

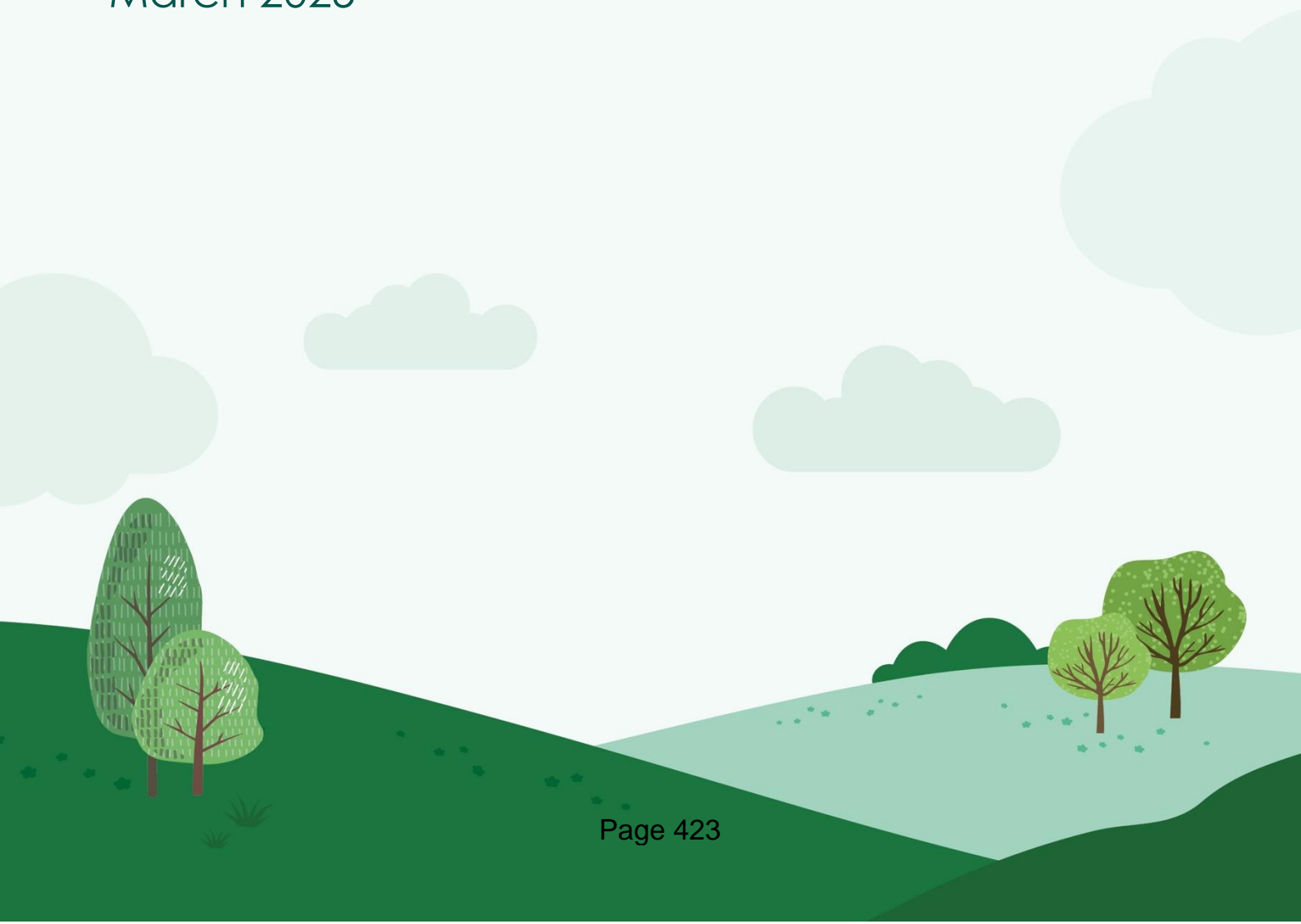
# SHAPING SURREY'S FUTURE

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Devolution and  
Local Government  
Reorganisation

## Interim Plan – Part A

March 2025



# 12 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>.

Table 1: Surrey's population (2021 Census) – key facts	
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.

