost of establishing the new authorities and delivering the changes required to achieve the transformation benefits has also been estimated as part of the initial financial appraisal. This includes redundancy and early retirement costs, programme and delivery team, IT consolidation and change, branding and communications, costs for the new authorities in their shadow year and costs associated with closing down the old authorities and creating the new authorities. Given the level of uncertainty, contingency has been included for all costs with the exception of redundancy costs which are directly linked to the level of workforce savings that have been estimated in each scenario. A summary of the initial mid-point estimated implementation costs for each unitary option is set out in the table below.

	1U	2Us	3Us
Total estimated implementation costs 2025/26 – 2026/27 at mid-point	£29m	£35m	£39m
Total estimated implementation costs 2027/28 – 2031/32 at mid-point	£40m	£40m	£40m
<b>Total initial estimated implementation costs</b>	<b>£69m</b>	<b>£75m</b>	<b>£79m</b>

55. The level of initial estimated implementation costs at mid-point is not significantly different between the different unitary options, though costs are highest for three unitaries primarily due to the need for additional implementation and programme delivery team resource and higher anticipated costs for IT consolidation and change costs, for instance to establish three sets of new systems for many service areas.

56. Costs for the period 2025/26 – 2026/27 will need to be funded by Surrey's existing local authorities, subject to any capacity funding that may be provided by government. It is expected that the 12 current local authorities will work collaboratively on implementation and agree an equitable basis for sharing the costs of implementation. We will provide an update on this in our final business case submission. Costs from 2027/28 onwards will need to be funded by the new authorities and will therefore need to be incorporated into their financial plans.

57. Initial estimated benefits and costs have also been profiled over the seven-year period from the base year 2025/26 through to 2031/32, five years after the anticipated creation of the new authorities. The cumulative net cash benefits or costs of each unitary option at mid-point are summarised in the table below. The payback period is an estimate of the number of years required for total cumulative benefits to surpass cumulative costs. Where this is displayed as "N/A" this means the modelling of an option shows it does not pay back by the end of the fifth year following Vesting Day of the new authorities.

	1U	2Us	3Us
Mid-point cumulative net cash benefit/(costs) after five years of new organisation(s) including implementation costs	£273m	£9m	-£146m

Payback period within five years post go live	1.3 years	4.7 years	N/A
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58. Modelling shows a small net cash benefit of £9m over the seven year period at mid-point for two unitaries, factoring in a lower level of savings compared to a single unitary and County Council disaggregation costs which are profiled to be incurred at an early stage as they are necessary to enable effective operation of the new unitaries, and more quickly than it is possible to achieve the transformation benefits. Modelling of three unitaries at mid-point shows a cumulative net additional cost of £146m over the seven-year period, due to lower savings and higher disaggregation costs modelled for three unitaries than for two unitaries.

59. In summary:

- Should proceeding with two unitaries be the government's preferred option, action will be needed to minimise disaggregation costs as far as possible and seek to maximise the benefits achieved through unitarisation.
- It is anticipated that Surrey will face funding reductions when the local government funding system is reformed. This makes it even more important to ensure LGR delivers savings to mitigate pressures and help reduce the current medium-term gap identified across the existing local authorities in Surrey.

60. Work will continue to refine the financial appraisal of the different options, including an analysis of the balance sheets and debt and the financial effects on Housing Revenue Accounts, with close collaboration across Surrey's 12 local authorities. An updated assessment will be included in the final proposal.

#### **Chief Executive Officer Commentary:**

61. Officers have undertaken a comprehensive appraisal of potential options for single tier local government reorganisation in Surrey. An option to include an appendix detailing all the proposals including a single unitary authority was provided. It is noted that this analysis showed that a single unitary authority for Surrey demonstrated the greatest financial savings of all options that were considered. As a single unitary authority will not enable the county to unlock further devolution on the basis of the government's criteria the Leader of the Council did not consider this appendix would aid discussions.

62. Moving to a model of multiple unitaries in Surrey, and disaggregating upper tier services in particular, will present risks, especially to safeguarding and social care services, that will need to be ameliorated through the implementation process. Given the current scale of these services, the more they are required to disaggregate the greater the risks are likely to be.

**Section 151 Officer Commentary:**

63. The Council continues to operate in a very challenging financial environment. Local authorities across the country are experiencing significant budgetary pressures. Surrey County Council has made significant progress in recent years to improve the Council's financial resilience and whilst this has built a stronger financial base from which to deliver our services, the cost of service delivery, increasing demand, financial uncertainty and government policy changes mean we continue to face challenges to our financial position. This requires an increased focus on financial management to protect service delivery, a continuation of the need to deliver financial efficiencies and reduce spending in order to achieve a balanced budget position each year.
64. In addition to these immediate challenges, the medium-term financial outlook beyond 2025/26 remains uncertain. With no clarity on central government funding in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority, in order to ensure the stable provision of services in the medium term.
65. Given the short time scale, the assumptions used have been tested as far as feasibly possible, (including through liaison with other counties which have gone through restructure of local government already and those also preparing business cases), are sound and will need to continue to be iterated for the final business case.
66. The modelling at the interim submission stage shows that a single unitary for Surrey would be the most financially advantageous but will not unlock devolution under current government policy. Under these circumstances, the analysis for two unitary authorities shows this is the optimum option financially.
67. Further work will be required to refine the modelling to overlay demand analysis, particularly on upper tier services, before the final submission in May. This will help determine the optimum geographical split and inform the future disaggregation work that will be required on the combined balance sheets, funding and budgets.
68. Debt is a key consideration within Surrey, and whilst there are known positions with respect to Woking Borough Council there are potentially further areas to be clarified with respect to unaudited accounts. All of these positions will need to be discussed with government in the run up to a final submission to fund a sustainable solution for the future unitaries.
69. Disaggregation costs relating to the splitting of upper tier services e.g. adults and children's social care, will also be a significant challenge and therefore risk. Whilst these will look to be ameliorated during the implementation, the modelling



has assumed a significant level of cost, given the need for each sovereign council to have resources that look after safeguarding, quality assurance and performance of outcomes for our most vulnerable residents, which will be in addition to the front line social work functions.

70. Local Government Reorganisation will present a significant challenge, and therefore risk, to the Council in continuing to deliver services to residents whilst maintaining a balanced budget in the remaining financial years, with the anticipated fair funding review likely to land in the last financial year (2026/27) and expected to present further reductions in Government funding to the Surrey local government footprint. In addition, the resourcing and funding of the programme up to the vesting day (1 April 2027) will need to be met, and at this stage it is unclear how much will be needed to be funded by the council.

71. In respect of the current County Devolution Deal, funding that is being devolved will provide funding for skills programmes and delivery and this has been assumed in the MTFS.

#### **Legal Implications – Monitoring Officer:**

72. Local government reorganisation is governed by the Local Government and Public Involvement in Health Act 2007. The Secretary of State can at any time invite proposals for a single tier of local government from local authorities and also has the power to direct authorities to submit proposals. The criteria against which proposals are to be judged can be set out in the invitation/direction.

73. The Council has been invited to submit a proposal for local government reorganisation in accordance with Section 7 of the Local Government and Public Involvement in Health Act 2007 and has been asked to submit an interim plan by 21 March 2025, in line with the guidance in the annexe attached to the letter of 5 February 2025 (Annex 4).

74. This may be one of the following types of proposal as set out in the 2007 Act:

- Type A – a single tier of local authority covering the whole of the county concerned
- Type B – a single tier of local authority covering an area that is currently a district, or two or more districts
- Type C – a single tier of local authority covering the whole of the county concerned, or one or more districts in the county; and one or more relevant adjoining areas
- Combined proposal – a proposal that consists of two or more Type B proposals, two or more Type C proposals, or one or more Type B proposals and one or more Type C proposals.

75. The draft interim plan is provided at Annexes 6 and 7 and the approval of this plan is an executive function in accordance with the Local Government Act 2000 Section 9D(2). Members are advised to consider all the information contained in the report and the Appendices in order to make an informed decision on the

proposal for the interim plan. There is a District and Borough Councils' authored Part B provided at Annex 8.

76. There may be a need for amendments to the interim plan to be made at short notice and therefore delegation to make such changes is needed.
77. Following submission of the final plan (by 9 May 2025), should the Minister decide to implement any proposal, legislation will have to be agreed by parliament prior to moving to elections to new "shadow" unitary authorities. At this stage it is envisaged that these elections would be held in May 2026.
78. A shadow authority is one that is elected to carry out the functions of a new unitary council until that authority formally comes into effect. This is commonly called "vesting day." At this stage it is envisaged that vesting day would be 1 April 2027. All existing councils across Surrey would continue to operate and deliver services until vesting day.
79. The devolution of the Land Assembly and Homes England Compulsory Purchase Powers and Adult Skills Fund was part of the County Deal agreed with government in March 2024. Parliamentary approval of the necessary secondary legislation conferring the appropriate functions is required, draft regulations for the Homes England Compulsory Purchase Powers have been produced and those for the Adults Skills Fund will follow. The turnaround time within the parliamentary process means that the Council will be given limited notice and therefore delegation for this consent will enable the parliamentary deadlines to be met.

#### **Equalities and Diversity:**

80. A detailed equality analysis is in development to identify and mitigate potential negative impacts of LGR. Opportunities to promote fairness and improve outcomes will also be maximised.
81. Preliminary analysis indicates that changes to services resulting from LGR could disproportionately affect certain user groups. While some council services are available to all residents, such as libraries, impacts may fall disproportionately on residents who are more likely to access them. Additionally, our targeted services, such as adult and children's social care, mainly serve residents who are more likely to need these services, such as older adults, younger children, and people of all ages who are vulnerable or have disabilities. Individuals may, therefore, experience both positive and negative impacts due to the nature of the services provided and the demographics of service users.
82. The implications of LGR also extend to Surrey County Council staff. Most staff at the council are over the age of 45, and over 70% of roles are filled by women. Over 5% of staff have declared they have a disability, which means that changes to staffing structures, working policies and locations could have significant implications on those who require additional adjustments.

83. As more detailed analyses for different LGR workstreams are completed, mitigations will be developed to ensure compliance with Section 149 of the Equality Act (2010) and to uphold our commitment to due regard. We will support residents through this process, implementing necessary policies and conducting the required consultation and engagement activities for the benefit of both residents and staff.

#### What Happens Next:

- a) On 21 March 2025 councils in Surrey will submit their interim plans for LGR to government.
- b) Government will provide feedback and guidance based on the interim plans they receive.
- c) On 7 May 2025 a final proposal for LGR in Surrey will be taken to Cabinet and Council for discussion and approval.
- d) On 9 May 2025 councils in Surrey will submit their final proposal(s) for LGR to government for consideration.
- e) In Summer 2025 government will consult with relevant local stakeholders on the LGR proposal(s) for Surrey.
- f) In Autumn 2025 government will make their decision on the way forward for Surrey LGR, with government laying the legislation needed to begin LGR implementation at the start of 2026.
- g) In May 2026 elections to the new shadow authorities will take place, which starts the 'shadow period'.
- h) In April 2027 the new unitary councils will go live on vesting day, and the County Council and 11 District and Borough councils in Surrey will cease to exist.
- i) It is anticipated that the Mayoral Election to a Mayoral Strategic Authority will take place either in May 2027 or in May 2028.

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**Report Author:** Nicola Kilvington, Director of Corporate Strategy and Policy,  
Nicola.kilvington@surreycc.gov.uk

#### **Consulted:**

Cabinet

Member Reference Group

Corporate Leadership Team

Leaders of all Surrey District and Borough Councils

Partners (as set out in main report)

**Annexes:**

Annex 1 – Devolution Framework Summary Table

Annex 2 – Letter from the Minister for Local Government and English Devolution to the Leader of Surrey County Council, December 2024

Annex 3 – Response by the Leader of Surrey County Council to the Minister for Local Government and English Devolution, January 2025

Annex 4 – Letter from the Minister for Local Government and English Devolution to the Leaders of Surrey County Council and 11 District and Boroughs, February 2025

Annex 5 – Letter from the Minister for Local Government and English Devolution to the Leader of Surrey County Council confirming Surrey’s invitation to join the fast track for LGR and the subsequent postponement of the 2025 County elections, February 2025

Annex 6 – Draft Interim LGR Plan for Surrey: Part A

Annex 7 - Draft Interim LGR Plan for Surrey: SCC authored Part B

Annex 8 – Draft Interim LGR Plan for Surrey: D&B authored Part B (To Follow)

**Sources/background papers:**

English Devolution White Paper (2024) - [English Devolution White Paper - GOV.UK](#)

Surrey Level 2 Devolution Framework Agreement (2024) - [Surrey Level 2 devolution framework agreement - GOV.UK](#)

Securing County Deal for Surrey – Cabinet Report (2024) [Decision - SECURING A COUNTY DEAL FOR SURREY - Surrey County Council](#)

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## Annex 1 – Devolution Framework Summary Table

Key:

(\*\*) refers to functions for which funding will be included in Integrated Settlements for Established Mayoral Strategic Authorities

(^ ) refers to functions which apply to Combined and Combined County Authorities only

Detail	Foundation	Mayoral	Established
<b>Funding and investment</b>			
Access to a multi-departmental, long-term integrated funding settlement**			X
Long-term investment fund, with an agreed annual allocation		X	X
Removal of gateway review from investment fund, after Gateway One complete			X
Ability to introduce mayoral precepting on council tax^		X	X
Consolidation of local growth and place funding in a single pot**	X	X	X
<b>Strategic leadership</b>			
A statutory duty to produce Local Growth Plans		X	X
Membership of the Council of Nations and Regions		X	X
Membership of the Mayoral Data Council		X	X

Detail	Foundation	Mayoral	Established
<b>Transport and local infrastructure</b>			
Local Transport Authority and public transport functions, including bus franchising and responsibility for an area-wide Local Transport Plan	X	X	X
Simplification and consolidation of local transport funding**	X	X	X
Removal of certain Secretary of State consents, e.g. on lane rental schemes		X	X
Duty to establish a Key Route Network on the most important local roads^		X	X
Mayoral Power of Direction over use of constituent authority powers on the Key Route Network^		X	X
Priority for strategic rail engagement (including mayoral partnerships) with Great British Railways	X	X	X
Statutory role in governing, managing, planning, and developing the rail network		X	X
An option for greater control over local rail stations		X	X
A 'right to request' further rail devolution			X
Priority for support to deliver multi-modal ticketing			X

Detail	Foundation	Mayoral	Established
A clear, strategic role in the decarbonisation of the local bus fleet	X	X	X
Active Travel England support for constituent authority capability^	X	X	X
Formal partnership with National Highways		X	X
<b>Skills and employment support</b>			
Joint ownership of the Local Skills Improvement Plan model, with Employer Representative Bodies	X	X	X
Devolution of the core Adult Skills Fund	X		
Devolution of non-apprenticeship adult skills functions through a consolidated skills funding pot**		X	X
Central convening of youth careers provision including greater flexibility for Careers hubs		X	X
A clear role in relation to 16-19 education and training		X	X
Responsibility for developing local Get Britain Working Plans	X	X	X
Devolution of supported employment funding**	X	X	X
Co-design of future employment support that is additional to core Jobcentre Plus provision		X	X

Detail	Foundation	Mayoral	Established
Delegated delivery or commissioning of employment support that is additional to core Jobcentre Plus provision			X
Alignment of Jobcentre Plus boundaries with Strategic Authorities			X
<b>Housing and strategic planning</b>			
A duty to produce a Spatial Development Strategy	X	X	X
Strategic development management powers (once the Spatial Development Strategy is in place)		X	X
Ability to raise a Mayoral Community Infrastructure Levy to fund strategic infrastructure (once the Spatial Development Strategy is in place)		X	X
Ability to make Mayoral Development Orders		X	X
Ability to establish Mayoral Development Corporations		X	X
Homes England compulsory purchase powers (held concurrently)	X	X	X
Devolution of wider grant funding to support regeneration and housing delivery**		X	X
Ability to set the strategic direction of any future programme to support affordable housing provision in their area			X



Detail	Foundation	Mayoral	Established
Strategic Place Partnership with Homes England		X	X
Support to establish a public sector land commission			X
<b>Economic development and regeneration</b>			
Partnership working with Department for Science, Industry and Technology and UK Research and Innovation to explore opportunities for closer long-term collaboration in strengthening local research and innovation capacity	X	X	X
Develop joint innovation action plans with Innovate UK to shape long-term strategies and investments		X	X
Embed UK Research and Innovation lead points of contact for enhanced collaborative working on innovation with Mayoral Strategic Authorities that are committed to work collaboratively on innovation		X	X
Responsibility as the accountable body for the delivery of Growth Hubs	X	X	X
Devolution of Growth Hubs funding**			X
A Strategic Partnership with the Department for Business and Trade focused on domestic growth, exports, investment, and delivery of local growth priorities.		X	X
Partnership working with Department for Culture, Media and Sport Arm's Length Bodies	X	X	X

Detail	Foundation	Mayoral	Established
to maximise culture, heritage, and sport spending in place			
<b>Environment and climate change</b>			
Devolution of retrofit funding this parliament subject to a successful transition period (see 3.7)**			X
Heat network zoning coordination role	X	X	X
Coordinating local energy planning to support development of regional network energy infrastructure	X	X	X
Green jobs and skills coordination role	X	X	X
A strategic role on net zero in collaboration with government, including on Great British Energy's Local Power Plan and Warm Homes Plan	X	X	X
Responsibility for coordinating delivery and monitoring of Local Nature Recovery Strategies^	X	X	X
<b>Health, wellbeing and public service reform</b>			
A bespoke statutory health improvement and health inequalities duty^	X	X	X
Mayors engaged during the Integrated Care Boards chair appointment process		X	X
Mayors as members of local Integrated Care Partnerships, and consideration for position of chair or co-chair		X	X

Detail	Foundation	Mayoral	Established
A role in convening partners and driving cross-cutting public service reform, including looking at areas such as multiple disadvantage	X	X	X
<b>Public safety</b>			
Mayors accountable for the exercise of Police and Crime Commissioner functions where police force and mayoral boundaries align^		X	X
Mayors accountable for the exercise of Fire and Rescue Authority functions where fire and rescue service and mayoral boundaries align		X	X
A clear and defined role in local resilience, working with the Local Resilience Forum to embed resilience into broader policy and delivery^	X	X	X

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Ministry of Housing,  
Communities &  
Local Government

**Jim McMahon OBE MP**

*Minister of State for Local Government and  
English Devolution*

2 Marsham Street  
London  
SW1P 4DF

To: Leaders of all two-tier councils and  
neighbouring unitary authorities

16 December 2024

Dear Leaders

The English Devolution White Paper published today sets out how the Government plans to deliver on our manifesto pledge to transfer power out of Westminster through devolution and to fix the foundations of local government. You will receive under separate cover a letter outlining the ambition and key elements of the White Paper, but I also wanted to write to areas which might be in scope for a joint programme of devolution and local government reorganisation, to set out a clear process and key milestones.

The Government's long-term vision is for simpler structures which make it much clearer for residents who they should look to on local issues, with fewer politicians able to focus on delivering. Local government reorganisation, alongside devolution over a large strategic geography, can drive economic growth whilst delivering optimal public services. To help deliver these aims, we will facilitate local government reorganisation in England for two-tier areas and for unitary councils where there is evidence of failure, or where their size or boundaries may be hindering an ability to deliver sustainable, high-quality public services.

Given how much interest there has been, and will continue to be in this programme, I am writing now to all councils in two-tier areas, and to neighbouring smaller unitary authorities, to give you further detail and to set out our plans to work with you over the coming months.

### **Local government reorganisation**

My intention is to formally invite unitary proposals in January 2025 from all councils in two-tier areas, and small neighbouring unitary councils. In this invitation, I will set out further detail on the criteria I will consider when taking decisions on the proposals that are submitted to Government. I intend to ask for interim plans by March 2025.

As set out in the White Paper, new unitary councils must be the right size to achieve efficiencies, improve capacity and withstand financial shocks. For most areas, this will mean creating councils with a population of 500,000 or more. However, there may be exceptions to ensure new structures make sense for an area, including on devolution. Final decisions will be made on a case-by-case basis. We will ask you to work with other councils in your area to develop unitary proposals that are in the best interests of the whole area, rather than developing competing proposals.

### **Devolution**

We are clear that reorganisation should not delay devolution. Plans should be complementary, with devolution remaining the overarching priority. In January, we will therefore also set out which areas will be included in our Devolution Priority Programme, aimed at places ready to come together under the sensible geography criteria set out in the White Paper and wishing to progress to an accelerated timescale. This will be with a view to inaugural mayoral elections in May 2026. This is an exciting programme and there has already been significant interest even before the White Paper was published.

I am aware that different places will be in different stages of their devolution journey. While some will already have an existing strategic authority, others may be in the process of establishing one, and others still may need reorganisation to take place before they can fully benefit from devolution.

I also understand that delivering these ambitious plans for devolution and for local government reorganisation will be a significant change. It will be essential for councils to work with local partners, including MPs, to develop plans for sustainable unitary structures capable of delivering the high-quality public services that residents need and deserve.

### **Transition and implementation**

We are under no illusion about the scale of issues facing local government. It is in all our interests to make sure we are avoiding unnecessary spend at a time when budgets are already tight, so we will be working with sector partners to avoid use of expensive consultants wherever possible.

My department will be working closely with the Local Government Association, District Councils Network, County Councils Network and others, to develop a shared understanding of how reorganisation can deliver the best outcomes for local residents and businesses. We have a collective responsibility to ensure councils are better supported throughout reorganisation. This will include preparing robust proposals with evidence, standing up new unitary councils ready for vesting day and work to deliver the significant opportunities that are possible by creating suitably sized unitary structures. We will take a phased approach and expect to deliver new unitary authorities in April 2027 and 2028.

### Timelines and next steps

I have heard from some areas that the timing of elections affects their planning for devolution, particularly alongside reorganisation. To help manage these demands, alongside our objectives on devolution, and subject to meeting the timetable outlined in this letter, I am minded to lay secondary legislation to postpone local council elections from May 2025 to May 2026.

However, I will only do this where this will help the area to deliver both reorganisation and devolution to the most ambitious timeframe – either through the Devolution Priority Programme or where reorganisation is necessary to unlock devolution or open up new devolution options. There will be two scenarios in which I will be willing to postpone elections;

- Areas who are minded to join the Devolution Priority Programme, where they will be invited to submit reorganisation proposals to Government by Autumn 2025.
- Areas who need reorganisation to unlock devolution, where they will be invited to submit reorganisation proposals to Government by May 2025.

For any area in which elections are postponed, we will work with areas to move to elections to new 'shadow' unitary councils as soon as possible as is the usual arrangement in the process of local government reorganisation.

For all other areas elections will take place as scheduled in May 2025, and I will invite in January proposals for reorganisation to be submitted to Government by Autumn 2025.

To lay the relevant legislation to postpone elections, I will need a clear commitment to devolution and reorganisation aims from upper-tier councils in an area, including a request from the council/s whose election is to be postponed, on or before Friday 10 January. This request must set out how postponing the election would enable the council to make progress with reorganisation and devolution in parallel on the Devolution Priority Programme, or would speed up reorganisation and enable the area to benefit from devolution as quickly as possible once new unitary structures are in place.

I am working together with my colleague and fellow Minister, Baroness Taylor, who will host a webinar with leaders and chief executives of councils to discuss the next steps I have outlined in this letter. I hope you will be able to attend that discussion.

I welcome your views on any matters raised in this letter. As set out above, I will require a clear commitment to delivering both reorganisation and devolution to the most ambitious timeframe, with any request to delay council elections by Friday 10 January. Please respond or direct any queries to [EnglishDevolutionLGENquiries@communities.gov.uk](mailto:EnglishDevolutionLGENquiries@communities.gov.uk).

I look forward to working with you to build empowered, simplified, resilient and sustainable structures for local government. I am copying this letter to council Chief Executives, and where relevant to Best Value Commissioners. I am also copying this letter to local Members of Parliament, and where relevant to Mayors of combined (county) authorities, and Police (Fire) and Crime Commissioners.

Yours ever,

A handwritten signature in blue ink that reads "Jim McMahon." The signature is written in a cursive style with a large initial 'J'.

**JIM MCMAHON OBE MP**  
Minister of State for Local Government and English Devolution



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Jim McMahon OBE MP  
Minister for Local Government and English Devolution  
[by email]

Wednesday 8 January 2025

Dear Minister,

**RE: Devolution and Local Government Reform for Surrey**

I welcome the clarification contained in the English Devolution White Paper of the Government's commitment to transfer power closer to communities, helping all places in England to realise their full potential. I share the Paper's ambitions for boosting the country's economic prospects and reforms to strengthen the efficiency and effectiveness of our public services.

In March 2024, Surrey County Council agreed a Level 2 Devolution Framework Agreement and implementation is well underway. It is clear to me that reforming the structure of local government is an enabler to unlocking the full benefits of further devolution for the county. This was recognised at meetings of our Council and Cabinet on 8 January. The Leaders of all councils in Surrey also met on 7 January to discuss how we can collectively harness the opportunities presented through the White Paper.

The current two-tier structure of local government in Surrey, comprising 12 sovereign local authorities, is fragmented and in a number of areas inefficient which inevitably diverts resources away from delivering the services that residents rightly expect. I believe reorganisation would provide more streamlined and cost-effective services for Surrey, enabling us to achieve further efficiencies and deliver better outcomes for our residents and communities.

Local government reorganisation is a crucial stepping stone to further devolution for Surrey, to enable our communities to take more control of their own destinies. This county already has a very strong track record for growth, delivering over £50 billion of Gross Value Added every year, but further and deeper devolution could lead to even better returns to support this Government's Plan for Change to kickstart economic growth.

I am therefore writing to ask you to exercise your Ministerial powers to lay the necessary legislation to postpone the County Council elections in Surrey, which are due to take place in May 2025. This will give us the time to work with the Leaders of Surrey's District and Borough Councils to put together proposals for local government reform that are necessary to unlock further devolution for Surrey.

Our current two-tier structure will require reorganisation to enable the development of a Mayoral Strategic Authority (MSA) for Surrey. New unitary elections could then take place in 2026 and a Mayoral election in 2027. However, mindful of the White Paper's reference to MSAs usually covering

places with populations larger than 1.5 million it would also make sense to engage concurrently with neighbouring authorities to explore the benefits of forming, or joining, an MSA over a larger footprint.

A postponement of the county elections will also allow time to give consideration in any business case to how we can best manage the unique, significant financial risk of the level of debt currently held across the Surrey local government footprint. Any proposals for local government reorganisation will need to adequately consider how to ensure the sustainable operation of any new authority/ies and we will request the government to write off those debts.

In addition to working with District and Borough Councils, I will also work with MPs, Town and Parish Councils, businesses, the Police and Health Authorities, the Voluntary, Community and Social Enterprise sector, and our residents, to build on our ambition of a more integrated set of public services across the county.

I look forward to starting the conversation with you on the future of Surrey. I am copying this letter to all Surrey MPs, as well as District and Borough Leaders.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Tim Oliver', with a stylized flourish at the end.

Cllr Tim Oliver OBE  
**Leader of Surrey County Council**



**Ministry of Housing,  
Communities &  
Local Government**

**Jim McMahon OBE MP**

*Minister of State for Local Government and  
English Devolution*  
2 Marsham Street  
London  
SW1P 4DF

Our reference: MC2025/03733

To: Leaders of two-tier councils in Surrey:

Elmbridge Borough Council  
Epsom and Ewell Borough Council  
Guildford Borough Council  
Mole Valley District Council  
Reigate and Banstead Borough Council  
Runnymede Borough Council  
Spelthorne Borough Council  
Surrey County Council  
Surrey Heath Borough Council  
Tandridge District Council  
Waverley Borough Council  
Woking Borough Council

5 February 2025

Dear Leaders,

This Government has been clear on our vision for simpler, more sustainable, local government structures, alongside a transfer of power out of Westminster through devolution. We know that councils of all political stripes are in crisis after a decade of decline and instability. Indeed, a record number of councils asked the government for support this year to help them set their budgets.

This new government will not waste this opportunity to build empowered, simplified, resilient and sustainable local government for your area that will increase value for money for council taxpayers. Local leaders are central to our mission to deliver change for hard-working people in every corner of the country through our Plan for Change, and our councils are doing everything they can to stay afloat and provide for their communities day in, day out. The Government will work closely with you to deliver these aims to the most ambitious timeline.

I am writing to you now to formally invite you to work with other council leaders in your area to develop a proposal for local government reorganisation, and to set out further detail on the criteria, guidance for the development of proposals, and the timeline for this process. A formal invitation with guidance for the development of your proposals is attached at Annex A. This invitation sets out the criteria against which proposals will be assessed.

**Developing proposals for reorganisation**

We expect there to be different views on the best structures for an area, and indeed there may be merits to a variety of approaches. Nevertheless, it is not in council taxpayers' interest to devote public funds and your valuable time and effort into the development of multiple proposals which unnecessarily fragment services, compete against one another, require

lengthy implementation periods or which do not sufficiently address local interests and identities.

The public will rightly expect us to deliver on our shared responsibility to design and implement the best local government structures for efficient and high-quality public service delivery. We therefore expect local leaders to work collaboratively and proactively, including by sharing information, to develop robust and sustainable unitary proposals that are in the best interests of the whole area to which this invitation is issued, rather than developing competing proposals.

This will mean making every effort to work together to develop and jointly submit one proposal for unitary local government across the whole of your area. The proposal that is developed for the whole of your area may be for one or more new unitary councils and should be complementary to devolution plans. It is open to you to explore options with neighbouring councils in addition to those included in this invitation, particularly where this helps those councils to address concerns about their sustainability or limitations arising from their size or boundaries or where you are working together across a wider geography within a strategic authority.

I understand there will be some cases when it is not possible for all councils in an area to jointly develop and submit a proposal, despite their best efforts. This will not be a barrier to progress, and the Government will consider any suitable proposals submitted by the relevant local authorities.

### **Supporting places through change**

It is essential that councils continue to deliver their business-as-usual services and duties, which remain unchanged until reorganisation is complete. This includes progress towards the Government's ambition of universal coverage of up-to-date local plans as quickly as possible. To support with capacity, I intend to provide some funds for preparing to take forward any proposal, and I will share further information later in the process.

Considering the efficiencies that are possible through reorganisation, we expect that areas will be able to meet transition costs over time from existing budgets, including from the flexible use of capital receipts that can support authorities in taking forward transformation and invest-to-save projects.

The default position is that assets and liabilities remain locally managed by councils, but we acknowledge that there are exceptional circumstances where there has been failure linked to capital practices. Where that is the case, proposals should reflect the extent to which the implications of this can be managed locally, including as part of efficiencies possible through reorganisation, and Commissioners should be engaged in these discussions. We will continue to discuss the approach that is proposed with the area.

I welcome the partnership approach that is being taken across the sector to respond to the ambitious plans set out in the White Paper. My department will continue to work closely with the Local Government Association (LGA), the District Councils Network, the County Councils Network and other local government partners to plan how best to support councils through this process. We envisage that practical support will be needed to understand and address the key thematic issues that will arise through reorganisation, including managing service impacts and opportunities for the workforce, digital and IT systems, and leadership support.

**Timelines and next steps for interim plans and full proposals**

We ask for an interim plan to be submitted on or before 21 March 2025, in line with the guidance set out in the attached Annex. My officials will provide feedback on your plan to help support you to develop final proposals.

Given the urgency of creating sustainable unitary local government for Surrey, I have decided to make legislation to postpone the local elections in your area from May 2025 to May 2026 to provide additional capacity for speeding up reorganisation. This will also enable Surrey to benefit from devolution as quickly as possible once new unitary local government is in place. My department will now work with your area to facilitate reorganisation to the most ambitious timeframe possible.

I will expect any full proposal to be submitted **by 9 May**. If I decide to implement any proposal, and the necessary legislation is agreed by Parliament, we will work with you to move to elections to new 'shadow' unitary councils as soon as possible as is the usual arrangement in the process of local government reorganisation.

Following submission, I will consider any and all proposals carefully before taking decisions on how to proceed. My officials are available throughout to discuss how your reorganisation and devolution aspirations might work together and what support you think you might need to proceed.

This is a once in a generation opportunity to work together to put local government in your area on a more sustainable footing, creating simpler structures for your area that will deliver the services that local people and businesses need and deserve. As set out in the White Paper, my commitment is that clear leadership locally will be met with an active partner nationally.

I am copying this letter to council Chief Executives, and to Best Value Commissioners. I am also copying this letter to local Members of Parliament, and the Police and Crime Commissioner.

Yours sincerely,

A handwritten signature in blue ink that reads "Jim McMahon". The signature is written in a cursive style with a large initial 'J'.

**JIM MCMAHON OBE MP**

Minister of State for Local Government and English Devolution

## LOCAL GOVERNMENT AND PUBLIC INVOLVEMENT IN HEALTH ACT 2007

### INVITATION FOR PROPOSALS FOR A SINGLE TIER OF LOCAL GOVERNMENT

The Secretary of State for Housing, Communities and Local Government, in exercise of his powers under Part 1 of the Local Government and Public Involvement in Health Act 2007 ('the 2007 Act'), hereby invites any principal authority in the area of the county of **Surrey**, to submit a proposal for a single tier of local government.

This may be one of the following types of proposal as set out in the 2007 Act:

- Type A – a single tier of local authority covering the whole of the county concerned
- Type B – a single tier of local authority covering an area that is currently a district, or two or more districts
- Type C – a single tier of local authority covering the whole of the county concerned, or one or more districts in the county; and one or more relevant adjoining areas
- Combined proposal – a proposal that consists of two or more Type B proposals, two or more Type C proposals, or one or more Type B proposals and one or more Type C proposals.

Proposals must be submitted in accordance with paragraphs 1 to 3:

1. Any proposal must be made by **9 May 2025**.
2. In responding to this invitation an authority must have regard to the guidance from the Secretary of State set out in the Schedule to this invitation, and to any further guidance on responding to this invitation received from the Secretary of State.
3. An authority responding to this invitation may either make its own proposal or make a proposal jointly with any of the other authorities invited to respond.

Signed on behalf of the Secretary of State for Housing, Communities and Local Government.



**F KIRWAN**

A senior civil servant in the Ministry of Housing, Communities and Local Government

5 February 2025

## SCHEDULE

### Guidance from the Secretary of State for proposals for unitary local government.

#### Criteria for unitary local government

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.
  - b) Proposals should be for a sensible geography which will help to increase housing supply and meet local needs.
  - 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.
  - 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.
  
2. **Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks.**
  - a) As a guiding principle, new councils should aim for a population of 500,000 or more.
  - 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.
  - 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.
  - 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.
  - 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.
  - 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.

**3. Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens.**

- a) Proposals should show how new structures will improve local government and service delivery, and should avoid unnecessary fragmentation of services.
- b) Opportunities to deliver public service reform should be identified, including where they will lead to better value for money.
- 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.

**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.**

- a) It is for councils to decide how best to engage locally in a meaningful and constructive way and this engagement activity should be evidenced in your proposal.
- b) Proposals should consider issues of local identity and cultural and historic importance.
- c) Proposals should include evidence of local engagement, an explanation of the views that have been put forward and how concerns will be addressed.

**5. New unitary structures must support devolution arrangements.**

- 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.
- b) Where no CA or CCA is already established or agreed then the proposal should set out how it will help unlock devolution.
- c) Proposals should ensure there are sensible population size ratios between local authorities and any strategic authority, with timelines that work for both priorities.

**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.
- b) Where there are already arrangements in place it should be explained how these will enable strong community engagement.

**Developing proposals for unitary local government**



The following matters should be taken into account in formulating a proposal:

### **Boundary Changes**

- a) Existing district areas should be considered the building blocks for your proposals, but where there is a strong justification more complex boundary changes will be considered.
- b) There will need to be a strong public services and financial sustainability related justification for any proposals that involve boundary changes, or that affect wider public services, such as fire and rescue authorities, due to the likely additional costs and complexities of implementation.

### **Engagement and consultation on reorganisation**

- a) We expect local leaders to work collaboratively and proactively, including by sharing information, to develop robust and sustainable unitary proposals that are in the best interests of the whole area to which this invitation is issued, rather than developing competing proposals.
- b) For those areas where Commissioners have been appointed by the Secretary of State as part of the Best Value Intervention, their input will be important in the development of robust unitary proposals.
- c) We also expect local leaders to engage their Members of Parliament, and to ensure there is wide engagement with local partners and stakeholders, residents, workforce and their representatives, and businesses on a proposal.
- d) The engagement that is undertaken should both inform the development of robust proposals and should also build a shared understanding of the improvements you expect to deliver through reorganisation.
- e) The views of other public sector providers will be crucial to understanding the best way to structure local government in your area. This will include the relevant Mayor (if you already have one), Integrated Care Board, Police (Fire) and Crime Commissioner, Fire and Rescue Authority, local Higher Education and Further Education providers, National Park Authorities, and the voluntary and third sector.
- f) Once a proposal has been submitted it will be for the Government to decide on taking a proposal forward and to consult as required by statute. This will be a completely separate process to any consultation undertaken on mayoral devolution in an area, which will be undertaken in some areas early this year, in parallel with this invitation.

## Interim plans

An interim plan should be provided to Government on or before **21 March 2025**. This should set out your progress on developing proposals in line with the criteria and guidance. The level of detail that is possible at this stage may vary from place to place but the expectation is that one interim plan is jointly submitted by all councils in the area. It may be the case that the interim plan describes more than one potential proposal for your area, if there is more than one option under consideration. The interim plan should:

- a) identify any barriers or challenges where further clarity or support would be helpful.
- b) identify the likely options for the size and boundaries of new councils that will offer the best structures for delivery of high-quality and sustainable public services across the area, along with indicative efficiency saving opportunities.
- c) include indicative costs and arrangements in relation to any options including planning for future service transformation opportunities.
- d) 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.
- e) include early views on how new structures will support devolution ambitions.
- f) include a summary of local engagement that has been undertaken and any views expressed, along with your further plans for wide local engagement to help shape your developing proposals.
- g) set out indicative costs of preparing proposals and standing up an implementation team as well as any arrangements proposed to coordinate potential capacity funding across the area.
- h) set out any voluntary arrangements that have been agreed to keep all councils involved in discussions as this work moves forward and to help balance the decisions needed now to maintain service delivery and ensure value for money for council taxpayers, with those key decisions that will affect the future success of any new councils in the area.



Ministry of Housing,  
Communities &  
Local Government

**Jim McMahon OBE MP**

*Minister of State for Local Government and  
English Devolution*

2 Marsham Street  
London  
SW1P 4DF

:  
Our reference: MC2025/02958

Councillor Tim Oliver OBE,  
Leader of Surrey County Council

5 February 2025

Dear Cllr Oliver

On 16 December 2024 I wrote to you advising that I was considering laying secondary legislation to postpone local council elections from May 2025 to May 2026, only in those areas where I am certain that postponing the election is necessary to help the area to deliver both reorganisation and devolution to the most ambitious timeframe – either through the Devolution Priority Programme or where reorganisation is necessary to unlock devolution or open up new devolution options.

Thank you for your subsequent letter to me setting out your request to postpone the Surrey County Council election from May 2025 to May 2026. I am very conscious of the work you would have undertaken locally to support such a letter and am grateful for your commitment and rapid engagement. I have carefully considered your request and given the urgency of creating sustainable unitary local government for the county area of Surrey, I have decided to agree to postpone the county election from May 2025 to May 2026. This will provide councils in this area additional capacity for speeding up reorganisation, and it will also enable Surrey to benefit from devolution as quickly as possible once new unitary local government is in place.

There was rightly a very high bar for postponing any local election and I am clear postponing the election to 2026 will support Surrey to deliver both reorganisation and devolution to the most ambitious timeframe.

I am laying the legislation necessary to postpone the May 2025 election for one year and to extend councillors' terms of office accordingly. The legislation will also postpone the changes to the County's electoral divisions made in recent boundary changes legislation, so they come into effect alongside the May 2026 election. This will ensure that any vacancies arising before May 2026 will be filled at by-elections on the current boundaries.

Today I provided an update on how the Government is taking forward its commitment to deliver the most ambitious programme of devolution this country has seen, and manifesto pledge to fix the foundations of local government. You will receive your statutory invitation for local government reorganisation separately, alongside all councils in your area, which will set out next steps for developing new unitary proposals.

I remain grateful for the leadership and commitment you have demonstrated on progressing with devolution and reorganisation and look forward to working with you to deliver these changes.

I am copying this letter to your Chief Executive. I am also copying this letter to the Surrey District and Borough Leaders, the Commissioners at Woking Borough Council, Surrey Members of Parliament and Police and Crime Commissioners.

Yours sincerely,



**JIM MCMAHON OBE MP**



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# SHAPING SURREY'S FUTURE

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Devolution and  
Local Government  
Reorganisation

## Interim Plan – Part A

March 2025



## 3 Our shared plan

1. Leaders of all 12 councils in Surrey are united in their view that now is the time to seize the opportunity for greater devolution to enable our communities to take more control of their destinies, and for a new, simpler system of local government. One that provides better value for money and improved outcomes for our residents.
2. Our county is vibrant, packed full of innovation in business and education, creativity in the arts, beautiful countryside and compassion in our community. We work at pace, with high energy and a mindset of continual improvement. However, some communities across our county experience significant disparities in healthy life expectancy, education and financial stability. As such, there can be no standing still and no complacency here. After many years of hard work, widescale transformation and bold thinking, Surrey is ready and well prepared to tackle reorganisation in order to deliver better outcomes for our residents, especially those who need us most
3. We are committed to continuing and strengthening our localised approach to delivering the right services for the right communities, alongside partners, which is delivering targeted, preventative services. But there are limitations to what we can achieve, and reorganisation and devolution can help us do so much more.
4. We welcome the government's invitation for Surrey to join the accelerated pathway for local government reorganisation (LGR), paving the way to unlock further devolution and create more sustainable, effective local government for the county. This is a key moment in Surrey's history to enable public service transformation in the county, supporting a journey towards unified services for the benefit of all who live, work and learn here.
5. Our 12 councils have collaborated to put this plan together. Presently, local government in Surrey is split into two tiers:
  - Surrey County Council delivers county wide services such as education, social care and highways. There is only one county council operating on the county footprint with no unitary authorities currently in the area.
  - 11 district and borough councils deliver services including the provision of social housing, local business support, homelessness, provision of temporary accommodation and waste collection: Elmbridge, Epsom and Ewell, Guildford, Mole Valley, Reigate and Banstead, Runnymede, Spelthorne, Surrey





Heath, Tandridge, Waverley and Woking.

6. Moving to unitary local authorities from the current two-tier system will create more effective and sustainable local government in Surrey, strengthening the confidence and trust residents have in the county's public services:
  - Unitary local government will offer residents that need council services a more streamlined and seamless experience compared with the current two-tier arrangements. With fewer councils, there will be more clarity on how they can access council services close to where they live.
  - The new arrangements will ensure better value for money and be more financially resilient compared to the current 12 councils. They will support economies of scale, directing more resources to support Surrey's residents, while minimising bureaucracy.
  - Unitary local government in Surrey would build on current good examples of community engagement and involvement and work ever closer with communities to tackle the specific challenges in the towns and villages they cherish.
  - Partnerships will be more straightforward, less fragmented and more cost effective. Having fewer councils will help enable more transparent, quicker and effective partnership decision-making.
  - Unitary councils are key to unlocking further devolution for Surrey. A County Devolution Deal was put in place with the previous government and implemented by the current government and will bring more powers and decisions closer to communities. To build on the foundations laid by this agreement, unitary councils will make local government in Surrey fit for purpose so we can take the next steps towards more powers, freedoms and flexibilities to benefit Surrey's residents and businesses.
7. LGR offers major opportunities to bring services closer together to improve the lives of the people who live, work and learn in Surrey. We need a new system that is more effective at channelling scarce resources into quality services and outcomes and lowers the running costs of local government.
8. Leaders in Surrey are also committed to strong and effective governance that drives innovation to deliver improved service delivery and value for money. This includes continuing to implement and build on existing improvement plans in place that address recommendations from external regulatory reviews.



9. Creating unitary local government in Surrey will be a catalyst for creating a Mayoral Strategic Authority (MSA) for the area. This change will bring additional powers and funding in local transport, infrastructure, housing, planning, skills, economic growth and climate change to Surrey, and will enable more unification across public services in the county. By bringing the police, fire and rescue, and health services closer together on a strategic and delivery footprint, a Mayor representing the area, together with the unitary councils, will be able to oversee more coordinated and effective public service delivery, thereby streamlining operations and improving the overall efficiency of these essential services.
10. The establishment of an MSA with a directly elected Mayor will strengthen local governance by providing robust and accountable leadership with a direct electoral link to residents. With the Mayoral mandate to convene key local partners, public services in Surrey will be better able to address the needs of the community, ensuring that decisions are made with a comprehensive understanding of the county's unique challenges and opportunities. This in turn will lead to more strategic planning and implementation, benefiting all residents in Surrey.
11. This interim plan sets out proposals for change that will respond to the Government's criteria for LGR, namely:
- Likely options for the boundaries and structures of the new councils that will best enable delivery of high quality and sustainable public services and would deliver efficiency savings.
  - Indicative costs and arrangements for these options, including future service transformation opportunities.
  - Early indications of councillor numbers to ensure effective democratic representation across the area, and the governance and decision-making arrangements, which will balance unique needs across Surrey's communities.
  - How this proposal will support our ambitions for devolution.
  - A summary of engagement undertaken, as well as plans for future engagement leading up to the final proposals.
  - Indicative costs of preparing proposals, standing up implementation and arrangements to coordinate capacity funding across the area.
  - Arrangements for keeping all of Surrey's current 12 local authorities and key partners involved as work moves forward to balance decisions required for maintaining service delivery and value for money, while also taking decisions affecting future unitary arrangements.



12. The structure of this plan is divided into two parts – Parts A and B:

- Part A sets out the joint challenges and opportunities facing residents and businesses across the county, and outlines how the county, district and borough councils are working together as Surrey progresses on its LGR and devolution journey.

It also raises some key issues that we would welcome further discussion with government on to support the new arrangements to have the greatest chance of success from day one.

- Part B sets out the 12 councils' proposals for future unitary local government arrangements in Surrey, including the relative advantages and disadvantages of different options, approaches to implementation and engagement, and steps needed to finalise proposals by the government's deadline of 9 May 2025. Part B is further split into two, with one part authored by the County Council and one part authored by the District and Borough Councils, reflecting the different options that are under consideration at this point in the process.

## The County of Surrey

### Our shared ambitions

13. In 2018, partners across Surrey, including district and borough councils, other public services, businesses, voluntary, community and social enterprise organisations, engaged with residents to develop a shared set of outcomes to focus on recognising that there are significant pockets of deprivation right across the county. This resulted in the [Community Vision for Surrey in 2030](#).

14. By 2030, we want Surrey to be a uniquely special place where everyone has a great start to life, people live healthy and fulfilling lives, are enabled to achieve their full potential and contribute to their community, and no-one is left behind.

15. We have clear ambitions for the people of Surrey:

- Children and young people are safe and feel safe and confident.
- Everyone benefits from education, skills and employment opportunities that help them succeed in life.



- Everyone lives healthy, active and fulfilling lives, and makes good choices about their wellbeing.
- Everyone gets the health and social care support and information they need at the right time and place.
- Communities are welcoming and supportive, especially of those most in need, and people feel able to contribute to community life.

16. We want Surrey's economy to be strong, vibrant and successful and for the county to be a great place to live, work and learn. A place that capitalises on its location and natural assets, and where communities feel supported and people are able to help themselves and each other.

17. Our ambitions for our place include a county where:

- Residents live in clean, safe and green communities, where people and organisations embrace their environmental responsibilities.
- Journeys across the county are easier, more predictable and safer.
- Everyone has a place they can call home, with appropriate housing for all.
- Businesses in Surrey thrive.
- Well-connected communities, with effective infrastructure, that grow sustainably.

18. Unitary local government provides a stronger foundation for delivering on these ambitions. It will enable us to bring the functions of Surrey's 12 current councils together. We will transform how we work and be more aligned with other public services, enabling us to focus more effectively on the delivery of our shared ambitions.



## Surrey's population

19. Surrey is a county to the south-west of London, with an area of 1,663 km<sup>2</sup> or 642 square miles. The population is 1,203,108 people with 481,819 households<sup>1</sup>.

Largest local authority by population	Reigate and Banstead: 150,849
Smallest local authority by population	Epsom and Ewell: 80,921
Surrey's population density against South East and England	<ul style="list-style-type: none"> <li>• Surrey: 731 residents per km<sup>2</sup></li> <li>• South-East: 492 residents per km<sup>2</sup></li> <li>• England: 438 residents per km<sup>2</sup></li> </ul>
Projected population by 2043	1,227,467
Largest populations by age	<ul style="list-style-type: none"> <li>• 45 to 49 year olds</li> <li>• 50 to 54 year olds</li> </ul>
Birth rate declining	13,542 (2015) to 11,474 (2023) -15.2% decrease
Life expectancy at birth declining	<ul style="list-style-type: none"> <li>• Male: 81.7 years (2016-20) to 81.1 years (2020-22)</li> <li>• Female: 85.0 (2016-20) to 84.7 (2020-22)</li> </ul>
Highest vs lowest life expectancy by ward	<ul style="list-style-type: none"> <li>• Male <ul style="list-style-type: none"> <li>○ Lowest: Portley ward, Tandridge – 77.6 years</li> <li>○ Highest: Warlingham West ward, Tandridge – 88.0 years</li> </ul> </li> <li>• Female <ul style="list-style-type: none"> <li>○ Lowest: Ashford North and Stanwell South and Stanwell North wards, Spelthorne – 81.2 years</li> <li>○ Highest: Woldingham ward, Tandridge – 93.5 years</li> </ul> </li> </ul>

<sup>1</sup> More information about the population of Surrey can be found in [the Joint Strategic Needs Assessment \(JSNA\)](#).



Leading causes of mortality	<ul style="list-style-type: none"> <li>• Cancer (23.9%)</li> <li>• Dementia and Alzheimer's disease (14.4%)</li> <li>• Ischaemic heart diseases (also called coronary heart/artery disease) (8.6%)</li> <li>• Influenza and pneumonia (5.7%)</li> <li>• Cerebrovascular diseases (e.g. stroke) (5.4%)</li> </ul>
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20. Census predictions from 2018 estimated that Surrey's population would grow from 1,189,934 in 2018 to 1,227,467 by 2043 – just over a 3% increase. These predictions suggest the older population will increase, and that the proportion of the population across age groups between 0 and 74 years old will become more similar. Migration into Surrey also remains higher than migration out of Surrey which contributes to population growth. In 2020 net migration was 3,758.
21. In recent years, Surrey's birth rate has declined from 13,542 births in 2015 to 11,474 in 2023. This means the proportion of people living in Surrey in older age groups will increase, with increased likelihood of impacts on health and care services due to increased prevalence of long-term health conditions.
22. Within Surrey's population, people aged 45 to 49 and 50 to 54 years old are the two largest five-year cohorts by age. The population profile is similar to England with a slightly greater proportion of 5 to 19 year olds, a much smaller proportion of 20 to 34 year olds and a greater proportion of the population aged 40 to 59 year olds than in England. Nearly one in five residents are aged 65 and over, with the highest proportion of older people living in Mole Valley and the least in Woking.
23. Around 14.5% of people in Surrey are from a minority ethnic group that is not white. 7.7% of the population reported their ethnicity as Asian, with 2.9% of the population reporting as Indian and 1.5% reporting as Pakistani. Around 3% of the population reported as mixed ethnicity and 1.7% reported their ethnicity as black. There is also a higher rate of Gypsy or Irish Travellers at 2.2 per 1,000 residents in Surrey compared to England (1.2).
24. Historically, there has been a trend of rising life expectancy at birth for males and females across Surrey, mirroring the rest of the country. For example, children born between 2018 and 2020 are expected to live longer than children born between 2001 and 2003. However, recent data collected between 2020 and 2022 shows life expectancy has started to decrease for people across Surrey, the South-East and England.



## Surrey as a place to live, work and learn

25. Surrey is undoubtedly a county that has beautiful countryside, but we're so much more than that. Surrey is the second largest net-contributor to the economy in the country. We are home to some of the world's leading hi-tech industries in pharma, gaming, creative, aerospace and automotive industries. We host over 300 UK or European business headquarters. We have three universities, helping Surrey lead the way in world-class research and development. Gatwick and Heathrow airports, as well as the city of London, are on our doorstep, and we are one of the biggest net-contributing areas to the UK's economy.
26. Surrey is the most wooded county in England, and residents are surrounded by spectacular countryside. Over 25% of the county is designated as Areas of Outstanding Natural Beauty (AONB), including the Surrey Hills and High Weald AONB. It contains extensive areas of high biodiversity and internationally important habitats. Residents and visitors can access these places, using the more than 2,000 miles of public paths to enjoy them.
27. Local Authorities across Surrey own and manage significant areas of countryside, parks and open spaces. For example Surrey County Council owns or manages 2,630 hectares of countryside where people can walk and, on some sites, cycle and ride horses. Popular sites include Newlands Corner, Chobham Common and Norbury Park.
28. Surrey also has nationally renowned natural attractions such as RHS Wisley, Painshill in Elmbridge and Alice Holt Forest near Farnham, and major historic and cultural destinations, such as the Watts Gallery near Guildford, The Lightbox in Woking, Lingfield Park Resort in Tandridge, Brooklands Museum in Elmbridge, Brookwood Cemetery in Woking (the UK's largest) and the site in Runnymede where the Magna Carta was agreed in 1215.
29. Surrey is a large geography with a mix of rural and urban areas. The North and parts of the East of the county are more densely populated, with more significant rural areas in the West and South.
30. Employment rates and qualification levels among the population are high relative to the rest of the country, with over 82% of Surrey's population economically active (September 2024).



## Our ambitions for devolution

31. Unlocking devolution is a key objective for local leaders. Deeper devolution into Surrey, building on the County Deal already agreed, will allow for better alignment of our public services, greater funding and powers brought closer to our residents and robust, accountable and visible local leadership.
32. Government have indicated that they wish to see all of England covered by further devolution, which necessitates the formation of Strategic Authorities across the country. One of the criteria for this is that two or more upper-tier local authorities would need to combine to form a Strategic Authority. We want to grasp the opportunity to reorganise to enable the formation of a Strategic Authority on a Surrey footprint, whilst our neighbours in Hampshire and East and West Sussex pursue their devolution ambitions, avoiding Surrey becoming a 'devolution island'. Whilst we explore the opportunity for a Mayoral Strategic Authority on a Surrey footprint, we also remain open to conversations with our neighbours about devolution on a wider footprint.
33. We welcome government's commitment to hardwiring devolution into central government. To do so they have established a number of new forums to bring local decision makers and central government together. A Mayor promoting the interests of our area would be a powerful advocate for the county, sitting on the Council of Nations and Regions, chaired by the Prime Minister, and the Mayoral Council, chaired by the Deputy Prime Minister. Cross-regional working with other Mayors would also be possible, on issues such as water, energy supply or emergency response coordination.
34. Government has signalled that the powers and funding earmarked for MSAs is the floor, not the ceiling, of ambition around devolution. We see an MSA covering the Surrey area leading to both short and long-term benefits for our residents and partners as it embeds and matures. Our ambition is for the Surrey area to benefit from an Established Mayoral Authority (ESA), and a Mayor with greater responsibilities and increasing funding flexibility in the form of an Integrated Settlement, and greater influence over the direction future devolution could take, bringing more powers, decision-making and funding closer to local communities.
35. Forming an MSA on a Surrey footprint in the absence of any other current options to form a wider MSA presents an important opportunity to unify public services across the county. The government has specified that the Police and Crime Commissioner





and the Fire and Rescue Service (which already operates on a county-wide footprint) will move into the Strategic Authority under the Mayor. In addition, the Mayor will have a seat on the Integrated Care Partnership Board and will be considered for the role of Chair or Co-Chair. This will build on the existing foundations of local join up and delivery across Surrey's blue light services and the health system, as well as with the Mayoral functions set out in the devolution framework.

36. Initially, a strategic authority for the Surrey area would bring enhanced powers and responsibilities for local transport, infrastructure, housing, planning, skills, economic growth and climate change, as well as control of devolved funding streams and income generation levers. The below sections set out how these powers could be utilised to address some of the key challenges Surrey is facing.

## Economy and skills

37. Surrey is an area with many economic strengths and the second largest net-contributor to the economy in the country. The county is exceptionally well connected and has more than 110,000 businesses. There are a number of key economic opportunities within Surrey such as specialist emerging sectors, a highly skilled local workforce, strong performance in innovation, and access to key infrastructure assets. These put the county in a strong position to continue growing a sustainable economy so everyone can benefit, however we must also continue to tackle the economic inequalities faced by many communities across the county.
38. With enhanced powers and funding in employment support, adult skills and innovation, a strategic authority covering the Surrey area will be well placed to facilitate the delivery of economic growth, more local jobs and the right skills provision to meet local demand and tackle economic inequality. Economic growth plays a vital role in improving health and wellbeing for residents. Embracing their role as a system convenor and with enhanced responsibilities for both the local economy and health, a Mayor representing our area will be able to take a holistic approach to a joined-up employment, skills and health offer.

## Climate change

39. Residents across Surrey are already facing, and will continue to face, the impacts of climate change, particularly the increased occurrence of flooding issues. As such, we must continue to work towards becoming a net zero county, ensuring we are



building on existing measures to strengthen resilience and climate-proofing services and infrastructure.

40. A Mayor will be able to work collaboratively with local partners, including the newly formed unitary authorities, to deliver on the ambitions to be a Net Zero county as well as delivering the Local Nature Recovery Strategy, coordinating local energy planning and collaborating with government on net zero delivery. Furthermore, the Mayors devolved responsibilities around transport, infrastructure and planning will allow for a joined up strategic approach to delivering local transport, housing and economic growth, whilst continuing to work towards net zero.

## Health inequalities

41. Health inequalities in Surrey can be found across life expectancy, access to healthcare, and socioeconomic factors. Wider determinants of health such as housing, education, and employment contribute to these disparities, with those in lower socioeconomic groups facing greater challenges in accessing quality healthcare and maintaining good health. Joined up efforts to address these inequalities at the right level are crucial to ensure that all residents have the opportunity to lead healthy lives in Surrey.
42. An MSA, alongside the unitary councils, will play an important role in addressing the social determinants of health. By leveraging their functions in areas like transport, housing, and planning, and collaborating with other local leaders, they can shift from traditional service delivery methods to a holistic, resident-centred approach. A Mayor representing our area will become an active partner in driving forward the existing approach of 'health in all policies'. This will be possible through a new bespoke statutory health improvement and health inequalities duty for them and their anticipated role in the Integrated Care Partnership, giving them a clear stake in improving local health outcomes.

## Housing, planning and homelessness

43. Housing plays a fundamental role in people's wellbeing, employment and health and Surrey's local authorities play a vital role in delivering and managing vital social housing and tackling homelessness. However, Surrey, like other places, is experiencing a housing crisis which manifests most critically in the supply of homes that are truly affordable for local people. In order to deliver on Surrey's ambition for



everyone to have access to appropriate housing, and the government's ambitious housing targets for the area, Surrey needs a more strategic and joined-up approach to planning and housing delivery.

44. An MSA for our area will have a range of enhanced powers and responsibilities for local planning and housing to help enable the delivery of more housing across Surrey. This will be achieved through devolved functions such as greater control over grant funding, a Mayoral duty to produce a Spatial Development Strategy, strategic development powers and a strategic place partnership with Homes England. This ability to strategically accelerate the delivery of suitable housing will support economic growth by aligning housing and planning with regional economic strategies, stimulating local economies, attracting investment, and creating jobs.

## Transport and local infrastructure

45. High-quality local transport infrastructure is vital for supporting growth and opportunity in Surrey. The county's transport networks are significant both regionally and nationally, leading to high levels of use, with Surrey roads carrying over 60% more traffic than the national average. With ambitious government housing targets and expected population growth, further pressure on existing transport systems could negatively impact air quality, noise pollution, and resident health if not managed strategically. Devolution presents an opportunity to bring greater strategic oversight to the area's local transport networks through a local Mayor, ensuring transport decisions align with climate change, housing, and health ambitions.
46. An MSA will become the Local Transport Authority responsible for public transport functions and the Local Transport Plan. This will enable strategic management of key local roads in line with demand. Additionally, a Mayor will take on powers and responsibilities for public transport provision, including rail and buses, facilitating the integration of railway with other transport forms and the decarbonisation of buses to reduce environmental and health impacts.

## Community engagement and partnership working

47. As the MSA will have a democratically elected Mayor, alongside unitary councils, residents will be able to hold them to account for their role in overseeing and



delivering key strategic functions across our area. The MSA will receive devolved functions and funding that have previously been held at a regional or national level, providing a vital opportunity to bring key decision making levers closer to residents and localities.

48. Through their seat on the Council of Nations and Regions and the Mayoral Council, a Mayor representing our area will be able to advocate for the needs and priorities of Surrey residents on a national level, ensuring challenges difficult to influence locally are escalated appropriately. In order to inform this advocacy, as well as any local strategies, any MSA will need to put in place effective co-design and resident engagement mechanisms, complementing those of local partners, to ensure resident needs and views are captured.
49. The formation of a Strategic Authority representing the Surrey area will move the area closer to the geographical alignment of public services. Below this aligned strategic footprint, delivery footprints of local authorities, police and health services are transforming, presenting a critical opportunity to ensure both the strategic oversight and delivery footprint across key public services are aligned.
50. This alignment in turn allows partners to deliver more joined up and effective services at the local scale of towns and villages that residents recognise, guided by an agreed strategic direction. This approach is made possible by both public service reform and an enhanced alignment of local partners in blue light services, health, business, local authorities and the voluntary, community and social sector to support more sustainable service delivery for residents.

## How all of Surrey's current councils are working together

51. Surrey's 12 councils are working together to make sure the opportunities around devolution and LGR lead to better outcomes and value for residents and businesses. Whilst a number of options are currently being explored, we are committed to open dialogue and transparency in developing proposals for unitary local government in Surrey.



52. Leaders and chief executives from the 12 councils are meeting regularly to discuss different structural options, drawing on the latest, most relevant evidence and insight. To shape proposals, we have set up shared data repositories so all councils are using consistent data and insights. We will continue to work collaboratively through to final submission stage.
53. We are also actively exploring each council's roles and responsibilities for ensuring a smooth implementation to the new unitary councils. This includes reviewing funding, staffing and activities required to make sure unitary local government in Surrey is safe and legal from Vesting Day.
54. Governance mechanisms will also be established to support preparation for implementation, and to oversee implementation and transition phases of the work.

## Challenges facing Surrey's councils

55. As we seek optimal arrangements for a single tier of local government in Surrey, there are several challenges that need addressing through the transition and implementation phases of the work.
56. A move to multiple unitary councils will see services currently provided by Surrey councils merged or split across the new councils. Emerging risks that will require mitigation and management will include ensuring that the unpicking of arrangements in critical service areas, such as adult social care and children's services, does not destabilise safeguarding and support arrangements for residents who rely on these services. We will also need to attract the best senior leadership talent to the new organisations in what is already a fiercely competitive market place, whilst navigating increased competition for third party service providers. We will set out more detail on how we plan to mitigate these in our final proposals.
57. Supporting the new councils to set sustainable budgets and medium-term financial strategies from day one will be critical. By 2027/28, the combined forecast budget gap of Surrey's 12 current authorities, with the exception of Woking<sup>2</sup>, is in excess of

<sup>2</sup> Woking Borough Council have been awarded Exceptional Financial Support from the government of £74.6m million in 2025/26 to set a balanced budget, due to significant budget gaps. They are also requesting the deferral of over £90 million of Minimum Revenue Provision costs.



£130 million, rising to approximately £300 million by 2029/30<sup>3</sup>. The scale of this, combined with a working assumption that the collective gross debt across the councils is £5.5 billion, means it will be challenging to set balanced budgets for the new unitary authorities without creative solutions, agreed with central government.

58. Workforce recruitment and retention challenges are likely to continue following LGR. Many councils are struggling to compete for talent in a tight labour market, as well as being unable to match higher salaries offered by other industries and changing expectations within the workforce of what they are looking for from employers. For Surrey, the high cost of housing adds another barrier to attracting employees, particularly in lower paid roles, such as social care.
59. The housing crisis in our county carries a very particular set of challenges. This is due to extremely high land values across a large geography, very low rates of housing affordability, and very high proportion of Green Belt designations and other protected land types. Alongside this is an ageing population with reducing proportions of younger professionals and close proximity to London, Heathrow and Gatwick airports. As we transition to the unitary and strategic authority geographies, these organisations will need to work together to urgently coordinate a strategic response to deliver more affordable housing, boosting the chances of recruiting to hard-to-fill job vacancies.
60. We know that demand for key services will continue to increase during and after the transition period for the new authorities, and service delivery will need to be maintained to a high standard. For example, the number of children in Surrey with an active Education, Health and Care Plan (EHCP) has been rising in recent years. Between 2014/15 and 2023/24, the number of children and young people with an EHCP in Surrey increased by 162% from 5,443 to 14,245. The growth rate was around 10% year-on-year between 2021 and 2023. We will continue to support people who need our services most as we make the transition.
61. As our population grows and changes, we will also need to plan for the infrastructure to support increasing numbers of homes and households. For example, Surrey experiences significant demands on its road network due to it being a key part of national and international transport links, as well as the location for nationally

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<sup>3</sup> The 2029/30 figure currently only includes the position of those authorities that forecast that far ahead and so is likely understated. Differing approaches are taken to budget forecasting across the councils, with differing assumptions on key factors such as the level of council tax increases, the impact on of upcoming funding reforms and the use of reserves to balance budgets.



important roads such as the M25, M23, M3 and A3.

62. Major expansion of international travel hubs, such as the introduction of a third runway at Heathrow airport and potentially a second runway at Gatwick, will add further pressures for Surrey. While it will offer many benefits such as employment opportunities for residents, investment in the economy and will attract and retain businesses, a clear and agreed framework for the necessary infrastructure and plan for dealing with environmental impacts will need to be in place. Surrey's new unitary local authorities, as well as a new Strategic Authority for the area, will need to be key stakeholders in this development and other major projects of similar scope and scale.
63. Some of these issues will need addressing as part of the implementation planning and delivery process, as well as having strategies in place for the new authorities to respond to them. Others will need to be considered as part of establishing a new Strategic Authority for the area, and some will require joint solutions with government to give the new organisations the best chances of shaping outcomes for residents and for enhancing economic growth.

## Key issues to explore further with government

64. As we develop final proposals for LGR in Surrey, we wish to discuss the following topics with government that could affect the chances of successful implementation:
- i) Joint solution to managing Surrey's debt
 

The level of gross debt across Surrey's current 12 councils stands at over £5.5 billion. For 2025/26, Woking Borough Council aside, Surrey councils have set balanced budgets that finances this debt, albeit with varying degrees of associated risk. However, the level of debt the new unitary authorities are to inherit will be exceptional, and potentially for one, servicing this debt would take up over a quarter of their net revenue budget and likely require ongoing exceptional financial support from government. This will have knock-on impacts to the quality of service delivery and reduce the ability to respond to any external financial shocks and rising service demand. It is also unlikely that the efficiencies from LGR alone will be enough to significantly reduce the liabilities, or rather the financing of debt, that the new councils would have to take on.



We therefore would welcome a development of a joint solution with government, given the unique circumstances Surrey faces, and to ensure any new council is not set up to fail.

Our preferred option is that the irrecoverable debt, currently estimated at £1.5 billion, is written off by government immediately but we recognise that government may wish to discuss other solutions.

**ii) Preparations for an MSA**

On the current timetable, and reflecting government's preferred model, LGR in Surrey would need to be completed before a new MSA can be established. In the period between Vesting Day for the new councils and Mayoral elections there will be some services and functions that have been directed by Government to be, or are better suited to be, part of an MSA, that need to be considered. These services currently sit primarily with Surrey County Council across the county footprint and for many of them it would be disruptive and costly to split them across a new unitary footprint, whilst anticipating that they will transfer to a new MSA once it has been formed. Based on the government's Devolution Framework in the English Devolution White Paper, these services and functions include fire and rescue, economic development functions, strategic transport, strategic planning and services that provide business support.

We would welcome a discussion with government on how those services should prepare ahead of LGR and for the transition period between establishing the new unitary authorities and any new MSA, if this is a year (or more) later.

**iii) Swift and smooth transition**

For the transition to unitary local government to be as swift and smooth as possible, we expect the government may wish to appoint a lead authority.

We would welcome clarity from the government as to whether they are minded to appoint one of the existing councils as a lead authority for the transition process.

**iv) Timely and constructive feedback on our proposals**

We have drafted our submission with government's criteria in mind. Whilst government are reviewing our interim submission we will be focusing on preparing our final submission, due on 9 May 2025.





We request prompt feedback to ensure we can focus our efforts on a final proposal that best meets government's expectations and local ambitions. We are open to working with government to refine our proposals and provide additional information if required.

**v) Capacity funding support**

The costs of undertaking the preparatory work to support local government reorganisation in a large and complex two-tier area like Surrey will be considerable. We estimate the total one-off costs across the system of moving to a unitary option to be around £75m. These costs will be on top of existing service pressures and do not take into account leadership time and other opportunity costs we are absorbing.

Given Surrey is on a fast track LGR timetable, we are seeking support from government to fully fund those costs up to the expected vesting day of 1 April 2027. The ask from government amounts to around £35m, with around £40m of remaining cost to be factored into the final business case submission which will be met by the new unitaries.

**vi) Engagement with Leaders and officers**

Government engagement with Surrey in the early stages of this process has been welcomed. It has also built on the good engagement we have had with officials on implementing Surrey's current County Deal. As we progress through the next phase of our devolution and LGR timetable, we wish to work constructively with MHCLG and other departments, including DfE, DHSC and the Home Office, to achieve our shared ambitions and build on this partnership working.

We are seeking ongoing Ministerial engagement with Leaders to enable a swift and smooth transition to the new arrangements. We would also welcome a single, senior point of contact at MHCLG who can work closely with us, and support engagement with other department officials, to ensure we are all working effectively to common goals.

**vii) Coterminality of public sector services**

As we transform local government in Surrey and move towards the creation of a new strategic authority representing the area we want to maximise the opportunity to reform public services. We share the government's ambitions to see coterminous public services.



We would like to pursue a conversation with government alongside local health partners to explore the potential for greater coterminosity of health and wellbeing services with local government.

**viii) Impacts from government funding reforms**

Whilst we focus on the creation of new authorities in Surrey, and smoothing the transition of services for residents, we would welcome government's support in stabilising our collective funding base. During this transition period our ability to accommodate negative financial adjustments arising from any new distribution methodology will be limited.

We request that funding reductions are waived during the period of transition and would like early clarification on the amount of government grant each council would receive from day one to assist with financial planning.

65. We look forward to continuing to work with government during the next phase of this work, shaping Surrey's future together, so it remains a uniquely special place where everyone has a great start to life, people live healthy and fulfilling lives, are enabled to achieve their full potential and contribute to their community, and no one is left behind.



# SHAPING SURREY'S FUTURE

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Devolution and  
Local Government  
Reorganisation

## Interim Plan – Part B

March 2025

## Emerging reorganisation proposals

1. In this part we set out Surrey County Council's emerging proposals for LGR. This includes a high-level appraisal of the options for LGR in Surrey, using a qualitative assessment of the relative advantages and disadvantages of each option against the government's criteria for LGR and principles for reorganisation. We also set out an early financial appraisal of the costs and benefits for each option.
2. Based on our assessment, we believe that **reorganising the current 12 councils into two new unitary authorities** is the best direction for Surrey to unlock devolution, realise improved local government services, create more financially sustainable local government and to lay the foundations for future public service reform. A shortlist of potential geographical configurations being considered for these unitaries has been included.
3. This part of the interim plan also sets out initial thinking for implementation, including indicative costs, as well as stakeholder engagement carried out so far and further planned engagement.



## High-level options appraisal

4. We have reviewed potential options for future unitary local government structures in Surrey. In selecting options for review we considered the likelihood of them meeting the government's criteria for LGR, as well as our own principles of the need for them to be coterminous – contained within the existing Surrey county boundary and potential to align with the footprints of other public sector partners – and contiguous – making sure existing district and borough boundaries were not split. This is also in line with government's request that existing district and borough areas are viewed as the building blocks for proposals.
5. A further key principle is that no new council should be set up to fail. This is particularly important if multiple unitary councils are the outcome of the LGR process as the new organisations should have relative equity and parity of financial resilience and sustainability, service demand levels and economic prospects from day one.
6. We have combined qualitative and quantitative data sources to support our appraisal against the criteria [set by MHCLG](#):
  - A proposal should seek to achieve for the whole of the area concerned the establishment of a single tier of local government.
  - Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks. As a guiding principle, the government has said that new councils should aim for a population of 500,000 people or more. They should also deliver financial efficiencies.
  - Unitary structures must prioritise the delivery of high-quality public and sustainable public services to citizens.
  - 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.
  - New unitary structures must support devolution arrangements.
  - New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment.
7. To complement these, we have also looked at additional criteria which capture the issues that matter to our residents and businesses. These are:
  - Impact on service delivery – transitioning to the new arrangements must minimise disruption to service delivery, the potential demand for services new unitary authorities may



experience, opportunities to transform services and impacts on partnership working.

- Growth – assessing the economic health and resilience inherited by the new arrangements, extent to which residents benefit from the proceeds of growth, moving to a future that encourages clean, green growth and infrastructure, and enables establishment of a Strategic Authority.
- Democratic representation – ensuring local democratic representation is maintained, and where possible, enhanced under the new structures. The new authorities will reflect local identities recognisable to residents and give regard to alignment with functional economic areas.
- Financial resilience and sustainability – establishing structures that lead to services delivered at lower cost, funding required for re-organisation, including potential for service disaggregation costs in multiple unitary arrangements, potential for generating income and overall financial resilience.

## Reviewing the options

8. In the context of the above, the options we have considered are:
  - A single unitary authority, which covers the existing county footprint of Surrey and the population of over 1.2 million people.
  - Two unitary authorities, covering populations of between 500,000 and 600,000 people each.
  - Three unitary authorities, covering populations of upwards of 370,000 people each.

## Overview of our assessment

9. Below is a summary of our options appraisal, highlighting how each unitary arrangement performs against the government's LGR criteria and our additional criteria. This incorporates the results of the financial assessment, which are described in detail later in this plan. Democratic governance arrangements have not been scored as part of this exercise, but we have proposed councillor numbers for the new unitaries in later sections.
10. Early on, we ruled out pursuing a single unitary authority option as it will not unlock the benefits of further devolution for Surrey residents. Government criteria mean that a single unitary council and Mayoral Strategic Authority cannot be established on the same geographical footprint. However, it is acknowledged that this arrangement would



have supported greater financial efficiencies and minimised disruption to county-wide services from disaggregation.

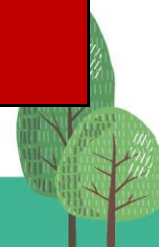
11. We have scored the criteria for the remaining options between one and three – one meaning it meets very few or none of the criterion's requirements, two meaning it meets some of the requirements and three meaning alignment to most or all of the criterion. Each of the criteria have then been weighted linked to the desired outcomes from LGR. Weightings range from one, which is considered a relatively less important outcome from LGR, to five which is a crucial outcome to achieve from the process.

12. We think the extent to which each option meets criteria on whether the new arrangements would unlock devolution and if they meet the government's population criteria are crucial. They underpin the rationale for LGR and the degree to which they are likely to be acceptable to government.

Criteria	Two unitaries		Three unitaries	
	Highlights	Score	Highlights	Score
<b>Unlocks devolution (weighting = 5)</b>	<ul style="list-style-type: none"> <li>Two unitary authorities would enable setting up a Strategic Authority across the county footprint</li> </ul>	3	<ul style="list-style-type: none"> <li>Three unitary authorities would enable setting up a Strategic Authority across the county footprint</li> </ul>	3
<b>Population = 500,000 or more (weighting = 5)</b>	<ul style="list-style-type: none"> <li>Estimated populations for the new authorities will be between 500,000 and 600,000</li> </ul>	3	<ul style="list-style-type: none"> <li>Estimated populations for the new authorities will be between 350,000 and 450,000</li> </ul>	1
<b>Resilience and ability to withstand financial shocks (weighting = 5)</b>	<ul style="list-style-type: none"> <li>Offers more financial resilience than three unitary authorities</li> <li>Delivers some financial efficiencies</li> <li>Risk of one authority requiring immediate Exceptional Financial Support due to inherited debt (unless solution agreed with government)</li> </ul>	2	<ul style="list-style-type: none"> <li>Offers less financial resilience compared to two unitary authorities</li> <li>High risk reorganisation would lead to net costs long term and unlikely to lead to financial efficiencies</li> <li>Risk of at least one authority requiring immediate Exceptional Financial Support due to inherited debt (unless solution agreed with government)</li> </ul>	1



Criteria	Two unitaries		Three unitaries	
	Highlights	Score	Highlights	Score
<b>Delivers high quality, sustainable public services (weighting = 5)</b>	<ul style="list-style-type: none"> <li>Multiple council touch points, but fewer than current 12 councils</li> <li>Fragmented district and borough services can be combined to create scale</li> <li>Disaggregation and disruption to crucial services including social care and children's services</li> <li>Offers more resilience than three unitaries</li> </ul>	2	<ul style="list-style-type: none"> <li>Multiple council touchpoints, but fewer than current 12 councils</li> <li>Fragmented district and borough services can be combined to create scale</li> <li>Greater disaggregation and disruption compared to two unitary authorities</li> <li>Duplication of effort for former county-wide public services</li> </ul>	1
<b>Local identities and community empowerment † (weighting = 5)</b>	<ul style="list-style-type: none"> <li>Two unitaries could be perceived as more remote compared to three unitary councils – mitigations are detailed in democracy and governance section</li> <li>Right scale to build on existing work to strengthen participation and engagement across Surrey's towns and villages with the formalisation of non-precepting community boards</li> </ul>	2	<ul style="list-style-type: none"> <li>Less scale to provide support and resources to convene and deliver local improvements in partnership with communities</li> <li>Adoption of the community board model should mitigate the scale issue</li> </ul>	2
<b>Impact on service delivery (weighting = 4)</b>	<ul style="list-style-type: none"> <li>Disaggregation of crucial services including social care and children's services required</li> <li>Enhanced partnership working if delivery footprints aligned</li> <li>Risk of disparity in service provision due to uneven distribution of staff with the right knowledge, skills and experience</li> </ul>	2	<ul style="list-style-type: none"> <li>Disaggregation of crucial services including social care and children's services required – additional complexity compared to two unitary authorities</li> <li>Risk of disparity in service provision due to uneven distribution of staff with the right knowledge, skills and experience – this would be more acute compared to a two unitary arrangement</li> <li>Presents operational resilience challenges</li> </ul>	1
<b>Growth (weighting = 3)</b>	<ul style="list-style-type: none"> <li>Greater depth of understanding of economic challenges and opportunities in each unitary area compared to a single unitary</li> <li>Risk a more prosperous area of Surrey reinvests within its own area, leaving the less prosperous area behind</li> <li>Risk of uneven asset split, such as employment centres and innovation clusters</li> </ul>	2	<ul style="list-style-type: none"> <li>Greater depth of understanding of economic challenges and opportunities in each unitary area compared to single and two unitaries</li> <li>Greater risk of more prosperous unitary authorities reinvesting within their own areas, leaving less prosperous places behind</li> <li>Greater risk of uneven asset split, such as employment centres and innovation clusters</li> </ul>	1





Criteria	Two unitaries		Three unitaries	
	Highlights	Score	Highlights	Score
			<ul style="list-style-type: none"> <li>Income split across councils means fewer resources for local government to support investment in the East of the county, which has historically underperformed against the West.</li> </ul>	
<b>Financial resilience and sustainability (weighting = 5)</b>	<ul style="list-style-type: none"> <li>Less costly to reorganise and transform compared to three unitaries, but more than single unitary</li> <li>Implementation costs lower than three unitaries</li> <li>Will be disaggregation costs</li> </ul>	2	<ul style="list-style-type: none"> <li>Most costly to reorganise and transform</li> <li>Disaggregation costs will be greater compared to two unitaries</li> <li>Highest implementation costs</li> </ul>	1
<b>Total raw scores</b>		18		11
<b>Total weighted scores (Scores x weighting – maximum score possible = 111)</b>		84		52
<b>CONCLUSION</b>	<b>Preferred option – likely to meet government requirements</b>		<b>Unlikely to meet government requirements</b>	

13. Further detail on the qualitative and financial appraisals for each unitary option are set out below, starting with our preferred option.

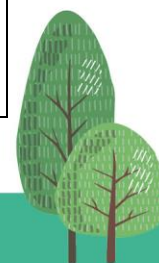
## Two unitary authorities

14. This would lead to the creation of two new unitary authorities with either an east/west divide or a north/south divide, both with populations exceeding 500,000. These boundaries would be collectively coterminous with the current county boundaries, using district and borough council areas as building blocks for the geographies of the new authorities.

15. We set out advantages and disadvantages of two unitary authorities below. Most of these apply irrespective of geographical arrangement.



Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Devolution – a new Strategic Authority for Surrey could be established which would be coterminous with the current county boundaries.</li> <li>• Services would be simplified and improved compared to arrangements under the current 12 councils in Surrey.</li> <li>• Services that are fragmented could be combined to create scale, such as waste collection and disposal services.</li> <li>• Partnership working with other public service partners, such as police and health, could be enhanced if delivery footprints are aligned.</li> <li>• Right scale to build on existing work to strengthen participation and engagement across Surrey's towns and villages</li> <li>• The new authorities would be able to direct and tailor use of resources to the specific needs of the communities living in each authority's area.</li> <li>• Greater depth of understanding of economic challenges and opportunities in each unitary area compared to a single unitary.</li> <li>• There would be enhanced financial sustainability with two unitary authorities compared to three unitary authorities and the current system of 12 councils.</li> <li>• All geographies under consideration for two unitaries will meet the government's criteria of a population of 500,000 and over. Size offers greater potential for</li> </ul>	<ul style="list-style-type: none"> <li>• Establishing two new councils would create multiple touchpoints for some services currently accessed by a single front door, adding complexity to the system and potential for inconsistency of outcomes, though this complexity would be less compared to the 12 councils currently operating.</li> <li>• Disaggregating county-wide services would impact on the cost, consistency and quality of those services, such as creating a need for two Directors of Adult and Children's Social Care and management teams for both areas.</li> <li>• There is a risk of disparity in service provision due to uneven distribution of staff with the right knowledge, skills and experience.</li> <li>• Two unitaries may be perceived by residents as more remote from the places they live – we set out mitigations for this in the democracy and governance section.</li> <li>• Risk a more economically prosperous authority reinvests proceeds of growth, e.g. business rates, within its own area, leaving the less prosperous authority behind.</li> <li>• Risk of uneven economic asset split, such as employment centres and innovation clusters.</li> <li>• Given the level of existing debt across Surrey's 12 councils, there is a risk that at least one of the new authorities would need Exceptional Financial Support from inheriting this debt if an</li> </ul>

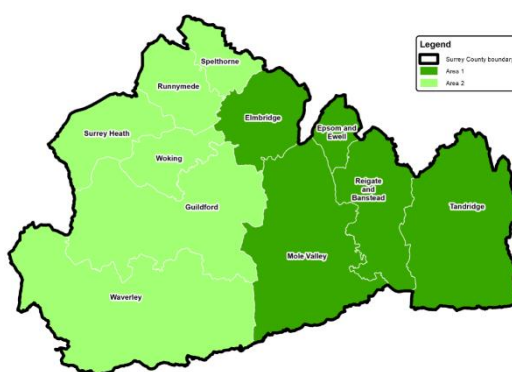


Advantages	Disadvantages
enhanced organisational resilience.	alternative solution was not found.

16. Four potential geographical arrangements for two unitaries are under consideration. Other arrangements were reviewed but were discounted as they did not meet either the government's or our own criteria.

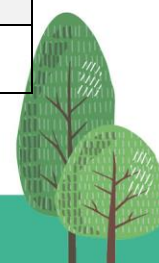
17. For each two-unitary geography being considered, tables have been included to show how the areas would split across key financial and socio-economic indicators, using a snapshot of the latest available data for each indicator. Further analysis will be done to assess interplay across these indicators and should not be taken as measures of absolute costs or needs.

**Option 2.1: East/West**

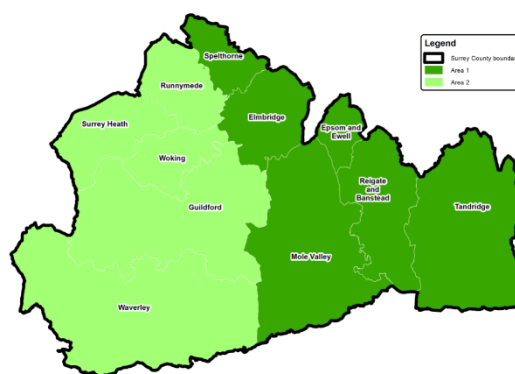


East	West
Elmbridge, Epsom and Ewell, Mole Valley, Reigate and Banstead, Tandridge	Guildford, Runnymede, Spelthorne, Surrey Heath, Waverley, Woking
Population: 545,798	Population: 657,309
Proposed number of councillors: 72	Proposed number of councillors: 90

Key metrics (area split as percentage)		
	East	West
Adult social care users being supported	9,720 (43%)	12,986 (57%)
Children in need	2,085 (44%)	2,687 (56%)
Children with Education, Health and Care Plans	7,214 (45%)	8,792 (55%)
Pupils in school	72,835 (45%)	88,585 (55%)



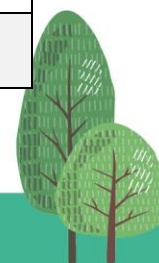
Key metrics (area split as percentage)		
	East	West
Eligible for home to school travel assistance	3,545 (43%)	4,685 (57%)
Road miles	1,355 (45%)	1,666 (55%)
Anticipated council tax income	£518.23 million (47%)	£579.66 million (53%)
Gross value added	£22.8 billion (44%)	£28.5 billion (56%)



### Option 2.2: East/West

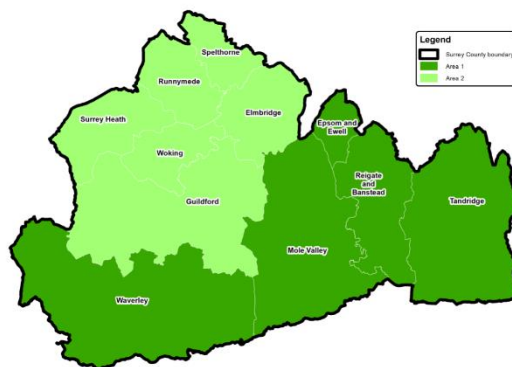
East	West
Elmbridge, Epsom and Ewell, Mole Valley, Reigate and Banstead, Spelthorne, Tandridge	Guildford, Runnymede, Surrey Heath, Waverley, Woking
Population: 648,754	Population: 554,353
Proposed number of councillors: 86	Proposed number of councillors: 76

Key metrics (area split as percentage)		
	East	West
Adult social care users being supported	11,778 (52%)	10,928 (48%)
Children in need	2,644 (55%)	2,128 (45%)
Children with Education, Health and Care Plans	8,791 (55%)	7,215 (45%)
Pupils in school	87,616 (54%)	73,804 (46%)
Eligible for home to school travel assistance	4,038 (49%)	4,192 (51%)
Road miles	1,530 (51%)	1,491 (49%)
Anticipated council tax income	£605.32 million (55%)	£492.57 million (45%)



Key metrics (area split as percentage)		
	East	West
Gross value added	£26.8 billion (52%)	£24.5 billion (48%)

### Option 2.3: North/South

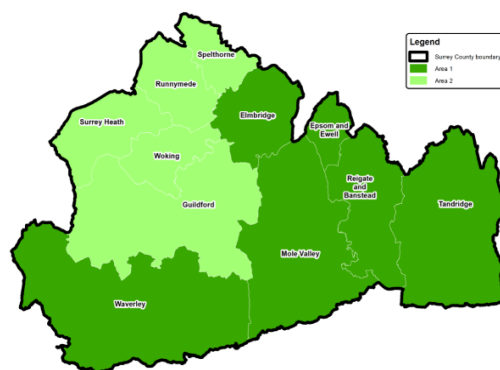


North	South
Elmbridge, Guildford, Runnymede, Spelthorne, Surrey Heath, Woking	Epsom and Ewell, Mole Valley, Reigate and Banstead, Tandridge, Waverley
Population: 667,834	Population: 535,273
Proposed number of councillors: 90	Proposed number of councillors: 72

Key metrics (area split as percentage)		
	North	South
Adult social care users being supported	12,383 (55%)	10,323 (45%)
Children in need	2,854 (60%)	1,918 (40%)
Children with Education, Health and Care Plans	8,790 (55%)	7,216 (45%)
Pupils in school	87,971 (54%)	73,449 (46%)
Eligible for home to school travel assistance	4,211 (51%)	4,019 (49%)
Road miles	1,449 (48%)	1,572 (52%)
Anticipated council tax income	£603.83 million (55%)	£494.07 million (45%)
Gross value added	£31.5 billion (61%)	£19.8 billion (39%)



## Option 2.4: North/South



North	South
Guildford, Runnymede, Spelthorne, Surrey Heath, Woking	Elmbridge, Epsom and Ewell, Mole Valley, Reigate and Banstead, Tandridge, Waverley
Population: 529,080	Population: 674,027
Proposed number of councillors: 72	Proposed number of councillors: 90

Key metrics (area split as percentage)		
	North	South
Adult social care users being supported	10,190 (45%)	12,516 (55%)
Children in need	2,296 (48%)	2,476 (52%)
Children with Education, Health and Care Plans	7,087 (44%)	8,919 (56%)
Pupils in school	70,633 (44%)	90,787 (56%)
Eligible for home to school travel assistance	3,493 (42%)	4,737 (58%)
Road miles	1,200 (40%)	1,821 (60%)
Anticipated council tax income	£460.07 million (42%)	£637.82 million (58%)
Gross value added	£24.7 billion (48%)	£26.6 billion (52%)

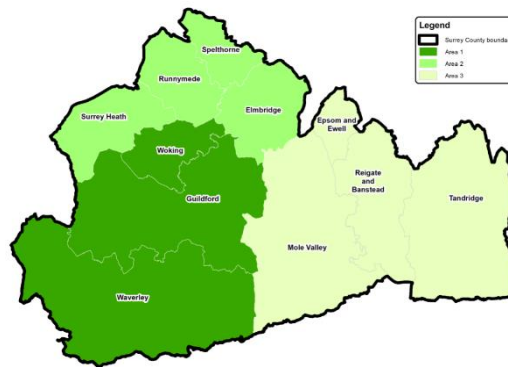
### Three unitary authorities

18. This would lead to the creation of three unitary authorities, each with populations exceeding 370,000. Their boundaries would be coterminous with the current county boundaries. An example of the three unitary model is shown below.

19. We are not proposing to pursue three unitary authorities because:



- The additional complexity and costs of disaggregating into three unitary authorities compared to two.
- Potential impact to Surrey’s economy with greater risks to less prosperous areas unable to benefit from wider investment and have smaller council tax bases to draw on.
- They would not meet the government’s population criteria of 500,000 or more for new unitary authorities.
- Three unitary authorities would lead to greater costs for Surrey residents over the long term and less financially sustainable local authorities. It would also be the most expensive option to implement.



West	North	East
Guildford, Waverley, Woking	Elmbridge, Runnymede, Spelthorne, Surrey Heath	Epsom and Ewell, Mole Valley, Reigate and Banstead, Tandridge
Population: 375,821	Population: 420,242	Population: 407,044
Proposed number of councillors: 52	Proposed number of councillors: 56	Proposed number of councillors: 54

20. The table below shows how the area would split across key financial and socio-economic indicators, using a snapshot of the latest available data for each indicator:

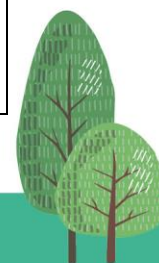
Key metrics (area split as percentage)	West	North	East
Adult social care users being supported	7,170 (32%)	8,009 (35%)	7,527 (33%)
Children in need	1,384 (29%)	1,861 (39%)	1,527 (32%)
Children with Education, Health and Care Plans	5,006 (31%)	5,489 (34%)	5,511 (34%)
Pupils in school	50,009 (31%)	55,914 (35%)	55,497 (34%)



Key metrics (area split as percentage)	West	North	East
Eligible for home to school travel assistance	2,843 (35%)	2,560 (31%)	2,827 (34%)
Road miles	1,082 (35%)	833 (28%)	1,106 (36%)
Anticipated council tax income	£339.2 million (31%)	£384.2 million (35%)	£374.5 million (34%)
Gross value added	£13.3 billion (26%)	£22 billion (43%)	£16 billion (31%)

21. We set out the advantages and disadvantages of three unitary authorities below:

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Devolution – a new Strategic Authority for Surrey could be established which would be coterminous with the current county boundaries.</li> <li>• Services would be simplified and improved compared to arrangements under the current 12 councils in Surrey.</li> <li>• Services that are fragmented could be combined to create scale, such as waste collection and disposal services.</li> <li>• The new authorities would be able to direct and tailor use of resources to the specific needs of the communities living in each authority's area.</li> <li>• Greater depth of understanding of economic challenges and opportunities in each unitary area compared to a single and two unitary authorities.</li> <li>• There would be enhanced financial sustainability with three unitary authorities compared to the current system of 12 councils.</li> </ul>	<ul style="list-style-type: none"> <li>• Establishing three new councils would create multiple touchpoints for some services currently accessed by a single front door, adding complexity to the system and potential for inconsistency of outcomes, though this complexity would be less compared to the 12 councils currently operating.</li> <li>• Disaggregation of county-wide services have an even greater impact on the cost and quality of those services than splitting into two unitary authorities, such as creating a need for three Directors of Adult and Children's Social Care and management teams for both areas. It would also further decrease financial benefits that could be realised compared to one or two unitaries.</li> <li>• There is a risk of disparity in service provision due to more uneven distribution of staff with the right knowledge, skills and experience compared to two unitary authorities.</li> <li>• Greater risk than in a two unitary scenario that a more</li> </ul>





Advantages	Disadvantages
	<p>economically prosperous authority, or authorities, reinvests proceeds of growth, e.g. business rates, within its own area, leaving the less prosperous authority, or authorities, behind.</p> <ul style="list-style-type: none"> <li>• Less scale to provide support and resources to convene and deliver local improvements in partnership with communities.</li> <li>• Greater risk of uneven economic asset split, such as employment centres and innovation clusters compared to two unitary authorities.</li> <li>• Split of council income across the county will mean fewer resources from local government to invest in supporting growth in the East of Surrey, which has historically underperformed compared to the West and needs further investment<sup>1</sup>.</li> <li>• Net costs will significantly outweigh any benefits from reorganisation and transformation, adding to the new councils' financial pressures from day one. This model is unlikely to lead to financial efficiencies.</li> <li>• Given the level of existing debt across Surrey's 12 councils, there is a risk that at least one of the new authorities would need Exceptional Financial Support from inheriting this debt if an alternative solution was not found.</li> <li>• Population – the population sizes in each authority would be below 500,000. This does not meet the government's population criteria. In addition, there could be</li> </ul>

<sup>1</sup> University of Surrey – Charting Surrey's Post-Covid Rescue, Recovery and Growth



Advantages	Disadvantages
	operational resilience challenges.

## Financial appraisal

22. An initial financial appraisal has been undertaken of creating unitary councils to enable the unlocking of further devolution via a Surrey-wide Strategic Authority. Benefits and costs have been calculated based on published 2025/26 planned expenditure across Surrey's current authorities. Where information from previous years has been used for certain areas of the modelling, this has been inflated to 2025/26 to ensure a consistency across all data points for the modelling assumptions to be applied to.
23. The following have been appraised:
- Reorganisation benefits – savings assessed as achievable in the short-term from consolidating leadership and senior management across the 12 councils, initial wider workforce savings and non-staffing expenditure savings due to consolidation, and savings from reducing the number of councillors and local elections in Surrey.
  - Transformation benefits – savings that will take longer to realise, as they are more reliant on changes to be delivered after the new unitary authorities are established. These include wider workforce and reduction in non-staffing expenditure savings beyond the lower level of initial savings achieved through reorganisation alone, reduction in property revenue costs through consolidating Surrey's existing local authority operational estate, reduction in debt servicing costs and a modest increase proposed for sales, fees & charges income.
  - Disaggregation costs – these apply to scenarios where two or three new unitary authorities are established. They represent the estimated additional cost of splitting services across the new unitary geographies that are currently provided or commissioned by Surrey County Council on a county footprint. It is assumed that additional management costs below leadership and senior management level (already captured in full in the net reorganisation benefits) will be required, as well as additional costs for some specialist roles that will be needed in each authority. While costs will be minimised wherever possible, splitting county services over different geographies will also have a degree of additional cost impact for current County Council non-staffing service delivery expenditure.
  - Implementation costs – these represent the estimated costs to both enable the effective creation of the new unitary arrangements and



delivery of the changes required to achieve the transformation benefits once the new authorities have been set up. These costs are summarised in the Implementation section of this interim plan.

24. All the above have been modelled to assess the scale of benefits achievable and costs resulting from creating unitary local authorities in Surrey. The following scenarios have been considered for each unitary option:
- Base scenario – these are more conservative estimates of potential savings, and a higher level of implementation costs estimated as being required.
  - Stretch scenario – these represent more ambitious scenarios with a higher level of achievable potential savings but come with a higher level of risk, together with a lower level of implementation costs being required based on taking action to limit costs where possible.
  - Mid-point – these represent the mid-point between the base and stretch scenarios and are considered a reasonable estimate balancing prudence and ambition.
25. Modelling for each unitary option is set out in the tables below. We have modelled a single unitary as a benchmark. These show the estimated ongoing annual net benefits or costs five years after the creation of the new authorities when it is anticipated a new steady state should be reached. Positive figures in black represent benefits, while negative figures in red represent costs.
26. A summary of the cumulative net cash flows for each option and scenario is provided, covering the base year (2025/26) up to five years post-implementation (2031/32). The payback period is an estimate of the number of years required for total cumulative benefits to surpass cumulative costs. Where this is displayed as “N/A” this means an option has been modelled as not paying back by the end of the fifth year following Vesting Day of the new authorities.



### 1 Unitary summary modelling (for benchmarking)

	Base	Stretch	Mid
Annual reorganisation benefits	£26m	£31m	£28m
Annual transformation benefits	£48m	£75m	£62m
Total ongoing annual net benefits/(costs) after five years	<b>£74m</b>	<b>£106m</b>	<b>£90m</b>
Total implementation costs	<b>-£75m</b>	<b>-£63m</b>	<b>-£69m</b>
Cumulative net cash benefits/(costs) after five years of new organisation(s) including implementation costs	£212m	£334m	£273m
Payback period within five years post go live	1.5 years	1.1 years	1.3 years

### 2 Unitaries summary modelling

	Base	Stretch	Mid
Annual reorganisation benefits	£16m	£21m	£19m
Annual transformation benefits	£35m	£54m	£44m
Annual disaggregation costs	<b>-£43m</b>	<b>-£29m</b>	<b>-£36m</b>
Total ongoing annual net benefits/(costs) after five years	<b>£8m</b>	<b>£47m</b>	<b>£27m</b>
Total implementation costs	<b>-£85m</b>	<b>-£66m</b>	<b>-£75m</b>
Cumulative net cash benefits/(costs) after five years of new organisation(s) including implementation costs	<b>-£74m</b>	£92m	£9m
Payback period within five years post go live	N/A	2.7 years	4.7 years

### 3 Unitaries summary modelling

	Base	Stretch	Mid
Annual reorganisation benefits	£8m	£13m	£10m
Annual transformation benefits	£27m	£43m	£35m
Annual disaggregation costs	<b>-£64m</b>	<b>-£43m</b>	<b>-£53m</b>
Total ongoing annual net benefits/(costs) after five years	<b>-£29m</b>	<b>£13m</b>	<b>-£8m</b>
Total implementation costs	<b>-£91m</b>	<b>-£68m</b>	<b>-£79m</b>
Cumulative net cash benefits/(costs) after five years of new organisation(s) including implementation costs	<b>-£240m</b>	<b>-£51m</b>	<b>-£146m</b>
Payback period within five years post go live	N/A	N/A	N/A

27. Two unitaries are estimated to deliver ongoing net annual benefits of between £8 million to £47 million and a cumulative net cash position after five years ranging from a net additional cost £74 million in the base



scenario to a net benefit of £92 million in the stretch scenario.

28. The three unitaries option is the least favourable financially with modelling estimating an ongoing annual net additional cost of £29 million in the base scenario up to an ongoing annual net benefit of £13 million in the stretch scenario. Due to the lower savings and higher costs estimated for the creation of three unitaries, the base and stretch scenarios both estimate a significant cumulative net additional cost by the end of five years after creation of the new authorities, ranging from £51 million to £240 million.

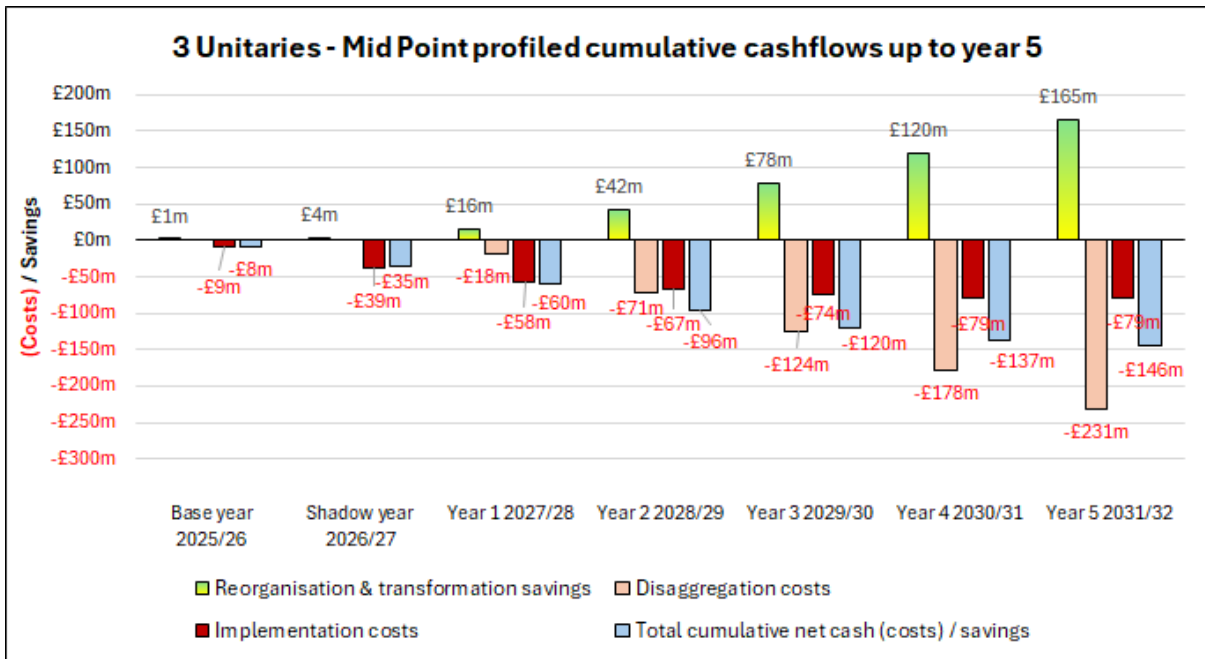
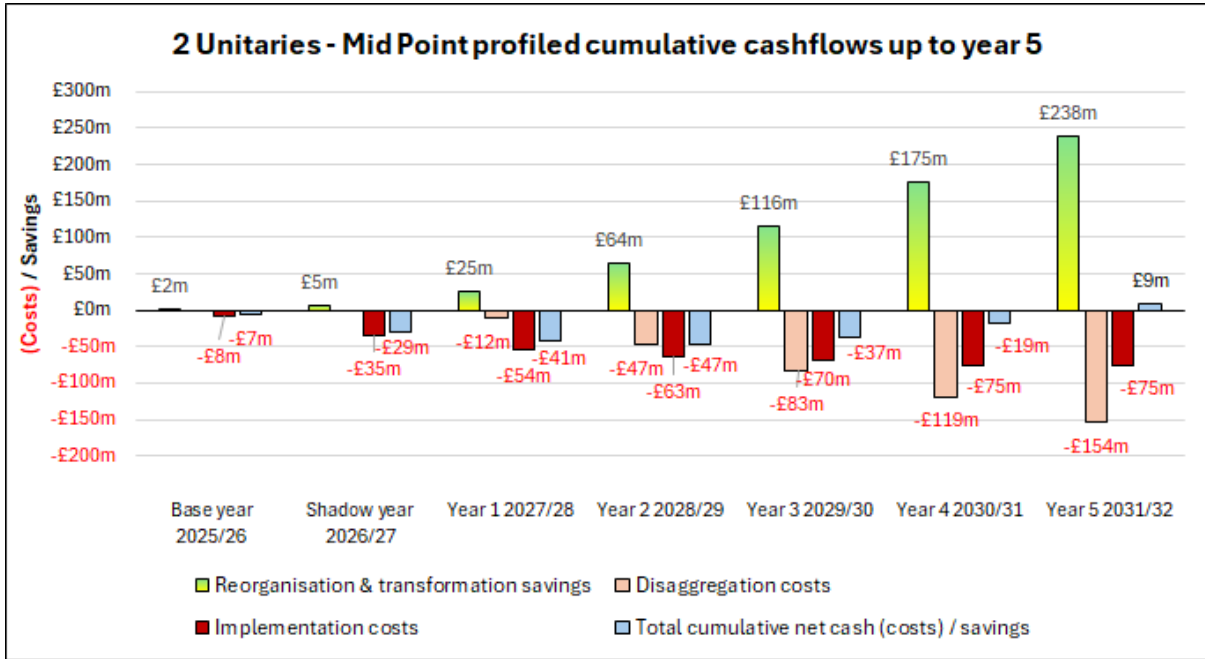
29. The mid-point position for each option is summarised in table below to demonstrate the scale of difference between the three options:

	1U	2Us	3Us
	Mid	Mid	Mid
Annual reorganisation benefits	£28m	£19m	£10m
Annual transformation benefits	£62m	£44m	£35m
Annual disaggregation costs		-£36m	-£53m
Total ongoing annual net benefits/(costs) after five years	<b>£90m</b>	<b>£27m</b>	<b>-£8m</b>
Total implementation costs	-£69m	-£75m	-£79m
Cumulative net cash benefit/(costs) after five years of new organisation(s) including implementation costs	£273m	£9m	-£146m
Payback period within five years post go live	1.3 years	4.7 years	N/A

30. In addition to considering the annual ongoing net impact of the creation of the new unitary authorities, we have assessed how quickly benefits will be delivered and costs incurred. The table above summarises the modelled cumulative net cash position up to five years following the launch of the new authorities for the mid-point of each option.

31. There are two main reasons for the difference between the different unitary options. Firstly, the scale of benefits and secondly, transformation benefits will take longer to realise than reorganisation benefits and costs for implementation and disaggregation. Therefore, the models for multiple unitaries show a reduced cumulative cash flow and lower net savings.





32. It is important to note that the financial appraisal at this stage is based solely on the implications of creating one, two or three authorities and does not consider the direct financial implications of the creation of a Mayoral Strategic Authority. This will be reviewed when greater clarity is provided by government about the benefits and costs associated with the creation of a Mayoral Strategic Authority for Surrey.

33. In summary:

- Two unitaries are estimated to deliver ongoing net annual benefits of between £8 million to £47 million and a cumulative net cash position



after five years ranging from a net additional cost £74 million in the base scenario to a net benefit of £92 million in the stretch scenario.

- In creating two unitaries we will need to minimise disaggregation costs as far as possible and seek to get as close to the delivery of the stretch benefits.
- It is anticipated that Surrey will face funding reductions when the local government funding system is reformed. This makes it even more important to ensure LGR delivers savings to mitigate pressures and help reduce the current medium-term gap identified across the existing local authorities in Surrey.

34. Work will continue to refine the financial appraisal of the different options, including close collaboration across Surrey's 12 councils. An updated assessment will be included in the final proposal.

## Options appraisal conclusion

35. In conclusion, reorganising to **two new unitary authorities is our preferred option** for local government in Surrey. Two unitary authorities would support a key objective to unlock further devolution for Surrey by supporting establishment of a new Strategic Authority on the current county footprint. It is also the only option that will achieve this while also meeting the government's criteria that new unitary councils are financially sustainable.

36. Two unitary authorities would also be more efficient and provide greater scale compared to the status quo of 12 councils and a three unitary option. Two unitaries would balance local knowledge and understanding of the residents they serve so they can prioritise resources more effectively, enabling better outcomes.

37. If, following government's consultation on LGR options for Surrey, they are minded to accept our proposition for two new unitary authorities, careful planning will be required to mitigate risks and disruption from the disaggregation of county-wide services, particularly considering the needs of vulnerable residents that depend on them. We cover this in more detail in the implementation section.







## Democracy and governance

### Strengthening local democracy

38. Under our proposals for LGR, local democracy for Surrey will be strengthened, giving residents more clarity on who their local councillors are and supporting Members in their roles to effectively champion the needs of their places. They will be a dedicated link between the new councils and residents and businesses in their divisions, as well as enabling strengthened relationships with other public service providers, such as town and parish councils.
39. We propose retaining the county council electoral divisions in the new unitary arrangements, as these were agreed as part of the 2024 Local Government Boundary Commission for England (LGBCE) Boundary Review for Surrey<sup>2</sup>, and were due to be implemented for the May 2025 County Elections. This review is the most recent that has been undertaken across all Surrey councils and is therefore based on recent electorate data.
40. To ensure we can progress LGR at pace, we are also not proposing arrangements that would require a boundary review or that any of the county or district and borough boundaries are split or changed.
41. At present, there are 81 county councillors and 464 district and borough councillors across Surrey. To enable strengthened democratic representation for the new unitary councils, we propose two councillors per division. Countywide, this would lead to, on average, 5,542 electors per councillor based on current 2025 data from the electoral roll, and an average of 5,956 electors per councillor, based on 2029 projections. Proposed councillor numbers were included against each option in the options appraisal and were based on councillor-electorate ratios of around 1:5,500, which is in line with other unitary authorities.
42. To ensure effective scrutiny and facilitate more stable and strategic leadership, we also propose adopting a model of whole council elections every four years, like those used by Epsom and Ewell, Guildford, Spelthorne, Surrey Heath, and Waverley borough councils as well as Surrey County Council. This is preferred over the current system in some

<sup>2</sup> Surrey LGBCE Review 2024: [https://www.lgbce.org.uk/sites/default/files/2024-05/surrey\\_fr\\_long\\_report\\_-\\_final.pdf](https://www.lgbce.org.uk/sites/default/files/2024-05/surrey_fr_long_report_-_final.pdf)



districts and boroughs where elections are held in thirds. Whole council elections will create clearer accountability for residents, lowering costs by reducing frequency of elections and reducing voter fatigue with the aim of seeing increased voter participation at each election.

## **Empowering Surrey's towns and villages**

43. The governance models for the two new unitaries will complement the work we are already doing to strengthen participation and engagement across our towns and villages. We know people value being able to influence the decisions that impact them and their local area. LGR can create concerns that community governance, participation and voice may be reduced. We won't let this happen.
44. In line with the government's criteria, we are committed to using LGR to establish even stronger arrangements for local community engagement and neighbourhood empowerment, using a wide range of inclusive approaches that build on current good practices across the county. Crucially, Surrey is blessed with a rich civic life, including community groups and forums, residents' associations, voluntary, community, social enterprise and faith organisations, town and parish councils, business forums and many more. The two new unitary authorities will ensure effective collaborative arrangements with these vital community-based groups and associations.
45. LGR will enable us to further develop stronger models of joint partnership working at local levels. Surrey's geography, reflecting its history, is one of multiple towns and villages rather than single centres. These towns and villages are typically the "real places" that people identify with, over and above any administrative boundaries. They are also the key building blocks at which practical outcomes can be delivered for residents at a local level.
46. In recent years, all Surrey's councils have worked ever closer alongside communities and other organisations at these meaningful local scales – and crucially local NHS partners have aligned into this model to develop integrated neighbourhood teams, better joining up care and support. The government's forthcoming 10-Year Health Plan for the NHS is expected to further emphasise a local neighbourhood focal point and will continue to encourage whole-person health and wellbeing, not just medical interventions. We have made positive progress on this front

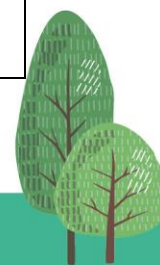


already in Surrey with nationally recognised examples of good practice.

47. Two unitary councils will work with partners and residents to deepen collaboration across Surrey's towns and villages so public services are locally responsive, more aligned in how they work and are effective in prioritising and delivering the outcomes that matter most to people, such as economic growth or reducing health inequalities. This will include alternative delivery models that further incentivise collaboration and formalise these arrangements as part of a wider framework for community governance in Surrey.
48. We will develop this further through the implementation stage, drawing on national examples, learning from work in Surrey to date, and insights from local councillors. We will review options including considering a consistent set of non-precepting community boards or area partnerships at each town and village area scale, supported by themed networks for strategic priorities (eg Health and Wellbeing), bringing together the full range of organisations and community groups, including Town and Parish Councils, with councillors to drive local improvements and surface key insights to inform decision-making at the unitary and Strategic Authority levels.
49. Thanks to the commitment and efforts of all partners in Surrey we do have a strong platform to build from and LGR will unlock even smarter use of collective resources and collaboration with residents to improve the places they live, support civic pride, and achieve better quality of life.

#### **Case example: Horley community-led improvements**

Horley, in Reigate and Banstead, was identified as a priority town for community-led improvements and socio-economic development in 2021/22 given the impact of Covid-19 on nearby Gatwick Airport which is central to the local economy and jobs. Surrey County Council (SCC), Reigate and Banstead Borough Council (RBBC) and East Surrey NHS committed to a joint focus on the town. RBBC's longstanding commitment to community development and the local NHS's focus on community-led health creation meant there was a strong base for establishing even better connections with the local community. With dedicated additional expertise and resource from SCC's economy and growth team, a wide range of local groups were convened,



including the VCSE, Town Council, businesses and local schools among others.

Local conversations, including with young people, helped shape a clear shared vision for the town. This was followed by a range of strategic investments into practical projects that: improved the public realm; created a town centre offer for young people; opened up a new commercial space; provided better active travel options; and created more community spaces and hubs, green spaces, play spaces, and local events and markets. Crucially this joined-up approach ensured investments from different agencies in Horley were strategically coordinated and could be effectively augmented by third party funding, bringing together a total investment of circa £5.5 million into the town.

50. In summary, our proposed democracy and governance models will:

- Provide an appropriate level of capacity for councillors to lead effective, accountable local services and represent their communities successfully.
- Create a clear point of contact for residents.
- Streamline councillor support services across the county and reduce the number of elections, ensuring this funding can be directed towards improving services for our residents.
- Strengthen local democracy, and make it more inclusive, by integrating councillor representation into our local partnerships through our towns and villages work.



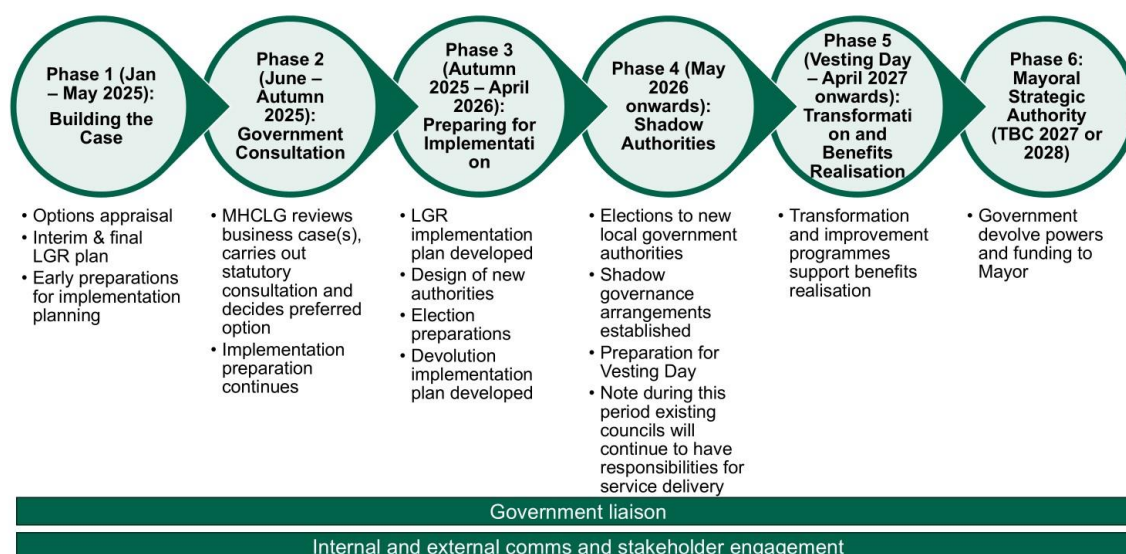
51. In the next section, we set out our high-level approach to implementing our proposals, including the phasing, implementation costings and broad approach we will take to disaggregation and service integration.



# Implementation

## Phasing

52. We plan to take a phased approach to creating and implement the new unitary councils.
53. Our emerging implementation plan will consist of six main phases, some of which will run concurrently:
- Business case development and mobilisation
  - Government consultation
  - Preparing for implementation
  - Elections and establishment of Shadow Authorities
  - Vesting Day, transformation and benefits realisation
  - Mayoral Strategic Authority establishment



54. The timing of the phases above is subject to change. Each phase will require specific skills and resources. The capacity required will depend on how many unitary councils are created, with implementation costs increasing for each additional council.



## Implementation and programme team costs

55. We propose one programme to oversee and deliver the changes. This will ensure the most efficient use of resources and keep costs to a minimum. The primary approach will be to identify work that can be paused or stopped within all existing councils to repurpose roles that are already in the establishment, but it is recognised that additional capacity may be required at certain points during the programme. Costings are based on internal delivery, but the future authorities may decide to invest in external support.
56. It is expected that investment and resourcing for implementation will be a collaborative approach between all Surrey councils, with a multi-disciplinary change team being set up with representatives from all 12 councils.
57. A summary of estimated implementation costs is set out in the table below. Our modelling covers all potential costs (such as branding, creating the new councils, closing down old councils and IT) along with a programme delivery team. These estimated costs cover early planning through to delivery of planned transformation benefits.

Cost category	1 unitary		2 unitaries		3 unitaries		Mid-point Base & Stretch		
	Base	Stretch	Base	Stretch	Base	Stretch	1U	2Us	3Us
Redundancy and early retirement	-£17.6m	-£23.4m	-£11.0m	-£15.6m	-£5.7m	-£9.4m	-£20.5m	-£13.3m	-£7.5m
Implementation and programme delivery team	-£20.5m	-£15.4m	-£26.1m	-£19.6m	-£30.6m	-£23.0m	-£17.9m	-£22.8m	-£26.8m
IT consolidation and change	-£22.1m	-£13.0m	-£28.7m	-£16.9m	-£32.0m	-£18.9m	-£17.6m	-£22.8m	-£25.4m
Branding and communications	-£2.0m	-£1.5m	-£2.0m	-£1.5m	-£2.0m	-£1.5m	-£1.7m	-£1.7m	-£1.7m
Shadow authority(ies)	-£0.7m	-£0.7m	-£1.3m	-£1.3m	-£2.0m	-£2.0m	-£0.7m	-£1.3m	-£2.0m
Creation of new council(s)	-£1.0m	-£1.0m	-£2.0m	-£1.5m	-£3.0m	-£2.3m	-£1.0m	-£1.8m	-£2.6m
Closedown of old councils	-£1.4m	-£1.1m	-£1.4m	-£1.1m	-£1.4m	-£1.1m	-£1.2m	-£1.2m	-£1.2m
Contingency	-£9.5m	-£6.5m	-£12.3m	-£8.4m	-£14.2m	-£9.7m	-£8.0m	-£10.3m	-£12.0m
<b>TOTAL IMPLEMENTATION COSTS</b>	<b>£74.6m</b>	<b>£62.5m</b>	<b>£84.8m</b>	<b>£65.9m</b>	<b>£90.8m</b>	<b>£67.7m</b>	<b>-£68.6m</b>	<b>-£75.3m</b>	<b>-£79.3m</b>



58. Costings for the base scenarios represent the higher end of estimates on a more prudent basis and costings for the stretch scenarios represent the extent it is considered it may be possible to contain costs. The contingency is set at 20% of all costs excluding redundancy and early retirement, which is costed based on the average cost of redundancies for Surrey County Council and directly linked to the level of modelled workforce savings for each option. At this point, implementation costs for a Mayoral Strategic Authority have not been included.
59. Initial estimated costs are highest for three unitaries primarily due to the need for additional implementation and programme delivery team resource and higher anticipated costs for IT consolidation and change costs, for instance to establish three sets of new systems for many service areas.

### **Aggregation, disaggregation, and integration**

60. Creating multiple unitary councils will require the disaggregation of county services to split between the new unitaries. This will include designing new leadership structures within those service areas along with wider team structures and operating models. This brings with it significant risks, especially in areas such as social care services where there cannot be any disruption or degradation of service quality.
61. Regardless of the number of unitary councils, district and borough services will need to be aggregated to realise economies of scale. This includes consolidating management positions, systems, and teams to provide a more efficient and cost-effective model.
62. Where there are common services across county, district and borough councils, there is an opportunity to integrate these services to create high quality and more cost-effective models. Some of the services that could be in scope are IT, HR, Procurement, Legal, Democratic Services & Internal Audit. We will consider this further in the final plan.





## Transformation

63. Where possible we will seek to transform services through the implementation process, but it is highly likely that the majority of transformation will take place from day two onwards, so we can ensure a safe and legal position on Vesting Day.
64. Moving to unitary local government in Surrey provides significant opportunities to improve the quality, cost, and consistency of service delivery across the county. The approach set out in this interim plan will continue to be developed and refined, taking the learning from other councils that have already been through the process of LGR.

## Supporting a swift and smooth transition

65. For the transition to unitary local government to proceed as smoothly as possible, we wish to explore with government the appointment of a lead authority in regards to transitional processes and arrangements.
66. There is precedent under section 24 of the Local Government and Public Involvement in Health Act 2007 where a body with general transitional duties should have a say on agreements entered into, to ensure those are in the best interests of residents in the area, and do not undermine or diminish the benefits and savings or have a material impact on the financial position of the new council.



## Engagement

### Working with stakeholders, partners and residents

67. A range of partners in Surrey from local government and the wider public sector have been engaged in the development of this interim plan and will continue to be engaged as we develop our final LGR proposals and subsequent implementation.
68. We have engaged commissioners for Woking Borough Council in the discussions and analysis of LGR options for the county, ensuring the financial complexities are taken into account.
69. All of Surrey's Members of Parliament have been engaged through existing touch points with members and regular one-to-one meetings between the Leader of the County Council and local MPs.
70. The primary mechanism for engagement with wider public sector partners has been through the Combined Health and Wellbeing and Integrated Care Partnership Board meetings which involve partners from Surrey Heartlands Integrated Care System (ICS), Frimley ICS, Surrey Police, Surrey Fire and Rescue, District and Boroughs and representatives from the Voluntary, Community and Social Enterprise sector. The group has been regularly updated on the development of the interim plan for LGR in Surrey.
71. Furthermore, an initial briefing was arranged in February to brief partners from Further Education, Higher Education, Surrey Businesses, the NHS, Police and Crime Commissioner, Surrey Police, the Voluntary Sector, and Surrey Fire and Rescue. At this meeting partners discussed the importance of community engagement, health and wellbeing, and skills in the new arrangements, and how LGR and devolution can strengthen our already strong working relationships.
72. There are active conversations with the Chief Constable and Police and Crime Commissioner as well as with the Chairs and Chief Executives of Surrey Heartlands and Frimley ICS around reorganising



their operational footprint to align with the county proposal set out above.

73. Existing partner engagement mechanisms such as the [Surrey Forum](#), a county-wide, multi-agency partnership of system leaders set up by the Leader of Surrey County Council to provide aligned strong and visible leadership for Surrey, the [Surrey Charities Forum](#), a monthly meeting bringing together representatives from the county's voluntary sector, and regular meetings with the [Surrey Association for Local Councils](#), who represent the interests of Surrey's parish and town councils, have also been utilised to brief and engage partners in the development of the interim plan. These wide-ranging engagement mechanisms have allowed local partners to discuss and feed into the drafting of the interim plan and will shape the content of the final proposal submitted for Surrey.
74. To engage with, and understand the views of, Surrey residents, we are keeping them regularly updated and undertaking some initial research with a representative sample of residents via our online panel to understand what outcomes they would most like to see resulting from LGR. This is a tool we will continue to use to engage with residents throughout the process, and will complement wider, open engagement activities and events.
75. Surrey County Council staff are also being regularly updated and engaged with, to understand their views, answer questions and ensure they are prepared. A range of communication methods are being adopted to ensure both staff working in offices and in frontline roles are informed and engaged.
76. Within Surrey County Council, an LGR Member Reference Group (MRG) has been established to bring together Select Committee Chairs, Vice Chairs, other senior backbench Members including Group Leaders, the Chair and Vice-Chair of the Council and Chairs of the Regulatory Committees. The Leader of the County Council meets with them to discuss and scrutinise the analysis of LGR options being explored for inclusion in the interim and final LGR proposals. The group has met



three times ahead of the interim plan deadline and will meet at least once more ahead of the 9 May deadline for the final proposal.

77. All county councillors were invited to an All-Member Briefing on 25 February which briefed Members on the English Devolution White Paper, the government's LGR submission criteria, and the approach to meeting the government's timetable. Members were also briefed on the approach officers had taken for the analysis and options appraisal. In a further meeting on 10 March all Members were briefed on the contents of the draft interim submission ahead of the Cabinet and Council meetings on the 18 March.
78. An item on Devolution and LGR was also presented to Surrey County Council's Full Council meeting on 18 March and a Cabinet meeting was held on the same day. Members of Surrey County Council and Cabinet were asked to review and discuss the drafted submission for the interim plan ahead of Cabinet agreeing to submit this plan to government.

### **Further planned engagement**

79. Further engagement is planned ahead of the 9 May deadline. The MRG will hold further meetings to discuss and scrutinise content of the final proposal ahead of this being considered the Full Council and Cabinet meetings scheduled for 7 May. All County Council Members have also been invited to a further briefing on 28 April, ahead of the final proposal deadline.
80. MPs and wider partners will be engaged through aforementioned mechanisms including the Health and Wellbeing Board and Integrated Care Partnership Board meetings, the Surrey Forum, the Charities Forum, briefings and existing meetings with the Leader and senior officers.
81. The planned engagement will help us to ensure that partners, residents and staff continue to discuss their views and feed into the shaping of the final proposal submitted for Surrey.





## Conclusion and next steps

82. **Our preference is for two new unitary councils as the best way forward for unlocking further devolution for Surrey in line with the government's criteria.** It sets the stage for longer term public service reform in Surrey, with an aim of unifying public services to achieve the best value for money and improved outcomes for residents.
83. Two unitary authorities for Surrey will also strike the right balance between operating at greater scale for more efficient and financially sustainable local government while enabling scarce resources to be directed into the unique needs and priorities of the communities they serve.
84. As we finalise our proposals, we will continue to engage local partners and other key stakeholders to support their development. We



recognise the importance of working with our partners so we can better understand the impact of LGR for them and how we can work together as Surrey transitions to a new model of local government to minimise disruption for residents and build on successful partnership working under the current two-tier system.

85. We will also continue to refine our analysis as we work through further risks and issues to be explored in the planning and implementation for the new authorities. Further detail will be presented in our final proposals in May.
86. Our final LGR proposals will be presented to Surrey County Council's full Council and Cabinet meetings on 7 May 2025. In parallel, we will continue to work with government and the district and borough councils on finding solutions to the barriers and challenges referred to earlier in this plan.
87. We look forward to engaging government, and other stakeholders, on this plan and helping us to shape these proposals further. We are confident that with the right support, our proposals can help deliver a new era of local government for Surrey, and unlock a new Mayoral Strategic Authority, that supports the ambitions of the county's residents and businesses to give everyone the same chances to thrive in the county, supports further economic growth and ensures that no-one is left behind.

