

SURREY COUNTY COUNCIL**CABINET****DATE: 22 JULY 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 UPDATE**

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

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Purpose of the Report:

This report updates the Cabinet on preparations for Surrey's devolution and local government reorganisation (D&LGR) programme. It sets out key developments since the Cabinet was last updated at its June meeting on progress to prepare for local government reorganisation (LGR) in Surrey. This includes detail on three proposed Neighbourhood Area Committee pilots in different places across Surrey, and emerging approach to scrutiny of the programme.

Cabinet will be asked to note the latest developments in the D&LGR programme.

Recommendations:

It is recommended that Cabinet:

1. Notes the latest developments of Surrey's Devolution and Local Government Reorganisation (D&LGR) programme.

Reason for Recommendations:

As Surrey transitions through this historic change to its local government, we are committed to being open and transparent with residents and wider partners on D&LGR work. This includes sharing any opportunities that wider stakeholders may have to influence the process, so their views are taken into account by government in their decision-making process. On 17 June 2025, the government launched a consultation on two LGR proposals – one for two unitary councils, the other for three. A separate paper on Surrey County Council's draft response to this consultation will be considered by the Cabinet. Residents can also respond to the consultation by

[visiting the government's website](#), and paper copies of the consultation have been made available in Surrey libraries.

Executive Summary:

A strengthened community engagement model

1. As set out in the Surrey County Council Local Government Reorganisation (LGR) Final Plan, we committed to sustaining community engagement and maintaining a strong voice for local communities as councils in Surrey are reorganised. Residents and other local stakeholders are encouraged to share their thoughts on our Final Plan, and the proposal for three unitary authorities, via [the government's 7-week consultation](#) by the closing date of 5 August 2025. This includes a proposal in our plan for two unitaries for a strengthened community engagement model, which we set out more detail on below.
2. Following the direction set out in the government's devolution and local government reorganisation agenda to [hardwire local community engagement into local authority structures](#), the council continues to progress work with partners on a strengthened community engagement model through the development of Neighbourhood Area Committees.
3. Neighbourhoods Area Committees (NACs) are being designed to bring together local partners and residents to understand the key issues affecting a place, agree priorities and drive collaborative action that promotes preventative activity and supports thriving communities where everyone can access effective early support, fulfil their potential and no-one is left behind.
4. This approach intends to complement what has already been done to enhance participation and engagement across Surrey's towns and villages and incentivise collaboration within geographies that residents recognise and engage with.
5. The NACs will be established with local partners to support collaborative working and drive public service reform at a neighbourhood level, in line with national policy. This includes the anticipated release of an English Devolution and Community Empowerment Bill. Alongside key strategies, such as the [NHS 10-Year Health Plan](#), which was announced on 3 July 2025, with its focus on neighbourhood health and greater multidisciplinary coordination via the creation of integrated neighbourhood teams.
6. Three NAC pilots are being actively developed with input from key colleagues and partners in district and borough councils and other local partners from the health sector, police forces, and the VCSE. The three pilots will take place in the following geographies:
 - Caterham and Warlingham (Tandridge District Council)
 - Cobham and Esher (Elmbridge Borough Council)

- Dorking and Villages (Mole Valley District Council)
7. The model will be tested in these three areas initially before considering the potential to scale up and inform a blueprint for the new unitaries. There are also ongoing discussions with other local areas which may be ready in the autumn to join as a 'fast follower' pilot area.
 8. The proposed boundaries for the NACs are rooted in our 'towns and villages' approach and informed by economic analysis previously conducted by Metro Dynamics, which examined town centre catchments and usage patterns. Initial drafts identified key towns, though some areas remained as standalone 'islands' and did not cover the entire county. To address this, rural areas were linked to their nearest or most naturally associated town. The latest Boundary Commission electoral divisions were used as the building blocks with draft boundaries shared with Members for review. Adjustments were made based on Member feedback and local insight to ensure full coverage and a manageable number of NACs across the new unitaries. A total of 24 areas were identified.
 9. The NAC pilots have been selected to take place in areas with an average population of around 50,000, across a mix of urban and rural communities, and parished and unparished areas, so we can learn more about how they can work in practice. This will include learning about key considerations such as geographic coverage, decision-making and funding parameters, officer support requirements and costs.
 10. The NACs will operate as advisory bodies, supported by the council and partners, and will not be constituted as formal decision-making entities. Their purpose is to act as focal points for local engagement, insight gathering, and partnership working.
 11. Each NAC pilot will be supported by a cross-council and cross-agency team, ensuring a coordinated and responsive approach to local needs. This will include officers from the County Council as well as equivalent support from partner organisations.
 12. Terms of Reference for the NAC pilots have been drafted and are informed by national best practice such as Cornwall's Local Area Partnerships, Durham's Local Networks and Wiltshire's Area Boards. They have drawn on the key attributes from other organisations and any lessons they have learned during implementation.
 13. Features outlined in the Terms of Reference include a consensus-based approach to decision-making, inclusive and diverse membership with accessible participation methods, open meetings with opportunity for public questions, and co-production of local area action plans aligned to the

Community Vision for Surrey.

14. Each NAC will have access to a local area insight pack. These packs will provide a shared evidence base to inform local priorities and underpin the work of the NACs. Local area insight packs will be developed by officers and supplemented by insights from key local partners.
15. Proposed core membership of the NACs includes elected representatives (County, District/Borough, Town/Parish where they are in existence), key local partners (health, police, education, business), and community representatives (VCSE, youth and other local groups). Initially, it has been proposed that a representative split of 7 elected representatives, 7 partner representatives, and 7 community representatives, similar to that used in Durham's Local Networks, is adopted in the NAC pilots. A mechanism for appointing to the core membership is currently in development as well as a mechanism for appointing the Chair(s) and Vice-Chair(s) for the NACs.
16. A programme of in-person listening events and digital tools will be deployed to gather feedback, priorities and ideas from residents and stakeholders and update on actions taken by the NAC pilots in the form of 'You said we did'. Additional stakeholders may be invited to attend NAC meetings on an ad-hoc basis depending on the items discussed and any expertise required.
17. Initial workshops with partners will be taking place in late-July and early August, followed by the first NAC meetings in September. Follow-up meetings and action planning will take place in October and November before evaluation of the NAC pilots in December. Consideration will be given to the wider roll-out of the model in early 2026, once learnings from the three NAC pilots have been finalised.
18. Insights from the pilots will inform the wider rollout and the design of future engagement structures under any proposed unitary authority model. Evaluation will focus primarily on the effectiveness of the processes involved, while also starting to consider how we measure longer term impact for communities. To do this, we are using two forms of evaluation. Firstly, we will be using a test, learn and grow approach with regular data collection points with stakeholders to capture ongoing reflections and enable rapid adjustments and continuous improvement. Secondly, an impact evaluation of the pilots will assess the extent the NACs meet their overarching goals and specific stated aims.
19. An all-Member briefing was delivered on 7 July 2025 updating Members on progress and plans. Key themes from that briefing included:
 - Requests for examples and learning from other authorities (e.g. Cornwall, Durham, Wiltshire)
 - Local naming conventions and how these need to be reflected in NAC naming

- Request for more detail and ongoing briefings on the purpose and function of NACs, and how local stakeholders can get involved.

Scrutiny of LGR

20. To help prepare members and set expectations, the Centre for Governance and Scrutiny (CfGS) has been commissioned to work with members to explore the potential role and functions for the county council's scrutiny function during the process of local government reorganisation. Two workshop sessions have taken place facilitated by the Deputy Chief Executive of CfGS Ed Hammond: one for officers working in Democratic Services and LGR programme management and one for members, specifically Select Committee Chairs and Vice Chairs.
21. The purpose of these sessions was to:
- Build member and officer understanding of some of the key issues, processes and dynamics around reorganisation and the important role that scrutiny plays, both within existing sovereign councils and jointly, in support of the establishment of informal and formal joint arrangements on the executive side.
 - To support members and officers to better understand the likely timelines involved and the potential different phases for scrutiny before vesting day.
 - To consider options and develop a framework for the preferred way forward in Surrey.
22. Work is in hand by CfGS and officers to record the output from these sessions in the form of an LGR scrutiny plan setting the framework and principles for future activity, to be agreed with Council leadership in due course.

Consultation:

23. There has been considerable engagement with key local partners in the pilot areas ahead of the initial workshops in July. A Member seminar was held on 30 June introducing Members to the NAC model and a dedicated follow-up session was held on 7 July.
24. A press release to the public was sent out on 1 July and regular updates are being shared via the Make it Happen webpages.
25. Residents will be informed of the development of NACs in their local areas, starting with the three NAC pilots.
26. As we are in a test phase, we will continue to share information and learning with stakeholders, key partners and residents as this work progresses.

27. As highlighted in paragraph 20, Members and officers have been, and will continue to be, engaged in shaping future scrutiny arrangements for the D&LGR programme.

Risk Management and Implications:

28. There are no direct risks to services arising from the Cabinet decision recommended in this report.
29. The test, learn and grow approach being adopted for the NAC pilots will enable development of an innovative approach to community engagement in a controlled way, which will include the management and mitigation of risks in the pilot areas. The learning from these pilots will then be integrated for any potential scaling up of the model under the new unitary local government arrangements.

Financial and Value for Money Implications:

31. There are no direct financial implications of this paper. As we transition through D&LGR and gain more certainty about how local government will be organised in Surrey, the financial implications will be refined and updated. In the meantime, the Business Case submitted to Government in May contains the current forecasts in relation to the financial implications of D&LGR.

Section 151 Officer Commentary:

32. Surrey County Council, like all local authorities, continues to operate in a very challenging financial environment, with significant budgetary pressures and future funding uncertainty. Despite coming from a position of strong financial resilience, the Council is not immune to the impact of increasing demand and costs of service delivery. The Council has a duty to ensure its expenditure does not exceed the resources available and therefore it is vital that we continue to place significant importance on financial management, the delivery of efficiencies and reducing spending, to protect service delivery and achieve a balanced budget position each year.
33. In addition to delivering services within a balanced budget, the Council needs to consider the medium-term financial outlook beyond 2025/26. With little clarity on the Council's funding in the medium term, our working assumption is that financial resources will continue to be constrained. This, coupled with the impact of Local Government Reorganisation, places an onus on the Council to continue to consider issues of medium-term financial sustainability as a priority, in order to ensure the stable provision of services both for the remaining term of Surrey County Council and that of future unitary authorities into the medium term.
34. The cost of D&LGR will be captured and regularly reported to Cabinet, as part of the monthly finance report.

Legal Implications – Monitoring Officer:

35. Local government reorganisation is governed by the Local Government and Public Involvement in Health Act 2007. In accordance with Section 7 where the Secretary of State has received a proposal he may implement the proposal, with or without modification, or decide to take no action. The Secretary of State may not make an order implementing a proposal unless he consults every authority affected by the proposal (except the authority or authorities which made it), and such other persons as he considers appropriate. This consultation has now commenced and closes on 5 August 2025.

Workforce Implications – Director of People and Change:

36. An officer working group has been established to coordinate activity required to set-up the Neighbourhood Area Committee pilots.

37. Each of the Neighbourhood Area Committee pilots will be supported by a small group of SCC officers. A senior officer has been appointed as the workstream lead for each of the pilot areas and will be supported by a team of officers with experience supporting local communities and events.

38. A data sub-workstream has also been established to support with the creation of local area insight packs.

Equalities and Diversity:

39. Neighbourhood Area Committees will not have any direct equality implications. However, Surrey County Council is committed to ensuring that all communities, particularly underrepresented groups, have the opportunity to engage meaningfully in local decision-making.

40. Engagement will continue in our Key Neighbourhoods¹ through a blend of in-person and digital methods, including social media, to reach residents who may not typically interact with the council. We strive to make all engagement inclusive and accessible—offering quiet spaces at events, multiple ways to provide feedback depending on individual preferences, translated materials where needed, and activities adapted to physical requirements.

41. Our approach is to meet communities where they are, with informal engagement taking place in local shops, parks, and community spaces. While details are still being finalised, we also anticipate offering public attendance at committee meetings, alongside an online option, to help ensure residents feel

¹ Key Neighbourhoods refer to the 21 wards in Surrey as those that include the most deprived “pockets” in the county and where there are some of the poorest health outcomes in Surrey. For more information, [visit Surrey-i](#).

connected and able to participate.

What Happens Next:

42. By the next D&LGR update to Cabinet at the 23 September meeting:
- The government's consultation on Surrey's LGR proposals will have closed. Surrey County Council will have submitted its consultation response, which is presented in a separate paper to this meeting.
 - The three NAC pilots will be underway.
 - We will continue to engage with Members, residents and partners on our plans.
 - Preparations to implement D&LGR will continue.

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Consulted:

Leader of the Council

Chief Executive of the Council

Deputy Chief Executive and Executive Director of Resources (s.151 Officer)

Director of Devolution and LGR (Corporate Strategy and Policy)

Annexes:

None

Sources/background papers:

Surrey County Council Final LGR Plan, submitted by Surrey County Council,
Elmbridge Borough Council and Mole Valley District Council
