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Date: 29 April 2025

Dear Councillors

EXTRAORDINARY COUNCIL - 6 MAY 2025

I refer to the agenda for the Extraordinary Council, on Tuesday, 6 May 2025 and now enclose the following item which was marked To Follow in your agenda papers:

LOCAL GOVERNMENT REORGANISATION IN SURREY (Pages 3 - 174)

Appendix 2 to follow.

Yours sincerely

Katie Maxwell
Democratic Services Manager



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Final Proposal for Local Government Reorganisation in Surrey

May 2025



Shaping Surrey's Future



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Foreword

This document sets out our shared vision for the future of local government in Surrey. We have worked together, across the county, across councils, and across the political spectrum, to develop a proposal that delivers the best outcome for the people and businesses of Surrey.

Our objective has been to pull together a proposal that will drive economic growth, deliver housing, and improve value for money, while respecting our residents' stated desire for a set of councils that recognise local identities, and are close enough to communities to enable the place-based solutions that are so critical to delivering best value.

Our proposal paves the way for the creation of a Mayoral Strategic Authority for Surrey, led by an elected Mayor of Surrey who will work alongside local leaders to support a strategic and coordinated vision across the county, opening up the opportunities to take advantage of the Government's devolution offer to further improve outcomes for the residents and businesses of Surrey.

Underpinning our proposal is the assumption that Surrey's stranded debt, mainly related to Woking Borough Council, will be addressed to enable a successful transition to the new, unitary framework.

Our proposal outlines six essential principles for local government reorganisation, ensuring that it:

- Supports economic growth, housing and infrastructure delivery.
- Unlocks devolution.
- Values and advocates for Surrey's unique local identities and places.
- Provides strong democratic accountability, representation and community empowerment.
- Secures financial efficiency, resilience and the ability to withstand financial shocks.
- Delivers high-quality, innovative and sustainable public services that are responsive to local need and enable wider public sector reform.

Having robustly and comprehensively considered each of these principles, we have concluded that **three unitary authorities are the best configuration for Surrey**.

These new councils, East Surrey, West Surrey and North Surrey, are more than just lines on a map. They reflect the county's real economic and human geography. They reflect the lived reality of our residents, and the practical considerations of our businesses.

Surrey's residents also told us that they overwhelmingly supported the creation of three unitary authorities by more than a 3:1 ratio.

When we examined the evidence, we found that two unitary authorities would be remote from the communities they serve, disconnected from residents and partners, reactive in service delivery, and reliant on outdated means of engagement to overcome a significant democratic deficit.

But the impact is greater than just identity. There is no two unitary option for Surrey that would not divide and fragment the county's recognised three functional economic areas, baking in strategic inconsistency and economic incoherence from the start, and so significantly hindering economic growth.

We acknowledge the risks of change, particularly in statutory services for children and adults, whilst noting the status quo is not delivering for service users consistently or council taxpayers efficiently. Our approach will be to continue our positive collaboration to manage these risks by changing step-by-step incrementally, leveraging economies of scale and scope through shared services where it makes sense, whilst eliminating waste and directing resources to the frontline service providers locally in our communities.

This proposal offers the chance to redesign not only how services are delivered by local authorities, but also to achieve the best outcomes for residents - working together with our partners across the county. It places local leaders in Surrey in the strongest possible position to deliver on the government's national mission for growth, empower local people, and deliver high-quality, innovative public services.

This is just the beginning. We look forward to continuing to work together to improve local government in Surrey.

Executive summary

This document outlines our proposal for the future of local government in Surrey.

The current two-tier system has been in place for fifty years. We now have a once in a generation opportunity to change things - to get the organisation of local government right for Surrey, creating a structure that will stand the test of time.

If we make the right choice, we can build a system that empowers communities, improves economic growth and sets a new standard for excellence in public service delivery for all our residents and businesses.

We believe our proposal offers a compelling vision to shape Surrey's future – where the structure of local government is built around Surrey's distinct and recognised functional human and economic geographies. By aligning local government with well-defined and understood places, we can create a system that is more responsive, effective and attuned to the diverse needs of the people, communities and businesses that call Surrey home.

Put simply, we believe that local authorities with administrative boundaries that reflect functional and locally recognised areas are better equipped to meet the needs of these areas. They will also improve the potential for partnership working across the system and with community partners.

Crucially, our proposal will also lay the essential foundations to unlock devolution and create a meaningful economic footprint upon which a Mayoral Strategic Authority for Surrey can be established, in line with the government's ambitions for growth. With the new unitary authorities able to adopt a coherent and strategic approach to planning for growth, the new Surrey Strategic Authority, led by a newly elected Mayor, will be in the strongest possible position to use their devolved powers to deliver on the national mission of growth, ensuring a strategic regional approach to skills, transport and planning.

In addition to these significant economic and democratic benefits, our analysis clearly demonstrates that our proposal significantly improves financial efficiency. Our work has found that our proposal for three new unitary authorities is financially viable, resulting in significant savings compared to the current two-tier system of local government. Despite the potential for significant annual savings through reorganisation and transformation, we note that much of this will be needed to deal with budget pressures forecast to come down the line. Stranded debt remains an unresolved issue, on which we'd welcome a discussion with government.

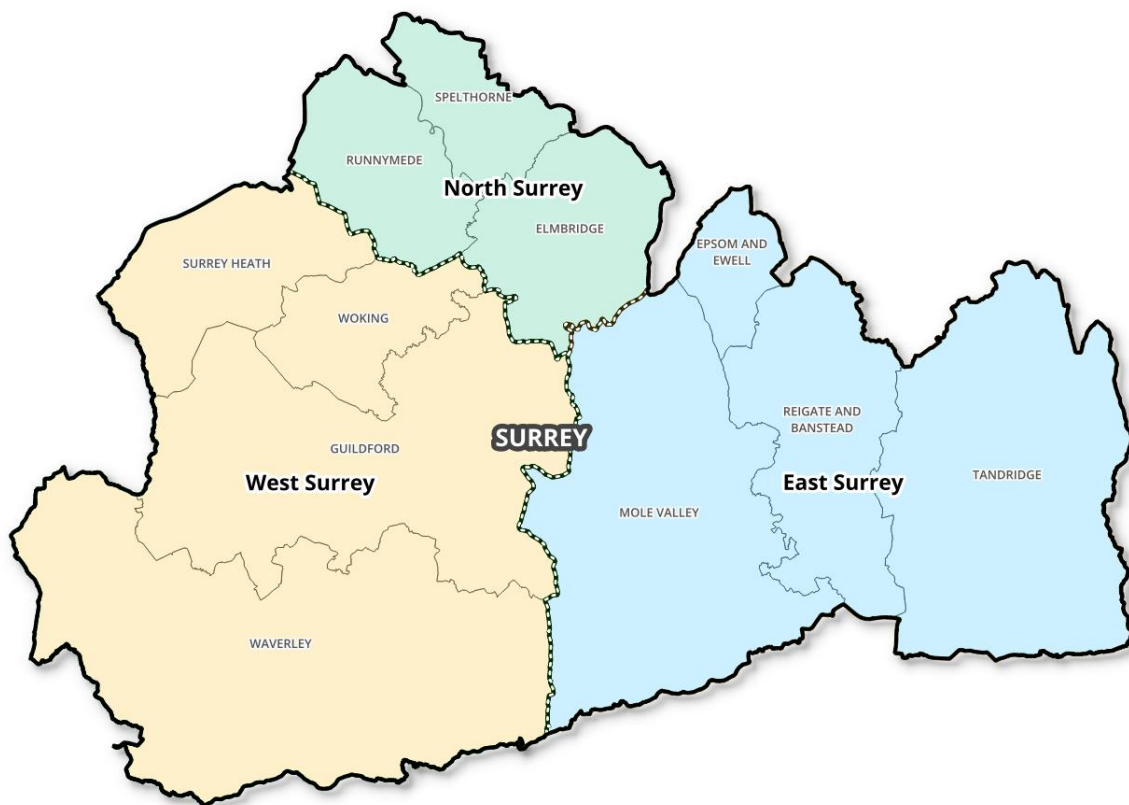
However, we would welcome further discussions with government for dealing with the currently high levels of local authority debt in Surrey to help enable successful unitary local government. This is particularly important given the expected implications of the Fair Funding Review and concurrent need to manage the ever-increasing demand pressures faced by high-risk services such as social care and

housing and homelessness support. To achieve the benefits of reorganisation, the stranded debt of Woking Borough Council must be written off as part of the government’s considerations within the forthcoming Spending Review.

In short, we propose the establishment of three new unitary authorities to replace the current two-tier system of local government.

Our proposed new unitary authorities are:

| New unitary authority | Former districts and boroughs |
|-----------------------|--|
| East Surrey | Epsom & Ewell, Mole Valley, Reigate & Banstead and Tandridge |
| North Surrey | Elmbridge, Runnymede and Spelthorne |
| West Surrey | Guildford, Surrey Heath, Waverley and Woking |



We have also considered the viability of a two unitary authority model.

To be clear, the decision between two or three unitary authorities is far more than one of mere administrative convenience or numbers on a spreadsheet – it represents a choice between a system of local government that actively fosters and encourages community empowerment, local decision making and strong place

leadership, and one that while certainly aspiring to it, will lack the institutional and strategic clarity to drive growth and embrace truly local decision making.

Through our proposed three unitary model, we have demonstrated our commitment to ensuring that the new unitary authorities in Surrey serve as exemplars of decentralising institutional power and empowering communities. The structure of the new councils will enable us to adopt, embed, and accelerate innovative participative methods, enhancing local decision-making and community engagement at the neighbourhood level. In our proposal we outline examples of inspiring case studies of work already carried out in Surrey, as well as those from elsewhere that can drive meaningful community empowerment and economic growth.

We would appreciate the chance to discuss further with government fundamentally rethink delivery, and to explore opportunities for innovative reform as part of this process.

A two unitary authority model, lacking alignment with Surrey's functional economic areas, places and identities will embed economic incoherence and conflicting growth incentives, and cannot meaningfully empower local people due to its democratic distance and disconnection of residents from the levers of power. We have considered whether systems like community boards would help, and concluded that, as demonstrated by the experience of Wiltshire, that these will not resolve the fundamental issues.

Our view is the product of significant analysis and local engagement, as well as a review of the experience of local government reorganisation elsewhere in England. We have worked collaboratively with local authorities across Surrey and have carried out engagement with residents and key stakeholders.

Over 3,000 residents from right across Surrey responded to our early engagement survey. They expressed a clear preference for three unitary authorities (63%) compared to a two unitary configuration (17%). They also told us that the most important priorities for them from local government reorganisation are overwhelmingly local, demonstrating the importance of maintaining a close connection to decision making and for new unitary councils that recognise and reflect place-based priorities.

Similarly, stakeholders and partners across the county recognised the significant opportunity that local government reorganisation presents to reduce duplication, streamline processes and enhance collaboration across the public, voluntary and community sectors. That said, they were also concerned that local knowledge and community connections may be lost as larger unitary authorities are formed, resulting in decision-makers being distanced from the specific needs and priorities of local communities and leading to less informed and effective decisions.

Local government reorganisation is complex and not without risk, both in the initial implementation and later transformation periods to realise the full benefits. In

recognition of this complexity, our proposal concludes with a detailed implementation and transformation plan. We have prioritised the ongoing delivery of critical business as usual services while consolidating systems, assets and contracts to maximise benefits, minimise risk and support transformation. Our approach will ensure ongoing efficiency and effective service delivery while enabling a smooth transition.

This proposal is a summary of the work carried out to date. We would welcome further discussions with ministers and civil servants. As we all recognise, this is a once in a generation chance to reshape Surrey's future for the better and establish a successful model for local government reorganisation and devolution.

Scoring of options

The table below sets out a summary of our analysis and options appraisal, highlighting the extent to which a two or three unitary configuration performs against the criteria for LGR set out by government.

Our evidence shows that both two and three unitary configurations would create financially sustainable local authorities, improving services for residents. Both options deliver significant savings against the current model.

Most importantly, our analysis shows that three unitaries would perform significantly better in terms of meeting government's wider objectives for local government. In particular, our analysis demonstrates that a three unitary structure enables the county to foster economic growth, deliver new homes and support infrastructure investment. It also better reflects Surrey's diverse places, identities, and communities.

Importantly, our early engagement of Surrey residents shows that this is their favoured solution, with residents particularly emphasising the importance of decisions being made as locally as possible, by a council that understands local issues.

Adopting an approach that allows the new unitary authorities to plan across functional economic areas will enable us to fully realise the growth potential of these distinct areas and make the most efficient use of limited resources. Local authority boundaries that align with functional economic areas are better equipped to develop and implement policies that meet the specific needs of these areas, enhancing the capacity for partnership working and improving strategic decision-making in the economic development of Surrey and the wider south east. These boundaries also coincide with those of other public sector organisations, such as Surrey Police.

Importantly, a three unitary structure will lay the essential foundations for devolution and create a meaningful economic footprint to establish a Mayoral Strategic Authority. With the new unitary authorities able to take a coherent and strategic approach to planning for growth, the new mayoral authority will be in the strongest possible position to use its devolved powers to deliver on the national mission of growth, ensuring a strategic regional approach to skills, transport, and planning.

We have scored the criteria for the remaining options between one and five – one meaning it meets very few or none of the criterion's requirements, three meaning it meets some of the requirements and five meaning alignment to most or all of the criterion.

No weighting has been applied as the criteria provided by ministers did not indicate greater significance or weighting should be applied to some criteria over others.

Scoring - summary

| Principle | Status quo | 1 unitary | 2 unitaries | 3 unitaries |
|--|------------|-----------|-------------|-------------|
| Supports economic growth, housing and infrastructure delivery. | 1 | 2 | 3 | 5 |
| Unlocks devolution | 1 | 2 | 4 | 5 |
| Values and advocates for Surrey's unique local identities and places. | 3 | 1 | 3 | 5 |
| Provides strong democratic accountability, representation and community empowerment. | 2 | 1 | 3 | 5 |
| Secures financial efficiency, resilience and the ability to withstand financial shocks. | 2 | 5 | 5 | 4 |
| Delivers high-quality, innovative and sustainable public services that are responsive to local need and enable wider public sector reform. | 1 | 2 | 3 | 4 |
| Total score (out of possible score of 30) | 10 | 13 | 21 | 28 |

The full reasoning behind the scores applied are set out on the following pages.

Scoring – in full

| Principle | Current two-tier system | | 1 Unitary | | 2 Unitary | | 3 Unitary | |
|---|--|----------|---|----------|--|----------|---|----------|
| | Highlights | Score | Highlights | Score | Highlights | Score | Highlights | Score |
| Supports economic growth, housing and infrastructure delivery. | <ul style="list-style-type: none"> Boundaries implemented fifty years ago do not reflect Surrey’s current functional economic geography. Decisions on investment in local infrastructure and planning are split between lower- and upper-tier authorities, leading to disjointed strategic decision-making. Districts and boroughs provide cohesive place leadership, but | 1 | <ul style="list-style-type: none"> Integrates investment decisions in local infrastructure and planning within a single unitary authority. | 2 | <ul style="list-style-type: none"> Joins up decisions on investment in local infrastructure and planning within unitary authorities. | 3 | <ul style="list-style-type: none"> Aligns local authority boundaries with Surrey’s functional economic areas, driving economic growth, housing delivery, and infrastructure development that reflect the unique character and needs of each place. | 5 |
| | | | <ul style="list-style-type: none"> Struggles to provide cohesive leadership across diverse communities and economic geographies. | | <ul style="list-style-type: none"> Local authority boundaries do not align with functional economic areas, embedding economic incoherence and diluting the strategic focus of new authorities, as seen in Dorset LGR. | | <ul style="list-style-type: none"> Provides local leadership and makes policy and investment decisions that best support the priorities and challenges of each part of Surrey, including local plan making in | |
| | | | <ul style="list-style-type: none"> Is too large to design and deliver services tailored to local needs, hindering the growth potential of local economies. | | <ul style="list-style-type: none"> Faces challenges in housing delivery due to spanning multiple housing and economic geographies, which inhibits | | | |
| | | | <ul style="list-style-type: none"> Faces challenges in housing delivery due to spanning multiple housing and economic geographies, | | | | | |

| Principle | Current two-tier system | | 1 Unitary | | 2 Unitary | | 3 Unitary | |
|---------------------------|--|----------|--|----------|---|----------|---|----------|
| | Highlights | Score | Highlights | Score | Highlights | Score | Highlights | Score |
| | many powers and functions that foster growth sit with the county council, which is too large to design and deliver services aligned to local needs. | | <ul style="list-style-type: none"> which inhibits effective housing strategy and delivery, as seen in Cheshire and Wiltshire LGR. Risks community detachment, erosion of trust, reduced responsiveness, and impeded infrastructure planning by merging divergent geographies into a single council, as observed in Somerset and North Yorkshire LGR. | | <ul style="list-style-type: none"> effective housing strategy and delivery, as seen in Cheshire and Wiltshire LGR. Risks community detachment, erosion of trust, reduced responsiveness, and impeded infrastructure planning by merging divergent geographies into a single council, as observed in Somerset and North Yorkshire LGR. | | <ul style="list-style-type: none"> real housing market geographies. Is deeply rooted in the communities it serves, enabling new councils to act as powerful advocates for their area, placing residents and local stakeholders at the heart of decision-making. | |
| Unlocks devolution | <ul style="list-style-type: none"> With upper-tier functions sitting with Surrey County Council, establishing a Strategic Authority on a county | 1 | <ul style="list-style-type: none"> One unitary authority would not enable the establishment of a Strategic Authority on a county footprint. Surrey would need to join a | 2 | <ul style="list-style-type: none"> Two unitary authorities would enable the establishment of a Strategic Authority across the county footprint or a wider geography. | 4 | <ul style="list-style-type: none"> Three unitary authorities would enable the establishment of a Strategic Authority across the county footprint or a | 5 |

| Principle | Current two-tier system | | 1 Unitary | | 2 Unitary | | 3 Unitary | |
|-----------|--|-------|--|-------|--|-------|---|-------|
| | Highlights | Score | Highlights | Score | Highlights | Score | Highlights | Score |
| | <p>footprint would not be possible. Surrey would need to join a neighbouring mayoral authority to achieve devolution.</p> <ul style="list-style-type: none"> • There is potential for duplication between upper-tier and strategic authorities. | | <p>neighbouring mayoral authority to achieve devolution.</p> <ul style="list-style-type: none"> • Unable to effectively represent and foster conditions that catalyse local economic growth across the strategic geography, continuing the status quo and not supporting sustainable economic growth in the future. | | <ul style="list-style-type: none"> • Unitary boundaries do not align with functional economic geography, resulting in economic incoherence. This undermines the effectiveness of a Mayoral Strategic Authority, which would have to compensate for the lack of coherent planning at the local level before being able to use devolved powers effectively. • Economic incoherence that inhibits growth. | | <p>wider geography.</p> <ul style="list-style-type: none"> • With local authority boundaries that align with functional economic areas, the new unitary authorities will be able to provide a coherent and strategic approach to planning. This will help the Mayor of Surrey to best utilise their newly devolved powers. • Research shows that economic coherence from local authorities best positions an area to unlock growth. | |

| Principle | Current two-tier system | | 1 Unitary | | 2 Unitary | | 3 Unitary | |
|---|--|-------|--|-------|--|-------|---|-------|
| | Highlights | Score | Highlights | Score | Highlights | Score | Highlights | Score |
| <p>Values and advocates for Surrey's unique local identities and places.</p> | <ul style="list-style-type: none"> As place leaders, districts and boroughs have a track record of providing effective leadership within their areas. Upper-tier functions are provided across a wide area, meaning the county council serves a variety of places that do not necessarily share a common local identity and have distinct needs and challenges. Surrey's three distinct economic clusters cut | 3 | <ul style="list-style-type: none"> Would be the largest local authority in Europe. Would be too large and detached to effectively respond to and engage with local communities. Unable to deliver appropriately tailored structures for decision-making and service delivery that reflect resident priorities. Lacks the agility to deliver bespoke place-based services that residents recognise and engage with. | 1 | <ul style="list-style-type: none"> The authorities would serve a variety of places that do not necessarily share a common local identity and have distinct needs and challenges. Creates arbitrary boundaries that disconnect Surrey's functional geographical areas, disempowering communities and inhibiting growth. | 3 | <ul style="list-style-type: none"> Reflects Surrey's three distinct geographical identities: north (akin to suburban London), south (Guildford-centric), and east (London and diverse rural economies with links to Gatwick). Creates conditions for services to be provided in a locally tailored and personalised way, fostering economic growth, housing delivery, and infrastructure investment. Engages communities at an appropriate | 5 |

| Principle | Current two-tier system | | 1 Unitary | | 2 Unitary | | 3 Unitary | |
|---|---|----------|--|----------|--|----------|---|----------|
| | Highlights | Score | Highlights | Score | Highlights | Score | Highlights | Score |
| | across existing district boundaries, resulting in fragmented services that are not coherently aligned to local needs, thereby not maximising the growth of local economies. | | | | | | scale to identify effective local solutions, reducing the impact on the public purse. <ul style="list-style-type: none"> Aligns with the views of local residents, who prioritise creating councils that understand local issues and make decisions locally. | |
| Provides strong democratic accountability, representation and community empowerment. | <ul style="list-style-type: none"> Two tiers of local government result in confusion for residents regarding accountability for services. District and borough councillors have a strong sense of place and local | 2 | <ul style="list-style-type: none"> With two or three members per SCC division, the council would have a very large membership, disempowering local ward members. Too large and remote to respond to and engage with local communities effectively. | 1 | <ul style="list-style-type: none"> Three members per SCC division, in line with LGBCE guidance and best practice elsewhere. Too large and remote to respond to and engage with local communities effectively. Unable to develop a genuine | 3 | <ul style="list-style-type: none"> Three members per SCC division, in line with LGBCE guidance and best practice elsewhere. Strong sense of place, ensuring new councils are well-positioned to provide place leadership. | 5 |

| Principle | Current two-tier system | | 1 Unitary | | 2 Unitary | | 3 Unitary | |
|-----------|---|-------|---|-------|---|-------|---|-------|
| | Highlights | Score | Highlights | Score | Highlights | Score | Highlights | Score |
| | <p>connection. With one member per division, county councillors cover very large areas, resulting in a considerable workload.</p> <ul style="list-style-type: none"> • Different tiers with different councillors cause duplication for councillors and confusion for residents. • Upper-tier reliance on local place-level boards or networks, which evidence from Wiltshire and Somerset shows to be ineffective, creates | | <ul style="list-style-type: none"> • Unable to develop a genuine connection and understanding of matters important to local people. • Relies on local place-level boards or networks, which evidence from Wiltshire and Somerset shows to be ineffective, creating duplication of existing local structures and networks. | | <p>connection and understanding of matters important to local people.</p> <ul style="list-style-type: none"> • Relies on local place-level boards or networks, which evidence from Wiltshire and Somerset shows to be ineffective, creating duplication of existing local structures and networks. | | <ul style="list-style-type: none"> • No reliance on ineffective and duplicative place-level boards or networks. • Alignment with functional geography builds a footprint to enable renewed focus on asset-based community development, working with people at a localised level, in places they recognise and relate to. • Enables adoption and embedding of new and innovative participative methods of engagement that improve local decision- | |

| Principle | Current two-tier system | | 1 Unitary | | 2 Unitary | | 3 Unitary | |
|--|---|----------|--|----------|--|----------|--|----------|
| | Highlights | Score | Highlights | Score | Highlights | Score | Highlights | Score |
| | duplication of existing local structures and networks. | | | | | | making and community engagement, as well as fostering community resilience. | |
| Secures financial efficiency, resilience and the ability to withstand financial shocks. | <ul style="list-style-type: none"> • Duplication across two-tiers and between districts and boroughs. • Debt held by some districts as well as the county council. • Smaller scale of districts means that some districts have been proven to lack resilience to withstand financial shocks. | 2 | <ul style="list-style-type: none"> • Would be financially viable. • Significant financial benefits by reducing duplication, achieving greater economies of scale, and capitalising on opportunities for service transformation and improvement. • Despite the potential for significant annual savings through reorganisation and transformation, existing budget | 5 | <ul style="list-style-type: none"> • Would be financially viable. • Significant financial benefits by reducing duplication, achieving greater economies of scale, and capitalising on opportunities for service transformation and improvement. • Despite the potential for significant annual savings through reorganisation and transformation, existing budget pressures and stranded debt | 5 | <ul style="list-style-type: none"> • Would be financially viable. • Significant financial benefits by reducing duplication, achieving greater economies of scale, and capitalising on opportunities for service transformation and improvement. • Despite the potential for significant annual savings through reorganisation | 4 |

| Principle | Current two-tier system | | 1 Unitary | | 2 Unitary | | 3 Unitary | |
|---|--|----------|--|----------|---|----------|--|----------|
| | Highlights | Score | Highlights | Score | Highlights | Score | Highlights | Score |
| | | | pressures and stranded debt remain unresolved issues. | | remain unresolved issues. <ul style="list-style-type: none"> By year 4, total savings of £86.1m (£39.9m from reduced duplication and efficiency, £46.2m from future transformation). | | and transformation, existing budget pressures and stranded debt remain unresolved issues. <ul style="list-style-type: none"> By year 4, total savings of £62.3m (£22.5m from reduced duplication and efficiency, £39.8m from future transformation). | |
| Delivers high-quality, innovative and sustainable public services that are responsive to local need and enable wider public sector reform. | <ul style="list-style-type: none"> Delivery of services is split across two tiers, which is not conducive to outcome-based policymaking. Differing strategic | 1 | <ul style="list-style-type: none"> No disaggregation of county council functions necessary. Brings complementary lower and upper-tier services into a single organisation, | 2 | <ul style="list-style-type: none"> Disaggregation of county council functions is simplified by Surrey CC's geographical operating models for frontline services. Brings complementary | 3 | <ul style="list-style-type: none"> Disaggregation of county council functions is simplified by Surrey CC's geographical operating models for frontline services. | 4 |

| Principle | Current two-tier system | | 1 Unitary | | 2 Unitary | | 3 Unitary | |
|-----------|---|-------|---|-------|---|-------|--|-------|
| | Highlights | Score | Highlights | Score | Highlights | Score | Highlights | Score |
| | <p>priorities and objectives between lower and upper-tier authorities, and across different districts, result in competing demands and duplication for partners and stakeholders.</p> <ul style="list-style-type: none"> Many upper-tier functions are provided in a localised way that aligns with district boundaries. However, the county's size and scale mean the county council is seeking to provide services across a diverse area with a range of | | <p>ensuring strategic alignment.</p> <ul style="list-style-type: none"> The size and scale of the organisation mean the council would lack the agility to meet the diverse needs and local challenges across the county. | | <p>lower and upper-tier services into a single organisation, ensuring strategic alignment.</p> <ul style="list-style-type: none"> Administrative boundaries that divide Surrey's functional economic areas fragment service delivery and strategic direction, impacting the authorities' ability to foster local economic growth. The authorities would serve a variety of places that do not necessarily share a common local identity and have distinct needs and challenges. | | <ul style="list-style-type: none"> Brings complementary lower and upper-tier services into a single organisation, ensuring strategic alignment. Aligns administrative boundaries with functional economic areas, providing coherent strategic direction and enabling holistic, preventative, and needs-based services. Delivers services as close as possible to places, making service delivery more | |

| Principle | Current two-tier system | | 1 Unitary | | 2 Unitary | | 3 Unitary | |
|-----------|-------------------------|-------|------------|-------|--|-------|--|-------|
| | Highlights | Score | Highlights | Score | Highlights | Score | Highlights | Score |
| | local challenges. | | | | <ul style="list-style-type: none"> • Evidence from recent LGR examples (e.g., Dorset) shows that such a lack of alignment negatively impacts service delivery and economic growth. • Creates a democratic deficit, diminishing councils' ability to act effectively both at scale and locally. | | <ul style="list-style-type: none"> • responsive, particularly for operative-run services that rely on local delivery and knowledge. • New councils have a deep understanding of needs and challenges within their areas, allowing them to make policy decisions tailored to local circumstances. • Alignment best positions new councils to work in partnership with others, fostering economic growth. • Builds on existing partnership working between local | |

| Principle | Current two-tier system | | 1 Unitary | | 2 Unitary | | 3 Unitary | |
|---|--|-----------|--|-----------|--|-----------|--|-----------|
| | Highlights | Score | Highlights | Score | Highlights | Score | Highlights | Score |
| | | | | | | | authorities and other partners (such as health), which already broadly aligns with the proposed boundaries. | |
| Total score (out of possible score of 30) and conclusion | Does not meet government requirements – the current system causes duplication across tiers, with different authorities responsible for different functions, leading to confusion for residents. It does not support the government's ambitions for devolution and growth. | 10 | Does not meet government requirements – while financially robust and achieving significant efficiency, a single unitary would be too large and remote from residents to empower local communities effectively or provide agile services to meet local demand. It would struggle to support local economic growth. | 13 | Partially meets government requirements – all authorities would be financially robust and achieve significant efficiencies compared to the status quo. However, they would be somewhat remote from local communities and people, potentially fragmenting service delivery. Additionally, the alignment of unitary boundaries does not fully support Surrey's functional economic areas, leading to economic | 21 | Fully meets government requirements – financially robust and efficient, the three unitary model aligns with Surrey's distinct economic and social geographies, supporting stronger growth, housing delivery, and infrastructure development. It fosters local leadership, enhances community engagement, and ensures councils act as powerful advocates for their | 28 |

| Principle | Current two-tier system | | 1 Unitary | | 2 Unitary | | 3 Unitary | |
|-----------|-------------------------|-------|------------|-------|--|-------|---|-------|
| | Highlights | Score | Highlights | Score | Highlights | Score | Highlights | Score |
| | | | | | incoherence, not supporting local economic growth. | | areas, leading to more responsive and innovative public services. | |

Our approach

Summary: *Our approach to developing this proposal has been to establish a framework that delivers financial efficiencies, empowers communities, and supports sustainable economic growth. Our proposal compares two and three unitary configurations, concluding that three unitary authorities best meet the criteria for effective local government. Stakeholder and resident engagement informed our proposal, highlighting the importance of local decision-making, understanding of local issues, and supporting local businesses. This approach ensures Surrey is well-positioned to unlock the benefits of devolution and drive economic growth.*

The Devolution White Paper set out the government's aspiration to establish unitary local government across all areas of England and for all areas to benefit from the devolution of power from Whitehall, catalysing local economic growth and empowering local leaders.

We are ambitious for Surrey, and the residents and businesses who are proud to call it home. We are keen to embrace this opportunity to establish a framework of local government that delivers financial efficiencies and resilience, empowers communities, and best positions Surrey to deliver sustainable economic growth. This ambition was recognised by government, who set Surrey the most ambitious timescales of any area for delivering LGR.

The White Paper and invitation for reorganisation proposals from government set out a clear criterion for any full proposal.

Together, district and borough and county council leaders agree that one unitary authority does not meet this criterion. Remote from the places and communities it serves, a single unitary authority would lack the agility to meet the diverse needs and challenges that exist across the strategic geography. Following the government's guidance, one unitary would also not unlock devolution. Similarly, four unitary authorities would be individually too small to achieve the efficiencies and financial resilience required. We have therefore discounted one unitary and four unitaries from our analysis.

Given Surrey's socioeconomic and physical geography, only a two or three unitary configuration could possibly meet the criteria for reorganisation. Our final proposal therefore compares the case for two and three unitary authorities for Surrey.

Interim proposal

Our interim proposal, submitted to the Ministry for Housing, Communities and Local Government on 21 March 2025, set out our considerable progress to that point. In our preliminary analysis, both a two and three unitary configuration for Surrey were found to be financially viable and result in significant financial benefits and improved value for money when compared to the status quo.

Whilst the financial case is important, our interim proposal also recognised the wider economic and democratic criteria set out by government.

Our analysis considered the importance of maintaining strong local connections and accountability between local government and the communities we serve. When combining this with the need for the new unitary authorities to reflect coherent economic geographies, to maximise the opportunities for inward investment and growth, our interim proposal concluded that three unitary authorities was the optimum configuration for Surrey.

In addition to exploring the options available, the interim proposal also highlighted the barriers and challenges which would benefit from further discussion between government and councils in Surrey. Government provided feedback on these,



together with the wider proposal, in mid-April, which helped inform and shape this final proposal.

Progress since submitting our interim proposal

Since submitting our interim proposal, district and borough councils have worked collaboratively and at considerable pace to develop this full proposal. Focussed workstreams were established that brought together officers from across Surrey to refine our interim analysis. This has ensured that our proposal is based on a comprehensive analysis and robust peer assessment of the evidence available.

While we have collaborated extensively across Surrey, views differ on what model for the future of local government best serves Surrey.

However, we all agree that creating financially sustainable unitary authorities is of fundamental importance to the future of local government in Surrey. Indeed, it is only through creating sustainable, resilient and efficient authorities that we will be able to address the challenges we collectively face.

As noted, our modelling shows that both two and three unitary authorities are financially viable and would create significant financial savings compared with the status quo. In reaching this point, the districts and boroughs and the county council have worked from the same base financial data, though have drawn significantly different conclusions on the costs of disaggregating upper tier services. Further detail on our financial model is set out in a later section.

While there are clear methodological reasons – or choices – for this divergence, all authorities agree that local government is more than just numbers on a balance sheet. It must reflect its distinct local identity of place, and the people, businesses and communities it serves. We believe that local leaders should be empowered to act as the leaders not only of their councils, but of their communities and of the wider system, bringing stakeholders and partners together to create the conditions for growth, and improve outcomes for residents. Any meaningful structure for the future of local government must support and empower this – which we believe three unitaries will.

To support the development of this proposal, leaders across the county have engaged with partners, stakeholders and other local service providers, to understand how LGR could impact them and their priorities and needs from local government in Surrey.

We received 134 responses from stakeholders right across the county to our survey. They told us that:

- Reorganisation offers a **significant opportunity to streamline processes, reduce duplication and enhance collaboration** across the public and wider voluntary and community sector.
- They are optimistic that reorganisation will **lead to improved funding for local services**. The consolidation of resources is anticipated to facilitate service and user demands more effectively.
- Reorganisation offers considerable scope to **strengthen strategic partnerships** and create new collaborative relationships, enabling more effective joint efforts and the pooling of resource and skills. The consolidation of resources is expected to facilitate service demands more effectively, ensuring business continuity and better resource management.
- They expect the **simplification of local government structures will lead to more consistent policy making and improved service delivery**. Stakeholders

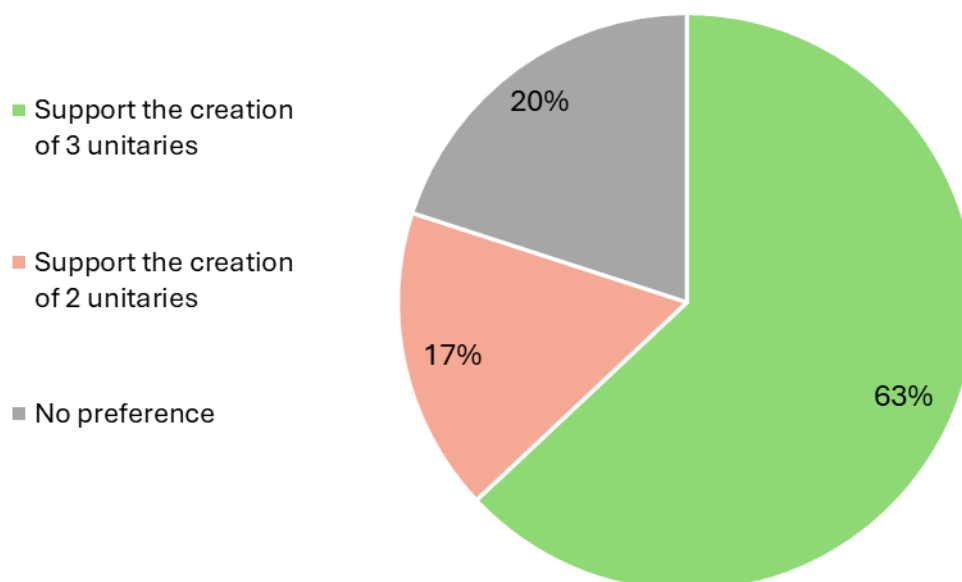
believe that a unitary structure can simplify the local government framework, reducing the number of councils and creating a single point of contact. This can lead to more efficient communication and quicker decision-making processes, benefiting both organisations and residents. They felt that unified strategic planning for economic development, education, and community services can foster stronger partnerships and align goals with broader regional objectives.

- They were concerned of the **potential loss of local expertise and knowledge** during the reorganisation process. Many respondents expressed concern that local knowledge and community connections may be lost as larger unitary authorities are formed, resulting in decision-makers being distanced from the specific needs and priorities of local communities and leading to less informed and effective decisions. They felt the voices and distinct needs of communities may be overlooked, and there is a concern that the approach will become more centralised and less detailed.
- They were concerned that the reorganisation process will lead to a **potential loss of local representation and a democratic deficit** during the transition period. They felt the usual channels of accountability may be suspended, reducing transparency and accountability in local government. Stakeholders are also worried that the reorganisation will centralise decision-making and reduce the ability of local communities to influence policies and services.
- The **dilution of local identity and community engagement is a risk**. The potential loss of cultural and historical characteristics could lead to a feeling of disenfranchisement among residents. Stakeholders are worried that the reorganisation will create rigid boundaries and unfair competitive advantages in certain localities, reducing the sense of belonging and community. There is also concern that the reorganisation will lead to a loss of direct contact with constituents and a de-prioritisation of local needs.
- Despite these concerns, **improving engagement with residents is a significant opportunity**, as is the increased scope for local government to work more closely with local groups to advocate for an area and drive improvements. It was noted that this will be vital to ensure that the needs of Surrey's diverse communities are met.
- The **impact on service delivery during the transition must be well managed** to avoid placing vulnerable residents at risk.
- Reorganisation presents **opportunities for economic and social benefits**, enhancing community support and reducing social isolation. Organisations hope that a more focused Surrey with a Mayoral role will take the visitor economy more seriously, aligning with place-making, inward investment, business retention, and ultimately economic growth.

Our residents are at the heart of what we do, and so any credible proposal for the future of local government in Surrey must reflect their views, priorities and

aspirations for their lives and local areas. To understand this, we carried out an engagement exercise with residents from across Surrey via the Commonplace engagement platform.

Of the circa 3,300 responses received, a clear majority of 63% supported the creation of three new unitary authorities. In contrast, just 17% favoured an alternative two unitary model, whilst a further 20% expressed no preference.

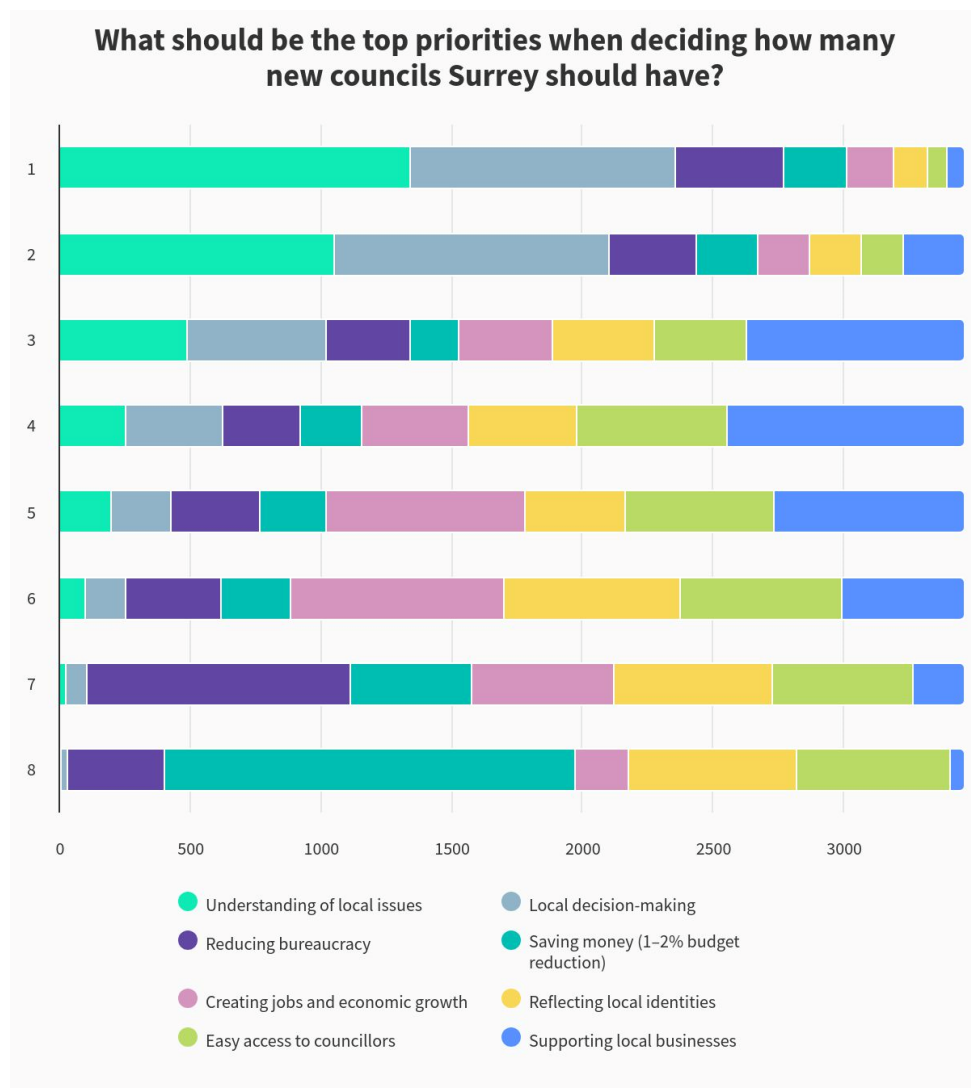


The reasoning behind this clear preference from Surrey residents in favour of three unitary authorities can be seen in the response to the question: “What should be the top priorities when deciding how many new councils Surrey should have?”. Residents were asked to rank them in order of importance from one to eight. The overall level of importance for each priority was ranked by what percentage of respondents placed the priority in their top three:

| Priority | Percentage of responses in respondents top 3 priorities |
|-----------------------------------|---|
| Understanding of local issues | 83.2% |
| Local decision-making | 75.1% |
| Supporting local businesses | 32.5% |
| Reducing bureaucracy | 30.9% |
| Creating jobs and economic growth | 21.1% |
| Reflecting local identities | 21.0% |

| Priority | Percentage of responses in respondents top 3 priorities |
|----------------------------|---|
| Saving money | 19.5% |
| Easy access to councillors | 16.7% |

The full spread of responses follows, which shows resident preferences for local government in Surrey as set out in the resident engagement.



Respondents were clearly overwhelmingly concerned that the new Unitary Councils and members have good local knowledge (83.2% selecting this in their top 3) with residents also strongly prioritising locally made decisions (75.1%). This aligns closely with the White Paper’s objective of reorganisation and devolution seeking to have local champions who understand their local places, their identities and strengths, and how to harness them.

Residents were also aligned with the government's bold ambition for economic growth with 'supporting local business' and 'creating jobs and economic growth' also featured in their top 5 top priorities. This is a particular strength of these three unitary models, which has been designed on functional economic geographies of the three respective areas.

Resident engagement makes clear that residents have a strong preference for a three unitary model, and also that residents' desires align with the objectives of this particular model. It is clear from the scoring above that as well as this being the strongest scoring model overall, this proposed three unitary model scores particularly strongly in the areas that the residents have prioritised most in their survey responses.

This proposal is the sum of our robust work. By bringing together comprehensive modelling and analysis of the costs and benefits of reorganisation, together with the views of stakeholders and residents our plan for three unitary councils for Surrey ensures that the county is best placed to realise the opportunities of devolution and unlock economic growth for our residents and businesses.

Our vision and principles for local government reorganisation

Summary: *Our vision is to transform local government in Surrey to deliver financially sustainable, locally accountable services that drive economic growth and improve outcomes for residents and businesses. Driving this are our principles for reorganisation, which are to: support economic growth, unlock the benefits of devolution, value local identities, ensure strong democratic accountability, secure financial efficiency, and deliver high-quality, innovative public services.*

The current two-tier system of local government in Surrey has been in place for fifty years. While it has served us well, it will not be sustainable in the years ahead.

We face a number of challenges in Surrey. These include significant budget pressures, compounded by increasing demand for services, and the difficulty of securing sustainable, equitable growth and development in the face of climate and economic crises.

We believe that LGR is a once in a generation opportunity to improve local government and public sector service delivery in Surrey, preparing us to meet the challenges of today and those of an uncertain tomorrow.

We are committed to change and reorganisation. Our proposal is the result of extensive and productive collaboration between Surrey's local authorities and engagement with key stakeholders and residents – whose feedback overwhelmingly supported and shaped our approach.

Through working together and across the political spectrum, we have developed a vision and series of principles that reflect the aspirations and needs of Surrey's communities, guiding the creation of a system of local government that is fit for purpose, efficient, resilient and can adapt to future needs.

Our vision

Our collective vision is to transform local government in Surrey to deliver financially sustainable, locally accountable services that drive economic growth. By adopting a strategic, long-term planning approach across functional economic areas, we aim to achieve the best outcomes for the residents and businesses of Surrey. Our proposal will lay the essential foundations for devolution, creating a meaningful economic footprint and facilitating the establishment of a Mayoral Strategic Authority to further drive growth across Surrey and the wider South East.

The future of local government in Surrey

- Three new, financially viable, successful and efficient unitary local authorities.
- A structure that serves Surrey's three distinct functional economic geographies and local identities.
- A structure that enables Surrey to fully take advantage of the opportunities afforded by devolution.

- Genuine and meaningful resident engagement and empowerment.
- Strong local leadership that drives economic growth through devolution.
- Strong governance and accountability.
- Improved services, outcomes and value for money.

By reducing duplication, achieving greater economies of scale through operating at larger geographic footprints, and capitalising on opportunities for transformation and service improvement, local government reorganisation will result in significant financial benefits and improved value for money in Surrey.

These financial gains will enable us to deliver high-quality local public services through holistic, placed-based approaches that empower communities, address local need, support devolution and drive economic growth.

Principles for reorganisation

Since the invitation to submit proposals for reorganisation was received earlier this year, local authorities in Surrey have worked closely and collaboratively to develop a proposal that meets our collective ambitions for reorganisation.

The development of our proposal has involved extensive engagement with residents, partners and stakeholders. This engagement has informed our guiding principles for local government reorganisation, which are for a structure that:

- 1) Supports economic growth, housing and infrastructure delivery.**
- 2) Unlocks the benefits of devolution.**
- 3) Values and advocates for Surrey's unique local identities and places.**
- 4) Provides strong democratic accountability, representation and community empowerment.**
- 5) Secures financial efficiency, resilience and the ability to withstand financial shocks.**
- 6) Delivers high-quality, innovative and sustainable public services that are responsive to local need and enable wider public sector reform.**

Developed in alignment with the Secretary of State's guidance for unitary local government, our principles serve as the benchmark which our proposals should be measured against, ensuring we deliver the very best outcomes for our communities as we go through reorganisation at pace.

What must local government reorganisation in Surrey achieve?

| | |
|---|---|
| <p>Economic growth, housing and infrastructure delivery</p> | <ul style="list-style-type: none"> • New unitary authorities that align local government boundaries with Surrey’s three distinct economic clusters, creating the conditions for economic growth and strong place-based leadership. • Improved housing delivery through integrating decisions on infrastructure investment and local planning. |
| <p>Devolution</p> | <ul style="list-style-type: none"> • The creation of strong, sustainable unitary councils that cover Surrey’s three functional economic areas and are well placed to take the lead on the government’s devolution agenda. • An appropriate balance of unitary authorities and effective representation within the future Mayoral Strategic Authority, ensuring the benefits of devolution are equitably felt. • Alongside the new Mayor and Mayoral Strategic Authority, the new councils will leverage their powers and local place leadership to achieve the government’s ambitions for devolution through enhancing strategic planning, infrastructure investment, economic development and employment support. |
| <p>Values and advocates for Surrey’s unique local identities and places</p> | <ul style="list-style-type: none"> • Unitary authority boundaries that align with local identity and that address the specific challenges and opportunities faced by each of Surrey’s communities. • The maintenance of strong local connections and decision making, heightening responsiveness and accountability. • Alignment of new unitary population numbers and boundaries with Surrey’s distinct places. |
| <p>Strong democratic accountability, representation and community empowerment.</p> | <ul style="list-style-type: none"> • New unitary authorities that, through being close to the communities they serve, enhance local connections, accountability and community empowerment. • Strong and effective local place leadership and accountability, with clarity on decision making and an appropriate ratio of electors to elected councillors. • Strengthening the local voice through meaningful local engagement and deliberative decision making. |

| | |
|--|---|
| <p>Financial efficiency, resilience and the ability to withstand financial shocks</p> | <ul style="list-style-type: none"> • Through reducing duplication and increasing economies of scale, improve financial performance and value for money from one-off and ongoing savings. • Further financial benefits from service transformation opportunities arising from unitarisation. • To create authorities of the right size to balance important considerations of financial efficiency with serving populations that align with Surrey's distinct local identities. |
| <p>High-quality, innovative sustainable public services</p> | <ul style="list-style-type: none"> • Integrate upper and lower tier services, as well as those provided at the Mayoral Strategic Authority level, to provide holistic, needs based services that improve outcomes for Surrey's communities. • Minimised disruption to key services as we go through LGR, including adults' and children's social care. • Public sector service delivery transformation that improves outcomes for Surrey's residents, including innovative models for delivering services now and in the future. |

Shaping Surrey's Future: our proposal for reorganisation

Summary: *A three unitary authority model for Surrey will optimise a financially sustainable and efficient structure of local government, with each new council tailored to its distinct human and economic geography. It prioritises genuine resident engagement and strong local leadership. By ensuring that unitary boundaries align with coherent economic geographies, it maximises economic growth. By recognising our local communities, it enables improved services, outcomes and value for money.*

Our proposal for local government reorganisation in Surrey **is for three new unitary authorities** to replace the 11 district and borough councils and Surrey County Council. We have drawn this conclusion from detailed analysis and engagement with stakeholders.

Our work clearly shows that **three unitary authorities**:

- 1) Aligns the new local authority boundaries with **Surrey's distinct economic geographies**, facilitating strategic planning and investment. Three unitary authorities maximises **economic growth, housing development and infrastructure** improvements, with each authority able to support local and regional prosperity.
- 2) Are best placed to take advantage of new powers and responsibilities from **devolution**. The three unitary model will enable strong local leadership and strategic coordination, with a good balance of unitary authorities represented at the future Mayoral Strategic Authority.
- 3) Reflects Surrey's diverse local identities and economic clusters. Three unitary authorities **maintains strong local connections and accountability**, creating a system of local government that is responsive to the unique needs and characteristics of each area.
- 4) Prioritises **genuine and meaningful resident engagement and empowerment**, ensuring that local communities have a strong voice in decision making.
- 5) Are **efficient, resilient and able to withstand financial shocks**. Although the three unitary model falls just short of meeting the government's suggested 500,000 population threshold due to the size of Surrey's three distinct communities, it achieves substantial savings through reducing duplication and maximises economies of scale. However, local authority debt is a significant issue in Surrey. To achieve the benefits of reorganisation, the stranded debt of Woking Borough Council must be written off as part of the government's considerations within the forthcoming Spending Review.
- 6) By bringing lower and upper tier services together, three unitary authorities enables more **holistic, locally tailored and needs-based service delivery**. This will **improve outcomes** by providing high-quality, innovative and sustainable public services that respond to local need and support the government's agenda for wider public service reform.

Our evidence and conclusions for each of our principles is set out in the sub-sections that follow.

Principle 1 - Supports economic growth, housing and infrastructure delivery

Summary: *This section sets out how our proposed three unitary model for Surrey aligns with the county's distinct functional economic geographies, ensuring coherent and strategic planning for growth, housing, and infrastructure. This model leverages Surrey's unique economic identities and connectivity, driving sustainable development and maximising local resources. In contrast, a two unitary model risks economic incoherence and diluted strategic focus, undermining effective growth and investment.*

Local government reorganisation provides an unparalleled opportunity to design a system of local government that is aligned to Surrey's three functional economic geographies. In utilising their new powers over these wider geographies, the new unitary authorities will deliver on government's national missions, improving housing development, accelerating infrastructure delivery and driving economic growth.

The picture in Surrey

Surrey benefits from its strategic location in the south-east of England. Close to London, Heathrow, and Gatwick Airports, the county has strong connectivity to the wider south-east with transport infrastructure predominantly being established on a north-south basis and London being a significant centre of gravity. Surrey has strong relationships with surrounding areas and plays a crucial role in the economic success and future growth potential of London and the greater south-east area.

With a population of 1.2 million, Surrey is one of England's most densely populated counties. It is characterised by a polycentric settlement pattern, focused on local town and village centre footprints. The north of the county borders Greater London, where population and settlement patterns are of a similar nature to suburban outer London boroughs. The rest of the county is predominantly rural, with communities centring around towns such as Guildford, Godalming, Camberley, Dorking, Reigate, Redhill and Caterham.

Surrey is one of the highest performing economies in the country. It benefits from its strong transport connectivity as well as a highly skilled workforce and high levels of productivity, contributing over £51 billion annually in GVA (Gross Value Added). Surrey's economy is well diversified and is not reliant on one dominant sector. It is home to several of the UK's leading businesses, as well as nationally significant research and innovation assets.

Population and housing growth in Surrey

Unfortunately, the Office for National Statistics (ONS) local authority-based population projections are significantly out of date, with the last update based upon 2018 population data (published in March 2020).¹ The ONS January 2024

¹ 'Population projections for local authorities', Office for National Statistics, 24 March 2020.

projections show the population of England and Wales will rise by 6.6 million (9.9%) from 2021 to 2036, reaching 73.7 million.² This is a significant increase compared to the 2018 estimate, which projected this figure to only be reached in 2046, largely due to underestimated migration effects. Consequently, we expect that when local authority projections are updated later this year, we expect a similar increase in local population growth, in line with national trends.

The latest ONS growth figures show that Surrey's population is currently growing, with a 2022-23 rate of population growth standing at a 1% increase.³ It is considered likely that this rate will continue due to the recently updated ONS population projections for England and Wales which has projected a very significant increase in population predominantly driven by inward migration.⁴ Furthermore, there have been recent changes made to the planning standard methodology for housing which has provided very significant housing targets for Surrey. This is also paired with the government's new grey belt policy which will release significant land in Surrey which was historically unavailable for development. The assumptions made by the government in the Standard Methodology for housing state:

11. We propose 0.8% of existing housing stock in each local planning authority as the baseline starting point. The most robust data source of stock levels is the annually published Dwelling stock estimates by local authority districts and the most recent data published at the time should be used. On average, housing stock has grown nationally by 0.89% per year over the last 10 years. Using a figure of 0.8% therefore provides a level of increase in all areas that is consistent with average housing growth over time, a baseline which banks the average status quo level of delivery, to then be built on through affordability-focused uplifts.⁵

Under the Standard Methodology the housing targets for Surrey are 38% higher than the national average, and therefore it would appear that government is expecting that the housing stock in Surrey will increase by 1.104% per annum. Taking this into account, as well as Surrey's recent population growth, an assumption that at least 1% population growth will occur year on year is considered highly reasonable.

Surrey is an economically prosperous and attractive place to live. It is possible that growth could be higher than 1%, given that this population growth rate is already being achieved with modest Local Plan coverage and the new methodology is likely to drive greater quantities of development and ensure full and up to date Local Plan

² 'National population projections: 2021-based interim', Office for National Statistics, 30 January 2024.

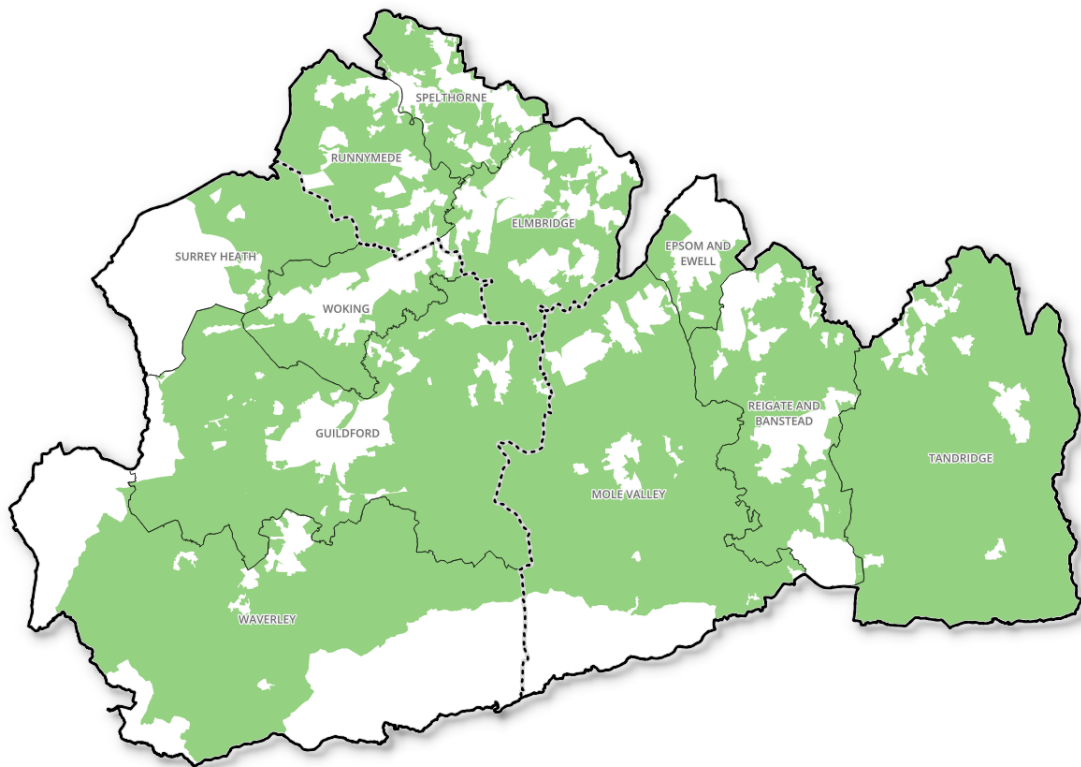
³ 'Population Estimates', Office for National Statistics, Surrey-1, 2023.

⁴ 'National population projections: 2022-based', Office for National Statistics, 28 January 2025.

⁵ 'Proposed reforms to the National Planning Policy Framework and other changes to the planning system', Ministry of Housing Communities and Local Government, 27 February 2025, Chapter 4, Paragraph 11.

Coverage. The impact of grey belt changes will also drive additional housing in Surrey.

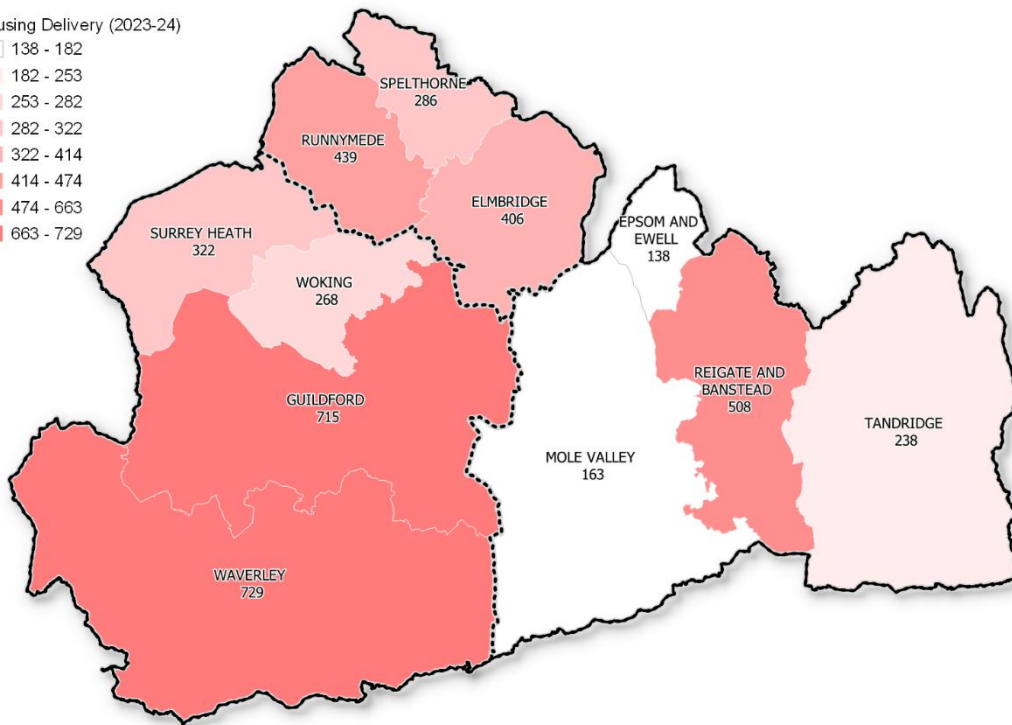
A map showing the extent of the existing Green Belt designation across Surrey is shown below. A comprehensive map showing how much of this land is grey belt does not currently exist, although this is being established in response to this term becoming embedded into national planning policy in December 2024. This is on a case by case basis in response to planning applications, and in some areas, at a strategic level using government funding.



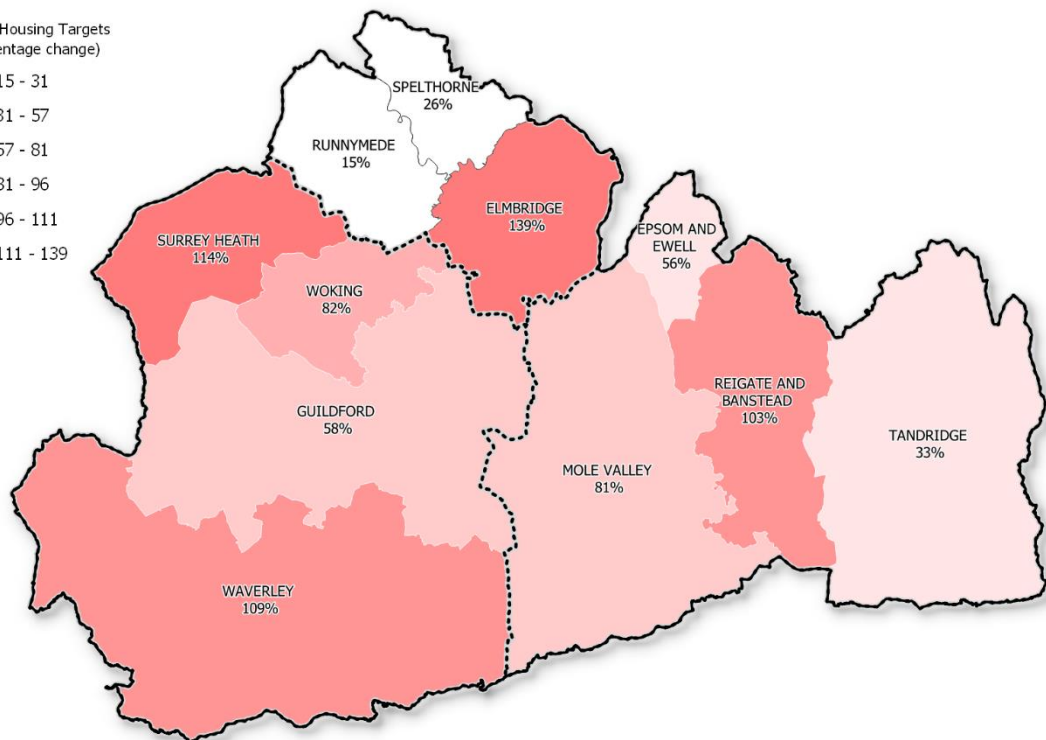
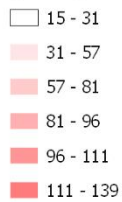
However, for the purposes of this paper it is assumed that the population of Surrey will increase by 1% per annum in line with current trends, national projections and Surrey's ambitious nationally set housing targets.

The maps below show the current delivery rates across Surrey for the 2023/24 year, as well as the increased delivery targets as a result of recent changes to the National Planning Policy Framework.

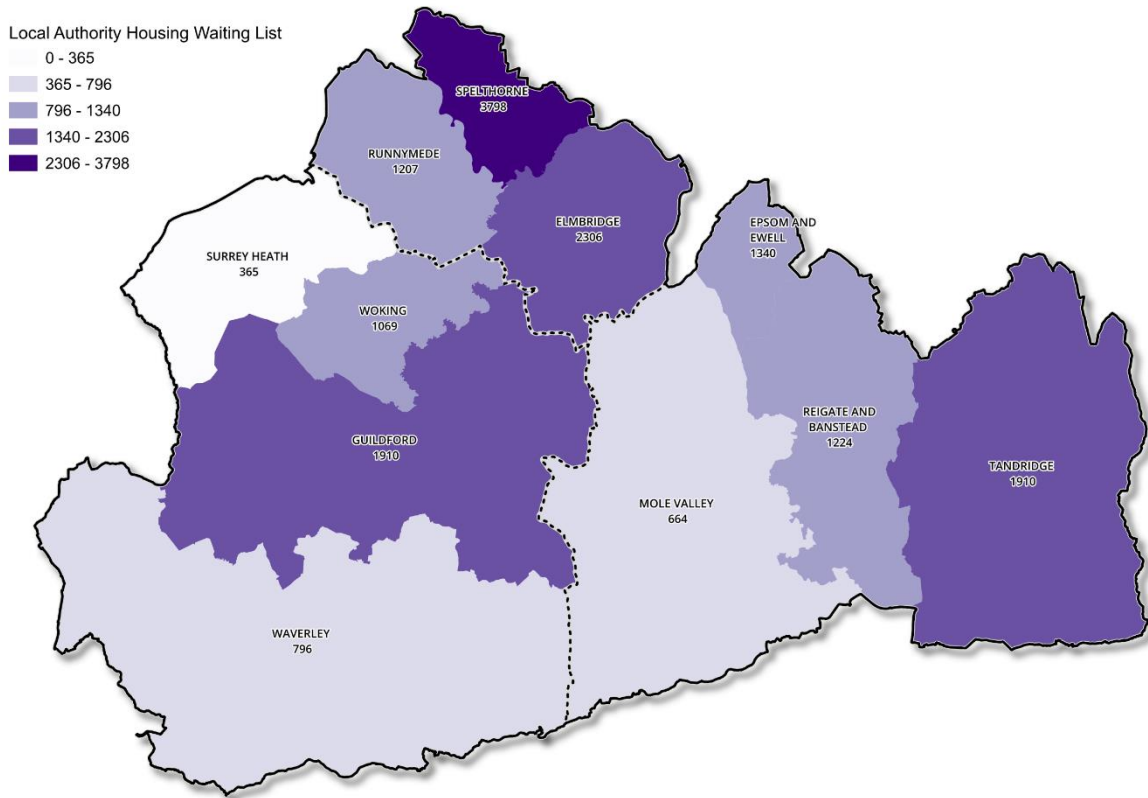
Housing Delivery (2023-24)



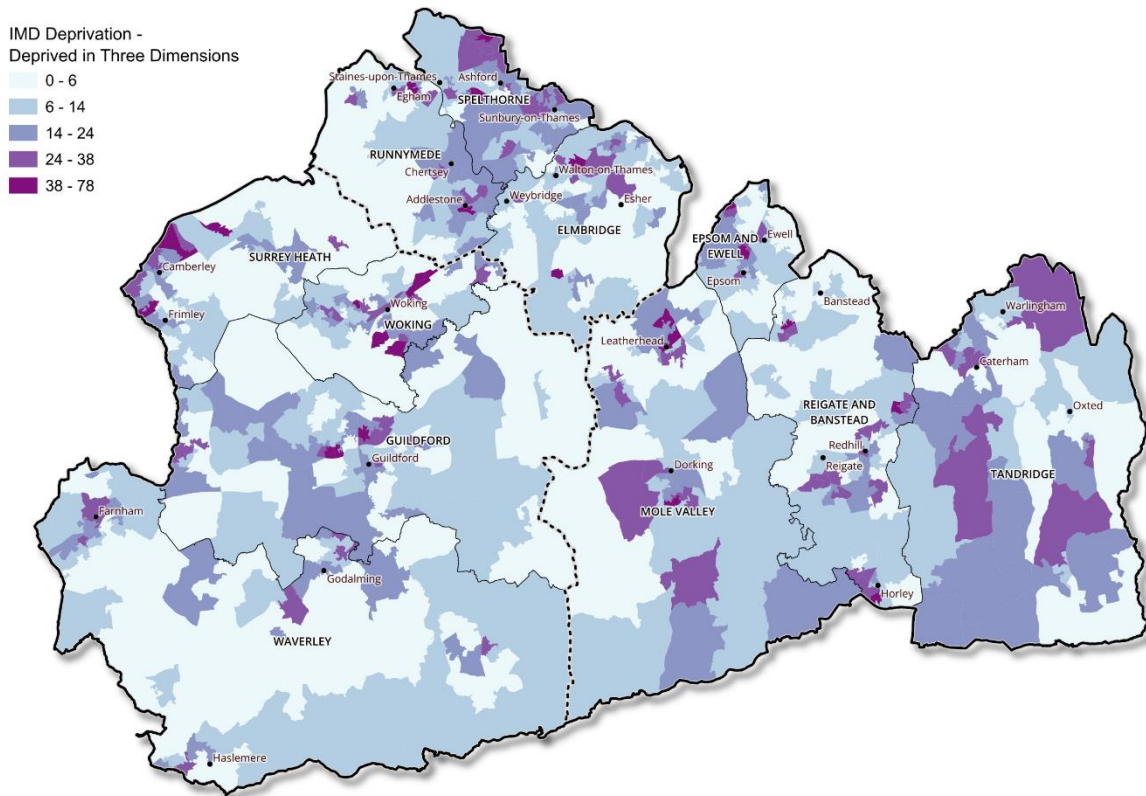
NPPF Housing Targets (percentage change)



Significantly boosting the supply of housing across the county above the historic rates will be vital to address the affordability pressures which exist across the county. These pressures are at least in part evidenced by the number of households on the local authority housing waiting lists across Surrey as shown on the map below. At a more local level, affordability pressures are discussed in more detail in the pen portraits later on in this submission for each of the proposed 3 unitary authority areas.

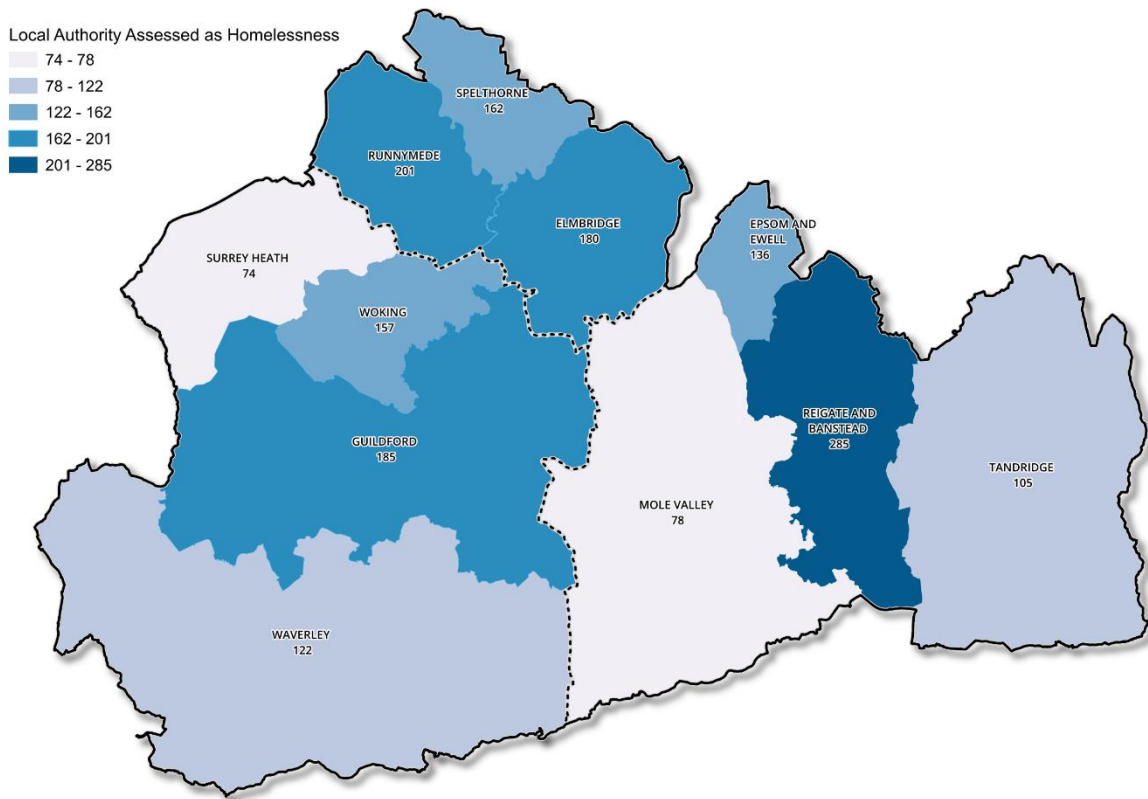


When considering areas with 3 or more dimensions of deprivation:



It is apparent that there are pockets of deprivation across the county. Local housing market pressures reflect the challenges that pockets of deprivation bring.

The map overleaf demonstrates that homelessness acceptances correlate with high cost, urban areas. This is something that is common across Surrey councils now, with links to deprivation in those areas:



Bringing together the three proposed unitary councils will facilitate local service delivery to meet bespoke challenges, building resilience in front line services and an agility in the way services are delivered to meet the needs of communities. This would be unachievable in larger, more distant unitary council environments.

Surrey’s functional economic geographies

Surrey’s local authorities have a strong track record of collaborating to drive sustainable economic growth. In 2017, they produced a joint Interim Strategic Statement which outlined Surrey’s growth ambitions and spatial priorities, setting a clear vision of ‘well-functioning, well-connected places and healthy communities’.⁶ The Interim Strategic Statement, along with Surrey’s subsequent 2050 Place Ambition, recognises that Surrey contains distinct functional economic areas.⁷ Those that fall entirely within the existing county and district boundaries are:

| New unitary authority | Current districts and boroughs |
|-----------------------|--|
| East Surrey | Epsom & Ewell, Mole Valley, Reigate & Banstead and Tandridge |
| North Surrey | Elmbridge, Runnymede and Spelthorne |

⁶ ‘Interim Local Strategic Statement for Surrey 2016-2031’, jointly produced by Surrey County Council and Surrey’s eleven districts and borough councils.
⁷ ‘Surrey 2050 Place Ambition version 2 – 2023’, similarly jointly produced.

| New unitary authority | Current districts and boroughs |
|-----------------------|--|
| West Surrey | Guildford, Surrey Heath, Waverley and Woking |

The Blackwater Valley, which extends over northeast Hampshire, parts of Bracknell Forest and Wokingham, also covers areas of Surrey including Guildford, Surrey Heath and Waverley. The Blackwater Valley area straddles multiple administrative boundaries and is outside the scope of local government reorganisation in Surrey, though its significance is noteworthy for the West Surrey area.

The geography of our proposed three unitary model aligns with the sub-areas contained in the interim Local Strategic Statement (LSS) for Surrey (2016-2031).

The spatial geography for this unitary configuration is therefore well-established and well-evidenced.

A description of each functional economic geography is provided below.

East Surrey

East Surrey has a longstanding and well recognised sub-regional identity. The authorities of Epsom & Ewell, Mole Valley, Reigate & Banstead and Tandridge have been clustered together as a coherent entity for decades. This area is recognised by residents, businesses, the voluntary sector and statutory providers, as is reflected by local institutions such as East Surrey Hospital and East Surrey College.

There are also clear economic connections across the boroughs and districts, which substantially compose the northern section of the Gatwick Diamond area. Residents within East Surrey already show patterns in how they travel to work, move house and access shops, leisure and other services that clearly identify interconnectivity within the area that does not exist with wider Surrey. Similarly, the proximity to London and Gatwick Airport and strong transport links exerts a clear attraction for clusters of local businesses including financial, technology and logistics enterprises.

The population of East Surrey is, in general, well educated, highly skilled and in well paid employment. The area boasts a mix of urban and rural landscapes, featuring market towns, villages and scenic countryside. Overall, the economy is strong, including a thriving and diverse rural economy with a robust visitor sector. Key target growth sectors include professional services, micro businesses, tourism, retail, specialist manufacturing, and agriculture. The area benefits from easy access to London, as well as high-quality local services and attractive natural surroundings.

These features lead to a high demand for local housing and correspondingly high prices for homes and other properties.

| District or Borough | Population RQF4 and above ⁸ | Earnings by place of residence (gross weekly pay, full time workers) | Unemployment rate (economically active population aged 16+) |
|---------------------|--|--|---|
| England | 47.1% | £732.0 | 4.5% |
| Epsom & Ewell | 50.1% | £849.2 | 2.8% |
| Mole Valley | 49.1% | £866.3 | 3.0% |
| Reigate & Banstead | 52.0% | £853.3 | 2.7% |
| Tandridge | 44.5% | £808.5 | 3.8% |

| District or Borough | Housing Affordability Ratio ⁹ |
|---------------------|--|
| England | 8.32 |
| Epsom & Ewell | 13.05 |
| Mole Valley | 14.59 |
| Reigate & Banstead | 11.11 |
| Tandridge | 12.19 |

| District or Borough | Current Population ¹⁰ | Population estimates to 2040 assuming 1% growth p.a. |
|------------------------------|----------------------------------|--|
| Epsom & Ewell | 81,989 | 95,271 |
| Mole Valley | 88,266 | 102,565 |
| Reigate & Banstead | 155,985 | 181,255 |
| Tandridge | 89,409 | 103,893 |
| Total for East Surrey | 415,649 | 482,984 |

However, this overall prosperity also hides pockets of deprivation and poverty. There are marked areas of deprivation across the local authorities, including 6 of the 21 key neighbourhoods within Surrey's Health and Wellbeing Strategy.¹¹ The desirability of the area means that market housing is expensive and beyond the reach of many. Limited land supply only serves to exacerbate this, meaning that those in greatest need may experience barriers to accessing housing, education and training, and be at greater risk of poor living environments.

There is a clear need for additional local housing, to support both resident wellbeing and the potential for future economic growth. However, Local Plans and associated policies identify challenges in delivering on this need, with

⁸ All data from area profiles on 2021 Census and Labour Market Statistics, Nomis.

⁹ Ratio of median house price to median gross annual residence-based earnings by local authority district. 'House price to residence-based earnings ratio', Office for National Statistics, March 2025.

¹⁰ '2023 mid-year estimates of the population for England and Wales', ONS, July 2024.

¹¹ 'Surrey Health and Well-Being Strategy - update 2022', produced collaboratively by the NHS, Surrey County Council, district and borough councils and wider partners including the voluntary and community sector and the police.

considerations around density, transport and infrastructure, and balancing development needs across an area with pockets of treasured and protected landscape.

There is a clear connection between the similar housing needs across East Surrey. In housing market terms, the last national assessment of housing market areas grouped the districts and boroughs within East Surrey together within most models.¹² The most recently completed housing needs assessment within the East Surrey area was provided for Reigate & Banstead Council in 2024.¹³ This similarly identified evidence that pointed to a ‘...principal housing market geography including Reigate & Banstead in a common housing market area with Mole Valley and Tandridge.’ and that ‘...there are also important (localised) relationships between these authorities with Crawley and Epsom & Ewell...’.

Building upon the clear East Surrey local identity, across a coherent and sensible geography, will thus be a key part of meeting housing demand across the area. A strategic approach which unites this functional geography will help to increase housing supply and meet local needs, thereby both supporting the overall prosperity of the area and aiding those facing housing challenges.

East Surrey has a healthy stock and range of business properties.

| District or Borough | Total rateable properties ¹⁴ | Retail | Office | Industry | Other |
|--------------------------|---|--------------------------|--------------------------|--------------------------|--------------------------|
| Epsom & Ewell | 1,760 | 600 (34.1%) | 370 (21.0%) | 230 (13.1%) | 560 (31.8%) |
| Mole Valley | 3,190 | 680 (21.3%) | 830 (26.0%) | 810 (25.4%) | 870 (27.3%) |
| Reigate & Banstead | 3,660 | 1,050 (28.7%) | 840 (23.0%) | 770 (21.0%) | 1,000 (27.3%) |
| Tandridge | 2,900 | 600 (20.7%) | 480 (16.6%) | 1,030 (35.5%) | 800 (27.6%) |
| East Surrey Total | 11,510 | 2,930 (25.5%) | 2,520 (21.9%) | 2,840 (24.7%) | 3,230 (28.1%) |

¹² ‘Housing market areas’, Ministry of Housing, Community and Local Government, 22 November 2010.

¹³ ‘Housing Needs Assessment 2024’, Emerging Local Plan Evidence, Reigate and Banstead Borough Council, July 2024.

¹⁴ ‘Non-domestic rating: stock of properties, 2024’, Valuation Office Agency, 5 February 2025. Numbers by category are rounded and may therefore not sum exactly to overall total.

| District or Borough | Total non-domestic floorspace¹⁵ (thousands of meters squared) | Retail floorspace (thousands of meters squared) | Office floorspace (thousands of meters squared) | Industry floorspace (thousands of meters squared) | Other floorspace (thousands of meters squared) |
|----------------------------|--|---|---|---|--|
| Epsom & Ewell | 328 | 111 (33.8%) | 69 (21.0%) | 77 (23.5%) | 71 (21.6%) |
| Mole Valley | 594 | 113 (19.0%) | 220 (37.0%) | 191 (32.2%) | 70 (11.8%) |
| Reigate & Banstead | 795 | 164 (20.6%) | 243 (30.6%) | 293 (36.9%) | 94 (11.8%) |
| Tandridge | 419 | 88 (21.0%) | 48 (11.5%) | 193 (46.1%) | 90 (21.5%) |
| East Surrey Total | 2.136 | 476 (22.3%) | 580 (27.2%) | 754 (35.3%) | 325 (15.2%) |

East Surrey is synonymous with the quality of its natural environment, including Surrey Hills and the High Weald, designated National Landscapes, Wealden Greensand, a National Character Area, and areas of Great Landscape Value. These, alongside its high levels of connectivity and strong economic base, make it an attractive place to live and do business. East Surrey is also home to several significant large firms and international HQs including – Kimberley-Clark, Santander, AXA, Balfour Beatty Rail, East Surrey College (part of Orbital South Colleges), Fidelity International, Just, CGI, Bytes Software Services, KBR, SES Engineering Services, Unum, Atkins, Toyota, Nuffield Health, Aon, Bunzl, McDermott, Gold Group, Sibelco UK, Monier, Croudace, Linden Homes, Lingfield Race Course, Bristow Helicopters – attracted by the highly skilled population, proximity to London and Gatwick, good schools, and the quality of the natural environment and attractive market towns, amongst other factors.

Epsom and Ewell has a Grade 1 racecourse, the home of the Derby, with 9 active trainers' yards supporting around 170 horses using the training grounds. It also has the world renowned Laines Theatre Arts and the University of Creative Arts, which offers the only dedicated business school to that industry in the UK. The racing and creative arts industries are a key aspect of the economic prosperity and skills landscape and, alongside the hospital, bring a specific need for worker accommodation and business premises need in the area.

The valued landscape, including many sensitive or protected locations, some of which are of National significance, is also a major constraint to growth, both in absolute, and policy designation terms. This will be best addressed through a coordinated approach to land use planning across the East Surrey area.

¹⁵ 'Non-domestic rating: stock of properties including business floorspace, 2023', Valuation Office Agency, 25 May 2023.
Numbers by category are rounded and may therefore not sum exactly to overall total.

The area benefits from a highly skilled workforce. Patterns of commuting are characterised by flows between East Surrey authorities, as well as north into London and south into Sussex. Gatwick Airport's labour market looks north, to Surrey, as well as south. There is also significant in-commuting to Surrey from surrounding authorities, particularly by those in lower paid jobs who cannot access suitable housing in the region. Commuting patterns outside of London provide further evidence of the strong interconnectivity of the areas within East Surrey.

| District or Borough | Top external commuting destinations outside of London ¹⁶ | | |
|---------------------|---|--------------------|---------------|
| | 1st | 2nd | 3rd |
| Epsom & Ewell | Mole Valley | Reigate & Banstead | Elmbridge |
| Mole Valley | Reigate & Banstead | Guildford | Epsom & Ewell |
| Reigate & Banstead | Crawley | Mole Valley | Tandridge |
| Tandridge | Reigate & Banstead | Crawley | Sevenoaks |

| District or Borough | London as a proportion of external commuting ¹⁷ |
|---------------------|--|
| Epsom & Ewell | 64.8% |
| Mole Valley | 29.8% |
| Reigate & Banstead | 42.8% |
| Tandridge | 48.1% |
| East Surrey | 46.4% |

East Surrey's primary towns include Banstead, Caterham, Dorking, Epsom, Horley, Leatherhead, Redhill, Reigate, and Oxted. The area's retail hierarchy is also interlinked with the surrounding area, both north, to towns in south London, and south to Crawley, and east to Kent. The towns of Caterham, Dorking, Leatherhead and Oxted are considered to have more local catchments. It is also important to note that significant parts of East Surrey are primarily rural in character, especially within Mole Valley and Tandridge.

Transport links also help to tie together the areas within East Surrey, with the main east-west road links between Dorking and Oxted passing through Redhill, the presence of the M25, and the numerous links between the areas around Banstead and Epsom. Many train connections between destinations with the East Surrey area also pass through Redhill, which additionally connects services towards London, Gatwick and the South Coast.

East Surrey has a relatively strong start-up rate with a vibrant number of active business enterprises at over 22,000.

¹⁶ 2021 Census. There are some limitations on figures due to the influence of the coronavirus pandemic, but figures should nonetheless be indicative of the connections between local areas.

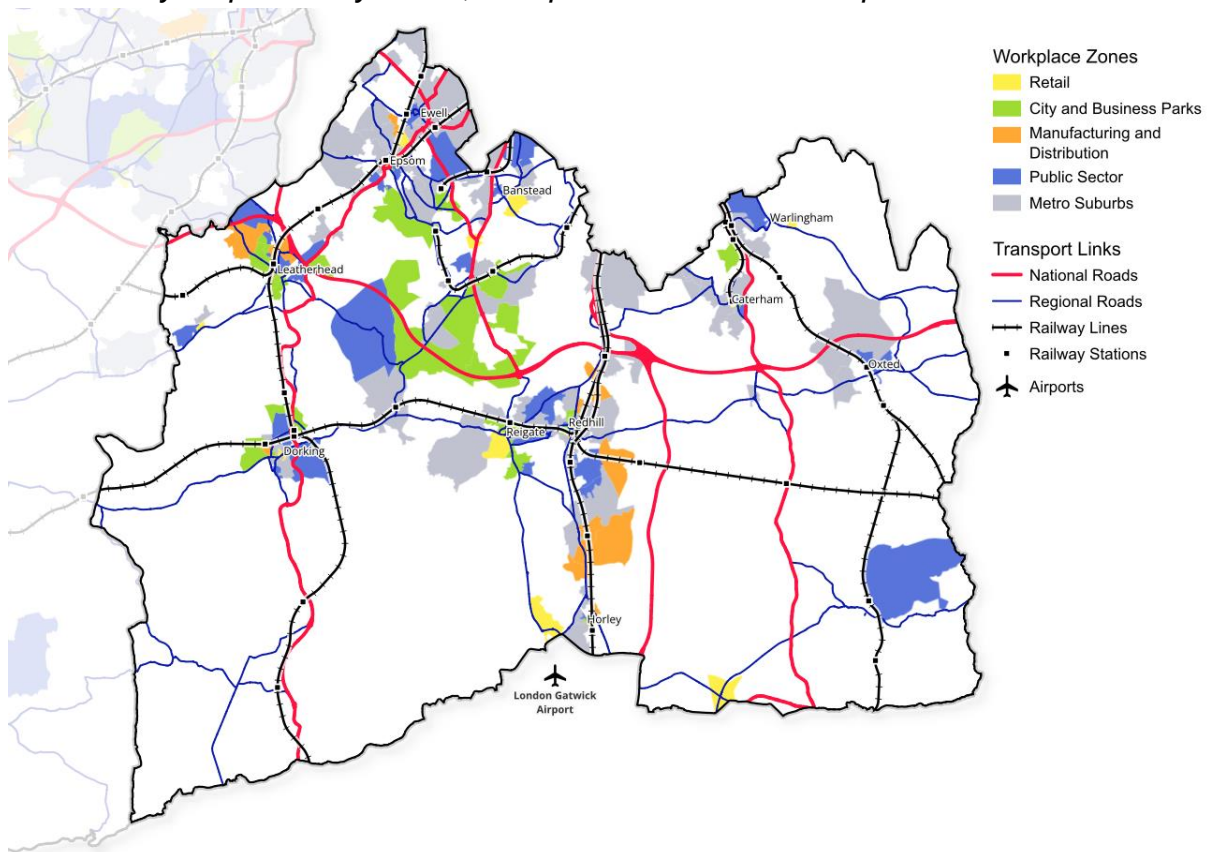
¹⁷ Ibid.

| District or Borough | Business births, 2023 ¹⁸ | Business deaths, 2023 | Count of Active Business Enterprises, 2023 |
|------------------------------|-------------------------------------|-----------------------|--|
| Epsom & Ewell | 415 | 340 | 3,925 |
| Mole Valley | 465 | 470 | 5,440 |
| Reigate & Banstead | 760 | 720 | 7,440 |
| Tandridge | 470 | 455 | 5,215 |
| Total for East Surrey | 2,110 | 1,985 | 22,020 |

In wider economic terms, the combined economies of Epsom & Ewell, Mole Valley, Reigate & Banstead and Tandridge comprise a significant contribution to the national economy, with a joint GVA of almost £16 billion.

| District or Borough | GVA ¹⁹ |
|------------------------------|-------------------------|
| Epsom & Ewell | £ 1,915 million |
| Mole Valley | £ 4,903 million |
| Reigate & Banstead | £ 7,028 million |
| Tandridge | £ 2,148 million |
| Total for East Surrey | £ 15,994 million |

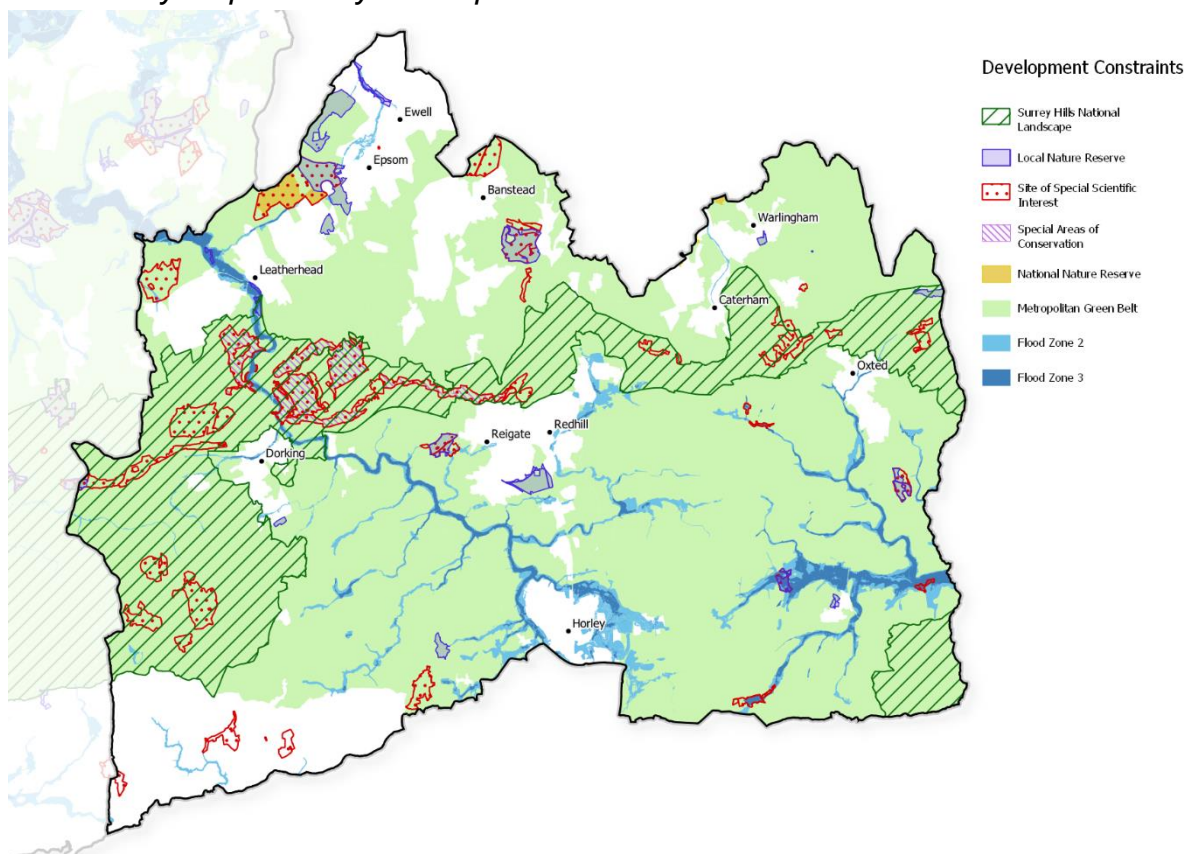
East Surrey map with key towns, workplace zones and transport links



¹⁸ 'Business demography, UK: 2023', ONS, 18 November 2024.

¹⁹ 'UK small area gross value added estimates', ONS, 2024

East Surrey map with key development constraints



North Surrey

This area, comprising the boroughs of Elmbridge, Runnymede and Spelthorne, is characterised by a tightly interconnected network of small towns and villages spread across a relatively compact geography. A significant part of this area is designated Green Belt, which separates the towns and villages and contains the outward sprawl of London. Gaps between settlements are more limited, especially in those areas closer to London. Main settlements include Addlestone, Ashford, Chertsey, Cobham, Egham, Esher, Staines upon Thames, Sunbury, Walton on Thames and Weybridge.

| District or Borough | Current Population ²⁰ | Population estimates to 2040 assuming 1% growth p.a. |
|-------------------------------|----------------------------------|--|
| Elmbridge | 140,500 | 163,261 |
| Runnymede | 90,442 | 105,094 |
| Spelthorne | 103,954 | 120,795 |
| Total for North Surrey | 334,896 | 389,149 |

The River Thames and its tributaries such as the Ash, Bourne, Colne, Mole, and Wey flow through this area and many homes and businesses are at risk from fluvial flooding. There are also a number of major reservoirs, other artificial water

²⁰ '2023 mid-year estimates of the population for England and Wales', ONS, July 2024.

bodies and wetland areas as a result of former mineral workings. This is particularly true in Spelthorne where 870 ha of its land area is covered by reservoirs. However, the influence of rivers and 'blue infrastructure' in the area contributes strongly to the sense of place, the abundance of recreational opportunities, habitat creation and to the pattern of development. This area is the only part of Surrey containing the River Thames, making it a primary partner in the River Thames flood alleviation scheme.

North Surrey is also home to notable green spaces of heritage, biodiversity and recreational value, such as the Runnymede Meadows (where the Magna Carta was sealed in 1215), Claremont Landscape Garden and Staines Moor, as well as a range of riparian, woodland and heathland habitats.

The area enjoys a coherent confluence of transport networks (M25, M3, Heathrow and with opportunities for transformational radial links with rail opportunities). Further opportunities exist for economic development and housing delivery around enhanced transport hubs and to support new jobs at Heathrow.

North Surrey has strong links to London, with significant commuting patterns to inner London, with all three current boroughs having strong rail ties to Waterloo. Rail access and connectivity between the current borough areas could potentially be strengthened by Heathrow Southern Access railway in the future.

| District or Borough | Top external commuting destinations outside of London ²¹ | | |
|---------------------|---|------------|--------|
| | 1st | 2nd | 3rd |
| Elmbridge | Runnymede | Spelthorne | Woking |
| Runnymede | Elmbridge | Spelthorne | Woking |
| Spelthorne | Runnymede | Elmbridge | Slough |

| District or Borough | London as a proportion of external commuting ²² |
|---------------------|--|
| Elmbridge | 59.2% |
| Runnymede | 30.3% |
| Spelthorne | 57.8% |
| North Surrey | 50.6% |

Its accessible location, together with the diverse natural environment and prospering economy, means the area offers a good quality of life. While this has many positive impacts, the desirability of North Surrey as a place to live does mean that affordability pressures in the area are high. Elmbridge is recognised as one of the most expensive places to live nationally, and in all three boroughs, as shown in the table below, house prices are many times higher than median residence-based annual earnings. Unsurprisingly therefore, pockets of deprivation exist across the geography.

²¹ 2021 Census. There are some limitations on figures due to the influence of the coronavirus pandemic, but figures should nonetheless be indicative of the connections between local areas.

²² Ibid.

| District or Borough | Housing Affordability Ratio ²³ |
|---------------------|---|
| England | 8.32 |
| Elmbridge | 14.34 |
| Runnymede | 11.24 |
| Spelthorne | 11.18 |

The area has been considered as a logical grouping in planning terms for many years, with joint working to address strategic issues and priorities. Collaborative efforts in plan making, such as joint methodologies for Green Belt Review and Strategic Land Availability Assessment, further demonstrate an existing strong commitment to planning at a sub-regional level. The three boroughs are on similar timelines for local plan preparation, further cementing strong alignment. Exceptionally, since 2018, the Northern Boroughs have hosted three Nationally Significant Infrastructure Projects (NSIPs) subject to the Planning Act 2008 Development Consent Order (DCO) process:

- Heathrow Airport 3rd Runway Expansion (2018)
- Esso Southampton to London (Heathrow) Pipeline (2024)
- River Thames Scheme (flood alleviation) (2025 - Current)

Further DCOs are expected in the short to medium term, particularly if expansion at Heathrow Airport is agreed. Unification of the North Surrey authorities will build on the established cooperation and integration of strategic planning resources to streamline the DCO delivery process, by providing faster and more cost-effective delivery of current and future NSIPs to accelerate growth.

Economically, North Surrey benefits from its proximity to Heathrow Airport, which influences its high-value business base and attractive residential locations. The area is part of the Heathrow Strategic Planning Group, providing a unified voice in response to Heathrow expansion. Runnymede and Spelthorne share a Strategic Housing Market Assessment and previous work has shown that Elmbridge is also closely aligned with this market area.

North Surrey is also a creative cluster, hosting major film studios like Longcross Netflix and Longcross South Studios in Runnymede and Pinewood (Shepperton Studios) in Spelthorne. Royal Holloway University, renowned for innovation technologies, contributes to the area's creative industries. The area's economic growth is supported by a strong private sector presence in high value professional services, information and communications, utilities, cyber security, scientific, technical, and wholesale sectors.

The figures below reflect the highly skilled nature of the workforce in North Surrey which attracts higher than average earnings. Across the area as a whole, the unemployment rate is below that recorded for England. Figures are also provided below which show that North Surrey has a healthy overall amount and range of business properties.

²³ Ratio of median house price to median gross annual residence-based earnings by local authority district. 'House price to residence-based earnings ratio', Office for National Statistics, March 2025.

| District or Borough | Population RQF4 and above ²⁴ | Earnings by place of residence (gross weekly pay, full time workers) | Unemployment rate (economically active population aged 16+) |
|---------------------|---|--|---|
| England | 47.1% | £732.00 | 3.9% |
| Elmbridge | 56.3% | £1010.00 | 3.2% |
| Runnymede | 45.3% | £901.50 | 3.1% |
| Spelthorne | 47.6% | £778.60 | 4.1% |

| District or Borough | Total non-domestic floorspace ²⁵ (thousands of meters squared) | Retail floorspace (thousands of meters squared) | Office floorspace (thousands of meters squared) | Industry floorspace (thousands of meters squared) | Other floorspace (thousands of meters squared) |
|---------------------------|---|---|---|---|--|
| Elmbridge | 831 | 196 (23.6%) | 205 (24.7%) | 292 (35.1%) | 139 (16.7%) |
| Runnymede | 686 | 91 (13.3%) | 227 (33.1%) | 208 (30.3%) | 161 (23.5%) |
| Spelthorne | 770 | 467 (60.6%) | 168 (21.8%) | 309 (40.1%) | 127 (16.5%) |
| North Surrey Total | 2287 | 754 (33.0%) | 600 (26.2%) | 809 (35.4%) | 427 (18.7%) |

| District or Borough | Total rateable properties ²⁶ | Retail | Office | Industry | Other |
|---------------------|---|--------------|-------------|-------------|--------------|
| Elmbridge | 3870 | 1160 (30.0%) | 950 (24.5%) | 640 (16.5%) | 1120 (28.9%) |
| Runnymede | 2730 | 510 (18.7%) | 700 (25.6%) | 680 (24.9%) | 830 (30.4%) |
| Spelthorne | 2450 | 790 (32.2%) | 440 (18.0%) | 590 (24.1%) | 630 (25.7%) |

²⁴ All data from area profiles on 2021 Census and Labour Market Statistics, Nomis.

²⁵ 'Non-domestic rating: stock of properties including business floorspace, 2023', Valuation Office Agency, 25 May 2023.

Numbers by category are rounded and may therefore not sum exactly to overall total.

²⁶ 'Non-domestic rating: stock of properties, 2024', Valuation Office Agency, 5 February 2025. Numbers by category are rounded and may therefore not sum exactly to overall total.

| | | | | | |
|---------------------------|-------------|-------------------------|-------------------------|-------------------------|-------------------------|
| North Surrey Total | 9050 | 2460 (27.2%) | 2090 (23.1%) | 1910 (21.1%) | 2580 (28.5%) |
|---------------------------|-------------|-------------------------|-------------------------|-------------------------|-------------------------|

North Surrey has a strong start-up rate with a healthy number of active business enterprises at over 19,000, with business births exceeding business deaths in 2023.

| District or Borough | Business births, 2023²⁷ | Business deaths, 2023 | Count of Active Business Enterprises, 2023 |
|-------------------------------|---|------------------------------|---|
| Elmbridge | 910 | 895 | 9270 |
| Runnymede | 480 | 420 | 4720 |
| Spelthorne | 550 | 505 | 5050 |
| Total for North Surrey | 1940 | 1820 | 19040 |

In wider economic terms, the combined economies of Elmbridge, Runnymede and Spelthorne comprise a significant contribution to the national economy, with a joint GVA of over £18 billion.

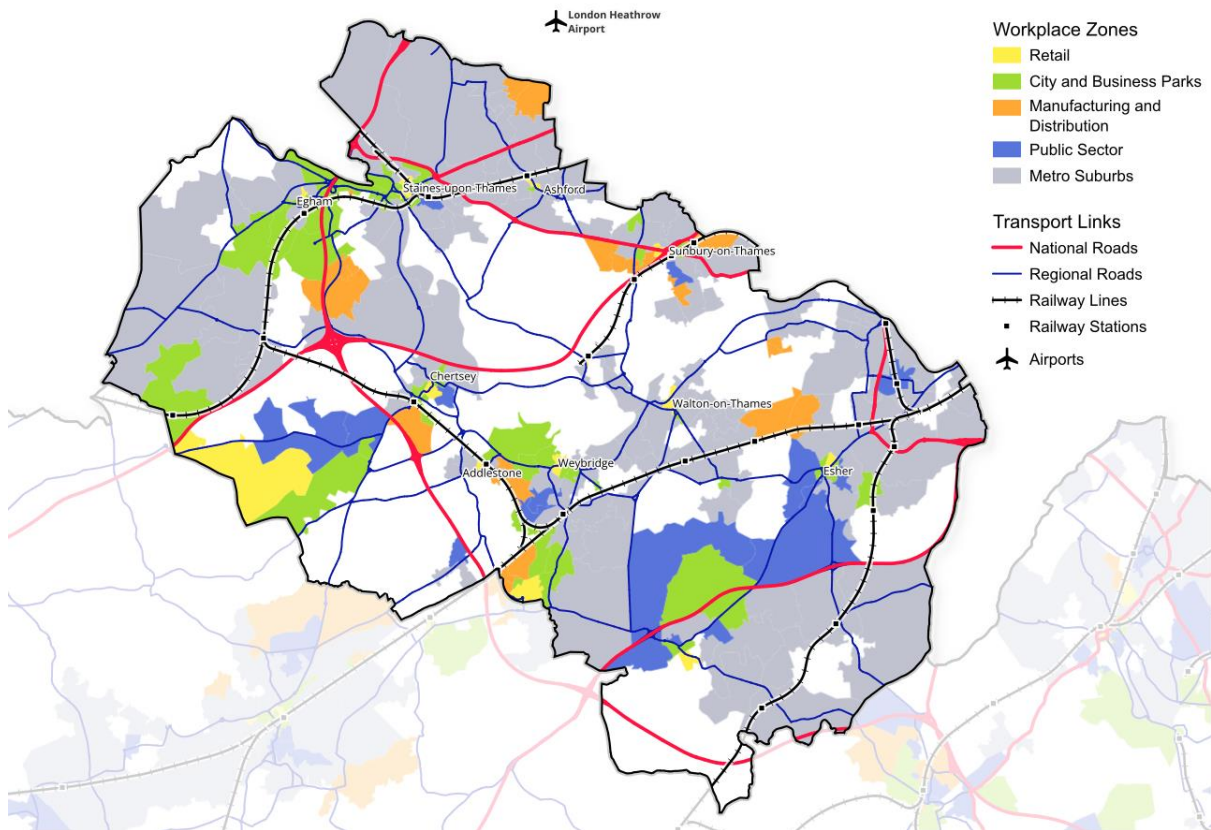
| District or Borough | GVA²⁸ |
|-------------------------------|-------------------------|
| Elmbridge | £ 6,788 million |
| Runnymede | £ 7,231 million |
| Spelthorne | £ 4,042 million |
| Total for North Surrey | £ 18,061 million |

Combined, these figures reflect the healthy and prosperous nature of the North Surrey economy.

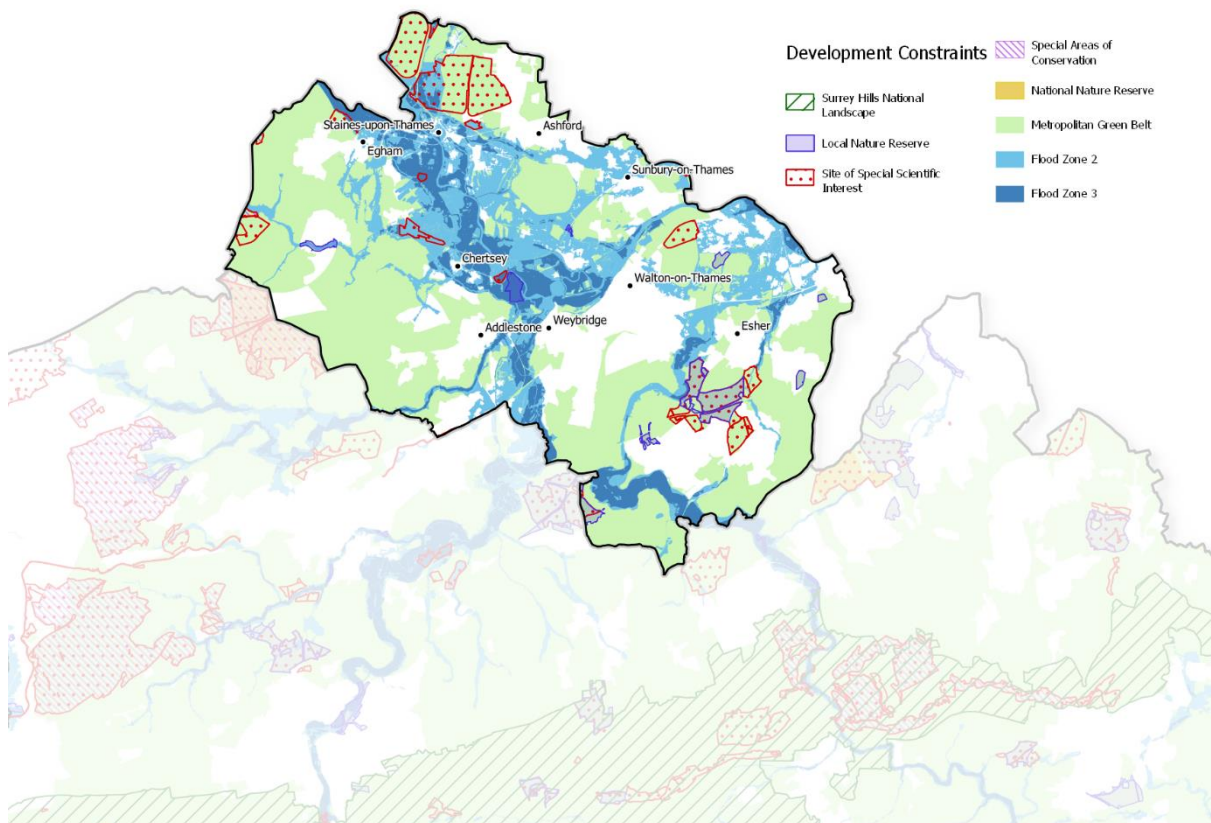
²⁷ 'Business demography, UK: 2023', ONS, 18 November 2024.

²⁸ 'UK small area gross value added estimates', ONS, 2024

North Surrey map with key towns, workplace zones and transport links



North Surrey map with key development constraints



West Surrey

This area, comprising the boroughs of Guildford, Surrey Heath, Waverley and Woking, is a dynamic and distinct functional economic area, shaped by its unique geographical, economic and cultural characteristics.

The area is characterised by its innovative and high-growth activities, particularly centred around the University of Surrey and its Research Park in Guildford, which is home to over 200 companies and 4,500 employees. The area contributes significantly to Surrey's GVA, with Guildford alone contributing 12.3% of Surrey's GVA and 14.5% of jobs.

| District or Borough | GVA ²⁹ |
|------------------------------|------------------------|
| Guildford | £ 6,318 million |
| Surrey Heath | £ 3,936 million |
| Waverley | £ 3,806 million |
| Woking | £ 3,192 million |
| Total for West Surrey | £17,252 million |

The area hosts strategic clusters in space tech, environment and sustainability, human and animal health, video games and creative tech, and digital and cyber security. The innovation ecosystem extends via key transport corridors across Surrey, clustering at transport hubs in Guildford and Woking and key institutions, including the University of the Creative Arts in Farnham.

Frimley Health NHS Foundation Trust operates one of its sites at Frimley Park Hospital near Camberley, located in West Surrey. This hospital provides acute services to a population of 400,000 across West Surrey, Berkshire and Hampshire and also hosts the Defence Medical Group South East, providing surgical, medical and care for military personnel. This facility employs over 5,500 staff.

| District or Borough | Business births, 2023 ³⁰ | Business deaths, 2023 | Count of Active Business Enterprises, 2023 |
|------------------------------|-------------------------------------|-----------------------|--|
| Guildford | 690 | 605 | 7580 |
| Surrey Heath | 490 | 470 | 4900 |
| Waverley | 710 | 700 | 7905 |
| Woking | 520 | 515 | 5145 |
| Total for West Surrey | 2410 | 2292 | 25530 |

West Surrey benefits from strong infrastructure offering accessibility, attractive to national and international businesses. Key transport corridors include the A3 Corridor connecting Portsmouth, East Hampshire, West Surrey, and Guildford to London and the M25; the M3 Corridor connecting Southwest Surrey to other parts of the South East; and the South West Main Line connecting areas like Woking and Guildford to London Waterloo. However, the area's roads are among the most congested in the country, and vital new rail links are needed to Heathrow to improve access to key growth locations, including the University of Surrey.

²⁹ 'UK small area gross value added estimates', ONS, 2024

³⁰ 'Business demography, UK: 2023', ONS, 18 November 2024.

The A3 Corridor is a major road connecting the London to Portsmouth, passing through key locations such as Kingston upon Thames, Guildford, Haslemere and Petersfield. This corridor is crucial for the strategic road network in Surrey and Hampshire, incorporating large areas of Guildford, Waverley, and Woking, and adjoins Surrey Heath. Major settlements within the corridor include Godalming, Guildford, and Woking. Guildford and Woking are home to global corporations located within existing business/research parks or town centres. The Surrey Research Park is of regional significance with its specialist high-tech and research industries and maintains close links to the University of Surrey. The corridor features major visitor attractions such as RHS Wisley and G-live in Guildford and the New Victoria Theatre in Woking, drawing visitors and increasing the prosperity of the local economy.

| District or Borough | Population RQF4 and above³¹ | Earnings by place of residence (gross weekly pay, full time workers) | Unemployment rate (economically active population aged 16+) |
|----------------------------|---|---|--|
| England | 47.1% | £732.00 | 3.9% |
| Guildford | 63.2% | £843.90 | 2.4% |
| Surrey Heath | 47.7% | £882.10 | 2.9% |
| Waverley | 49.2% | £956.40 | 2.3% |
| Woking | 58.5% | £833.20 | 3.4% |

| District or Borough | Housing Affordability Ratio³² |
|----------------------------|---|
| England | 8.32 |
| Guildford | 11.69 |
| Surrey Heath | 10.43 |
| Waverley | 11.89 |
| Woking | 10.80 |

The West Surrey Strategic Housing Market Assessment (SHMA) 2015 identifies Guildford, Waverley and Woking as being within the same housing market area. This definition reflected evidence of strong migration and commuting links between Guildford, Waverley, Woking and Surrey Heath and similar housing market characteristics. Migration flow analysis based on 2011 Census data found there to be a “complex set of interactions and flows” between authorities in West Surrey and Hampshire.

The strongest relationship was between Waverley and Guildford with a gross migration per head of population of 7.7. Guildford and Woking also had a strong relationship, with a gross migration per head of 5.1. The relationship was strongest between Rushmoor in Hampshire and Surrey Heath, with the next strongest relationship to Woking. The analysis concluded that there are strong

³¹ All data from area profiles on 2021 Census and Labour Market Statistics, Nomis.

³² Ratio of median house price to median gross annual residence-based earnings by local authority district. ‘House price to residence-based earnings ratio’, Office for National Statistics, March 2025.

migration relationships between Guildford, Waverley and Woking with Guildford being central to these, with strong connections to Surrey Heath.

The SHMA also explored commuting dynamics using 2011 Census data. This analysis noted a particularly strong relationship between Waverley and Guildford and confirmed strong functional interactions between Guildford, Waverley and Woking. Surrey Heath's relationship was strongest with East Hampshire, followed by Woking. Taking account of the MHCLG's published criteria that existing district areas should be considered the building blocks for proposals, there is compelling evidence that for the purposes of LGR Surrey Heath should be considered within the same housing market area as Guildford, Waverley and Woking.

| District or Borough | Top external commuting destinations outside of London ³³ | | |
|---------------------|---|----------------|-----------|
| | 1st | 2nd | 3rd |
| Guildford | Waverley | Woking | Rushmoor |
| Surrey Heath | Test Valley | Woking | Guildford |
| Waverley | Guildford | East Hampshire | Rushmoor |
| Woking | Guildford | Runnymede | Elmbridge |

| District or Borough | London as a proportion of external commuting ³⁴ |
|---------------------|--|
| Guildford | 17.3% |
| Surrey Heath | 16.4% |
| Waverley | 13.9% |
| Woking | 20.4% |
| West Surrey | 17.0% |

The area is one of the least deprived in the country, although small pockets of notable deprivation exist. House prices are particularly high, creating affordability issues for key workers and resulting in high levels of commuting into the boroughs. The SHMA identifies a significant need for new housing in the area, including a mix of housing types and tenures.

Identifying both Guildford and Woking as Growth Towns, the former Enterprise M3 LEP has pinpointed the A3 corridor as a significant location for future growth and investment. The Growth Towns, which fall within the 100 best performing UK localities, are recognised as crucial to driving economic growth across the South East. Improving connectivity through transport investment schemes within and around the Growth Towns is a key aim of the Strategic Economic Plan.³⁵ The compact nature of Guildford and Woking mean most in and around them are already easily accessible, but there remain opportunities for promoting greater use of sustainable transport.

The A331/31 and A322 corridors provide strong north-south transport links in the West of Surrey, reflected in the strong bus connections. The efficient local road

³³ 2021 Census. There are some limitations on figures due to the influence of the coronavirus pandemic, but figures should nonetheless be indicative of the connections between local areas.

³⁴ Ibid.

³⁵ 'Working for a Smarter Future – the Enterprise M3 Strategic Economic Plan – 2014-2020', Enterprise M3 LEP, 2014.

network enables the high volumes commuting between Guildford, Surrey Heath, Waverley and Woking. By comparison, east to west road connections are far more limited.

Similarly, there are strong cycle paths linkages, such as the Basingstoke Canal route that travels through Guildford, Surrey Heath and Woking

The north of the A3 corridor area benefits from easy access to Heathrow Airport. Gatwick Airport is also located near the three boroughs and the area retains good rail connections to London and the South East generally. However, the A3, which runs through large parts of Guildford, Waverley and Woking, suffers from congestion and rural areas outside the main settlements generally have limited access to public transport, creating a car dependency with associated air quality impacts. Improving rail capacity and securing upgrades to the A3 through Guildford and the A3/M25 Junction 10 at Wisley are crucial to the future growth of the area.

| District or Borough | Total rateable properties ³⁶ | Retail | Office | Industry | Other |
|--------------------------|---|-------------------------|-------------------------|-------------------------|-------------------------|
| Guildford | 4480 | 870 (19.4%) | 1310 (29.2%) | 880 (19.6%) | 1410 (31.5%) |
| Surrey Heath | 2970 | 590 (19.9%) | 780 (26.3%) | 700 (23.6%) | 890 (30.0%) |
| Waverley | 3980 | 960 (24.1%) | 950 (23.9%) | 890 (22.4%) | 1180 (29.6%) |
| Woking | 2800 | 740 (26.4%) | 760 (27.1%) | 480 (17.1%) | 820 (29.3%) |
| West Surrey Total | 14230 | 3160 (22.2%) | 3800 (26.7%) | 2950 (20.7%) | 4300 (30.2%) |

| District or Borough | Total non-domestic floorspace ³⁷ (thousands of meters squared) | Retail floorspace (thousands of meters squared) | Office floorspace (thousands of meters squared) | Industry floorspace (thousands of meters squared) | Other floorspace (thousands of meters squared) |
|---------------------|--|--|--|--|---|
| Guildford | 1085 | 247 (22.8%) | 265 (24.4%) | 372 (34.3%) | 201 (18.5%) |
| Surrey Heath | 677 | 136 (20.1%) | 140 (20.7%) | 317 (46.8%) | 84 (12.4%) |

³⁶ 'Non-domestic rating: stock of properties, 2024', Valuation Office Agency, 5 February 2025. Numbers by category are rounded and may therefore not sum exactly to overall total.

³⁷ 'Non-domestic rating: stock of properties including business floorspace, 2023', Valuation Office Agency, 25 May 2023. Numbers by category are rounded and may therefore not sum exactly to overall total.

| | | | | | |
|----------|-----|----------------|----------------|----------------|----------------|
| Waverley | 641 | 169 (26.4%) | 95 (14.8%) | 252 (39.3%) | 124 (19.3%) |
| Woking | 768 | 175 (22.8%) | 169 (22.0%) | 350 (45.6%) | 74 (9.6%) |

West Surrey is characterised by areas of countryside, a high proportion of which is Green Belt, interspersed with urban settlements such as Camberley, Guildford, Woking and Farnham. Alongside other ecological and landscape designations, this gives the area distinctive landscape characteristics.

The Thames Basin Heaths Special Protection Area (SPA) and Wealden Heaths SPA are located towards the north and south of the A3 corridor respectively, whilst the Surrey Hills AONB traverses the south of the borough of Guildford and large parts of Waverley. Many visitors are attracted to the area to pursue leisure and recreational activities (such as cycling and walking) within the Surrey Hills, whilst the southern part of Waverley is also commonly regarded as a gateway to the South Downs National Park.

Almost all the areas of the Thames Basin Heaths SPA in Surrey are within West Surrey, a significant proportion of which is within Surrey Heath and north Guildford. This has significant implications for housing development and associated mitigation.

There is a distinctive military history and MOD presence in the West of Surrey, including the Sandhurst Royal Military Academy, Cadet training centre Frimley, Bisley and Ash ranges and Brookwood Cemetery. The importance of these links with the military is significant, with West Surrey hosting training grounds for multiple Aldershot and North Camp barracks, as well as the Solider Academy at ATC Pirbright and Keogh barracks. Additionally, the NRA Olympic base is located here. The MOD is a significant landowner in West Surrey, and a large swathe of the Sandhurst Royal Military Academy site, including its main entrance, falls within the Surrey Heath.

The M3 Corridor, running from Sunbury-on-Thames in Surrey to Eastleigh in Hampshire, is another vital transport link. The motorway serves the densely populated towns in West Surrey, the north of Hampshire and the south of Berkshire. It also carries traffic heading for busy destinations such as Southampton, Bournemouth, and Poole via the A31, and the southwest via the A303. The M3 connects key locations including Staines, Bracknell, Basingstoke, and Winchester, and is essential for commuting and travel to and from London.

The area is an exceptionally attractive place to live and work, with extensive designated national landscapes, arts and crafts centred on Farnham, which has World Craft Town status, and world-famous heritage.

West Surrey has a population of 470,000, which has grown significantly over the last ten years. Population density is lower than other parts of Surrey, and the median annual pay for those in employment is relatively high.

| District or Borough | Current Population ³⁸ | Population estimates to 2040 assuming 1% growth p.a. |
|------------------------------|----------------------------------|--|
| Guildford | 149,176 | 173,343 |
| Surrey Heath | 92,168 | 107,099 |
| Waverley | 132,146 | 153,554 |
| Woking | 104,636 | 121,587 |
| Total for West Surrey | 478,126 | 555,582 |

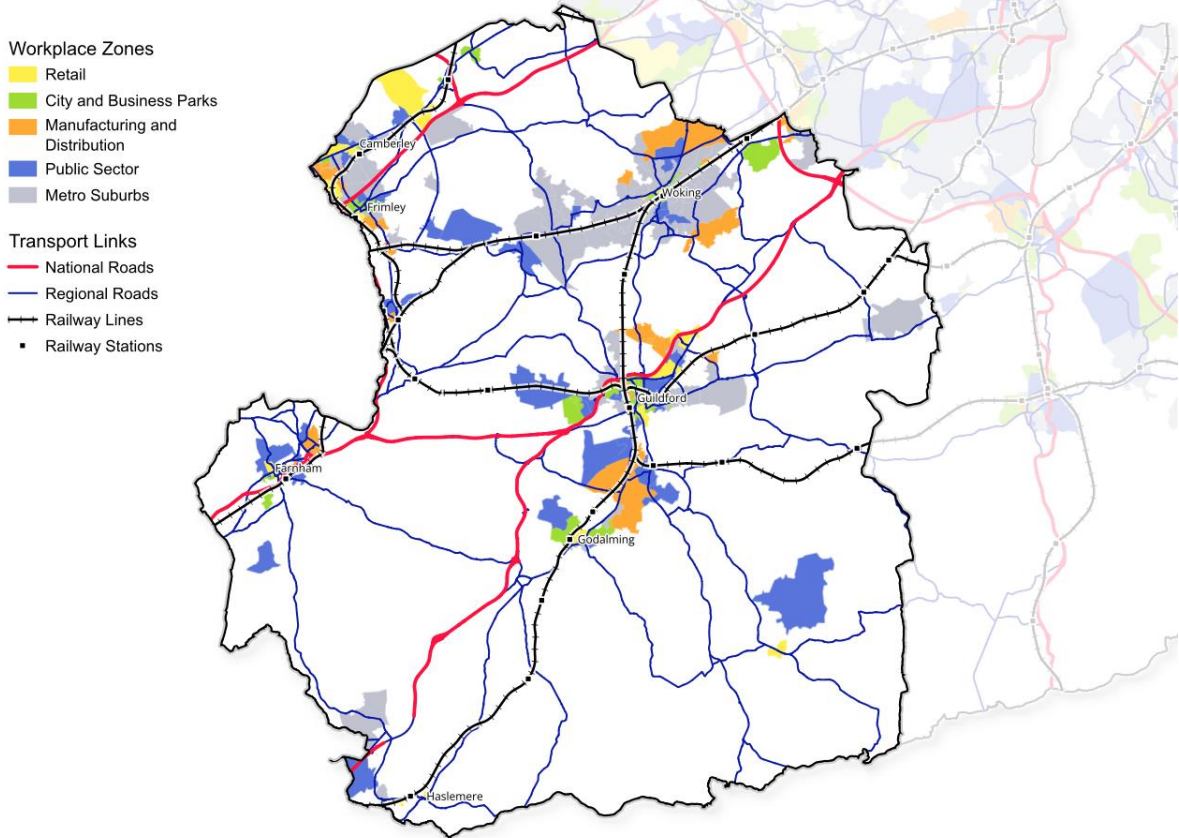
Despite being an affluent place, West Surrey has pockets of social deprivation, with significant inequalities in healthy life expectancy between wards. Guildford has the largest life expectancy gap, with life expectancy 7.8 years lower for men and 6.9 years lower for women in the most deprived areas compared to the least deprived.

Housing affordability is a critical issue, with the area having some of the most expensive places to live in the country. The average house price is significantly higher than the national average, and the ratio of median house price to median gross annual residence-based earnings is also higher than the average for the south east of England. The area has good superfast broadband coverage at 98%, slightly higher than the English national average, but coverage of 5G is weak, particularly in Waverley.

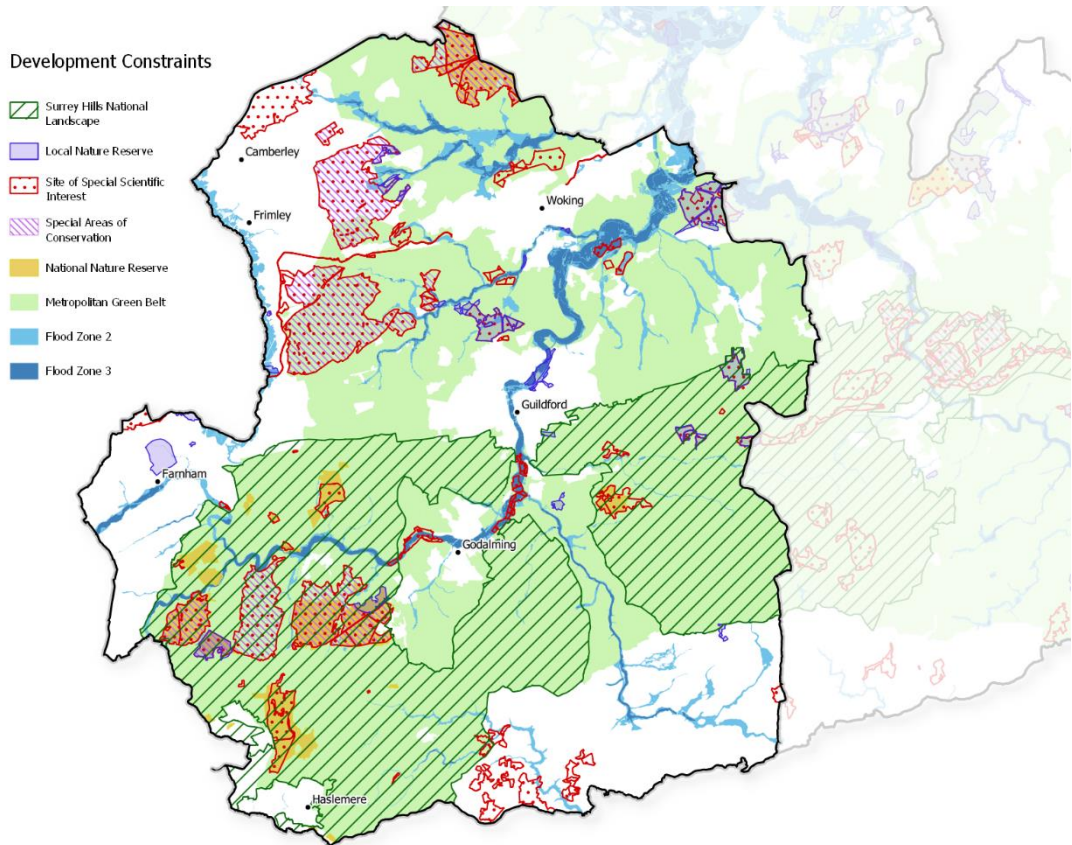
The 2015 West Surrey Strategic Housing Market Assessment (SHMA) defined a core West Surrey Housing Market Area comprising Waverley, Guildford and Woking, with strong links to Surrey Heath. This reflects evidence of strong migration and commuting links between these areas and similar housing market characteristics. The SHMA also explored commuting dynamics, confirming strong functional interactions between Guildford, Waverley and Woking, with Surrey Heath having strong relationships with Woking.

³⁸ '2023 mid-year estimates of the population for England and Wales', ONS, July 2024.

West Surrey map with key towns, workplace zones and transport links



West Surrey map with key development constraints



Work and commuting data

Travel patterns provide an important insight into people’s sense of place and identity. When looked at through the lens of commuting, they also how illustrate local economic clusters and identities. Using data from the 2021 Census, we have compared where people live and work in Surrey. In all districts, most people live and work locally. Beyond this though, we have denoted (in green in the table below) each district’s most frequent commuting destination outside of their district of residence.

Districts have been ordered on an east-west basis which illustrates the county’s three economic clusters, each of which has their own transport priorities, patterns and identities.

| | | District of work | | | | | | | | | | | | |
|-----------------------|----------------------|------------------|-----------|-----------|--------------|--------|-----------|----------|-------|-------------|----------------------|-----------|-----------------|---------------|
| | | Spelthorne | Runnymede | Elmbridge | Surrey Heath | Woking | Guildford | Waverley | Epsom | Mole Valley | Reigate and Banstead | Tandridge | London boroughs | Out of Surrey |
| District of residence | Spelthorne | | ✓ | | | | | | | | | | ✓ | |
| | Runnymede | ✓ | | ✓ | | | | | | | | | ✓ | |
| | Elmbridge | | | | | | | | | | | | ✓ | |
| | Surrey Heath | | | | | ✓ | ✓ | | | | | | ✓ | ✓ |
| | Woking | | | | | | ✓ | | | | | | | |
| | Guildford | | | | | ✓ | | ✓ | | | | | | |
| | Waverley | | | | | ✓ | ✓ | | | | | | | |
| | Epsom | | | | | | | | | | | | ✓ | |
| | Mole Valley | | | | | | | | | | | ✓ | | |
| | Reigate and Banstead | | | | | | | | | | ✓ | | | ✓ |
| | Tandridge | | | | | | | | | | | ✓ | | ✓ |

East Surrey: Residents largely work locally or commute to London or Gatwick. There is a strong connection to Crawley.

West Surrey: Residents commute within these districts, with the main employment centre being in and around Guildford.

North Surrey: Most stay local or commute into London boroughs, particularly Hounslow and Heathrow, which drives considerable economic activity.

These trends are broadly replicated in post-Covid data such as the Office of Rail and Road’s railway travel data for 2023/24 and are consistent with the patterns in the 2011 Census.

How our three unitary model will best drive economic growth, housing and infrastructure delivery

As the government considers fundamental structural change to local government, it offers an unparalleled opportunity to build a new structure around Surrey’s existing functional economic geographies, which our proposed three unitary model mirrors.

We recognise that local government plays a crucial role in supporting the government's six missions for the UK. This includes fostering economic growth and facilitating the delivery of housing and infrastructure.

Our model matches Surrey's complexity, scale and distinctiveness of its people, economy and geography. For a county with a population that exceeds 1.2 million, with strong sub-regional economic identities, constrained infrastructure, complex housing markets and a highly engaged and diverse population, **our proposed three unitary model is the only structure capable of delivering transformative, locally grounded and democratically accountable change that will boost growth.**

In contrast, a two unitary model ignores the subtleties of Surrey's growth corridors, cuts across economic clusters, and would create large, incoherent areas with internal tensions, impairing the ability to drive focused investment and delivery.

Taking an approach that enables the new unitaries to plan across functional economic areas will enable us to fully realise the growth potential of these distinct places and to make maximum use of limited resources. Local authority boundaries that reflect functional economic areas are better equipped to create and enact policy that meets the needs of specific areas and enhance our potential for partnership working, to better enhance strategic decision making in the economic development of Surrey and the wider South East.

Crucially, this will provide the essential building blocks for devolution and create a meaningful economic footprint to establish a Mayoral Strategic Authority. With the new unitary authorities able to take a coherent and strategic approach to planning for growth, the new strategic mayoral authority will be in the strongest possible position to focus on using its devolved powers to deliver on the national mission of growth, making sure of a strategic regional approach to skills, transport and planning.

Three unitary authorities: a functional geography that drives growth

Surrey is clearly not a homogenous geography. As we have seen, it comprises:

- **North Surrey** – the current districts of Elmbridge, Runnymede and Spelthorne. It is Heathrow-adjacent, highly urbanised with a close proximity to London.
- **West Surrey** – the current districts of Guildford, Surrey Heath, Waverley and Woking. Innovation and research driven, centred on Guildford and Woking and at the centre of important regional travel and economic corridors.
- **East Surrey** – the current districts of Epsom and Ewell, Mole Valley, Reigate and Banstead and Tandridge. With transport and economic ties to both London and the Gatwick area and Kent, East Surrey balances rural villages with more major settlements.

These are not arbitrary lines on a map. They represent **functional economic areas**, underpinned by real lives, commuting patterns, infrastructure links, housing market assessments and business ecosystems. These geographies, as noted, are well

established and agreed in Surrey as part of the Interim Strategic Statement for Surrey (2016-2031). **Put simply, there is no alternate unitary authority geography that does not separate these areas and, as a result, block growth.**

To illustrate, each area in Surrey faces many challenges to unlock and deliver sustainable growth and development.

Each area requires:

- Significant **local infrastructure investment** to meet the demands of existing pressures as well as those arising from new housing delivery and the growth of neighbouring areas.
- **Housing delivery that is appropriately tailored to the unique character and demands of each area**, including local economic and commuting patterns as well as local affordability.
- A **targeted skills pipeline** to ensure that skills are available locally to drive growth.
- Bespoke **business engagement and growth strategies** to support businesses to thrive in a challenging economic environment.

By aligning new unitary authorities with Surrey's functional economic geography, our three unitary model ensures that each new council:

- **Operates within a larger, coherent economy** and will be able to use all the levers at its disposal to maximise local growth. This would significantly address a legacy of disconnected growth and remove obstacles to major projects, as well as housing and infrastructure delivery.
- **In operating at a considerably larger scale, would have greater resources to drive growth.** The Mayoral Strategic Authority would enable them to achieve even more collaboratively, facilitating shared strategic investment based on a joint understanding of how to best promote growth and remove barriers to wider cross-boundary working.
- **Has shared infrastructure challenges and a greater ability and capacity to address them.** Unlike the current two-tier system of local government, housing, planning and infrastructure investment decisions would be brought under one authority to meet the challenges and opportunities of a coherent economic area. This would help ensure that infrastructure planning is aligned to functional need and is geared to driving growth in real, recognisable, places.
- **Can lead locally relevant plans and policies to deliver on growth and the government's skills agenda.** This will enable policy and investment decisions to be made to support the priorities and challenges of each part of Surrey. This includes local plan making in real housing market geographies, avoiding overly

complicated plan making processes, as well as the pooling of infrastructure funds (such as CIL, S106, etc.) to unlock strategic sites for development.

Developers would find engagement with local government more straightforward as they would be able to build stronger strategic relationships with new – and fewer – councils that are strategically focused and aligned to a functional economic area.

- **Can effectively advocate for the interests of its area and involve residents and local stakeholders in decision making.** Each new authority would be deeply rooted in the communities it serves, enabling it to act as a powerful advocate for its area while placing residents and local stakeholders at the heart of decision making. By actively involving communities in shaping their future and places, these authorities can lead on local growth, housing and infrastructure in ways that reflect the unique character and needs of each place.

This community-led approach ensures that planning and housing policies are not only locally responsive but also shaped by those who live and work in the area. It strengthens the authority's ability to speak with authenticity and clarity when working with national partners, and ensures that local voices are meaningfully represented in regional strategies – such as the Transport Strategy for the South East – helping to shape infrastructure that truly serves local needs.

Replacing Surrey's 12 local authorities with three would enable a clearer focus on local priorities, and would also facilitate joint working at the Mayoral Strategic Authority level to achieve shared objectives on wider strategic issues. These themes are explored in greater detail in the sections of this plan that follow.

- **Is a credible partner to key enabling agencies such as Network Rail, National Highways and utility providers.** This will help ensure effective collaboration and resource allocation, as well as fostering trust, enabling smoother project planning, execution and wider strategic planning and policy making, which ultimately benefits the community by addressing local needs and promoting sustainable development.
- **Has the critical mass to respond effectively to the challenges of development and growth.** They would be more able to retain specialists by offering more attractive career opportunities and professional development. This would be relevant across several crucial service areas that drive growth, including planning, transport planning, housing services, and economic development.

Inadequacies of the two unitary authority model

The benefits of our three unitary model are clear. In contrast, a two unitary model that does not align with Surrey's functional economic areas will embed economic incoherence and conflicting growth incentives among the new councils. Unlike the three unitary model, this misalignment will hinder the new authorities' ability to plan effectively for growth. Additionally, it will undermine the effectiveness of a new Mayoral Strategic Authority, which will first need to address the lack of coherent local planning for growth before it can effectively utilise its devolved powers.

Only our proposed three unitary model allows for the necessary degree of strategic specialisation. A two unitary structure would dilute strategic focus, mix incompatible economies, and undermine the region's ability to compete for national and global investment.

We consider case studies from recent examples of local government reorganisation in a later section as our proposal develops. However, it should be noted that recent national experience supports this view.

For instance, local government reorganisation (LGR) in Dorset saw slowed economic progress due to attempts to bridge disconnected economies. The split between rural Dorset and the urban Bournemouth, Christchurch and Poole (BCP) Council left both authorities managing disconnected economies, weakening regional influence and stalled efforts to coordinate housing, employment land and infrastructure planning. In contrast, Buckinghamshire's acknowledged success was built on the alignment between geography, economic identity and local government, maintaining a consistent spatial and economic strategy and stronger investor confidence.

Further, local plans in areas that are too large and span multiple housing and economic geographies, such as those proposed in any two unitary model, are likely to face significant challenges. Developing these plans on a foundation that genuinely captures the uniqueness of the places and the views of the communities they serve, as required by government under the new planning system, would be extremely difficult.³⁹

Previous experiences in Cheshire East, where large size and a lack of shared housing markets led to friction in plan-making and significant delays, illustrate these challenges. Cheshire East's divergent housing needs and local plan tensions show how size and diversity can inhibit housing strategy in large unitary councils. Similarly, Wiltshire's Area Boards failed to address the housing delivery disconnect between town and rural communities, with centralised planning seen as remote and ineffective in a 2022 LGA Peer Review.

³⁹ 'Government response to the proposed plan-making reforms: consultation on implementation', Ministry of Housing Communities and Local Government, 27 February 2025 (paragraphs 17 and 18).

National learning from Somerset and North Yorkshire shows that large unitary councils struggle to maintain focus on multiple infrastructure demands. In North Yorkshire, community detachment and slow local decision-making have diluted leadership attention and investment, while Somerset's leadership fragmentation and infrastructure gridlock highlight the challenges of managing divergent geographies within a single council. These experiences demonstrate how remote governance can erode trust, reduce responsiveness, and impede effective infrastructure planning.

In contrast, our proposed three unitary model maintains focus and preserves agility, empowering local leaders to lead from a place of relevance, ensuring that decision making aligns with real places and real communities.

Conclusion – why three unitary authorities is best for growth

Surrey's scale, diversity, and ambition demand a bold, evidence-led reform of local government that reflects the realities of place and puts people at the heart of decision making. Our proposal for three unitary authorities is not only strategically and economically sound, but also essential for strengthening democracy, empowering communities, and unlocking long-term growth.

This model ensures each authority is closely aligned with distinct functional economic areas, enabling coherent planning, targeted investment, and responsive service delivery. It fosters local accountability, ensures decisions are made closer to the people they affect, and supports genuine community engagement in shaping the future of their areas.

In contrast, a two unitary model – misaligned with economic geographies – would create structural inefficiencies and incoherence, conflicting priorities, and undermine democratic legitimacy. It would weaken the ability of a future Mayoral Strategic Authority to act decisively and cohesively, diverting its focus to resolving inherited misalignments rather than driving growth.

Principle 2 – Unlocks the benefits of devolution

Summary: *This section sets out how our proposal for reorganisation will unlock devolution for Surrey, with the establishment of a Mayoral Strategic Authority by April 2027. Led by the Mayor of Surrey, this new authority will deliver economic growth and prosperity by leveraging devolved powers across the county's three new unitary authorities. This structure will enable a coherent and strategic approach to planning for growth across Surrey's distinct economic clusters.*

Although reorganisation (the reconfiguration of Surrey's local government landscape) and devolution (the transfer of powers and funding from Westminster to local leaders) are distinct processes, together they lay the foundations for growth and prosperity. It is therefore vital that our proposal for reorganisation paves the way for the timely and seamless establishment of a Mayoral Strategic Authority for Surrey.

Led by the newly created Mayor of Surrey and covering the footprint of the existing county area, our proposal is that elections to this post should first occur in May 2027, with the Strategic Authority coming into existence at the same time as the new unitary councils are vested in April 2027.

Bringing together the mayor with the leaders of the new unitary authorities as champions of their respective residents, businesses and distinct economies, the Surrey Strategic Authority will be able to take the vital macro and strategic decisions necessary to help to foster growth across Surrey.

Surrey is well placed to be amongst the first areas nationally to benefit from devolution and from the wholesale transfer of power from Whitehall to local leaders. Not only are we undertaking reorganisation at the fastest pace anywhere in England, the devolution of power to local leaders is already underway, thanks to the county deal Surrey secured that will see some adult education, housing and regeneration powers being devolved locally from 2026.

Held on the same geography as the new Surrey Strategic Authority, the effective use of these new powers rely on collaboration between the existing county council and districts and boroughs (for example, in their role as local planning authorities); this collaboration can continue as the shadow unitary authorities are elected in May 2026 and vested in April 2027.

On 1 April 2027, these new powers will be vested to the Surrey Strategic Authority, complemented by the devolution of further powers in areas such as infrastructure and transport planning to support growth across the breadth of the strategic geography.

In line with precedent elsewhere, like the West of England and West Midlands where strategic authorities are already in place, the Surrey Strategic Authority will be led on an interim basis for just over a month by the unitary council leaders, until elections for the new Mayor of Surrey are held in early-May 2027. The interim period will be

entirely during the pre-election period, limiting the decisions that can be made during this short, but necessary, transition period. Once elected and with their own democratic mandate, the new mayor will work together with local council leaders to deliver their priorities and help foster economic growth.

It is expected that, at the conclusion of the Police and Crime Commissioner for Surrey's term of office in May 2028, the powers and responsibilities of this role will also be assumed by the Mayor of Surrey.

Whilst the population of Surrey (1.2 million) is below the government's 1.5 million population target for Strategic Authorities, the White Paper recognises in some places this may not be met. However, Surrey's economic and social geography significantly differs from all neighbouring areas, with the county's current boundaries providing a cohesive identity that brings together Surrey's varied and distinct local communities, that are also coterminous with most other public sector boundaries.

With a GVA of over £51bn, Surrey's local economic potential is significant. The new Surrey Strategic Authority would be the sixth largest authority of its kind in England, contributing around the same to the British economy as Northern Ireland.

Establishing a Strategic Authority using the current county footprint therefore places the strategic geography in the best possible position to harness the opportunities presented by LGR and devolution to secure sustainable and long-lasting economic growth.

Our proposal for three unitary authorities best positions the new Surrey Strategic Authority to unlock economic growth across the geography. With the new unitary authorities able to take a coherent and strategic approach to planning for growth, the new Strategic Mayoral Authority will be in the strongest possible position to focus on using its devolved powers to deliver on the national mission of growth, ensuring a strategic regional approach to skills, transport and planning.

Two unitary authorities for Surrey would be too distant from the rich tapestry of communities each serves to provide meaningful place leadership. As will be discussed below in Principle 4 (community empowerment) in more detail, evidence elsewhere has demonstrated that local community networks or boards cannot replicate this need for coherent empowered local leadership.

Furthermore, a two unitary model not based on functional economic areas will bake-in economic incoherence and conflicting incentives for growth. By creating local authority boundaries that split up functional economic areas, local leaders could be perversely incentivised to make strategic policy decisions that, whilst benefiting their authority, are to the detriment of growth and the wider economic prosperity of the region. Not only will this mean that the new authorities are not able to plan as effectively for growth as a three unitary model, but it will also undermine the effectiveness of a new Mayoral Strategic Authority as it will have to first compensate for the lack of coherent planning at a local level for growth before it can then use its

devolved powers effectively. This matters, as research by Metro Dynamics shows that where transport investment and economic collaboration has been working in Greater Manchester for the longest, productivity has also improved.⁴⁰ A three unitary model will stimulate and embed meaningful collaboration, providing the best possible basis for devolution. A two unitary model will add complexity and make devolution harder and slower and would complicate and dilute its impact, undermining the potential for sustainable economic growth that this once in a generation opportunity brings.

Similarly, if there were only one unitary authority, such an authority would be unable to effectively represent and foster conditions that catalyse local economic growth across the strategic geography, continuing the status quo and not supporting sustainable economic growth in the future.

By creating three new unitary authorities whose boundaries align with Surrey's distinct economic clusters, we are ensuring that Surrey is in the best possible position to deliver devolution and local growth ambitions, for the benefit of residents across the strategic geography. Fostering growth will require a system wide approach, and our boundaries are well placed to do this, with coterminous alignment with other public sector boundaries such as Surrey Police's Divisions and almost complete alignment with parliamentary boundaries, themselves independently developed by the Boundary Commission for England based upon local ties and identities.⁴¹

As research by the Economy 2030 Enquiry has demonstrated, focusing on ensuring the functional economic area works as a whole to support firms and workers is the key to unlocking growth.⁴² This is a key feature of successful places across the UK and globally. They make effective use of investment and human capital have clear features, with different parts of economic areas playing distinct roles: they provide locations (usually clustered around town centre) where large volumes of high-value activity can cluster; they deliver high rates of return on capital; and that is underpinned by access to a deep pool of skilled labour in the area which provides attractive places to live and fast connections to those productive areas. A three unitary model – which is based on functional economic areas – would enable alignment around a coherent economic strategy to deliver this; such close alignment would not exist in a two unitary model for Surrey.

⁴⁰ James Gilmour, Mike Emmerich, Gillian O'Connell, 'Growth and transport in Greater Manchester', Metro Dynamics, June 2023.

⁴¹ Guide to the 2023 Review of Parliamentary constituencies, Boundary Commission for England. The minor deviations in coterminosity between our proposed boundaries and those of parliamentary constituencies is around the village of Ewhurst, which would be within the South Surrey unitary but part of the Dorking and Horley parliamentary constituency, and in Farnham and Bordon constituency and the Windsor constituency, both of which are constituencies that exist across Surrey's county boundaries into Hampshire and Berkshire respectively.

⁴² Paul Brandily *et al*, 'A tale of two cities', The Economy 2030 Enquiry, September 2023

The size ratios between the proposed local authorities, set out below, ensure that the new councils are well balanced.

| Local Authority | Population⁴³ | Gross Value Added⁴⁴ |
|-----------------------------------|--------------------------------|---------------------------------------|
| North Surrey | 330,000 | £18bn (35%) |
| West Surrey | 480,000 | £17bn (34%) |
| East Surrey | 420,000 | £16bn (31%) |
| Surrey Strategic Authority | 1.2m | £51.3bn |

With each of the new unitary authorities being formed around the county’s three district economic clusters, the new councils will be empowered to make the strategic decisions that best suit the communities, residents and businesses that they serve. As a result, the new Mayor of Surrey, working collaboratively with new council’s leaders, will be able instead to focus their attention and resources upon the macro strategic issues that require a cross-county solution, champion Surrey on the national stage and deliver major projects and infrastructure in synergy with local leaders.

⁴³ ‘2023 mid-year estimates of the population for England and Wales’, ONS, July 2024.

⁴⁴ ‘UK small area gross value added estimates’, ONS, 2024

Principle 3 – Values and advocates for Surrey’s unique local identities and places.

Summary: This section sets out how our proposal for reorganisation values and advocates for Surrey’s unique local identities and places. By establishing three unitary authorities, we aim to deliver tailored, place-based services that drive community engagement and improve outcomes. In contrast, a two unitary model would create arbitrary boundaries, disconnecting Surrey’s functional areas and undermining effective local governance.

Place-based service delivery

The concept of ‘place’ is integral to local government. In Surrey, we embrace place in its fullest sense. Place is something that people relate to and identify with, encompassing location, culture, economics, ecology and nature, the built environment, transport infrastructure, housing and much more besides.

We believe that place-based service delivery is a fundamental aspect of good local government, from delivering social care to homelessness support, highways and planning.

The concept of place-based service delivery is centred on tailoring public services to the unique characteristics and needs of specific areas. The approach recognises that each place and community has its own distinct identity, challenges and opportunities. By focusing on the specific characteristics of a place, local authorities can design and implement services that are responsive to local need – ultimately making them more effective and relevant, maximising the health and wellbeing of residents and the vitality of our places.

To deliver effective and efficient place-based services, a keen understanding of the local dimension is key. As set out in the recent Devolution White Paper, efficient and accountable local government and the devolution of power locally is best achieved with local champions who understand their local places, their identities and strengths and how to harness them.

We share the government’s ambition to align local government structures with functional geographies that people understand and identify with. Put simply, we believe that the closer decisions can be made to the communities they affect, and the more those communities can be involved in the framing and taking of decisions, the more effective they will be.

Our proposal to establish three unitary authorities in Surrey is therefore rooted in our commitment to effective place-based service delivery. By creating new unitary authorities around Surrey’s three distinct functional geographies and local identities, we will create the conditions for providing services in a locally tailored and personalised way. This will drive community engagement and

empowerment and, ultimately, improve outcomes through facilitating a transformation of wider public sector service delivery.

It is in this way that this principle is best thought of as a fundamental enabler of those that follow.

Three unitary authorities: a place-based approach to LGR in Surrey

Surrey is a large and diverse county. We have noted in an earlier section that Surrey has three distinct local identities and places that cover coherent, functional geographies that residents recognise and identify with.

As set out above, these are:

| New unitary authority | Current districts | Population⁴⁵ |
|-----------------------------------|---|--------------------------------|
| East Surrey | Epsom & Ewell Mole Valley Reigate and Banstead Tandridge | 420,000 |
| North Surrey | Elmbridge Runnymede Spelthorne | 330,000 |
| West Surrey | Guildford Surrey Heath Waverley Woking | 480,000 |
| Surrey Strategic Authority | | 1.2m |

As noted in an earlier section, our proposed three unitary model is supported by evidence produced collaboratively by all Surrey local authorities in the Interim Local Strategic Statement for Surrey (2016-2031). The Strategic Statement provides a unified vision for spatial planning across Surrey, establishing common objectives among local authorities to manage growth sustainably, support economic development, improve infrastructure, and protect the environment.

The conclusions drawn in this document concerning the natural grouping of authorities in Surrey continues to remain valid, logical, and appropriate. The model

⁴⁵ '2023 mid-year estimates of the population for England and Wales', ONS, July 2024.

avoids several pitfalls by representing distinct and well-established functional areas that follow clear and sustainable patterns of where people live and work. These areas are recognisable and relatable to residents and the proposed new councils' system partners.

These themes were evident in the outcomes of the engagement activities carried out by Surrey's district and boroughs and which have influenced this final proposal.

Over 3,000 residents from across Surrey participated in our initial engagement survey. They demonstrated a clear preference for three unitary authorities (63%) over a two unitary configuration (17%). Additionally, residents emphasised that their top priorities regarding local government reorganisation are predominantly local, underscoring the importance of maintaining a close connection to decision-making and ensuring that new unitary councils reflect local priorities.

As a result, we believe that the proposed three unitary authorities covering Surrey's three functional areas represents the best way for effective and efficient place-based services to be delivered in Surrey, tailored to the specific challenges and issues faced in local areas. These include adapting and responding to climate change, local plan making, housing and infrastructure delivery, economic growth and development, community engagement, reducing inequalities and improving health and wellbeing outcomes, among many others.

Appropriately sized and more focused unitary councils would drive greater collaboration, supporting joint ventures and ensuring meaningful and effective relationships with local partners. Engaging communities at an appropriate scale helps identify effective local solutions while reducing the impact on the public purse. The geography of this model will provide for council areas with common issues conducive to local decision-making and collaborative working, minimising the risks of divisions due to competing issues and visions resulting from large geographies and significantly different identities within unitary groupings. Surrey's places are far from homogeneous, and local government in Surrey must have the capability to respond meaningfully to the uniqueness of its different communities.

When considering scale, it becomes clear that a single county unitary authority would be too large and too detached to effectively respond to and engage with local communities. It would be unable to deliver appropriately tailored structures to decision making and service delivery, to authentically demonstrate genuine connection with and understanding of matters that are important to local people. This is critical in resident facing services and for decisions that shape communities and the places they live. Such a model would lack the agility to deliver bespoke place-based services that residents recognise and engage with.

Further, no two unitary model in Surrey has been identified that would avoid creating arbitrary boundaries that disconnect Surrey's functional geographical areas and communities.

It is recognised, however, that our proposed three unitary authority configuration does not meet the 500k population threshold set by government as a guide to local government reorganisation.

We do not believe that this population level makes sense for Surrey. This is because it is not possible to achieve it without separating Surrey's functional communities by new arbitrary, population driven boundaries.

Our proposed unitary structure therefore represents an appropriate balance, well-tailored to local circumstance. It has been selected because there is clear and compelling evidence for why this geography makes sense for Surrey's places, rather than the arbitrary drawing of boundaries to meet population-based targets.

The themes introduced in this section are explored in greater detail in the sections that follow.

However, at this point it is imperative to recognise that creating a structure of local government that is built around Surrey's distinct places is integral to realising the benefits of local government reorganisation. By forming new authorities on the basis of Surrey's distinct human and economic geography and local identities, we will aim to drive community engagement and empowerment, transforming public sector service delivery and improving outcomes in our communities.

Crucially, this conclusion is supported by the recent experience of local government reorganisation elsewhere in England.

We have these case studies below and which have directly influenced the shaping of our proposal:

Key lessons from recent local government reorganisation

Dorset – Disconnected Economies, Diluted Growth

Context:

In 2019, Dorset underwent local government reorganisation (LGR), creating two unitaries: the rural **Dorset Council**, and the more urban **Bournemouth, Christchurch and Poole (BCP) Council**. The intention was to deliver efficiencies and strategic alignment, but key challenges quickly emerged.

Key Insights:

- **Fragmented Economic Strategy:** The split between rural Dorset and the BCP urban conurbation left both authorities **managing disconnected economies**. While BCP focused on regeneration, digital and tourism, Dorset struggled to establish a growth narrative outside its rural economy and ageing population needs.
- **Reduced Regional Influence:** Stakeholders, including the Local Enterprise Partnership and investors, found it harder to engage with consistent economic

leadership. There was no clear regional anchor, leading to **weakened influence at national level** and fewer major funding wins compared to other reorganised counties.

- **Strategic Drift:** Efforts to coordinate housing, employment land and infrastructure planning across council boundaries stalled, as each authority adopted different timelines, visions, and spatial priorities.

Conclusion:

Dorset’s model shows the risk of **over-separating** interdependent economic areas. It illustrates how reorganisation without deep alignment to economic geography can slow momentum, fragment leadership, and reduce regional clout.

Buckinghamshire – Cohesive Identity, Aligned Growth

Context:

Buckinghamshire became a single unitary authority in 2020, combining its county and four districts. It is a smaller and more integrated geography than Dorset, with a population just over 500,000 and a strong economic identity centred around high-tech, logistics, and London commuter growth.

Key Insights:

- **Strategic Coherence:** With clear alignment between governance structures, transport corridors (M40, M25), and housing growth zones, the new council has maintained a **consistent spatial and economic strategy**.
- **Stronger Investor Confidence:** Simplified governance has made it easier to engage developers and strategic investors, supported by a unified Local Plan framework and joint ventures with Homes England.
- **Local Engagement Sustained:** Town and Parish Councils were empowered through a new devolved model, maintaining community engagement while still benefiting from strategic oversight.

Conclusion:

Buckinghamshire’s success underscores how unitary reorganisation **can work when geography, identity, and economy align**. It highlights the pitfalls Dorset faced and reinforces that strategic alignment is non-negotiable for successful reform.

Cheshire East – Friction in Strategic Housing Planning

Context:

Formed in 2009, Cheshire East Council became one of England’s largest unitary authorities by population and geography, combining the former boroughs of Crewe & Nantwich, Congleton, and Macclesfield. Despite early ambitions for streamlined service delivery, Cheshire East has faced **longstanding housing policy and plan-making challenges**.

Key Insights:

- **Divergent Housing Needs:** The authority encompasses highly urbanised areas like Crewe alongside rural villages in the east and affluent commuter

belts in the north. These sub-areas represent **distinct housing markets** with different supply pressures, land availability, and community attitudes to growth.

- **Local Plan Tensions:** Delays in adopting the Local Plan (adopted only in 2017) were caused in part by **disagreements over housing targets**, strategic sites, and land release, with councillors and communities arguing that one-size-fits-all planning undermined local character and infrastructure resilience.
- **Loss of Local Voice:** Rural communities felt disconnected from decision-making, with concerns that “Crewe’s needs dominate the plan.” Meanwhile, developers expressed frustration with an inconsistent planning approach.

Conclusion:

Cheshire East shows how **size and diversity of need can inhibit housing strategy** in large unitary councils. The three unitary model in Surrey avoids these tensions by enabling tailored Local Plans, rooted in **functional housing market areas** (e.g. East Surrey’s Gatwick-influenced market vs Guildford-Woking tech corridor).

Wiltshire – Area Boards and the Rural-Urban Divide

Context:

Wiltshire Council became a unitary authority in 2009, replacing four district councils. It introduced **Area Boards** to maintain local engagement and accountability across a large, mostly rural area.

Key Insights:

- **Housing Disconnection:** Despite the Boards, housing delivery and development planning remained centralised. Town and rural communities **struggled to influence spatial strategies**, and decisions around site allocations and infrastructure were seen as remote.
- **Peer Review Feedback:** A 2022 LGA Peer Review found the Area Boards needed to be “reviewed for effectiveness and clarity of purpose” and that they were not successfully connecting **planning policies to lived local experience**.
- **Urban Dominance:** Swindon’s proximity and growth trajectory influenced county-wide decisions, often to the frustration of communities in rural villages, who reported difficulty influencing planning frameworks or prioritisation of affordable housing delivery.

Conclusion:

Wiltshire’s experience underscores that **community engagement structures alone cannot fix strategic disconnects** caused by oversized authorities. Surrey’s proposed unitaries, being **appropriately scaled and economically aligned**, are better suited to bridge town-rural divides and deliver housing that fits place-based need.

North Yorkshire – The Challenge of Scale and Community Disconnection

Context:

North Yorkshire became England’s geographically largest unitary authority in 2023, covering 3,100 square miles and serving over 600,000 residents. While the reorganisation promised streamlined services and cost savings, early indications suggest a more complex picture:

Key Insights:

Community Detachment: Residents in smaller rural communities reported feeling “invisible” in the new structure. The abolition of district councils created a **vacuum in local representation**, with residents unclear where decisions were made or how to influence them.

Slow Local Decision-Making: The size of the authority has introduced delays in planning and service responsiveness. Parish and town councils report having to “shout louder” to be heard.

Infrastructure Imbalance: Strategic investment has skewed toward York-adjacent areas, while parts of the Yorkshire Dales and coastal communities struggle to get projects prioritised. Competing infrastructure needs across disconnected geographies **dilute leadership attention and investment**.

National Learning: Early reviews from Local Government Association (LGA) peers and local MPs point to a need to “review governance arrangements” to reintroduce more locally accountable structures.

Conclusion:

While North Yorkshire may realise long-term savings, the short-term experience demonstrates how **governance remoteness can erode trust, reduce responsiveness, and impede effective infrastructure planning**. A three unitary model in Surrey avoids these pitfalls by aligning governance with **real places and real communities**.

Somerset – Fragmentation and Leadership Dilution

Context:

In 2023, Somerset transitioned into a single unitary authority serving over 570,000 people across a largely rural and coastal area. The aim was to unify leadership and streamline services.

Key Insights:

- **Leadership Fragmentation:** Post-reorganisation, there has been **tension between regional leadership priorities** — urban Bridgwater regeneration vs rural service delivery. Leaders struggle to deliver consistent messages across economic zones with little in common.
- **Infrastructure Gridlock:** Multiple major infrastructure projects — from road upgrades in Taunton to flood defences in the Levels — compete for attention and resources. With only one Cabinet infrastructure lead, capacity has become a bottleneck.
- **Loss of Local Identity:** Local engagement forums (Local Community Networks) have **failed to gain traction**, perceived as tokenistic by community

groups. A 2024 LGA Peer Review noted concerns that “residents and partners remain to be convinced about the added value” of these structures.

- **Savings Under Scrutiny:** While back-office functions have merged, the cost of organisational redesign and democratic dilution is raising **serious questions about value for money**.

Conclusion:

Somerset’s experience shows that **size does not equal efficiency**. The complexity of managing divergent geographies within a single council leads to **weaker outcomes, slower progress, and fragile community trust**. In contrast, Surrey’s three unitary model maintains focus and **preserves agility**, while empowering local leaders to lead from a place of relevance.

Principle 4 – Provides strong democratic accountability, representation and community empowerment

Summary: *This section sets out how our proposal for reorganisation provides strong democratic accountability, representation, and community empowerment. By establishing three unitary authorities, we aim to empower local leaders and communities, ensuring decisions are made close to the people they affect. This approach will enhance community engagement, improve local decision-making, and foster resilient communities. In contrast, a one or two unitary model would be too large and remote, failing to effectively respond to, and engage with, local communities.*

Place leadership

In the previous principle, we demonstrated how our proposal for three unitary authorities for Surrey is underpinned by Surrey's local circumstance and mirrors the county's three functional economic areas. By using these as the foundation for a local government structure that intended to last for the next fifty years, we can ensure local leaders are empowered to support economic growth, housing and infrastructure delivery. However, this cannot be achieved without empowering our communities.

We are ambitious that the new unitaries for Surrey are exemplars of systematically shifting institutional power out and drawing community power in. The footprint of the three new unitary councils will enable us to adopt, embed and accelerate new and innovative participative methods that will improve local decision making and community engagement at a neighbourhood level

At the core of local government is a deep commitment to community and people. Everything we do is designed to empower our residents and businesses, helping to cultivate an environment where they can thrive and prosper. The extensive range of services we offer ensures that we are deeply woven into the fabric of our communities. This unique position enables us to effectively shape and enhance the places we serve, fostering community empowerment and promoting economic growth.

But it's not just about what we can do on our own. One of local government's greatest powers is providing clear place leadership, convening local partners and stakeholders from across the system to ensure that collaborate to achieve the best outcomes for local people and empowering our communities to thrive. The multiple crises of the first half of this decade - the pandemic, cost of living crisis, and climate and ecological emergencies - have underscored the urgent need to work actively with our partners and residents to solve the complex problems faced by our communities, and the importance of fostering community networks that are resilient.

This conclusion is supported by the views of Surrey residents over 3,000 of whom, through our recent resident engagement exercise on local government

reorganisation, told us their top priorities for local government are overwhelmingly local. Over 60% cited 'Understanding of local issues' and 'Local decision-making' as their two highest priorities.

Support for this can also be evidence by our stakeholder engagement survey, where organisations told us they saw reorganisation as a key opportunity to reinforce existing professional networks and foster new collaborations between councils, businesses, and other stakeholders.

This points towards an untapped potential in Surrey to fundamentally rethink how we in the public sector design services with and for local people and places. Local government reorganisation provides a once in a generation opportunity to accelerate community empowerment and strengthen democratic accountability across our county. It will remove the current duplicative local leadership structures, empowering the new councils to foster system-wide collaboration.

This can only succeed if the new structures of local government are built around Surrey's district places, by forming new authorities that reflect Surrey's three well-established and recognisable functional areas, as set out in detail above. Each has their own distinctive identity, strengths, assets and challenges, and best reflects boundaries that make sense to residents.

Empowering communities

Based on our evidence and key principles for reorganisation, we do not believe that a one or two unitary model for Surrey would provide strong democratic accountability and foster community empowerment. In both cases, the new councils would be too remote and too large to respond to, and engage with, local communities effectively. Spanning unconnected communities and economic clusters with disparate identities, needs, and challenges, they would be unable to deliver appropriately tailored structures to decision making and service delivery. They would be unable to develop a genuine connection with, and understanding of, matters that are important to local people.

Previous cases of local government reorganisation demonstrate that a larger, more remote, councils result in a democratic deficit. In previous instances, there has been an attempt to overcome this by developing local area boards or committees – such as Area Boards established in Wiltshire or Local Community Networks in Somerset. However, the evidence shows that these are a top-down and ineffective imposition that are too static and transactional. Rather than empowering communities, they essentially keep control with the council instead of sharing it with local communities. Whilst effective in some areas, there is clear evidence that they can fundamentally fail to compensate for the democratic deficit created by unitary authorities which, due to their scale, are too large to reflect local identity and functional economic areas.

They can also be ineffective at amplifying otherwise unheard voices within communities and tackling social inclusion. For example, in Wiltshire, a 2022 LGA Peer Review found *'there is a need to review their role and function [...] and the part they should play in a more strategic and collaborative approach to place shaping.'*⁴⁶

Meanwhile, in Somerset, a 2024 LGA Peer Review found that their 'Local Community Networks', designed to empower local communities, instead created duplication to existing networks and structures, and that *'residents and partners, [...] remain to be convinced about the added value of the LCN's'*.⁴⁷

Our view is supported by research into area committees undertaken by New Local, who highlight that such forums serve to disempower communities.⁴⁸ Community engagement requires action on more fronts than any unduly large or geographically awkward unitary structure could hope to deliver. It is not realistic to expect residents and councillors to attend more meetings, and the evidence suggests that this would not be effective. These problems can be exacerbated when models are set over large and arbitrary geographies.

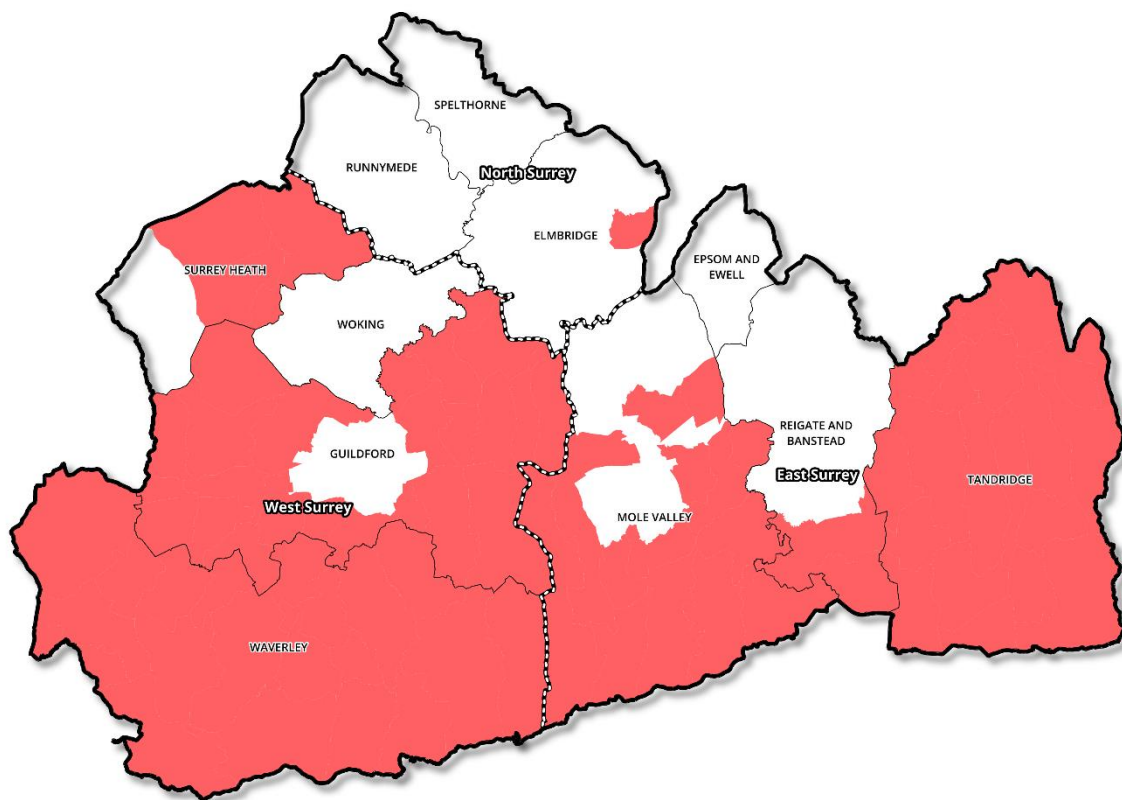
Additionally, across Surrey in many places, parish and town councils already play an important role. Effective local representation, governance and decision making will be supported by their presence. However, this will need to be done in such a way that is reflective of local circumstances and cannot be done in a uniform and top-down way across the county. Not all parts of Surrey presently have parish or town councils, with their presence largely concentrated in the more rural areas. Their size and scale also vary significantly; whilst the average number of households in parishes across Surrey is around 1,700, there is significant variance, ranging from less than 100 households in Titsey (Tandridge) and Wisley (Guildford) to over 10,000 households in Farnham (Waverley) and Horley (Reigate and Banstead).⁴⁹ That said, there is also the opportunity to carry out community governance reviews to enhance local democracy and representation in areas that do not already have these arrangements in place.

⁴⁶ LGA Corporate Peer Challenge: Wiltshire Council, 8-11 November 2022.

⁴⁷ LGA Corporate Peer Challenge: Somerset Council, 12-15 November 2024.

⁴⁸ Catriona Maclay, 'Democratic Dreaming: How to Shake the Dust off Area Forums', New Local, 1 July 2024.

⁴⁹ 2021 Census.



Map denoting parished (red) and unparished (white) areas across Surrey.

Developing and delivering innovative community engagement across Surrey

We are ambitious to use LGR as an opportunity to create new models of participative problem solving and decision making, working with local people and with established community groups. We want to mobilise the already existing and significant capacity within our communities to give a greater sense of agency to them; co-producing solutions, taking joint action, and making our places more resilient, equitable and just.

We have adopted a thoughtful, strategic and evidence-based approach – rooted in Surrey’s distinctive local identities and existing mechanisms of local democratic engagement and community involvement – to meaningfully share power with our communities and put them in control of the decisions and services that matter most to them. Our goal is to use the LGR and devolution agenda to share power and better enable people to participate in the decisions that matter to them, by taking a values-based relational approach based on collective action and collective enterprise.

Support for such an approach is evidenced by our stakeholder survey, where partners could see the potential for improved engagement with residents and local entities, ensuring that specific areas receive the investment they need. They told us that advocacy opportunities are vital for ensuring that the needs and voices of local communities are heard and addressed effectively, particularly in rural communities.

This engagement is vital for ensuring that the needs and voices of local communities are heard and addressed effectively. Our proposal has been shaped by this feedback. A three unitary configuration providing the best means to improve engagement, encourage investment and foster economic growth. Developed to align with Surrey's functional economic and social geography, provides the best framework by which the voices and needs of local communities can be heard and acted upon, unlike a two unitary configuration which would be too large and remote from local people to respond to their needs, particularly within rural communities.

There is a strong body of research that outline the scope of opportunity to blend the insights of communities into the strategy, service design and practice of local services. Recent studies in this from New Local, the Independent Commission on Neighbourhoods, and global best practice at the Bloomberg Centre for Cities at Harvard University indicates that the three unitary model we propose could become the exemplar of systematically shifting institutional power out and drawing community power in.⁵⁰

Across England, many local authorities are supplementing traditional democratic representation with ongoing deliberation and participation. Camden's Health and Care Citizens' Assembly established principles that guided the borough's health and wellbeing strategy, while Wakefield trained their staff to hold inclusive community conversations in an open engagement process which informed priorities. In Test Valley, citizens' assemblies and open engagement have underpinned the development of corporate priorities, plans for housing, and town centre regeneration.⁵¹

These examples are moving beyond traditional one-off consultation exercises and seek to engage and educate communities about constraints and opportunity to give them a greater sense of agency. They actively pursue and build an ongoing dialogue with residents as a core component of strategic decision-making. Such an approach to engagement and policymaking is not about diminishing, disempowering or diluting the important role of members. Rather, such approaches seek to enhance and support the statutory decision-making process and direct discretionary investment in preventative approaches, giving democratically elected leaders, at all levels, the

⁵⁰ Jessica Studdert, Shaheen Warren and Anna Randle, 'Radical Leadership: Power, Possibility and Public Service', New Local, 13 February 2025; Hollie Russon Gilman, Jorrit de Jong, Archon Fung, Rebecca Rosen, Gaylen W. Moore, 'City Leader Guide on Civic Engagement', Bloomberg Harvard City Leadership Initiative, 31 May 2023; 'Think Neighbourhoods: A new approach to fixing the country's biggest policy challenges', Interim Report of the Independent Commission on Neighbourhoods, 5 March 2025.

⁵¹ Camden Council: Camden Health and Care Citizens' Assembly, February-December 2020
Wakefield Council: 'How We Did It: Building intentionally inclusive community conversations', New Local, 4 March 2024.

Test Valley Borough Council: Adam Lent and Summer Simpson, "Everything we do is driven by our communities": Inside Test Valley's ground-breaking approach to community engagement', New Local, 20 March 2024.

tools, information and evidence to make the best decisions for their communities and places.

Our outcomes for community empowerment in Surrey

We believe that LGR, and the formation of these three distinct, relevant and cohesive unitary councils in Surrey, based on clear functional geographies, will provide the best footprint to enable a renewed focus on asset-based community development. It will work with people at a localised level, in places they recognise and relate with. It will establish where there is a role for the local authority, and where the communities' strengths can be harnessed and supported to enable them to do more for themselves to meet locally identified needs.

The footprint of the new unitary councils will enable us to adopt, embed and accelerate new and innovative participative methods that will improve local decision making and community engagement at a neighbourhood level across six outcomes which are expanded on below:

- Advancing equity
- Building relationships,
- Generating knowledge
- Mobilising resources
- Creating more resilient communities
- Sharing power

We will also be able to upscale existing best practice from across Surrey to rapidly mobilise our community engagement approaches to support and facilitate this work.

Over the following pages, we expand upon each of these outcomes, setting out both local and national case studies that powerfully demonstrate what can be achieved by embedding meaningful community empowerment into the culture and fabric of local decision making processes.

Outcome 1: With our communities we will advance equity and inclusion

Our engagement efforts will focus on establishing and promoting equity by expanding the diversity of representation—and by association, the diversity of thought—and ensuring equitable treatment. We aim to build underrepresented residents' civic power and affirm their dignity and autonomy through inclusion in decision-making processes. Seeing problems from multiple perspectives to reach innovative solutions will form the heart of our approach.



Developing Runnymede's Climate Change Action Plan – Case Study

Like many councils, Runnymede Borough Council has declared a climate emergency and is aiming to reach net zero with its operational emissions by 2030, and to support the borough's residents and businesses to be net zero by 2050. To do this, the council has developed a Climate Change Strategy.

The council cannot achieve its ambitious objectives on its own, however, and so it sought to mobilise and engage with residents and stakeholders to help develop the Action Plan which would set out the tangible actions that would be undertaken to achieve net zero targets. It was important that residents felt empowered to help shape the Action Plan, ensuring it was reflective of the issues, challenges and opportunities that local residents, with lived experience, were aware of.

During the summer of 2023, Runnymede ran an extensive range of engagement activities that sought to engage the community in the development of the Climate Change Action Plan. This took many different forms, using a blend of digital and traditional tools, and garnered a wide range of insightful responses. Knowing that young people were seldom heard in traditional council engagements and consultations, the council worked hard to ensure their views were sought and received through targeted methods, including a fun and engaging digital climate change survey for under 18s. This led to a better quantity and quality of feedback from young people, with the result being that the Action Plan more extensively focussed on work the council could do with education partners to combat climate change and encourage behavioural change amongst younger residents to help support the transition to net zero.



St Helens Inequalities Commission – Case Study

Facing significant economic and health challenges, and significant inequalities, St Helens Borough Council worked with partners to establish an independent, multi-agency Inequalities Commission. The Commission learnt from evidence and experts as it sought to understand the barriers that prevented people from reaching their potential. Crucially, it gave all residents, particularly marginalised communities, a voice, combining their experiences with the knowledge of experts and local leaders to shape projects and services to build greater equality and make recommendations to the system.

This approach saw the council win a prestigious MJ Award for their approach in 2023 and demonstrates how seldom heard voices could effectively be empowered by Surrey's three new unitary authorities.

Outcome 2: With our communities we will continue to build positive and long-lasting relationships

We will invest in social and political capital to enable effective governance and build positive, long-lasting relationships which will move beyond transactional relationships with residents and local stakeholders. This will forge meaningful connections with individuals and across sectors to instil a sense of community, build trust, shore up civic infrastructure, build on strengths and bolster resilience, and engender public support for innovation, local government and policies.

By working with communities, for communities, meaningfully at a localised place level, we will increase engagement and give a greater sense of agency to our residents. We will be visible to our communities, and we will demonstrate through democratic decisions and new initiatives, that we are listening. By upskilling local groups and focusing on community strengths and assets, we will support mature debate, innovation, and empower people to take ownership and control of their places. In partnership with statutory and voluntary services, our communities will lead the way. Greater trust will be developed in both democracy and in local decisions, and resource and capacity will be targeted where it can make the biggest difference.



Partnership Groups in Reigate & Banstead – Case Study

Using an asset-based community development approach, the council has established 'Partnership Groups' in five of their most vulnerable communities. Membership is made up of local organisations and active citizens who develop a local action plan which helps identify and direct work around local issues and places, giving people living and working in those communities the ability to influence outcomes.

These Partnership Groups enabled highly effective collaboration between the council and local groups and residents in delivering the area's Covid welfare response during the pandemic, and since then have paved the way for genuinely system wide frontline collaboration between communities, the voluntary and community sector, local government, the NHS, local policing teams, housing providers and more.

Reigate & Banstead Borough Council has also employed a Community Development Worker for Redhill, who, working with a local GP, and supported by active citizens of an estate in Redhill, has set up the Asian Women's Wellness Hub (AWWH). AWWH has encouraged local Asian women to improve their physical and mental wellbeing including women's self-defence, improving knowledge and understanding of diabetes, and active participation in community events.



Malvern Hills Connected Communities – Case Study

As a predominantly rural area, districts with a similar profile to Malvern Hills often experience issues of isolation, poor connectivity, and limited physical infrastructure. However, Malvern Hills counters this trend by increasing levels of Voluntary and Community Sector and resident engagement in civic and community life that is notably higher than the English average.

By taking an approach based upon 'asset-based community development', the council has focussed on identifying, maximising, and benefiting from the existing resources, skills and experience within their communities. They established a place-based partnership comprised of the council, VCS, NHS, other partners and residents to support the design and delivery of integrated services across communities. Meeting regularly, the partnership identifies priority areas and formulates a whole-system response to it to allocate resources.

By empowering communities to lead, and working together to identify gaps and maximising strengths, when significant challenges have occurred, such as flooding, COVID-19 or an influx of Ukrainian refugees, there has been the resilience and capacity within communities to respond as one to meeting these needs.

By harnessing existing local structures and existing resources, rather than imposing a top-down structure like community boards, Surrey's three unitary authorities will be able to help foster resilient communities within each of their own distinctive places.

Outcome 3: With our communities we will generate knowledge which will help deliver better outcomes

Our residents are experts in their own lives, and learning from these lived experiences makes better services and council decisions.

We will listen to people. We will share knowledge with them about constraints and opportunities and engage them to secure the best answers to difficult questions. We will actively seek their views on experiences they have had, including of interaction with our services, and of systemic challenges. We will be good and effective system partners, and we will engage other agencies and the voluntary sector to align strategic aims and objectives. By sharing knowledge and experience, at every level, we will be able to generate an improved perspective on potential solutions and we will be better placed to break out of policy and strategic norms, to do more, more efficiently, and with direct connection back to places people identify with and their communities.



Merstham Health and Wellbeing Champions in Reigate and Banstead – Case Study

Funded by a bid to the Mental Health Investment Fund, the Merstham Community Development Worker and Merstham Community Facility Trust worked together to recruit and train 23 local people to be able to share public health information with friends and neighbours. These volunteers have become active members of their community, contributing to work beyond the scope of the original project and becoming local leaders.



Bristol's Community Resilience Fund – Case Study

Bristol City Council established a £4m Community Resilience Fund to support community and voluntary organisations with one-off capital grants to recover from the pandemic, increase their environmental sustainability and/or build their capacity to work over the long term. The funding was to be targeted at organisations based in and working with the most deprived areas of the city, and city-wide equality groups.

In designing the scheme, the council combined traditional evidence and measures with participatory and deliberative methods, enabling local people and organisations to shape almost every aspect of the Fund. Over several months, residents, Voluntary and Community Sector (VCS) leaders and elected councillors took part in a series of facilitated workshops to co-produce the decision-making process. Following on from this, instead of using usual grading and assessment methods by council officers and members, decision making on grants was undertaken by local people and VCS partners, who, together with councillors, worked deliberatively to decide on grants. Sortition methods were used to ensure the local people selected represented a true cross-section of the community in the decision making.

By empowering communities to take ownership of the Fund, the level of interest and engagement far exceeded those of other council funds that relied on traditional methods of application and assessment. Furthermore, it strengthened the council's relationships with voluntary partners, who worked alongside over an extended period to develop and deliver the Fund and were respected as equal partners in the process.



A whole system approach to tackling rough sleeping in Hampshire – Case Study

Lower tier and unitary councils in England have the legal duty to provide advice and assistance to anyone at risk of, or experiencing, homelessness. However, councils cannot tackle this on their own, or provide assistance in isolation. Those sleeping rough often having wider, more complex, needs and challenges with their health and wellbeing that require more than just physical accommodation to resolve. But with the ability and means to help resolve these issues sitting with different statutory bodies, support can often be difficult to obtain, leaving some of our most vulnerable residents to fall through the cracks between services.

In Hampshire, district councils could see that this piecemeal approach to providing support was having life and death implications for rough sleepers. Therefore, they took a whole system approach to resolve this issue, bringing partners like health, social care and other providers of care and support together through the adult safeguarding board to provide a multi-agency approach to support those rough sleeping, addressing their needs together, holistically, rather than in isolation disparately.

By taking a person-centred, strengths-based approach, those experiencing homelessness were provided with tailored and intensive support to address not only their housing needs, but also the other challenges they faced. Such an approach led to improved outcomes for those experiencing homelessness, with reduced demand on the system as a whole as support was provided across organisational boundaries based on need, rather than organisations simply seeking to fulfil statutory duty.

Outcome 4: With our communities we will mobilise resources

We will promote community ownership, working with communities to support them to take on or contribute to the running of local community assets and services where it makes sense to do so.

The ability for communities to be autonomous in the delivery of local services, activities and facilities helps to ensure that, in partnership with the new unitary authorities, important local activity is preserved or enhanced in truly collaborative, community led ways.

Adopting models that support transferring the ownership or management of local community assets, is one approach through which this can be achieved. Whilst this may be an effective and financially efficient method of delivery, future viability and sustainability in short, medium and long terms are critical.

With support, communities can continue to deliver affordable activities and services to residents, with the transfer of decision making on development, growth and new opportunities in response to unmet local need placed in the hands of those who understand their communities best.



Pinewood Lodge in East Hampshire – Case Study

In 2018, Pinewood Village Hall in Whitehill and Bordon shut after many years of dwindling use as better facilities became available elsewhere in the town. East Hampshire District Council took a novel approach to redeploying the asset and, in a national first, worked with a housing manufacturer and local charity to convert the redundant village hall into modular housing for those facing homelessness.

Now renamed as Pinewood Lodge, and leased to a local homeless charity, the site provides temporary accommodation to those experiencing homelessness, giving them their own front door and on-site support to help residents secure more suitable long term-term accommodation and address any wider wellbeing needs.

The scheme has transformed this once redundant asset into a valuable community asset to help relieve homelessness pressures and improve outcomes for

vulnerable local residents. It has also generated vital income for the council and has help significantly reduce the council's need to place people experiencing homelessness into expensive Bed and Breakfast accommodation.

Outcome 5: By empowering local people, we will create more resilient communities

Resilient communities are built through genuine partnership working between local authorities, voluntary groups, businesses, and residents as equal partners. This collaborative approach ensures that community responses are locally led and based on real needs. Empowering the voluntary and community sector with training, clear roles, and practical tools – and including vulnerable groups in the planning process –enables communities to become active drivers of their own resilience.

By establishing three local authorities aligned with Surrey’s recognised functional geographies, each council can develop the tools, frameworks, and resources that best suit their unique local context.

Effective frameworks cannot be imposed in a top-down way but rather, trust and capacity must be built over time. Regular joint exercises, trusted data-sharing in emergencies, and clear, accessible communication turn planning into effective action. When everyone knows their role and feels included, communities become not just better prepared—they grow more confident, connected, and capable of leading in times of crisis.



Flood resilience in Runnymede – Case Study

Runnymede Borough Council has worked closely with the Friends group and other stakeholders in improving the management of the Cabrera Trust Riverside Walk in Virginia Water to reduce flooding downstream. By bringing together the volunteer group who carry out tasks on the Trust’s land with experts in river and woodland management at a number of site meetings to discuss flood dynamics and resilience, the council has adjusted the land management practices, which helps to slow the flow of water travelling downstream. This increases the time taken for peak flood heights to be reached through the rest of the catchment and gives more time for additional mitigation measures and emergency response to be enacted in downstream areas. Additional works and funding mechanisms have been identified via these discussions which will provide further benefits to ecosystem health and flooding resilience through natural flooding management techniques.



Community resilience in Test Valley – Case Study

Following significant flooding across the borough in 2014, a number of agencies came together to look at what had worked well in terms of their response. It soon became apparent that where local communities had a community resilience plan in place, they required much less help and support from emergency services and the council.

In response to this, Test Valley Borough Council established a Community Resilience forum, a peer learning forum to enable communities to learn from the experiences and plans made by other places. This peer-to-peer learning resulted in a significant uptake in the number of communities engaged in local resilience planning. In other areas of Hampshire, organisations, such as Fire and Rescue, had promoted the idea of local resilience planning without a great deal of success.

With the onset of the COVID-19 pandemic in 2020, local community resilience was severely tested across Test Valley. However, the resilience network at the community level remained strong, meaning that local authorities in Test Valley had less direct involvement in providing practical support for residents than elsewhere and calls for assistance from the borough to the Hampshire-wide helpline were amongst the lowest in the county.

Their approach has been regionally recognised, with other local authorities seeking to learn from their experience, which was also highlighted as a nationally pioneering approach in a 2022 National Preparedness Commission report.

Outcome 6: With our communities we will share power

We will share decision-making power with residents and give them an opportunity to see their choices translate into concrete results which will help build civic power and a sense of self-determination. Such an approach can be most effectively delivered when the local authorities are themselves local and accessible, built around functional geographies that are recognisable to local people as their own.



Participatory budgeting in Reigate & Banstead – Surrey Case Study

As part of a project funded by the Health Lottery, the Merstham Community Development Worker supported the setting up of a ‘Questions for Councillors’ group. This group is now entirely resident led and regularly holds public meetings, holding local politicians and other public officials (police, housing associations etc.) to account. The group have also arranged local hustings at election time. This is a small-scale project in the most deprived area in Surrey which has led to increased social capital for people who may not have felt able to challenge those in power.

Reigate & Banstead Borough Council have worked on a number of participatory budgeting projects in several communities within the borough, placing local people at the heart of decision making regarding the allocation of grant funding. These include the Banstead Neighbourhood Fund, the Merstham Community Cashbox and the Creating Healthy Communities Fund. Residents who have been involved have provided extremely positive feedback about the experience, increasing their trust and confidence in public bodies.



The Cheshire East People's Panel – Case Study

Having been established as a result of LGR in 2009, Cheshire East Council is the largest local authority by area in the northwest of England. Its recent creation, combined with strong local identity (with over 100 parish and town councils) meant that many residents do not see 'Cheshire East' as a place, instead identifying with their local area or the historical and ceremonial county of Cheshire.

Traditionally, the council had relied upon traditional means of canvassing the views and needs of residents. Such methods often result in self-selecting groups of residents having their say, at the expense of some voices in the community; rural residents or those living in poverty were often shut out of traditional means engagement. In response, the council worked in partnership with a not-for-profit organisation to launch a 'People's Panel'; an engagement exercise exploring what could be done to tackle and respond to the cost-of-living crisis. Members of the Panel were selected to be demographically representative of the population, ensuring a true reflection of local views, needs and aspirations could be heard. Over the course of two weekends, the panel heard from a variety of independent experts. It then discussed and developed a series of recommendations which were then prioritised. These were then put to the council, who have progressed and implemented the recommendations they were able to.

The panel showed that residents of all backgrounds were willing to commit large amounts of time to develop solutions to big problems and felt empowered to share deep and powerful personal stories, which would never have been shared in a survey or by traditional engagement methods. Furthermore, it was well received by residents and ensured that the council's decision making was shaped by those who are not usually heard, as well as those who shout the loudest.

Strong democratic accountability

Our interim plan noted that there are currently 534 elected councillors in Surrey, with 81 at the county and 453 across district and boroughs. Many councillors are 'double hatters', meaning that they are both district and county councillors.

Under our proposed three unitary model, we recommend that the total number of councillors be reduced to 243 which creates significant efficiencies and clear lines of accountability.

Our proposal is to retain Surrey County Council's existing 81 electoral divisions, which are contiguous with current district boundaries as the fundamental building blocks of the new unitary authorities.

To reflect the increased responsibilities of the new unitary councils, as well as the demands placed upon its members, we propose these divisions each have three elected members.

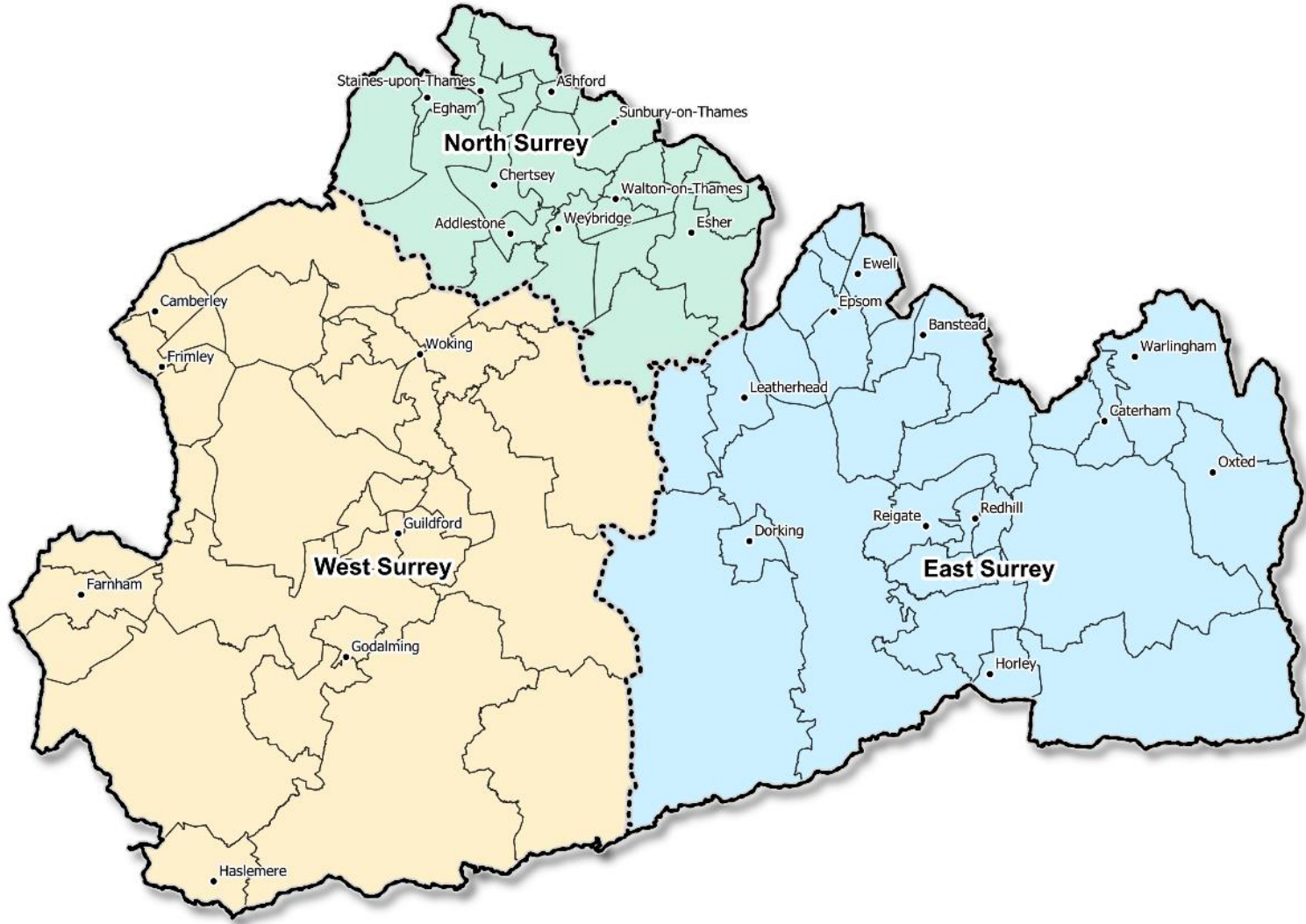
Our proposal will support reorganisation at speed. This is because Surrey's electoral divisions were reviewed in 2024 and are therefore current, electorally balanced and reflective of local community identity. This means we will not be required to carry out a costly and time-consuming boundary review, allowing us to reorganise quickly and meet the anticipated deadline of holding elections to the shadow unitary authorities in May 2026.

It also aligns with Local Government Boundary Commission for England guidance.⁵² Based on their most recent electoral data, three member divisions would result in the number of electors per member to be approximately 3,300-3,900.⁵³ This is in alignment with Boundary Commission guidance as well as existing unitary authorities of a similar size.

Our plan for the future electoral map of Surrey is represented on the following page.

⁵² 'Electoral Reviews – Technical Guidance', Local Government Boundary Commission for England, June 2023.

⁵³ Ibid.



Principle 5 – Secures financial efficiency, resilience and the ability to withstand financial shocks.

Summary: *This section outlines how our proposal for three new unitary authorities in Surrey will secure financial efficiency and resilience by reducing duplication, achieving economies of scale, and addressing budget pressures. The proposal is financially viable, promising significant savings compared to the current system, despite challenges such as existing budget pressures, demand growth, and inflation. By year 4, the three unitary model is estimated to deliver savings of £22.5m annually, with a further £39.8m of savings forecast from future transformation. Over the same period, the two unitary model could deliver savings of £39.9m annually, with a further £46.2m forecast from future transformation. Although the two unitary model shows slightly better financial results, the three unitary model offers parallel significant non-financial benefits, such as improved local representation and governance.*

Our proposed three unitary authority model for the future of local government in Surrey will result in significant financial benefits by reducing duplication, achieving greater economies of scale and capitalising on opportunities for service transformation and improvement.

We understand the importance of establishing new unitary authorities that are financially sustainable and provide value for money. To ensure that reorganisation and devolution leads to lasting economic growth and high quality and sustainable public service delivery, it is crucial that the new structure we establish is built to last.

Our work has found that our proposal for three new unitary authorities is financially viable, resulting in significant savings compared to the current two-tier system of local government. In common with the wider sector, however, each council will face financial challenges. These include:

- Existing budget pressures, set out in Medium-Term Financial Plans (MTFPs)
- Growth in demand for services, particularly adult and children's social care
- Inflationary pressures
- Fair Funding reform

Establishing new unitary authorities in Surrey requires careful consideration of financial sustainability amidst these significant challenges. The new authorities must utilise savings from local government reorganisation to address these pressures and deliver transformational savings to maintain service quality and scope.

In this section we set out our approach for considering the financial sustainability of the proposed new unitary authorities.

To evaluate the financial viability of both options, we have considered the savings from transitioning to new unitary authorities. These savings arise from fewer elections, councillors, and senior managers, as well as eliminating duplication to

achieve efficiencies in service delivery. We have then offset these savings against the costs of disaggregating upper-tier services and the costs of implementing the change, such as redundancies, new digital infrastructure, running a shadow authority, and project management. This provides us with a net cost/benefit for implementing the proposals.

Our modelling is based on assessing and analysing the 11 examples of local government reorganisation that have taken place across England since 2009, along with the analysis conducted by PwC in their 2020 report on the options for reorganisation in Surrey.

District and borough Section 151 officers have collaborated closely in the development of this financial model.

Ultimately, our work has found that our proposal for three new unitary authorities is financially viable, resulting in significant savings compared to the current two-tier system of local government. Despite the potential for significant annual savings through reorganisation and transformation, we note that much of this will be needed to deal with budget pressures forecast to come down the line. Stranded debt remains an unresolved issue, on which we would welcome a discussion with government.

Existing budget pressures

The medium-term plans of the twelve current councils have been analysed to understand the financial challenges already being faced.

The existing projected budget gaps have been adjusted to allow for the use of one-off funding such as reserves and balances and establish the true base budget shortfall for each council.

Estimated budget gap across county, districts and boroughs in Surrey (£m)

| 2026-27 | 2027-28 | 2028-29 | 2029-30 | Total 25/26 - 29/30 |
|----------------|----------------|----------------|----------------|----------------------------|
| 43.5 | 42.9 | 44 | 3.5 | 133.8 |

Note – these figures do not allow for the cost of servicing Woking’s unsupported debt which is estimated at around £150m per annum.

Growth/demand pressures

Adult social care

Like all authorities across the country, the provision of support for Adult Social Care has provided a considerable financial challenge to Surrey County Council. This has only been partly offset by the introduction of the Adult Social Care precept which has allowed an additional council levy of 2% to be added to bills each year ringfenced for this specific area of expenditure.

With significant increases in the elderly population and the complexity of needs, major pressures are currently around the cost of care package commitments, contract inflation and workforce pressures.

Children's services

Similarly, like many authorities across the country, the provision of support for children with additional needs continues to be one of the biggest challenges and pressure for Surrey. Much of the cost is met through the high needs block of the dedicated schools grant (DSG), whilst the staffing pressures relating to assessments, management and associated transport costs cause pressures in the general fund.

The largest areas of pressure currently relate to the cost of home to school travel assistance, which links to the significant growth in the number of children with additional needs and disabilities in specialist provision and the statutory transport requirements for those children. Increased costs of social care placements account for the majority of the remaining pressures.

In addition, the costs of social care placements continue to be a budget pressure across the MTFS period. Although the number of children in care has fallen, the cost of very specialist placements continues to rise, in a highly competitive commercial market.

These demand pressures on social care and general inflationary pressures have been built into the MTFS assumptions within each Surrey council's budget.

Homelessness & impact of changes to Homelessness Prevention Grant (HPG) distribution

The formula for allocating HPG is being updated from 2026-27 as part of the upcoming spending review. The proposed change will redistribute funding away from Surrey and indicate the likely shift of funding which will occur through Fair Funding Reform.

Debt

Background

The level of local authority debt across the Surrey geography is extremely high, and ongoing financing costs are disproportionate to the size of the combined net revenue budgets of the existing authorities.

In June 2023, Woking Borough Council issued a Section 114 Notice, due primarily to the level of debt. In March 2025, the MHCLG responded to the Inspector's Best Value report for Spelthorne Borough Council, indicating that they intend to move forward with an intervention package linked to debt-related financial issues.

County-wide, authorities hold £5.7bn of external debt at the end of January 2025, and have a combined underlying borrowing requirement, known as the Capital Financing Requirement, based on historic capital investment decisions of £7.8bn.

The underlying need to borrow (CFR) can be further analysed as follows:

- £0.7bn (9%) of debt relating to Housing Revenue Accounts
- £3.4bn (44%) of General Fund debt, used to support capital programme delivery
- £3.7bn (47%) of debt relating to commercial activities/investments

The 2025/26 budgets of the local authorities include combined general fund interest payable and Minimum Revenue Provision (MRP) budgets of £327m. This equates to 22% of the combined Net Revenue Budgets. This percentage will increase significantly and be concentrated in those unitaries containing high debt levels. In some borough and districts the gross financing costs are in excess of 100% of their net revenue budget.

Woking Borough Council have deferred £96m of capital financing costs (MRP) in 2025/26, along with having a Capitalisation Directive of £75m relating mainly to interest costs. This means that without continued EFS from government, there is a budget gap of at least £171m to be inherited by one of the new unitaries.

The commercial picture across the county is complex, with over 150 directly owned investments and at least 37 subsidiary companies. Further analysis will be needed on the underlying value of these investments and their associated debt to understand the level of 'stranded' debt.

It is accepted that within Woking the level of stranded debt is circa £1.5bn, which will continue to rise with ongoing exceptional financial support (EFS).

Across the 12 authorities, there is income of c£150m budgeted from interest and investment income that not only helps repay the debt on commercial investments but underpins the delivery of services to residents. Any option to transfer or dispose of commercial assets could lead to further budget pressures.

Debt position

A fundamental objective of local government reorganisation is to create a set of unitary authorities in Surrey that are financially sustainable and provide value for money. As part of this, government is keen for the authorities in Surrey to find solutions to the ongoing risk that this level of capital financing costs create and look to set up new authorities without an ongoing need for EFS.

The timescales for the final submission to government have not allowed sufficient time to cover off the detailed analysis required for any consideration of formulated proposals to address the current and future debt position.

It has been agreed that a principle should be that, aside from Woking Borough Council, all councils have set balanced budgets for 2025/26, including budgeted financing costs and relevant commercial income.

Whilst there is a need for further discussions with government post this submission on options around managing this level of debt in Surrey, Surrey Leaders continue their position as outlined in correspondence with the minister, with a focused requirement for the writing off of the 'stranded' debt identified above in relation to Woking Borough Council as part of the government's considerations within the forthcoming Spending Review.

Without this, any unitary created as part of the LGR process that has Woking Borough Council within its boundaries, and that inherits its current debt position, will not be financially viable, and would require ongoing EFS from government.

We would welcome further discussions with government for dealing with the debt that enables successful unitary government in Surrey. In the meantime, we would ask government to look at the current form of any ongoing EFS, ensuring that the level of stranded debt is not increased in Woking or any successor authority. Equally, existing and future authorities should be offered an incentive through permanent Public Works Loan Board (PWLB) discounts where authorities choose to sell commercial assets to repay PWLB debt early as part of prudently managing debt and liability profiles.

While the business case has identified efficiencies that can be delivered through local government reorganisation, these will be primarily needed to support financial sustainability, given the rising demand and delivery of vital services to residents and communities in Surrey, as well as to mitigate the anticipated impact on funding from the government's fair funding review.

Costs of LGR transition

We have explored the costs involved in moving to two and three unitary authorities. The costs are split between three key stages of transition:

- **Planning and pre-planning:** the period until April 2026 where authorities will collaborate and consult on proposals.
- **Shadow:** where we prepare for change, align systems and processes and establish the new shadow authorities
- **Implementation:** where we will fully implement the proposals and move to unitary authorities.
- The figures in the table below are indicative costs, based on assumptions in the Surrey CC PwC report and examples of LGR from elsewhere, with some inflationary adjustments and adjustments to reflect Surrey-specific circumstances.

| Implementation costs | Implementation Costs £m | |
|---------------------------------------|-------------------------|----------------|
| | 2 unitaries | 3 unitaries |
| Cost category | Implementation | Implementation |
| Redundancy and early retirement | 10.6 | 8 |
| Implementation and programme delivery | 9.5 | 12.9 |
| IT consolidation and change | 23.2 | 24.8 |
| Branding and communications | 1.3 | 1.9 |
| Shadow authority(ies) | 3 | 3.2 |
| Creation of new council(s) | 2.8 | 3.4 |
| Closedown of old councils | 1.9 | 1.9 |
| Elections to shadow authorities | 3.3 | 3.4 |
| Total Implementation costs | 55.6 | 59.5 |

- The costs of implementation are slightly higher for 3 unitaries than for 2, due to increased costs of programme delivery and IT consolidation. This is partially offset by the lower costs of redundancy for the 3 unitary option.
- Our calculations also assume:
 - Redundancy costs assume 5% and 3.5% reduction in staffing for 2 and 3 unitaries respectively.
 - Shadow costs include all member basic allowances, additional cabinet allowances and Head of Paid Service costs
 - Comms and engagement costs rely heavily on use of internal resource rather than external.
 - Reorganisation ICT costs exclude staffing.

Savings arising from local government reorganisation

Councillor numbers and governance

Maintaining and improving local democratic representation is crucial in maximising the benefits of reorganisation and devolution. Government's aspirations for devolution are rooted in letting communities take back control from Westminster, and empowering elected Members to shape decisions affecting their local community. A move to unitary local government would create clearer lines of accountability, allowing residents, businesses and stakeholders to clearly understand who is accountable for service delivery in each new council area.

As noted earlier, there are currently 534 elected councillors in Surrey, with 81 at the county and 453 across the districts and boroughs. Many of these are 'double hatters' meaning they are both district and county councillors, though often not of

coterminous areas. We have identified that reorganisation could reduce councillor numbers to 243 under both a two and three unitary model.

As also noted earlier, Surrey County Council underwent a boundary review in 2024. Given the recency of this review, and the need to move at pace to enable LGR, we are not proposing that the county's divisions or electoral boundaries be reviewed. These boundaries are also contiguous with districts as the building blocks of the new authorities.

To reflect the increased responsibility of the new councils, and the demands upon its members, it is expected there would be up to three members per division. This would also ensure that the ratio of members to electors is in line with Boundary Commission guidance and the ratios of existing authorities of a similar size. Two members per division could also be considered. The ratio of electors per councillor would be around 5,500. This would be higher than most other councils of a similar size and, in rural areas especially, councillors would need to cover large geographical areas, increasing their workload and diluting their ability to act effectively as the democratically elected leaders within their community.

Effective local representation, governance and decision making will also be supported by the presence of town and parish councils across much of Surrey. There is also the opportunity to carry out community governance reviews to enhance local democracy and representation in areas that do not already have these arrangements in place.

Members' allowances

The current cost of members allowances within Surrey mainly consists of Basic Allowances and Special Responsibility Allowances.

The current cost of basic allowances is around £3.8m per annum with the allowance much higher for Surrey County Council than for the districts. This has been benchmarked against the 10 closest existing unitary councils and an average sum has been estimated for the new council of £14,250 per councillor. Based upon a reduction from £3.8m for the existing 534 elected councillors to 243, this would give a saving of £337,250 per annum compared to current costs.

Special Responsibility Allowances (SRAs) are paid to councillors who have a higher than average workload and/or hold particular positions of responsibility within the council such as the Leader or committee chairs.

The cost of these within the existing Surrey Councils is £1.467m per annum. Benchmarking against the 10 closest existing unitary councils suggests an average cost of around £380k per annum within a similar sized unitary. This would translate into savings compared to the current costs in either the 2 unitary or 3 unitary models.

| Overall Savings: | 2 unitaries | 3 unitaries |
|----------------------------------|--------------------|--------------------|
| Basic Allowance | £337,250 | £337,250 |
| Special Responsibility Allowance | 707,000 | 327,000 |
| Total | £1,044,250 | £664,250 |

Elections

There is also an opportunity to streamline the electoral process in Surrey as part of local government reorganisation. This would result in efficiency savings and, alongside changes to councillor numbers, support local democratic accountability through simplifying electoral structures.

The current electoral cycle in Surrey sees a mix of authorities electing in thirds as well as those that hold all-out elections. Our figures assume that the new unitary authorities would elect on an all-out basis which is in-line with Best Value guidance. This would reduce the overall cost of elections by two thirds, saving almost £7m over the course of a four-year cycle.

While it would be most efficient for elections for the directly elected Mayor to take place at the same time as those for the new unitary authorities, this is not currently anticipated in the timescales shared by government. There are savings to be achieved from moving the current system of county and district elections, where some elected in thirds and some have all out-elections every four years. Whatever setup of unitary councils is established, the size of electorate and poll locations are unlikely to change. The estimated costs of holding an election for each unitary have been updated to allow for slightly higher costs in multiple areas such as for additional returning officers although this is still not deemed to be a significant issue.

Estimated cost of elections

| Option | Electorate⁵⁴ | Approx cost per elector⁵⁵ | Approx cost per election⁵⁶ | Schedule d local elections per cycle⁵⁷ | Approx cost per 4-year cycle | Saving |
|-----------------------------|--------------------------------|---|--|---|-------------------------------------|---------------|
| Current arrangements | 879,000 | £3.50 | £3.08m | Varies by district/ borough - see above. | £9.8m | - |
| 2 unitary | | | £3.29m | 1 based on assumed cycle with Strategic Authority taking over functions of PCC and covering costs of their elections. | £3.29m | £6.51m |
| 3 unitary | | | £3.40m | | £3.40m | £6.40m |

Extra council tax yield

Districts and Borough Councils can only increase council tax by their referendum limit of 2.99%. Their element of the precept would become part of the new council precept to which the unitary cap of 4.99% could be applied, as long as the social care precept could be justified. With increasing social care costs, this is deemed a safe assumption and has been kept in the financial model.

The benefit would occur every year and compound on the previous benefit. This has now been included in the model.

Reduced duplication

The biggest saving from local government reorganisation will come from bringing 12 councils together. In addition to savings set out above, additional savings relate particularly to reductions in back-office functions – such as finance, legal, governance, HR, procurement – needed to support fewer councils, and other areas such as contact centres.

⁵⁴ Local Government Boundary Commission for England data on electors for Surrey.

⁵⁵ MHCLG data on cost of 2019 general election, uprated to 2025 prices by CPI.

⁵⁶ To reflect the additional costs of more councils, an assumed 7% additional cost for 2 unitaries and a 10.5% additional cost for 3 unitaries has been applied.

⁵⁷ Excludes general elections, parish elections, any referenda, or by-elections.

From experience elsewhere it is accepted that these savings tend to be delivered in two distinct phases. Firstly, some immediate savings as vacancies and temps are removed and some staff retirements agreed. The second phase comes through transformation whereby new services are formed from fundamental reviews of the existing ones. This is considered under the transformation section later in this document.

Prudent assumptions have been used for the value of initial savings which could be delivered, reflecting what has been delivered through similar LGR processes, compared to the original business case assumptions.

The budgets for each council have been thoroughly reviewed and broken down between customer support, service provision and enabling services. An allowance has then been calculated for a portion of the district and borough costs, with areas such as debt servicing costs and benefit payments excluded, as to what could be delivered in the initial transition stage. A small allowance has been added for savings which could be generated as the back-office functions from the districts and boroughs come together with the back office of the county council. These savings have been scaled depending upon the number of new councils being formed.

| Aggregation Savings | Staffing £m | Non-staffing £m | Total £m |
|----------------------------|--------------------|------------------------|-----------------|
| 2 unitary | 12.34 | 14.51 | 26.85 |
| 3 unitary | 8.56 | 10.16 | 18.72 |

Disaggregation

It will be necessary for upper tier functions, such as highways, social care and education, to be disaggregated amongst new unitary authorities, providing opportunities for better outcomes through service alignment.

The main costs of disaggregation arise from:

- Recreating senior posts (such as Directors of Children's Services) for each unitary.
- Separating regional management lines, and loss of economies of scale from staff flexibility, for example.
- Non-staffing such as loss of economies of scale from IT licensing.

Senior posts

We have specifically modelled new senior management structures (top three tiers). There, disaggregation costs are offset by wider savings, such as reducing the number of Chief Executives in Surrey from eleven to two or three.

| Number of senior teams | Current Tier 1-3 Staffing | No. of roles | Total cost £m | Average no. roles per council | Average cost per council £m |
|------------------------|---|--------------|---------------|-------------------------------|-----------------------------|
| 1 | Surrey County Council ⁵⁸ | 41 | 6.3 | 41 | 6.3 |
| 10 | Surrey districts and boroughs ⁵⁹ | 129 | 16.1 | 12.9 | 1.6 |
| 11 | Total | 170 | 22.4 | 15.5 | 2 |

| Number of senior teams | Proposed Tier 1-3 Staffing | No. of roles | Total cost £m | Average no. roles per council | Average cost per council £m | Saving £m |
|------------------------|----------------------------|--------------|---------------|-------------------------------|-----------------------------|-----------|
| 2 | 2 unitaries | 74 | 11.6 | 37 | 5.8 | 10.8 |
| 3 | 3 unitaries | 96 | 14.3 | 32 | 4.8 | 8.1 |

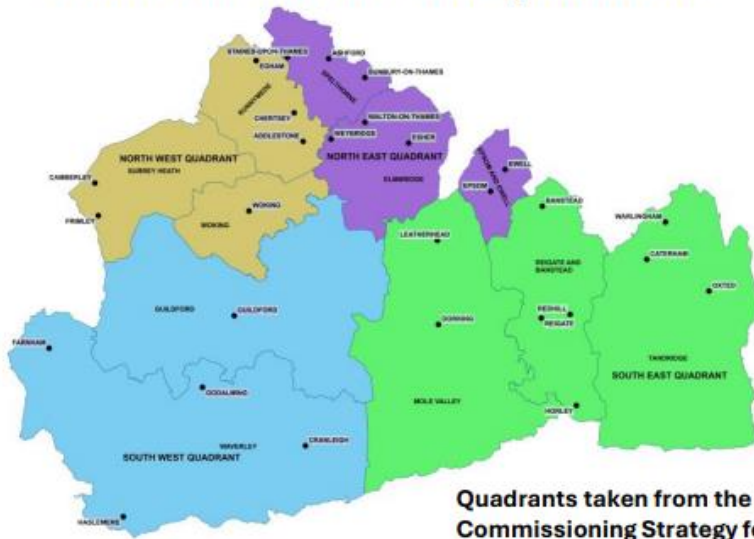
Regional management lines

As can be seen on the maps below, Surrey County Council's operational social care functions are already operationally configured to be delivered in a localised way, rather than on a county-wide basis, which supports disaggregation.

⁵⁸ County council includes Fire roles which would transfer to the Mayoral Authority and continue to operate on a county-wide footprint.

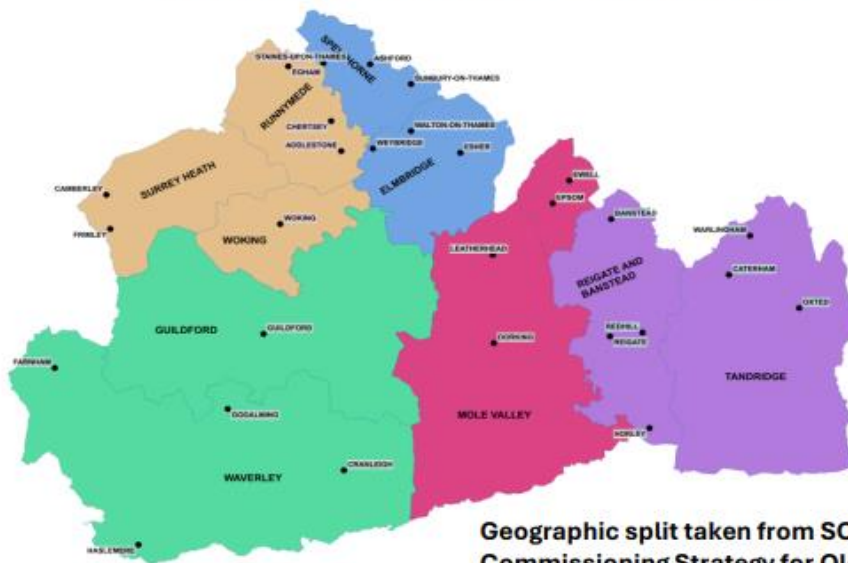
⁵⁹ Joint management team exists for Guildford and Waverley borough councils.

Children’s social care quadrants



Quadrants taken from the Joint Commissioning Strategy for Children, Young People and their Families in Surrey 2022

Adults social care – five areas



Geographic split taken from SCC’s Commissioning Strategy for Older People 2021-2030

We know that these services are a crucial lifeline to many of Surrey’s most vulnerable residents, and they rightly expect us to continue providing high quality services. For this reason, our modelling assumes there would be no net reduction in frontline spend or staffing levels for these functions. The question of future demand is a critical one. Initially, we assume that the same level of demand exists, requiring similar numbers of frontline staff. Demand will clearly change over time, though a focus on early intervention and prevention, delivered by new unitaries with a solid understanding of their local areas, can help offset and agilely respond to these pressures.

As social care services are already delivered on a regional basis, it has been assumed that both front line staff such as social workers, and their managers would be divided between the new councils. This could therefore be done without the need for additional staff.

However within Adults' and Children's services, there are a number of specialist roles across the county which would have to be provided in each unitary unless they could be provided on a shared service basis. An allowance of £0.5m per unitary has been added to reflect this as an additional disaggregation cost.

For non-social care services delivered countywide, there could be a need to duplicate a degree of management costs for each unitary. An allowance has therefore been built in to reflect the management of the "service delivery" element of staffing within these services. Additional costs added total £3.1m for 2 unitaries and £5.1m for 3 unitaries.

Non-staffing disaggregation

Costs have been assumed to increase for unavoidable items, such as additional ICT systems and software which would need to be duplicated. Additional costs of around £4m per new unitary have been added to reflect this.

Wider considerations to help reduce the potential for costs to increase more than the latter include the consideration of opportunities for shared services and the ability of the new councils to reduce some costs which are currently well in excess of benchmark comparators.

Shared services

The possibility of full shared services, such as Children's Trust models, have been discounted at this stage due to the poor performance of these elsewhere. However, there would be options for shared services for the new councils to consider such as:-

- ERP
- Shared commissioning
- Procurement
- Key professionals
- Public Health

Some services are already outsourced e.g. highways, internal audit, so there would be no need to alter this apart from changing the client from SCC to the new Councils. Joint waste services have worked well elsewhere and could also be considered.

Potential cost efficiencies

Benchmarking from Peopletoo and Oxygen show that some current unit costs in Surrey are far higher than for other comparable councils. There is therefore significant scope for savings to offset any other potential costs which could be driven

out by the new unitaries over a period of time. These would be achieved through better cost and demand management through the local offer for Children's and Adults' Services.

Targeting high-cost and/or high-demand areas through an improved local offer, as demonstrated in other children's and adults' transformation programmes, can yield significant savings. Each 1% reduction equates to approximately £9 million in total expenditure. The local offer involves targeting market supply, managing demand differently, and focusing on prevention, which we consider later in our proposal.

Enhanced commissioning, procurement, and contract management could generate substantial savings compared to current costs, which are significantly higher than those of similar authorities.

In summary, the analysis concludes that there is no evidence to suggest that county councils achieve lower unit costs due to greater buying power. The analysis indicates that, except for S251 Residential unit costs, unitary authorities and those with a population size of 250,000 to 350,000 achieve the lowest unit costs.

Regarding demand for Adult Social Care (ASC), the analysis suggests that while counties perform well in diverting to universal services, once individuals enter statutory social care, higher numbers are placed in residential care with fewer supported in the community, thereby driving up expenditure.

Regarding Surrey specifically, the analysis of high-level expenditure data across Adult Social Care (ASC) and Children's services provides the following key points:

- **Adults' social care** – As of 31/12/24, the budget stands at £516.8 million, with a forecast of £520 million, resulting in an overspend of £3.2 million.
 - Expenditure on 18-64 year olds is higher in Surrey compared to their NHS Nearest Neighbours (17% higher) and the Region (23% higher).
 - Expenditure on 65+ year olds is in line with NHS Nearest Neighbours and the Region, except where the primary need is learning disabilities, where spending is 17% higher than the region. This is likely due to the transition of 18-64 year olds to older age groups.
 - Surprisingly, client contributions are lower in Surrey at 16% compared to 20% for NHS Nearest Neighbours. However, published finance data reveals ASC overdue debt amounting to £23 million, which may indicate challenges in timely financial assessments and debt management.
 - Demand for 65+ year olds is lower at 11,345 versus 13,220 per 100,000, but expenditure per person is higher at £33,192 versus £31,578.
 - Demand for 18-64 year olds is higher at 1,960 versus 1,770, with expenditure per person at £52,697 versus £44,905.

In summary, for 18-64 and 65+, expenditure per person is higher than NHS Nearest Neighbours, which suggests there is opportunity to reduce costs of care packages and for 18-64 opportunity to manage transitions and reduce demand and cost.

- **Children’s social care** – As at 31/12/24: Budget £299.9m, Forecast £308m, overspend £8.6m.
 - Spend on Looked After Children has been increasing in line with the national picture but at a higher rate in Surrey, 44% versus 31% nationally.
 - Weekly outturn costs for Looked After Children are higher than statistical neighbours – £2,340 versus £2,081 – but residential costs are lower: £1144 versus £1,365.
 - Weekly outturn costs for Special Educational Needs are 27% higher than statistical neighbours and 45% than England average.

In conclusion expenditure is higher than statistical neighbours for Children’s Services, and with demand increasing this will be adding significant pressure to the budget.

| | Base | SCC Budget £m | 2 unitary disaggregation costs £m | 3 unitary disaggregation costs £m | Notes |
|----------------------------|--------|---------------|-----------------------------------|-----------------------------------|--|
| Staff | 0.00% | 245.1 | 0 | 0 | Main staffing costs are social workers etc |
| Managers | 0.00% | 22 | 0 | 0 | Same management to staff ratios would be maintained |
| Managers excl. social care | 6.50% | 45.1 | 2.9 | 4.4 | Allowance for duplications of managers in non social-care areas |
| Specialist | 10.00% | 10 | 1 | 1.5 | Duplication of small number of specialist roles if they cannot be shared |

| | Base | SCC Budget £m | 2 unitary disaggre gation costs £m | 3 unitary disaggre gation costs £m | Notes |
|--------------|-------|------------------|--|--|---|
| Non-staff | 1.00% | 814 | 8.1 | 12.2 | Additional ICT requirements etc for multiple councils |
| Total | | | 12.1 | 18.1 | |

Indicative savings

Our analysis shows that there are significant savings to be made across both two and three unitary models. Further savings may also be found from greater bargaining power on contracts and reducing the number of offices and buildings required but these are likely to take time and have not been included separately from the duplication savings projected.

As shown above, the costs of reorganisation are approximately £60m, resulting in a reorganisation cost benefit analysis that suggests that the costs would be paid off by 2029/30 for two unitaries and 2030/31 for three unitaries. The benefit is roughly £17m per annum greater for two unitaries than for three.

Potential benefits for transformation range from £40m for three unitaries to £46m for two unitaries. It is estimated that these savings will be delivered by the end of year 3 after vesting day for the new unitaries.

| 3 unitaries (£m) | | | | | | | |
|---------------------------|--------------|---------------|---------------|---------------|---------------|---------------|-----------------|
| Savings | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 |
| Councillors | | | 0.664 | 0.664 | 0.664 | 0.664 | 0.664 |
| Elections | | | 1.600 | 1.600 | 1.600 | 1.600 | 1.600 |
| Senior Staff | | | 4.045 | 8.091 | 8.091 | 8.091 | 8.091 |
| Removing duplication | | | 9.360 | 18.72 | 18.72 | 18.72 | 18.72 |
| Additional Council tax | | | 2.578 | 5.362 | 8.364 | 11.598 | 15.077 |
| Transition savings | | | 18.248 | 34.437 | 37.439 | 40.673 | 44.152 |
| Disaggregation | | | -18.107 | -18.107 | -18.107 | -18.107 | -18.107 |
| | 0 | 0 | 0.141 | 16.33 | 19.332 | 22.566 | 26.045 |
| Cumulative | 0 | 0 | 0.141 | 16.47 | 35.802 | 58.368 | 84.413 |
| Transition costs | 5.980 | 37.100 | 16.400 | | | | |
| Cumulative | 5.980 | 43.080 | 59.480 | 59.480 | 59.480 | 59.480 | 59.480 |
| Net cost/ (saving) | 5.980 | 43.080 | 59.339 | 43.010 | 23.678 | 1.112 | (24.933) |

2 unitaries (£m)

| Savings | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 |
|---------------------------|--------------|---------------|---------------|---------------|-----------------|-----------------|------------------|
| Councillors | | | 1.044 | 1.044 | 1.044 | 1.044 | 1.044 |
| Elections | | | 1.627 | 1.627 | 1.627 | 1.627 | 1.627 |
| Senior Staff | | | 5.433 | 10.867 | 10.867 | 10.867 | 10.867 |
| Removing duplication | | | 13.425 | 26.85 | 26.85 | 26.85 | 26.85 |
| Additional Council tax | | | 2.578 | 5.362 | 8.364 | 11.598 | 15.077 |
| Transition savings | | | 24.108 | 45.75 | 48.752 | 51.986 | 55.465 |
| Disaggregation | | | -12.072 | -12.072 | -12.072 | -12.072 | -12.072 |
| Net Savings | 0 | 0 | 12.036 | 33.679 | 36.681 | 39.914 | 43.394 |
| <i>Cumulative</i> | <i>0</i> | <i>0</i> | <i>12.036</i> | <i>45.715</i> | <i>82.395</i> | <i>122.31</i> | <i>165.703</i> |
| Transition costs | 5.080 | 33.600 | 16.900 | | | | |
| <i>Cumulative</i> | <i>5.080</i> | <i>38.680</i> | <i>55.580</i> | <i>55.580</i> | <i>55.580</i> | <i>55.580</i> | <i>55.580</i> |
| Net cost/ (saving) | 5.080 | 38.680 | 43.544 | 9.685 | (26.815) | (66.730) | (110.123) |

Transformation costs and benefits

The approach to delivering transformation is set out in more detail in a later section of this report.

Our financial modelling is based on the detailed analysis and findings from the Surrey PWC report in 2020, with refinements made from a review of other transformation business cases for unitary councils and internal assessments.

Benefits

Savings have been modelled at 100% / 75% / 50% of the original PWC business case. A mid-point of 75% has been used for the 2 unitary model and 67% for the 3 unitary model which delivers a % reduction in staff and non-staff costs as set out in the table below. Overall, this delivers a saving of £40m in the 3 unitary model and £46m in the 2 unitary model by the end of year 3 of the new Council. This is in addition to the savings identified from aggregation / reducing duplication.

| Area | Original | 2 unitaries (75%) | 3 unitaries (67%) | Examples |
|---------------------------------|----------|-------------------|-------------------|---|
| Customer contact and assessment | 10% | 7.5% | 6.7% | Customer services, web and digital |
| Enabling support | 18% | 13.5% | 12.1% | IT, HR, Finance, Legal, Procurement |
| Service delivery | 6% | 4.5% | 4.0% | Housing, Environmental Services, Libraries, Leisure |

A prudent approach has been taken to transformation benefits delivery phasing. This recognises that the focus of the new Councils in the initial period will be on establishing themselves and delivering the initial benefits of aggregation and reducing duplication, which are accounted for separately in the model.

Savings have therefore been phased over 3 years as per the table below. It should be possible to accelerate the delivery of benefits where necessary.

| | 2025 -26 | 2026 -27 | 2027 -28 | 2028 -29 | 2029 -30 | 2030 -31 | 2031 -32 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Districts and boroughs transformation benefits phasing | | | 10% | 40% | 40% | 10% | |
| Districts and boroughs transformation costs phasing | | | 30% | 50% | 20% | | |

Delivery costs

The costs of delivery are summarised below. Where possible we have used the same assumptions as SCC, for example in relation to the costs of IT consolidation and change and programme delivery. The main difference with the SCC model is a higher allowance for redundancy and early retirement costs, based on a combination of a higher level of delivered staff savings and a higher per capita allowance for the costs of exit.

| Costs incl. transformation | Implementation Costs £m | | | | | |
|---------------------------------------|-------------------------|----------------|----------|----------------|----------------|----------|
| | 2 unitaries | | | 3 unitaries | | |
| Cost category | Implementation | Transformation | Combined | Implementation | Transformation | Combined |
| Redundancy and early retirement | 10.6 | 14.0 | 24.6 | 8.0 | 11.0 | 19.0 |
| Implementation and programme delivery | 9.5 | 14.0 | 23.5 | 12.9 | 14.5 | 27.4 |
| IT consolidation and change | 23.2 | 7.4 | 30.6 | 24.8 | 14.5 | 39.3 |
| Branding and communications | 1.3 | | 1.3 | 1.9 | | 1.9 |
| Shadow authority(ies) | 3.0 | | 3.0 | 3.2 | | 3.2 |

| Costs incl. transformation | Implementation Costs £m | | | | | |
|-----------------------------------|--------------------------------|-------------|-------------|--------------------|-------------|--------------|
| | 2 unitaries | | | 3 unitaries | | |
| Creation of new council(s) | 2.8 | | 2.8 | 3.4 | | 3.4 |
| Closedown of old councils | 1.9 | | 1.9 | 1.9 | | 1.9 |
| Elections to shadow authorities | 3.3 | | 3.3 | 3.4 | | 3.4 |
| Contingency | | 3.0 | 3.0 | | 3 | 3.0 |
| Total Implementation costs | 55.6 | 38.4 | 94.0 | 59.5 | 43.0 | 102.5 |

Summary of savings – including transformation

| 3 unitaries (£m) | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|-----------------|------------------|
| Savings | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 |
| Councillors | | | 0.664 | 0.664 | 0.664 | 0.664 | 0.664 |
| Elections | | | 1.600 | 1.600 | 1.600 | 1.600 | 1.600 |
| Senior Staff | | | 4.045 | 8.091 | 8.091 | 8.091 | 8.091 |
| Removing duplication | | | 9.360 | 18.72 | 18.72 | 18.72 | 18.72 |
| Additional Council tax | | | 2.578 | 5.362 | 8.364 | 11.598 | 15.077 |
| Transition savings | | | 18.248 | 34.437 | 37.439 | 40.673 | 44.152 |
| Disaggregation | | | -18.107 | -18.107 | -18.107 | -18.107 | -18.107 |
| | 0 | 0 | 0.141 | 16.33 | 19.332 | 22.566 | 26.045 |
| <i>Cumulative</i> | <i>0</i> | <i>0</i> | <i>0.141</i> | <i>16.47</i> | <i>35.802</i> | <i>58.368</i> | <i>84.413</i> |
| Transition costs | 5.980 | 37.100 | 16.400 | | | | |
| <i>Cumulative</i> | <i>5.980</i> | <i>43.080</i> | <i>59.480</i> | <i>59.480</i> | <i>59.480</i> | <i>59.480</i> | <i>59.480</i> |
| Net cost/ (saving) | 5.980 | 43.080 | 59.339 | 43.010 | 23.678 | 1.112 | (24.933) |
| Transformation savings (67%) | | | -3.985 | -15.941 | -15.941 | -3.985 | 0 |
| Cumulative saving | | | -3.985 | -19.927 | -36.868 | -39.854 | -39.854 |
| Transformation costs | | | 12.898 | 21.497 | 8.599 | 0 | 0 |
| Net Transformation cost / saving | | | 8.913 | 1.57 | -27.27 | -39.854 | -39.854 |
| <i>Cumulative</i> | | | <i>8.913</i> | <i>10.483</i> | <i>-16.787</i> | <i>-56.64</i> | <i>-96.494</i> |
| Net cost/ (saving) incl Transformation | 5.980 | 43.080 | 68.252 | 53.492 | 6.891 | (55.528) | (121.427) |

| 2 unitaries (£m) | | | | | | | |
|---|----------------|----------------|----------------|----------------|-----------------|------------------|------------------|
| Savings | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 |
| Councillors | | | 1.044 | 1.044 | 1.044 | 1.044 | 1.044 |
| Elections | | | 1.627 | 1.627 | 1.627 | 1.627 | 1.627 |
| Senior Staff | | | 5.433 | 10.867 | 10.867 | 10.867 | 10.867 |
| Removing duplication | | | 13.425 | 26.85 | 26.85 | 26.85 | 26.85 |
| Additional Council tax | | | 2.578 | 5.362 | 8.364 | 11.598 | 15.077 |
| Transition savings | | | 24.108 | 45.75 | 48.752 | 51.986 | 55.465 |
| Disaggregation | | | -12.072 | -12.072 | -12.072 | -12.072 | -12.072 |
| Net Savings | 0 | 0 | 12.036 | 33.679 | 36.681 | 39.914 | 43.394 |
| <i>Cumulative</i> | <i>0</i> | <i>0</i> | <i>12.036</i> | <i>45.715</i> | <i>82.395</i> | <i>122.31</i> | <i>165.703</i> |
| Transition costs | 5.080 | 33.600 | 16.900 | | | | |
| <i>Cumulative</i> | <i>5.080</i> | <i>38.680</i> | <i>55.580</i> | <i>55.580</i> | <i>55.580</i> | <i>55.580</i> | <i>55.580</i> |
| Net cost/ (saving) | 5.080 | 38.680 | 43.544 | 9.685 | (26.815) | (66.730) | (110.123) |
| Transformation savings (67%) | | | -4.600 | -18.500 | -18.500 | -4.600 | 0.000 |
| Cumulative saving | | | -4.600 | -23.100 | -41.600 | -46.200 | -46.200 |
| Transformation costs | | | 11.500 | 19.200 | 7.700 | 0.000 | 0.000 |
| Net Transformation cost / saving | | | 6.900 | -3.900 | -33.900 | -46.200 | -46.200 |
| <i>Cumulative</i> | | | <i>6.900</i> | <i>3.000</i> | <i>-30.900</i> | <i>-77.100</i> | <i>-123.300</i> |
| Net cost/ (saving) incl Transformation | 5.080 | 38.680 | 50.444 | 12.865 | (57.715) | (143.830) | (233.423) |

Financial sustainability position

The financial modelling shows that significant annual savings are possible through reorganisation and subsequent transformation. However, it will still leave a significant budget shortfall for the new councils to deal with due to the existing MTFP gaps and the likely impact of the Fair Funding Review. In addition, the stranded debt remains an unresolved issue that LGR can do nothing to mitigate in the current financial context.

Translating the financial pressures into three new Councils would show the following position:

3 unitaries (£m)

| | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 |
|---|--------------|---------------|---------------|-----------------|-----------------|-----------------|
| Medium-term Budget Gaps | 0.000 | 43.498 | 86.532 | 130.373 | 133.851 | 172.951 |
| Transition savings | 0.000 | 0.000 | -18.248 | -34.437 | -37.439 | -40.673 |
| Disaggregation | 0.000 | 0.000 | 18.107 | 18.107 | 18.107 | 18.107 |
| Transition costs | 5.980 | 37.100 | 16.400 | 0.000 | 0.000 | 0.000 |
| Annual impact | 5.980 | 37.100 | 16.259 | -16.330 | -19.332 | -22.566 |
| Transformation saving | 0.000 | 0.000 | -3.985 | -19.927 | -35.868 | -39.854 |
| Transformation cost | 0.000 | 0.000 | 12.898 | 21.497 | 8.599 | 0.000 |
| Annual impact | 0.000 | 0.000 | 8.913 | 1.570 | -27.270 | -39.854 |
| Net cost/ (saving) incl Transformation | 5.980 | 37.100 | 25.172 | (14.760) | (46.601) | (62.419) |

The modelling for the 2 unitary proposals shows marginally better financial results but this needs to be considered in the context of the significant non-financial benefits which the 3 unitary model can deliver.

2 unitaries (£m)

| | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 |
|---|--------------|---------------|---------------|-----------------|-----------------|-----------------|
| Medium-term Budget Gaps | 0.000 | 43.498 | 86.532 | 130.373 | 133.851 | 172.951 |
| Transition savings | 0.000 | 0.000 | -24.108 | -45.750 | -48.752 | -51.986 |
| Disaggregation | 0.000 | 0.000 | 12.072 | 12.072 | 12.072 | 12.072 |
| Transition costs | 5.080 | 33.600 | 16.900 | 0.000 | 0.000 | 0.000 |
| Annual impact | 5.080 | 33.600 | 4.864 | -33.679 | -36.681 | -39.914 |
| Transformation saving | 0.000 | 0.000 | -4.600 | -23.100 | -41.600 | -46.200 |
| Transformation cost | 0.000 | 0.000 | 11.500 | 19.200 | 7.700 | 0.000 |
| Annual impact | 0.000 | 0.000 | 6.900 | -3.900 | -33.900 | -46.200 |
| Net cost/ (saving) incl Transformation | 5.080 | 33.600 | 11.764 | (37.579) | (70.581) | (86.114) |

Council tax harmonisation

Council tax is integral for ensuring the financial sustainability of any new unitary councils.

We understand that ultimately the levels of council tax and speed of harmonisation will be a political decision for the Shadow Authorities. However, all Surrey Councils agree that harmonisation of Council Tax on day one would be the desired position. We have used this assumption in the financial modelling underpinning this proposal.

Day 1 harmonisation would :

- Ensure equity across the new unitaries, with all service users in a new council paying the same rate.
- Maximise income in both year one and every subsequent year
- Comply with the referendum limits on a weighted average basis

The impact of harmonisation, compared to a 4.99% increase is shown in the tables below.

District and borough – three unitary summary:

| B/D 3 Unitary split | | | | | | | |
|---|-----------------|------------------------------|-------|------------------------------|------------------|------------|------------------|
| Band D council tax | | | | | | | |
| North | | | | | | | |
| District / Borough | 25/26 Overall £ | Increase/- Decrease to WA* £ | % | 4.99% increase on WA | Total increase £ | Revised CT | Total increase % |
| Elmbridge | 2,104.49 | -23.73 | -1.1% | 103.83 | 80.10 | 2,184.59 | 3.81% |
| Runnymede | 2,042.49 | 38.27 | 1.9% | 103.83 | 142.10 | 2,184.59 | 6.96% |
| Spelthorne | 2,075.21 | 5.55 | 0.3% | 103.83 | 109.38 | 2,184.59 | 5.27% |
| Weighted Average (WA=Total CTR divided by Tax base) | | | | Gap from largest to smallest | | | |
| £2,080.76 | | | | £62.00 | | | |
| East | | | | | | | |
| District / Borough | 25/26 Overall £ | Increase/- Decrease to WA* £ | % | 4.99% increase on WA | Total increase £ | Revised CT | Total increase % |
| Epsom and Ewell | 2,079.27 | 10.60 | 0.5% | 104.28 | 114.89 | 2,194.16 | 5.53% |
| Mole Valley | 2,057.63 | 32.24 | 1.6% | 104.28 | 136.53 | 2,194.16 | 6.64% |
| Reigate and Banstead | 2,111.22 | -21.35 | -1.0% | 104.28 | 82.94 | 2,194.16 | 3.93% |
| Tandridge | 2,098.67 | -8.80 | -0.4% | 104.28 | 95.49 | 2,194.16 | 4.55% |
| Weighted Average (WA=Total CTR divided by Tax base) | | | | Gap from largest to smallest | | | |
| £2,089.87 | | | | £53.59 | | | |
| West | | | | | | | |
| District / Borough | 25/26 Overall £ | Increase/- Decrease to WA* £ | % | 4.99% increase on WA | Total increase £ | Revised CT | Total increase % |
| Guildford | 2,050.45 | 33.85 | 1.7% | 104.01 | 137.86 | 2,188.31 | 6.72% |
| Surrey Heath | 2,106.68 | -22.38 | -1.1% | 104.01 | 81.63 | 2,188.31 | 3.87% |
| Waverley | 2,060.21 | 24.09 | 1.2% | 104.01 | 128.10 | 2,188.31 | 6.22% |
| Woking | 2,144.46 | -60.16 | -2.8% | 104.01 | 43.85 | 2,188.31 | 2.04% |
| Weighted Average (WA=Total CTR divided by Tax base) | | | | Gap from largest to smallest | | | |
| £2,084.30 | | | | £56.23 | | | |

In the 3 unitary model, the weighted averages for the new councils would be within £9.11 of each other. The maximum increase for an existing district would be 6.96%.

In the 2 unitary modelling, the difference between the new unitaries would only be between £13 and £16. The maximum increase within an existing district area would be 6.84%.

Surrey County Council – 2 unitary summary for East/ West option 2.1:

| Unitary split | | 2.1 | | | | | |
|---|-----------------|------------------------------|-------|------------------------------|------------------|------------|------------------|
| Band D council tax | | | | | | | |
| East | | | | | | | |
| District / Borough | 25/26 Overall £ | Increase/- Decrease to WA* £ | % | 4.99% increase on WA | Total increase £ | Revised CT | Total increase % |
| Elmbridge | 2,104.49 | -10.65 | -0.5% | 104.48 | 93.84 | 2,198.33 | 4.46% |
| Epsom and Ewell | 2,079.27 | 14.57 | 0.7% | 104.48 | 119.06 | 2,198.33 | 5.73% |
| Mole Valley | 2,057.63 | 36.21 | 1.8% | 104.48 | 140.70 | 2,198.33 | 6.84% |
| Reigate and Banstead | 2,111.22 | -17.38 | -0.8% | 104.48 | 87.11 | 2,198.33 | 4.13% |
| Tandridge | 2,098.67 | -4.83 | -0.2% | 104.48 | 99.66 | 2,198.33 | 4.75% |
| Weighted Average (WA=Total CTR divided by Tax base) | | | | Gap from largest to smallest | | | |
| £2,093.84 | | | | £53.59 | | | |
| West | | | | | | | |
| Guildford | 2,050.45 | 27.16 | 1.3% | 103.67 | 130.83 | 2,181.28 | 6.38% |
| Runnymede | 2,042.49 | 35.12 | 1.7% | 103.67 | 138.79 | 2,181.28 | 6.80% |
| Spelthorne | 2,075.21 | 2.40 | 0.1% | 103.67 | 106.07 | 2,181.28 | 5.11% |
| Surrey Heath | 2,106.68 | -29.07 | -1.4% | 103.67 | 74.60 | 2,181.28 | 3.54% |
| Waverley | 2,060.21 | 17.40 | 0.8% | 103.67 | 121.07 | 2,181.28 | 5.88% |
| Woking | 2,144.46 | -66.85 | -3.1% | 103.67 | 36.82 | 2,181.28 | 1.72% |
| Weighted Average (WA=Total CTR divided by Tax base) | | | | Gap from largest to smallest | | | |
| £2,077.61 | | | | £101.97 | | | |

Surrey County Council – 2 unitary summary for East/ West option 2.2:

| Unitary split | | 2.2 | | | | | |
|---|-----------------|------------------------------|-------|------------------------------|------------------|------------|------------------|
| Band D council tax | | | | | | | |
| East | | | | | | | |
| District / Borough | 25/26 Overall £ | Increase/- Decrease to WA* £ | % | 4.99% increase on WA | Total increase £ | Revised CT | Total increase % |
| Elmbridge | 2,104.49 | -13.27 | -0.6% | 104.35 | 91.08 | 2,195.57 | 4.33% |
| Epsom and Ewell | 2,079.27 | 11.95 | 0.6% | 104.35 | 116.30 | 2,195.57 | 5.59% |
| Mole Valley | 2,057.63 | 33.59 | 1.6% | 104.35 | 137.94 | 2,195.57 | 6.70% |
| Reigate and Banstead | 2,111.22 | -20.00 | -0.9% | 104.35 | 84.35 | 2,195.57 | 4.00% |
| Spelthorne | 2,075.21 | 16.01 | 0.8% | 104.35 | 120.36 | 2,195.57 | 5.80% |
| Tandridge | 2,098.67 | -7.45 | -0.4% | 103.69 | 96.24 | 2,194.91 | 4.59% |
| Weighted Average (WA=Total CTR divided by Tax base) | | | | Gap from largest to smallest | | | |
| £2,091.22 | | | | £53.59 | | | |
| West | | | | | | | |
| Guildford | 2,050.45 | 27.57 | 1.3% | 103.69 | 131.26 | 2,181.71 | 6.40% |
| Runnymede | 2,042.49 | 35.53 | 1.7% | 103.69 | 139.22 | 2,181.71 | 6.82% |
| Surrey Heath | 2,106.68 | -28.66 | -1.4% | 103.69 | 75.03 | 2,181.71 | 3.56% |
| Waverley | 2,060.21 | 17.81 | 0.9% | 103.69 | 121.50 | 2,181.71 | 5.90% |
| Woking | 2,144.46 | -66.44 | -3.1% | 103.69 | 37.25 | 2,181.71 | 1.74% |
| Weighted Average (WA=Total CTR divided by Tax base) | | | | Gap from largest to smallest | | | |
| £2,078.02 | | | | £101.97 | | | |

Further consideration is needed regarding the Surrey Fire and Rescue Service, which would require a portion of the Surrey County Council precept to fund its

services, affecting all modelling proportionately. Additionally, attention must be given to any newly established Parish and Town Councils in currently unparished areas, as well as any areas with special expenses currently being charged.

Conclusion

In conclusion, our proposed model of three unitary authorities for the future of local government in Surrey promises significant financial benefits by reducing duplication, achieving greater economies of scale and capitalising on opportunities for service transformation and improvement. Establishing financially sustainable and value-for-money unitary authorities is crucial to ensure lasting economic growth and high-quality, sustainable public service delivery.

Our analysis confirms that the proposal is financially viable, offering substantial savings compared to the current two-tier system. However, each new council will face financial challenges, including existing budget pressures, growth in demand for services (particularly adult and children's social care), inflationary pressures and the anticipated impacts of Fair Funding reform.

Our approach to evaluating the financial viability of the proposed unitary authorities has involved assessing savings from fewer elections, councillors, and senior managers, and eliminating duplication to achieve service delivery efficiencies. These savings are offset against the costs of disaggregating upper-tier services and implementing changes, such as redundancies, new digital infrastructure, running a shadow authority, and project management, resulting in a net cost/benefit for the proposals.

The new authorities must use savings from local government reorganisation to address these pressures and deliver savings to maintain service quality and scope.

Based on the analysis of 11 examples of local government reorganisation across England since 2009 and PwC's 2020 report on Surrey's reorganisation options, our modelling, developed in close collaboration with district and borough Section 151 officers, confirms the financial viability of the proposal. However, despite the potential for significant annual savings, much of this will be needed to address forecast budget pressures. Stranded debt remains an unresolved issue, which we hope to discuss further with the government.

Principle 6 – Delivers high-quality, innovative and sustainable public services that are responsive to local need and enable wider public sector reform.

Summary: *This section outlines how our proposal for reorganisation will deliver high-quality, innovative, and sustainable public services tailored to local needs. By establishing three unitary authorities that align with Surrey’s functional economic geographies and places, the new councils will be best placed to provide high-quality services and deliver economic growth. In contrast, a two unitary model would disrupt cohesive areas, leading to fragmented services and diminished community legitimacy. Building on best practices and case studies, we demonstrate how our model effectively addresses local needs and supports the delivery of innovative public services.*

The delivery of high-quality public services that are responsive to and shaped by local needs is the bedrock upon which good local government is built. Residents and businesses rightly expect their local council to get the basics right and provide services that are reliable and efficient. This includes regular waste collections, timely consideration of planning applications, well-maintained roads, and the necessary care and support for vulnerable children and adults to ensure they can have a good start in, and quality of, life.

Ensuring that local services are well-run and citizen-focused is a core principle of the Best Value Duty that all local authorities are under.⁶⁰ This duty ensures we make the most of every penny received from taxpayers to achieve better outcomes for our communities. This ongoing process of improvement and transformation requires continuous innovation and adaptation.

Responsive to local needs

Our research and evidence demonstrate that high-quality and sustainable public services can only be achieved if Principles 1 to 5 are also fulfilled. This means ensuring that the new local authority boundaries are aligned to Surrey’s district economies geographies to maximise economic growth, housing development and devolution (principles 1 and 3). These objectives are central to government’s ambition for devolution, enabling strong local leadership that brings together a Mayor of Surrey with council leaders as part of the Surrey Strategic Authority (principle 2). Reorganisation is, of course, underpinned by strong financial governance and resilience, realised through efficiencies and reduced duplication that unitarisation can deliver (principle 5). By maintaining strong local connections and accountability, where meaningful resident engagement and empowerment is central to decision making (principles 3 and 4), we can ensure that place-based local services are provided that are responsive to local needs and locally tailored.

⁶⁰ ‘Best value standards and intervention: a statutory guide for best value authorities’, Ministry of Housing, Communities and Local Government, 8 May 2024.

Effective service delivery requires a deep understanding of the unique needs and challenges within local areas. There are numerous examples that demonstrate high-quality and transformative public services are best delivered in a responsive and sustainable way when local boundaries align with the functional geography grounded in recognised local identities and democratic accountability, delivering positive outcomes for residents and supporting government's ambitions for devolution and growth.

This is a view supported by recent resident engagement about local government reorganisation, where almost two-thirds (63%) of respondents backed our proposal to divide Surrey into three unitary authorities. When asked about what their priorities for local government were, the top concerns were overwhelmingly local - over 60% cited 'Understanding of local issues' and 'Local decision-making' as their two highest priorities.

Our proposal for three unitary authorities for Surrey best realises this, by aligning the new local government boundaries for the area around the county's recognised functional geographies and economic areas. As set out in Principle 3 above, Surrey has three distinct places, each with their own unique functional geographies and economic areas. These are not arbitrary lines. They are functional economic areas, underpinned by real people, commuting patterns, infrastructure links, housing market assessments, and business ecosystems. These geographies are long established and have been recognised by districts and the county council over many years.⁶¹

Taking an approach that enables the new unitaries to plan across functional economic areas will enable us to fully realise the growth potential of these distinct places and to make maximum use of limited resources. Local authority boundaries that reflect functional economic areas are better equipped to create and enact policy that meets the needs of specific areas and enhance our potential for partnership working, to better enhance strategic decision making in the economic development of Surrey and the wider south east. Coalescing around workable geographies that represent recognisable functional areas, the new three authorities strike the right balance being able to offer services at scale and will support innovation and efficiency without divorcing decisions from the communities being served.

A two unitary configuration of local government in Surrey would slice through these recognised and cohesive geographies. Though there is a possibility of marginal economies of scale and financial savings, such a configuration would force communities, businesses and councils into arrangements that lack strategic logic or community legitimacy. Recent experiences from local government reorganisation elsewhere in England shows that when local authority boundaries divide functional

⁶¹ 'Interim Local Strategic Statement for Surrey 2016-2031 and 'Surrey 2050 Place Ambition version 2 – 2023', both jointly produced by Surrey County Council and Surrey's eleven districts and borough councils.

economic geography, service delivery and economic growth are negatively impacted.

In Dorset, which underwent reorganisation in 2019, the separation of interdependent and cohesive economic areas led to a diluting of local leadership, the fragmentation of economic strategy as well as a broader strategic divergence across the new administrative boundaries.

In contrast to this, when the unitary Buckinghamshire Council was vested in 2020, the alignment of the functional economic area with the new administrative boundaries ensured economic and strategic coherence that supported strategic investment into the region to deliver local economic growth and housing delivery.

What we establish for Surrey in the coming months and years must be able to provide high-quality and responsive services, not only on day one, but also in the decades ahead. This can be best achieved by creating three authorities that are accessible to residents, reflecting their locally identified needs.

High-quality and innovative public services

Local government reorganisation provides once in a generation opportunity for the harmonisation of public services across Surrey, with the diverse patchwork of lower tier services, currently delivered by the eleven districts, harmonised across the county's broader three functional areas. Integrating these services with those currently provided by Surrey County Council will provide greater coherence and clarity for residents and stakeholders. Current complementary services like public health and environmental health, infrastructure delivery and local planning, and waste collection and disposal are managed separately. Unitarisation will bring all these services into one cohesive organisation.

With boundaries that align with Surrey's functional economic geography, the three new unitary councils will be best placed to provide coherent strategic direction across the piece, able to provide holistic, preventative and needs based services, complemented by those devolved from government to the new Surrey Strategic Authority, delivering improved outcomes for residents and realising economic growth.

These opportunities are, however, not without their risks. It's vital that services transition seamlessly from the current councils to the new unitary authorities on Vesting Day. This is especially important for crucial services that support our most vulnerable residents including social care, children's services, SEND and homelessness. How we plan to successfully do this at pace is set out below in detail in our implementation and transformation plan for reorganisation. As it sets out, by learning from experience elsewhere, we will take a phased approach to implementation and transformation, built upon robust and effective governance that prioritises maintaining key service delivery throughout the transition period and paves the way for innovative transformation. Our priority is to achieve economic

growth and improve outcomes for residents whilst also creating financially sustainable unitary councils in the short and longer-term.

Local authorities are best placed to deliver high-quality and innovative public services when their boundaries align with the functional economic geography and local identities that residents and businesses recognise on the ground. As demonstrated above, our proposal for three unitary authorities will ensure that the new local government landscape in Surrey is reflective of the county's recognised three district places and functional economic areas. This too will be complemented by the regionalised way some Surrey County Council services are already delivered on the ground, particularly for social care.⁶²

But it's not just identities and economies that these new authorities will align with. Our proposed boundaries will, in many instances, align with the networks of collaboration across the public sector that already exist, and have grown organically over many years, in response to the reality of Surrey's local communities. These already bring together both tiers of local authority with partners like health, as well as other partners, to deliver preventative, holistic, and outcome focussed services for residents.

In North Surrey, the three boroughs have been engaged in an integrated place agenda for health and care, with Northwest Surrey Alliance. There has been a collective contribution to Alliance priorities and plans, and with a view to increasing consistency in service delivery across the Alliance's area. The three boroughs that form the new North Surrey unitary, have worked collaboratively over many years in the area of health and wellbeing, and sought to develop existing and new services and functions to ensure a consistent model of service delivery across the region, aligning with the requirement for consistency of offer across the geography to system partners and residents.

Each share a commitment to preventative service delivery to improve health outcomes across the area, including financial investment of £50,000 per authority to deliver joint projects with local voluntary and community organisations, via localised place partnerships and hyper local partnerships in identified areas of deprivation. This commitment would translate into a new unitary environment, bringing all parties together under one geography with a singular authority working directly with health.

Meanwhile, in East Surrey, there is a longstanding and well recognised sub-regional identity, with the four authorities that will make up the new East Surrey Unitary authority having been clustered together as a coherent entity for decade. Cementing a pre-existing, recognised sub-region into a single entity will improve local

⁶² As set out in Surrey County Council's 'Commissioning Strategy for Older People 2021-2030' and 'Joint Commissioning Strategy for Children, Young People, and their Families in Surrey 2022'.

government and service delivery from both traditional borough and county services alike.

The long established joint working relationships in the East Surrey area that can be built upon in implementing our proposal include existing joint delivery structures for services such as homelessness, building control and transformation; upper tier services delivered across the entire area by Reigate and Banstead on the county council's behalf; and cooperative working with the voluntary, community and faith sector across the East Surrey area, with many organisations already operating across this geography, such as the YMCA and Thames Reach. A matching geography will support future work and increase opportunities for efficiency through joint approaches between the sectors.

Finally, in West Surrey, Guildford and Waverley borough councils have, for a number of years, been collaborating to deliver significant financial savings, operational improvements, and improved outcomes for residents across both boroughs. The success of this work was reaffirmed late last year in an independent report by Local Partnerships, a joint venture between HM Treasury, the Welsh Government and the Local Government Association.⁶³

By creating new authorities that aligns with existing joint working and across an area with shared and similar needs, this can help to deliver further public service reform, as best practices and efficiencies can be shared and implemented across the new organisation, leading to better value for money. For example, one of the most significant current cost pressures for local authorities is emergency and temporary accommodation for homelessness. Joint working across a meaningful geography, with the already identified commonalities of housing demand, and shared access to stock and nomination rights will aid getting more people into accommodation more quickly. This will lead to less disruption to work, schooling and health needs, and help people remain within an area that they recognise as home, within their community. Overall, this will help reduce emergency accommodation cost pressures and deliver better outcomes for residents.

These benefits, however, can only be delivered most effectively where the new unitary authority aligns with a coherent and functional geography. Whilst there will continue to be individual local needs and considerations, place-based working across a cohesive unitary area has the potential to provide significant real benefits for organisational efficiency, local opportunities, and residents and communities.

A manageable geography delivering services as close to residents as possible enables an inherently more responsive service which works within a place, recognising its unique and differing needs. This is particularly important for resident satisfaction where potholes, grass cutting, bin collection and green spaces, are all of critical importance, as well as for operative run services such as waste collection and

⁶³ 'Analysis of collaboration benefits', Local Partnerships, 21 November 2024.

disposal, parking management, and cleansing which rely on local delivery and knowledge.

A two unitary configuration for Surrey will lead to more fragmented services with abortive work due to lack of cohesion, travel needs and general misalignment with the reality of the local area. Conversely, these factors are tried and tested at the three unitary delivery level.

Enabling wider system reform

In the same way that Surrey's local authorities are already cooperating and collaborating across boundaries it is vital that the new councils work as part of the wider system, working with public, private and third sector partners to deliver upon their strategic priorities, achieve the best outcomes for residents, and help foster economic growth. Such a system-wide approach should be focussed delivering prevention and early intervention services that achieve the best outcomes for local residents whilst reducing the cost on the public purse in the longer term.

As we have set out within Principle 3 above, this is best achieved by creating councils that align with the county's already existing and recognised economic and social boundaries, as we propose to do.

Building upon this in Principle 4, we set out our intended outcomes and objectives for community empowerment. We will use this opportunity to ensure the new councils are well placed to build relationships and mobilise resources within their area, convening local partners and stakeholders from across the system to deliver system-wide collaboration and reform. Central to this will be the opportunity provided to the new councils to align strategy, services and resource allocation to public sector partners: the police, fire service, ICBs in Frimley and Surrey Heartlands, and the wider health sector.

The evidence shows us that the co-commissioning of services with key partners such as health, is more effective when all partners have a close connection with, and understanding of, local, recognised communities. Our proposal for three unitary authorities will enable continued close working relationships in a way that doesn't feel 'remote' for key partners, making system collaboration at a local level easier and more productive. This will facilitate local partnership working more readily in a way that will benefit both the public purse and the community, and will support the successful continuation of local collaboration, existing partnerships and approaches.

In North Surrey, for example the pre-existing consistency of delivery, and associated relationships, will support the ongoing - and improved - delivery of discretionary services that divert higher upstream system costs otherwise required in the discharge of statutory duties across the health and social care systems. These partnership arrangements in North Surrey provide a platform from which to work with communities and system partners, to develop voluntary and community sector led services to support local resilience and the delivery of statutory services.

In East Surrey, the proposed geography brings together NHS East Surrey Place and the majority of NHS Surrey Downs Place. Robust collaboration already exists between both current tiers of local government, NHS commissioners and providers, other public sector partners (such as the Police) and the voluntary sector (including charities, housing associations, amongst others).

Also operating in this area is the Prevention and Communities Board for Tandridge and Reigate and Banstead, which brings together both those councils with Surrey County Council, NHS providers and commissioners, housing providers, leisure organisations, and the voluntary and community sector; this board highlights the power of system-wide thinking, that focusses our collective finite resources in preventative interventions to deliver the best outcomes and services for residents.

Such systems thinking is replicated elsewhere in the county, in a way that is complemented by the unitary boundaries we are proposing. Local government reorganisation provides us with a unique opportunity to turbocharge system-wide working and reform across all of Surrey's communities and places, placing prevention and early intervention at the heart of service delivery.

Whilst a two unitary proposal would remove the duplication that exists within the current two-tier system, such an approach would reduce the potential benefits available to local communities, creating a democratic deficit that no amount of top-down imposed structures like area boards can adequately offset. Two unitaries would be spread across less cohesive areas, diminishing the capacity to act effectively both at scale and more locally.

As an example, NHS Integrated Neighbourhood Teams seek to serve populations of 30-50,000 people. These are best able to support the health of local populations through working together with local authority services, such as social care, housing, community safety, public health, and support for those with multiple disadvantages. If two unitaries were to be created in Surrey, the disparity in scale between these services and the NHS approach would risk increasing gaps in the ability to cooperate fully effectively. Our proposal for three local authorities would better balance strategic unitary approaches with maintaining local knowledge and connections to support these teams and many other such local providers.

Conclusion

In summary, it is vital that Surrey's local government boundaries align with the county's functional economic geographies to deliver high-quality, innovative, and sustainable public services that are responsive to local needs. Creating three unitary authorities will better reflect local identities and needs, enhancing strategic decision-making and service delivery. This approach will maximise economic growth, efficiency, and resident satisfaction by maintaining strong local connections and accountability. Services can be delivered most effectively when councils are configured around Surrey's functional and coherent geographies, ensuring the best

possible service delivery. Conversely, a two unitary configuration would disrupt cohesive economic areas, leading to fragmented services and diminished community legitimacy. Examples from Dorset and Buckinghamshire illustrate the negative impacts of misaligned boundaries and the benefits of coherent ones. In Dorset, misaligned boundaries diluted local leadership and fragmented economic strategy. In contrast, Buckinghamshire's alignment of functional economic areas supported strategic investment and local growth.

Our proposal for three unitary authorities has been robustly developed to ensure the new councils are able to provide coherent strategic direction, holistic services, and improved outcomes for residents from day one. It will also support innovative transformation, financial sustainability, and wider public sector reform, placing system-wide prevention and early intervention at the forefront of service delivery. Ultimately, aligning boundaries with functional geographies is essential for effective service delivery, community empowerment, and realizing the benefits of a cohesive unitary area for organizational efficiency, local opportunities, and community wellbeing.

Implementation and transformation – our plan for delivering and maximising the benefits of LGR

Summary: *This section outlines how our proposal for reorganisation will deliver high-quality, innovative, and sustainable public services tailored to local needs. Our phased approach includes pre-planning, planning, shadow period, and post-vesting day activities, focusing on maintaining business continuity, consolidating systems, and driving transformation. Building on best practices and case studies, we demonstrate how our model will best enhance service delivery, foster economic growth, and support wider public sector reform.*

Our interim plan for reorganisation outlined our proposed outline approach to implementation and transformation. Since submitting this, we have continued to work on finalising our approach.

So far, our proposal has noted the considerable opportunities for service transformation that local government reorganisation can bring. This section sets out our plan for implementing our proposal, including key considerations relating to implementation as well as further detail necessary to understand our transformation journey.

For ease of reading, this section of our final plan overlaps in parts with the previous section, where opportunities arising from implementation and transformation were described, as well as the financial case which outlined the potential financial benefits.

It is also important to recognise that implementation and transformation are two distinct but deeply interconnected stages of LGR. Where implementation focuses on the establishment of new councils, through changes in governance, IT systems, staffing and policy, transformation is about longer-term service improvements, culture change, and ultimately improving outcomes for residents and businesses.

As a result, a clear separation between these two interconnected stages is not possible and, indeed, not desirable. To illustrate, many implementation tasks – of moving from the current system to the new – will continue after the new councils are fully operational. This includes property rationalisation and asset disposal, the migration of digital systems and workforce onboarding. Similarly, some transformation activity – such as workforce engagement, digital systems optimisation, and joint commissioning – must start well before the new councils become operational to secure best value for money.

Implementation and transformation will therefore operate in parallel, blending over time. Our delivery, governance and decision-making structures will account for this.

In the pages that follow we set out our approach, as well as the proposed phasing of transformation and implementation activities.

Our approach to implementation and transformation

The creation of new unitary councils, the closing down of precursor authorities, and the accompanying service aggregation and disaggregation are complex activities that are not without risk. Our priority is to achieve economic growth and improve outcomes for residents whilst also creating financially sustainable unitary councils in the short and longer-term.

In moving forward with implementing our proposal, we will:

- 1) Invest in the establishment of robust and effective **programme management, risk management, governance and engagement arrangements**. This will ensure that the transition is managed well, with identified risks mitigated, standards of governance are upheld, and stakeholders and effectively engaged.
- 2) **Prioritise maintaining business as usual service delivery** throughout transition, ensuring safe and legal service delivery from Vesting Day.
- 3) Focus on **consolidating systems and assets across lower tier authorities** as there is notable scope for savings to be realised as a result of aggregation.

While formal changes will begin after the necessary legislation is enacted, it is anticipated that preliminary work will commence in advance (as set out in the following road map), with this initial work focused on aligning systems and processes that are specific to lower tier authorities, such as those operated under Housing Revenue Accounts (HRA), homelessness and emergency accommodation, as well as other operational and transactional systems. These areas are operationally unique and financially material.

- 4) **Learn from the experience elsewhere** to avoid the common pitfalls of LGR. These included the prolonged existence of multiple council tax or revenues and benefits systems. We have engaged with authorities that have undergone LGR in recent years, and this has informed our final proposal. Our engagement will continue as we move through our phases of implementation.
- 5) **Plan for a phased approach to implementation and transformation** after Vesting Day, reflecting our critical path to full implementation and with due consideration to budget setting and electoral cycles.
- 6) Ensure that **appropriate arrangements are in place for the handover of the transformation programme** in the immediate years after Vesting Day. We envisage that financial and service improvement benefits will be realised by the end of the first electoral cycle. Further transformation will follow the second electoral cycle, including the implementation of innovative public service delivery

models which will deliver continuous improvement, unlock growth and deliver better outcome for residents.

Our proposal:

Improves service delivery through:

- Delivering a phased approach to implementation and transformation. This will help ensure that services remain safe and legal, with opportunities for transformation pursued over time.
- Promoting a digital first approach, with single customer contact points and the smarter use of data. This will improve accessibility, responsiveness and the integration of services, supporting a holistic, preventive approach to service delivery.
- Creating a Transformation Coordination Board to align strategy and delivery across the new unitary authorities, reducing duplication and driving consistency.
- Clearly linking organisational redesign and back-office consolidation to frontline improvements by freeing up resources.
- Implementing a robust evaluation framework, with resident satisfaction surveys and benchmarking used to inform continuous improvement.

Avoids unnecessary fragmentation of services through:

- Advocating for models that minimise risks of disaggregation of high-risk services at Vesting Day, while retaining system-wide safety and coherence as well as enabling place-based service models, ensuring early continuity and preserving flexibility for new authorities to localise delivery for improved outcomes.
- Outlining four structural options to retain coherence in the delivery of upper tier services: shared services, lead authority model, external vehicles and ‘as is’ place-based models.
- Advocating for shared governance structures and early planning to preserve service integration and avoid unnecessary disruption.
- Anchoring its approach in lessons learned from LGR in other areas that have struggled with fragmented systems and contracts.

Creates opportunities for wider public sector reform and improved value for money through:

- Consolidating systems, contracts and assets early in implementation to capture efficiencies, enabling financially sustainable councils from day one and laying the necessary groundwork for further reform.

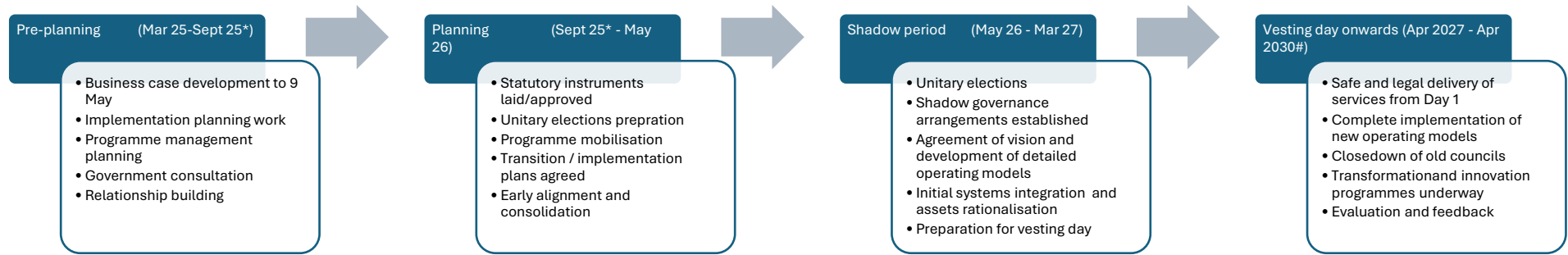
- Creating an invest to save strategy, supported by detailed savings assumptions across service areas.
- Focusing on co-location, shared procurement, and integration with health and education partners to support system-wide reform and to enable new unitaries to bring partners together to collectively deliver the best outcomes for residents and businesses.
- Introducing localised transformation plans backed by a shared transformation toolkit – balancing local ambition with strategic coordination.
- Including specific focus on back-office integration, customer service reform, and use of data/predictive analytics as core efficiency drivers.

Carefully considers and mitigates the impacts on crucial services such as adults' and children's social care, SEND, homelessness and public safety through:

- Specifically planning for upper tier services, their criticality and complexity.
- Proposing a phased approach for the delivery of adults and children, families, and education (CFE) services. Initially, these services will continue to operate 'as is,' with a plan to review and integrate them over time. This approach aims to determine what is best delivered on a countywide basis and what will benefit from local integration, ensuring a safe and stable transition while maximising the benefits of unitarisation, such as improved coordination with housing and other aligned services.
- Proposing a heightened focus on early intervention and prevention, which will improve outcomes and lower long-term costs in social care, homelessness and SEND.
- Acknowledging that not all services will be restructured in the same way, allowing flexibility based on risk, readiness and local needs.
- Prioritising governance and service transition for these service areas during the shadow period.

The sections that follow outline, in detail, our approach to implementation and transformation.

Timeline



| | Mar-25 | Apr-25 | May-25 | Jun-25 | Jul-25 | Aug-25 | Sep-25 | Oct-25 | Nov-25 | Dec-25 | Jan-26 | Feb-26 | Mar-26 | Apr-26 | May-26 | Jun-26 | Jul-26 | Aug-26 | Sep-26 | Oct-26 | Nov-26 | Dec-26 | Jan-27 | Feb-27 | Mar-27 | Apr-27 | May-27 | Jun-27 | Jul-27 | Aug-27 | Sep-27 | Oct-27 | Nov-27 | Dec-27 | Jan-28 | Feb-28 | Mar-28 | Apr-28 | May-28 | |
|---|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--|
| MHCLG timelines | [Timeline bars for MHCLG milestones] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Surrey authorities prepare LGR proposal(s) | [Timeline bar] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Government consultation on Surrey LGR proposal(s) | [Timeline bar] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Government decision on Surrey LGR proposals | [Timeline bar] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Surrey LGR legislation laid | [Timeline bar] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Surrey LGR legislation approved | [Timeline bar] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Elections for Surrey Shadow Unitaries | [Timeline bar] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Any transitional legislation for Surrey Unitaries | [Timeline bar] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Go live for Surrey Unitaries | [Timeline bar] | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Implementation and Transformation | Pre-planning | | | | | | | | | | Planning | | | | | | | | | | Shadow | | | | | | | | | | Vesting day and beyond | | | | | | | | | |
| Working arrangements | <i>Joint working between existing 2-tier authorities</i> | | | | | | | | | | <i>Joint working between existing 2-tier authorities and shadow unitaries</i> | | | | | | | | | | <i>Delivery by new unitaries</i> | | | | | | | | | | | | | | | | | | | |

Working arrangements, decision making and governance

The implementation of our proposal will require close collaborative working between local authorities in Surrey. This will happen first on an informal basis, transitioning to formalised ways of working in the run up to and during the shadow period, with unitary authorities taking on full responsibility for concluding implementation and progressing transformation activity from Vesting Day onwards.

Programme management arrangements

A robust approach to programme management will be essential throughout the planning and implementation stages, incorporating support for transformation activities where necessary.

To plan for the transition, a single programme management office (PMO) will be established, bringing together in house expertise as well as additional dedicated programme management resource to be funded from government capacity funding and contributions from all councils. This will ensure appropriate oversight across upper tier and lower tier authorities, addressing considerations associated with the formation of the new councils, disaggregation of upper tier services across the area (when and where applicable), and aggregation of lower tier services to the new geographies.

Multi-disciplinary delivery teams will come from across the councils, supported by in house and additional dedicated programme management resource to be funded from government capacity funding and contributions from all councils. The PMO will provide structure and coherence to planning, governance and delivery activities across the range of thematic workstreams delivered by multi-disciplinary teams assembled from across the councils. The PMO team will lead, facilitate, support and monitor delivery of target operating models for each new authority, providing regular updates and exception reporting as part of effective programme governance.

Governance and decision-making structures

Internal governance structures will ensure a robust approach to programme delivery and provide oversight and assurance. These structures will build on current informal joint working arrangements, and existing formal decision-making processes. We will take the opportunity to formalise arrangements for joint decision making as soon as possible in the transition process.

Culture change in the transition

Establishing new unitary authorities will require more than structural and operational change - it will demand a deliberate and sustained cultural transformation across the entire local government workforce and leadership in Surrey. The formation of three new councils presents a critical opportunity to reset and embed a shared organisational culture rooted in collaboration, transparency, and responsiveness to local needs. This cultural reset will be shaped by early and ongoing engagement with

staff, councillors, partners and communities, and supported by organisational development initiatives that champion new ways of working. Through co-developed values, inclusive leadership programmes, and the consistent alignment of strategy with practice, the new councils will foster an empowered, adaptive, and resident-focused workforce that reflects the ambitions of each area.

What do we mean by transformation?

Transformation is a loaded term that can be interpreted in many ways. In the context of this submission, we mean ensuring better outcomes for residents, with delivery taking place at the right level that best meets local needs and makes use of new technologies where appropriate to modernise services and embed efficiency.

Our submission takes a precautionary approach to financial efficiencies delivered from transformation in the first electoral cycle following vesting day. This is based on our fundamental belief that while unitarisation will present considerable efficiency opportunities that can be leveraged, robust service delivery and financial stability must be prioritised at a time of major change. Our approach also reflects on experiences of local government reorganisation elsewhere. Together this creates the conditions for successful medium-term transformation.

We advise caution regarding any suggestion that rapid transformation promising significant short-term savings will achieve the overall reorganisation objectives of enhancing capacity and resilience to financial shocks.

Our implementation plan

Pre-planning phase (March 2025 – September 2025)

The focus of the pre-planning phase will be on **building authorities' individual and collective readiness for formal transition** once the government's decision on the future structure for local government in Surrey is known.

Activities:

March-May 2025 (complete)

- **Reorganisation proposal** – prepare and submit the final plan for reorganisation to MHCLG.
- **Public sector partner engagement** – to inform the development of the proposal, including exploring opportunities for wider public service reform.
- **Resident and stakeholder engagement** – to inform the development of the proposal and gather key necessary information to guide transition planning.

May-September 2025

- **Internal readiness** – establish workstreams within each authority, including staff, unions, and member engagement and communications, resource prioritisation, and review of key activities such as project, procurement, and recruitment activity.
- **Consensus building, collaboration, joint working and data sharing** – to inform the LGR proposal, undertake initial collaboration and mapping to inform transition planning and pursue early alignment opportunities, specifically in relation to lower tier systems and contracts.
- **Programme management** – preparatory work to enable swift mobilisation at commencement of planning phase, including collective agreement of likely workstreams, programme governance and resourcing arrangements.
- **Engagement and communications planning** – development and delivery of a shared engagement and communications approach.
- **Ongoing liaison with government** – for example on debt, stabilising the funding base, capacity funding support, planning to unlock devolution and any continuing authority arrangements.

Costs and resource considerations

- Pre-planning work will mainly be resourced via diversion of existing resource from the authorities. Financial costs will be limited to:
 - Some backfilling costs for diverted staff posts
 - Limited costs associated with external advice on specialist issues and engagement.

Planning phase (September 2025 – May 2026)

The focus of the planning phase will be on preparing a **robust transition and implementation plan**, supported by appropriate resourcing, internal governance and formal decision-making arrangements. In this phase, activities will begin to focus on the new unitary geographies, but will also require coordinating across the whole area to ensure a balance between local considerations and a robust approach to planning for critical service aggregation.

Activities:

- **Programme management mobilisation** – mobilisation of programme and delivery teams to support the transition. Multiple workstreams which will be operational across the transition planning and shadow phases. They are expected to include:
 - Finance and debt
 - Communications & engagement
 - Legal, governance, & electoral
 - Human resources & Organisational Development (including Culture Change)
 - Data, IT and systems
 - Assets
 - Contracts, procurement & commercial
 - Service delivery and customer contact
 - Community governance & neighbourhood empowerment
 - Devolution and the move towards creation of a Mayoral Strategic Authority

Further detail of the anticipated focus of each workstream is included at annex 1.

- **Establishment of joint decision-making arrangements** – including the establishment of implementation joint committee(s) or other formal decision-making structures that are required.
- **Baseline information** – formal collation of key data across workstreams (such as assets, systems, contracts, HR, etc.).
- Develop and agree a detailed **Programme Implementation Plan** – building on baseline information collation and analysis work. This also includes creating thematic action plans.
- Continuation of work to **align and consolidate systems, contracts, assets and change activity** – across constituent authorities for each unitary, with a particular (although not exclusively) focus on opportunities in relation to lower tier services.
- **Ongoing communications and engagement activity** – with residents, businesses, staff, unions, councillors and other stakeholders.
- **Ongoing liaison with government** – on legislative and practical aspects of implementation including and transitional legislation.

Early benefits and prioritised actions:

Although the implementation and transformation programme will span several years, development of a focused set of actions will be prioritised during the Planning Phase on confirmation of the new unitary authorities. These early initiatives aim to align systems and integrate services where risks are greatest and the benefits of early action are most evident.

Key priorities include:

- **Establish early joint procurement frameworks** – for key contracts where scale and consistency could yield savings and simplification (e.g., IT support, telephony, customer relationship management systems, etc.).
- **System alignment in lower-tier services** – begin consolidation planning for systems related to Housing Revenue Accounts (HRA), homelessness and emergency accommodation, to avoid the reduce duplication of operating multiple platforms post-Vesting Day. See annex 2 (summary matrix of pre vesting and post testing transformation activity) for an overview of anticipated activity.
- **Data mapping and early migration scoping** – launch cross-authority work to map critical data sets and assess dependencies in revenue and benefits, customer contact systems, and property management platforms.
- **Engage authorities who have been through reorganisation:** join or establish a peer network with areas such as Dorset and Buckinghamshire to learn from lived experience avoid known pitfalls.

Key costs and resource considerations:

Work in the Planning phase will be undertaken through a combination of existing staff resources and bringing in additional capacity where necessary. Key cost areas for the planning period are projected to be:

- External programme management support
- Unitary elections
- Limited external communications and engagement
- Systems / contract alignment/ consolidation costs
- Capital investment (invest to save)

Benefits realisation:

- There are limited initial financial benefits realised from the early alignment and consolidation of systems and contracts which will unlock non-financial benefits of more efficient and effective ways of working.

Shadow phase (May 2026 – March 2027)

The focus of the shadow phase will be to ensure that the new unitary authorities are safe and legal on Vesting Day. Key areas of focus will include governance, financial management, and the disaggregation, aggregation, and harmonisation of services. Additionally, this phase will emphasise engagement and the development of robust local community empowerment structures within each unitary authority area.

While the Shadow Authority will set the tone for transformation, its powers will be limited. It is essential to maintain realism about what can be achieved before formal Vesting Day, with many decisions requiring enactment after the new unitary authorities are fully operational.

Our efforts during this phase will concentrate on high-impact, foundational changes—such as system alignment, governance protocols, and community empowerment design—while allowing the future political leadership to shape and own the longer-term vision. This approach ensures continuity without constraining local ambition.

Activities:

- **Shadow Executive arrangements** – establish as soon as possible after election day.
- **Senior staff** – appointment of senior statutory officers, followed by the appointment of other senior management.
- **Vision, organisational and operating model design** – agree the overall vision for the new unitary authorities and define organisational and operating models.
- **Detailed service transition planning** – including disaggregation and aggregation approach (delivery models, structures, processes, timelines and business continuity planning).
- **Staff transition planning** – including the need to retain staff with the right skills and experience, arrangements for the TUPE of staff to the new authorities, and the establishment of new payroll arrangements.
- **Governance arrangements** – establishment of key constitutional arrangements for decision making, as well as scrutiny, risk management, independent assurance.
- **Financial arrangements** – consolidation of financial arrangements, including Council Tax equalisation, Housing Revenue Account (HRA) matters, treasury management, debt and reserves.
- **Budget setting** – for the first year of each new unitary authority.
- **Data management and systems** – consolidation of some lower tier authority systems and back-office systems, for example telephony, CRM, revenues and benefits systems, waste collection management.

- **Asset rationalisation and invest to save activity** – begin to implement non-core asset rationalisation and early invest to save activity relating to lower tier service delivery.
- **Partnerships and community governance** – building upon the best practice and case studies highlighted in Principle 4 above, we will seek the agreement of formal and informal mechanisms for ongoing partnerships and to ensure strong community engagement and neighbourhood empowerment.
- **Ongoing communications and engagement activity** – with staff, unions, councillors, residents, businesses, stakeholders and public sector partners.
- **Branding** – creating clear, locally supported brands and brand identities for the new unitary authorities.

Key costs and resource implications

Work during the Shadow phase will be undertaken through a combination of existing staff resources and bringing in additional capacity for periods where this is required.

Key cost areas for the shadow period are projected to be:

- External programme management support
- Shadow authority and senior staff duplication costs
- Systems / contract alignment/ consolidation costs
- External support associated with the creation of the new councils.
- Limited redundancy costs
- Limited external communications and engagement costs

Benefits realisation:

- Further financial benefits will be realised from initial systems and contract alignment/consolidation.

Vesting day onwards (April 2027 – April 2030)

From Vesting Day onwards, decision-making will be the responsibility of the new unitary authorities, with varying approaches and levels of ambition among them. We anticipate a focus on ongoing activities to ensure the safe and legal delivery of services, the completion of the Implementation Plan (including de-duplication), and the closure of legacy systems. Once assurance is secured regarding core service delivery, additional and ongoing transformation and innovation activities can be pursued, with initial benefits expected to be realised by the end of the first electoral cycle.

Activities:

- **Safe and legal delivery of services** – Priority will be given to ensuring the safe and legal delivery of services on day one, with the understanding that full integration and subsequent transformation will need to be managed over the first 1-2 years following Vesting Day.
- **Create a single point of contact ('front door')** – for each new unitary authority.
- **Corporate priorities and objectives** – agree new corporate strategies/plans, confirming authority-wide priorities and objectives for the first electoral cycle.
- **Organisational culture and ways of working** – shape, adopt and embed a new organisational culture and identity. Align staff pay, terms and conditions.
- **Transition to target operating models** – continue the managed transition to new operating models over a 1-2 year period, including full data and systems integration and migration from legacy systems.
- **Closedown of legacy councils** – including financial account closedown, cessation of legacy systems and conclusion of the asset rationalisation programme.
- **Income and spend alignment and rationalisation** – including a review and consolidation of contracts/procurement and fees and charges.
- **Establishment of a transformation programme** – Each authority will have a different approach to transformation in line with its adopted policy objectives. However, during the initial electoral cycle, experience suggests conducting a detailed review to leverage opportunities for both financial and service improvements would be advisable.
- **Innovation and invest to save in service delivery** – while each authority will have its own approach to transformation, we believe that integrating upper and lower tier services and collaborating with public sector partners offers a significant opportunity for reform. This can (1) improve resident outcomes by introducing innovation in the planning and delivery of people and health services, and (2) deliver genuinely sustainable local growth through innovation in the planning and delivery of place and infrastructure services.

- **Service evaluation and feedback** – a structured and ongoing evaluation process will be established post-Vesting Day to assess service performance, identify areas for improvement, and track transformation progress. This will include:
 - Baseline service performance measures set during the shadow period.
 - Quarterly service performance reviews and benchmarking across the three new authorities.
 - Resident satisfaction surveys to track resident experience and satisfaction over time.
 - Feedback loops embedded in each transformation workstream to allow iterative service design.
 - Annual public-facing reports summarising performance and outcomes.

Key costs and resource implications

Costs during this phase will vary by council, depending on the level of transformation ambition. However, common cost areas are expected to include:

- Continued programme and change management capacity.
- System migration and decommissioning of legacy platforms.
- Investment in innovation pilots and service redesign.
- Staff retraining and cultural integration activity.
- Branding, communication, and resident engagement campaigns.

Some of these costs will be offset by invest-to-save initiatives launched in the planning and shadow phases. The new unitary councils will also have discretion to use local reserves or surpluses to accelerate transformation if financially prudent.

Benefits realisation:

Councils will begin to see tangible returns from earlier investment in transformation. These include:

- Further financial benefits realised from lower tier systems and contract alignment/consolidation.
- Return on investment from earlier invest-to-save activity.
- Initial transformation savings including reduction in systems and staffing costs.
- Reduced demand through improved preventative services and digital access.
- Improved resident satisfaction and service performance metrics.

Each council will maintain a transformation benefits tracker, reviewed quarterly, to ensure transparency and alignment with corporate plans.

Lessons from recent cases of local government reorganisation are set out below.

Case studies

Implementation case studies:

Buckinghamshire (Unitary since 2020):

- **What worked:** The early alignment of digital communications platforms successfully created a unified customer experience.
- **What they would do differently:** Invest earlier in contract alignment. The presence of multiple legacy contracts for waste and IT slowed procurement and led to increased duplication during the first two years.

Dorset (Unitary since 2019):

- **What worked:** Staff secondments during the shadow phase fostered trust and helped establish a unified organisational culture early on.
- **What they would do differently:** Invest earlier in aligning housing systems. Dorset operated multiple council tax and benefits systems for over two years, resulting in operational inefficiencies and reputational risks.

Conclusion: Focusing early on shared back-office systems, clear governance protocols, and peer-to-peer knowledge sharing helps avoid costly duplication and accelerates benefits realisation.

Somerset – Fragmentation and Leadership Dilution

Context:

In 2023, Somerset transitioned into a single unitary authority serving over 570,000 people across a largely rural and coastal area. The aim was to unify leadership and streamline services.

Key Insights:

- **Leadership Fragmentation:** Post-reorganisation, there has been **tension between regional leadership priorities** — urban Bridgwater regeneration vs rural service delivery. Leaders struggle to deliver consistent messages across economic zones with little in common.
- **Infrastructure Gridlock:** Multiple major infrastructure projects — from road upgrades in Taunton to flood defences in the Levels — compete for attention and resources. With only one Cabinet infrastructure lead, capacity has become a bottleneck.
- **Loss of Local Identity:** Local engagement forums (Local Community Networks) have **failed to gain traction**, perceived as tokenistic by community groups. A 2024 LGA Peer Review noted concerns that “residents and partners remain to be convinced about the added value” of these structures.
- **Savings Under Scrutiny:** While back-office functions have merged, the cost of organisational redesign and democratic dilution is raising **serious questions about value for money**.

Conclusion:

Somerset’s experience shows that **size does not equal efficiency**. The

complexity of managing divergent geographies within a single council leads to **weaker outcomes, slower progress, and fragile community trust**. In contrast, Surrey's logical three unitary model maintains focus and **preserves agility**, while empowering local leaders to lead from a place of relevance.

Options for delivering upper tier services

Summary: *This section outlines options for delivering upper-tier services across the new three unitary authorities in Surrey. It emphasises maintaining continuity and coherence in services such as adults' and children's social care, education, and public health, while enabling future transformation. The proposed models include developing the current hub and spoke model, shared services, lead authority models, and strategic partnerships or external vehicles. Each option aims to balance service quality, cost efficiency, and local accountability. Building on best practices and case studies, we demonstrate how these models can ensure safe and legal service delivery from day one, support long-term sustainability, and foster innovation in public service delivery.*

Surrey County Council (SCC) currently holds responsibility for the delivery of critical upper-tier services across Surrey. Chief among these are adults' and children's social care, education, and Public Health. These services are highly integrated with regional partners, complex in nature and central to the wellbeing and life chances of residents. Any reform arising from local government reorganisation must ensure their continuity, safety and potential for future improvement.

This section outlines a range of options for delivering upper tier services across the new three unitary authorities. For the avoidance of doubt, all options assume the creation of three new sovereign unitary authorities and are designed to avoid disaggregation where doing so would compromise service quality or coherence in the immediate years after Vesting Day.

While we advocate for models that minimise the risk of disaggregation for high-risk services at Vesting Day, this should not be interpreted as counter to the core ambition of our proposal for the three unitary model – bringing services closer to residents. On the contrary, our proposed delivery approaches are designed to retain system-wide safety and coherence, while enabling the development of place-based service models over time.

These approaches strike a balance: ensuring continuity in the early years, while preserving the flexibility and sovereignty of new authorities to localise delivery where it adds value and improves outcomes. To be clear, this does not prevent later moves for the reconfiguration and/or transformation of upper-tier services in alignment with the new unitary authority geography. Rather, it is reflective of the fact that the delivery of reorganisation at speed will create risks in the short term, and these risks must be adequately managed and vulnerable residents safeguarded.

It should be noted that the options presented are not mutually exclusive – we anticipate that different services may follow different models based on risk, readiness and the opportunity to improve outcomes.

Importantly, while service continuity and quality are the primary drivers of these models, there are also significant relative cost advantages to avoiding

disaggregation. Shared or federated arrangements – such as joint directorates, lead authority models, or place-based delivery hubs – can preserve economies of scale, reduce duplication of specialist functions and tiers of management, and avoid the substantial transitional costs associated with breaking up complex systems. These costs include parallel staffing structures, duplicated infrastructure, fragmented commissioning, and contractual unwinding, all of which can create both financial drag and service disruption.

While much of the case against disaggregation is framed in terms of cost avoidance and risk management, we also recognise that structural change, if well designed, can create new opportunities. These include the chance to embed fresh thinking, improve local accountability, and better align services with the needs of distinct communities. The creation of new councils opens space for innovation, which can include targeted redesign of specific service areas to improve effectiveness, responsiveness, and community impact.

We also acknowledge that the current delivery of ASC, CFE, and SEND is not without challenge. Systemic pressures, demand volatility, and workforce constraints mean that transformation is not only necessary – it is a significant opportunity. The creation of three new authorities provides a rare moment to reassess and redesign these services with a focus on outcomes, rather than simply preserving the status quo.

Our proposed models of service delivery - whether through shared governance, lead authorities, or place-based integration - have been designed to enable fundamental reform. In particular, the transition will prioritise early intervention, prevention, and multi-agency collaboration, addressing systemic shortcomings and unlocking better outcomes for children, families, and vulnerable adults. Acknowledging these challenges transparently allows the new authorities to begin their life with a clear mandate to deliver change, backed by resident and partner expectations for safer, more responsive, and equitable services. Our approach thus avoids fragmentation in the short term while enabling a platform for deeper service improvement and reform in the medium term.

In any case, it is important to be clear that decisions about the long-term structure and delivery model for upper-tier services will rest with the new unitary authorities. At present, our role is to ensure that all viable options are well scoped, opportunities and risks are identified and implementation plans enable safe and legal service continuity.

This submission reflects those preparatory responsibilities and draws on the experience of reorganisation from other areas – such as Buckinghamshire, Dorset and North Yorkshire – where shared delivery models were used effectively as transitional or permanent arrangements.

Options

Option 1 – develop the as-is model

Surrey County Council currently employs a ‘hub and spoke’ model. This is where the hub serves as the central point for assessments, while the spokes are the smaller, local teams that deliver services within individual districts.

Building on this current delivery model, aligned with the principles of integrated care systems and family resilience networks, this option involves multi-agency delivery teams embedded within the existing localities operated by the upper-tier, co-located and delivering services at community level. While the service would remain a countywide function in terms of governance and workforce coordination, delivery would be tailored and operationalised within each locality’s geography.

Who delivers the service?

Services such as early help, reablement, housing support, and other wraparound support would be delivered by jointly managed place-based teams, comprised of professionals from ASC, CFE, Housing, Health, and VCS organisations. Delivery would be governed and resource managed by a single framework delivered via either a shared service or trust, ensuring consistency in standards, safeguarding, and reporting.

This model enables continuity from Day One, while creating a clear platform for transformation that aligns with local community needs. Expanding this approach to include district-level services—such as housing—creates a comprehensive “one stop shop” for residents.

Option 2 – shared service or joint delivery model

Under this option the new unitary authorities would jointly commission and deliver upper tier services through formal partnership arrangements. These could include:

- Joint Directorates or delivery arms hosted by one authority
- Shared commissioning infrastructure (e.g., placements, reablement)
- Shared quality and safeguarding functions

Who delivers the service?

A shared service would be legally owned by all three new unitary authorities and operated by a jointly governed delivery body, with staffing and infrastructure pooled or seconded. Delivery teams would work across the unitary boundaries but report to a joint committee or governance board representing all three councils.

This model is particularly well-suited to services that require specialist expertise, consistent thresholds, or high-cost interventions. It maintains coherence while providing space for each authority to influence design and delivery.

Option 3: Lead authority model

This option proposes a distributed model of accountability, with each unitary taking the lead for a particular upper-tier service on behalf of the others:

One unitary might lead on children's services, while another might lead on adult social care.

Who delivers the service?

The lead authority would assume day-to-day delivery responsibility for its designated service across the three unitaries, while all three retain shared strategic oversight. This allows for clarity in operational accountability while spreading risk and workload. It is most appropriate where a particular authority already has strong performance or infrastructure in an area.

Careful design would be required to avoid perceptions of power imbalance or resource centralisation.

Emergency planning, resilience and fire governance

The reorganisation process must also preserve the resilience of local communities and the effectiveness of Surrey's collective emergency response system. While the headline focus of LGR is on service transformation and efficiency, it is vital that the planning and transition phases fully consider the implications for emergency planning, business continuity, and community safety – areas where local authorities are statutory Category 1 responders under the Civil Contingencies Act 2004.

Fire and Rescue Governance: a transition pathway

Surrey Fire and Rescue Service (SFRS) is currently integrated within Surrey County Council, benefiting from close operational alignment with services such as Emergency Planning, Trading Standards, Public Health, and Safer Communities. Under a reorganisation scenario where Surrey County Council is dissolved before a new Strategic Authority is formally established, a transitional governance model will be required.

The default expectation is that fire governance will ultimately pass to the Strategic Authority or Mayor. However, if a governance gap arises, there will be a statutory requirement to create an Independent Fire Authority (IFA) to act as the fire and rescue authority during the interim. Early work is underway to assess the legal, financial, and operational implications of this arrangement. This includes understanding disaggregation costs from SCC and establishing contingency governance frameworks to ensure continuous service oversight.

Maintaining resilience across the transition

In parallel, planning is underway to ensure that emergency planning and business continuity responsibilities continue seamlessly through the transition phases. Local authorities play a critical role in Local Resilience Forums (LRFs), emergency multi-agency response planning, and the coordination of community risk registers.

During the pre-planning and planning phases, a key task will be the mapping of existing resilience structures and identifying where these are dependent on SCC's current footprint. Decisions will need to be made about:

- Which authority hosts the Resilience Secretariat (currently within SCC)
- How responsibilities for Local Resilience Forum engagement are maintained across new unitary boundaries
- Where shared or hosted services are most appropriately located for operational efficiency and partner coordination

In the shadow and post-Vesting Day periods, we anticipate a phased handover of responsibilities, ensuring:

- Continuity in senior officer representation within the Surrey LRF and sub-groups.
- Retention of existing Emergency Planning Officers with clear lines of accountability.
- Embedding of business continuity plans in each new unitary authority.
- Shared training and exercising regimes across all new authorities to maintain a joined-up response capability.

The decision about where the Resilience Secretariat should sit – whether with the Strategic Authority, the Mayor, or another agreed body – will be informed by national best practice and local system readiness.

Environmental Health, Trading Standards and Safer Communities

In addition to emergency planning, the reorganisation presents opportunities and challenges for services that support public protection and community wellbeing, such as:

- Trading Standards – currently led within SCC and working closely with Environmental Health in districts/boroughs. Disaggregation will require careful planning to avoid regulatory gaps and to maintain links with national enforcement networks.
- Environmental Health – presently delivered by lower-tier councils but integral to public protection (e.g. food safety, infectious disease control, noise and pollution).
- Safer Communities – a portfolio that brings together community safety partnerships, domestic abuse prevention, anti-social behaviour, and crime reduction.

There is a natural synergy between these services, and LGR offers an opportunity to rethink their alignment. A new structure that brings together Housing, Safer Communities, Public Health, Environmental Health and Trading Standards under a single leadership portfolio could improve coordination and strengthen preventative approaches to community risk.

A shared, phased approach to resilience

- Given the cross-boundary nature of risk – from flooding and industrial accidents to cyber-attacks and public health incidents – it is essential that the new unitary authorities adopt a shared resilience approach. This may include:
- A joint Emergency Planning Service delivered via a shared team or hosted model
- Shared data platforms for risk mapping, vulnerability tracking, and resource deployment

- A common training and exercising programme for Gold/Silver/Bronze responders
- Integrated community resilience planning and volunteer coordination
- Collective investment in early-warning technologies and interoperable communications

Such an approach would ensure operational consistency, enable rapid mutual aid, and preserve Surrey's strong reputation for emergency readiness.

Governance and assurance

During the Shadow Phase, a dedicated Resilience and Public Protection Working Group will be established under the programme governance framework. This group will:

- Liaise with the LRF and emergency services partners
- Develop options for post-Vesting governance and service delivery
- Prepare legal and financial frameworks for any necessary interim structures (e.g. Independent Fire Authority)
- Lead on transition planning for Emergency Planning, Trading Standards, and Safer Communities

Robust assurance mechanisms will be embedded into the implementation programme, with emergency planning and business continuity treated as critical path items for safe and legal delivery.

Public protection and emergency response cannot be compromised by structural reform. Our approach ensures stability from Day One through continuity of core functions, investment in staff and systems, and clear governance lines. By treating resilience as a whole-system priority, rather than a standalone technical function, we will support safer communities and stronger partnerships. This foundation lays the groundwork for a more integrated and resilient system over time, where emergency planning, public protection, and community safety are delivered in a way that is responsive to local needs but robust enough to manage countywide and regional risks.

Options summary: building services around people for long-term success

As noted in an earlier section of this proposal, regardless of the model adopted, all options emphasise early intervention and prevention as the cornerstone for long-term transformation. Local government reorganisation presents an opportunity to rebuild services around people rather than structures, utilising joint intelligence, integrated pathways, and upstream investment to reduce reliance on crisis services and improve outcomes.

A common thread across all options is the recognition that, in the short term, disaggregating services like children's and adults' social care, or Public Health, without sufficient planning would introduce significant risks to safety, performance, and cost.

We propose for any disaggregation of adults and children, families, and education (CFE) services. Initially, these services will continue to operate 'as is,' with plans to review and integrate them over time. This approach aims to determine what is best delivered on a countywide basis and what will benefit from local integration, ensuring a safe and stable transition while maximising the benefits of unitarisation, such as improved coordination with housing. This will ensure compliance with statutory duties from day one, minimises disruption to service users and staff, supports stable relationships with partners including the NHS and schools, and retains critical mass in areas of specialist workforce and commissioning.

These models also offer scalable platforms for future transformation, allowing each unitary authority to shape its local priorities over time without sacrificing consistency or continuity. All decisions on future service delivery models will be made through the shared governance structures outlined earlier in this submission. During the shadow period, thematic working groups and joint political oversight structures will undertake detailed option appraisals for each upper-tier service, engage with residents, service users, and staff to understand impacts, and agree on interim and future operating models with clear accountabilities and implementation plans.

Final decisions will rest with the shadow authorities and, post-Vesting Day, with the three new authorities, informed by risk assessments, financial analysis, and system-wide engagement. Continuing with the current (pre-LGR) model for upper-tier services is a safe and credible option in the short term. Equally, opportunities exist for more innovative or shared models to emerge that reflect the diversity of the new councils and deliver improved outcomes over time.

Our commitment is therefore to avoid disaggregation where it undermines safety, continuity, or effectiveness, and to ensure that all models deliver safe and legal services from day one, embed early intervention and prevention at their core, support long-term sustainability and value for money, and maintain flexibility to evolve in response to local ambition and need. By taking a phased, evidence-based

approach, we will ensure that the three new unitary authorities inherit not only stable services but a strong foundation for meaningful transformation in the years ahead.

Continuing authority

As our proposal has set out, the ability to respond to local needs, tailored to local circumstances, is a function of how close decision makers are to those who feel the impact of those decisions.

Ensuring our residents, businesses and partners have a local connection to ensure their voice is heard is a core value held by district and borough councils. We want to retain that culture of accessibility and local accountability.

The future sees the demise of Surrey County Council and their assumption is the disaggregation of their services. The districts and boroughs conversely are coming together and wish to retain that spirit to embed localism by nominating a district or borough in each of the new unitaries as a continuing authority.

The new unitaries being district or borough councils exercising Upper Tier powers has practical benefits in financial, commercial, and workforce arrangements. The continuing authorities will need the ability to influence financial decisions now to assure the future; as such we are asking the Secretary of State to issue Direction under the Local Government and Public Involvement in Health Act 2007 (the Section 24 Direction) empowering the nominated District or Borough Council as continuing authority in a 2 or 3 unitary model for Surrey.

Our transformation plan

Summary: *This section outlines our transformation plan for delivering high-quality, innovative, and sustainable public services. By establishing three unitary authorities, we aim to ensure service continuity, stability, and innovation through a phased transformation programme. Our approach focuses on improving outcomes for residents, modernising delivery using digital tools, aligning services with local needs, reducing costs, and embedding a positive culture across the new councils. Building on best practices and case studies, we demonstrate how this model will enhance service delivery, foster economic growth, and support wider public sector reform.*

Overview

Our proposed approach to transformation reflects the reality that meaningful reform of public services cannot be delivered overnight, nor can it wait until after Vesting Day. Our approach therefore builds on a realistic, phased programme that integrates transformation activity with the last phases of implementation (described above). This ensures service continuity, stability and innovation.

We define transformation as a sustained programme of service reform that:

- Improves outcomes for residents.
- Modernises delivery using digital and data tools.
- Aligns services around local needs and economic geographies.
- Reduces cost and duplication, supporting sustainable finances.
- Embeds a positive new culture across the three new councils.

Our approach is anchored in the understanding that **financial resilience, service improvement and resident trust** will only be achieved through evolutionary change, and that reorganisation provides us with a platform, not the finished product.

The new unitary authorities will have different operating contexts, starting points and needs. Our proposal recognises that transformation activities cannot be uniform across the new authorities. Instead, transformation efforts will be locally tailored, allowing for flexibility in operating models, service design and innovation while maintaining a shared commitment to resident outcomes, efficiency and public trust.

This approach will be underpinned by a core framework of shared principles and supported by a countywide Transformation Coordination Board. This will avoid duplication, enable a joint procurement and data strategy and ensure that lessons learned are shared in real time.

Core transformation phases

| Phase | Period | Key focus | Key outputs |
|--|---------------------------|--|---|
| Foundations (close overlap with the implementation phase) | Pre-Vesting Day to Year 1 | Safe and legal delivery, legacy system closure, cultural transition | New councils operating with clear vision and operating model; staff transferred and engaged |
| Realignment | Years 1-2 | Transition to new structures and service models | Target Operating Models implemented; back office streamlined; systems rationalised |
| Innovation & Scaling | Years 2-4 | Innovation in delivery; invest-to-save; new delivery models trialled | Transformation savings begin to be realised; early-stage public service reform |
| Embedding & Continuous Improvement | Beyond Year 4 | Normalising continuous improvement and collaborative governance | Mature councils delivering better outcomes at lower cost with resident confidence |

Our design principles

1. Do no harm – Safe and legal service continuity is paramount.
2. Don't rush transformation – Avoid the temptation to overclaim short-term benefits.
3. Engage early and often – With staff, residents, and partners.
4. Adapt to place – Allow variation in approach between unitaries.
5. Create the conditions – Use the early years to invest in tools, leadership, data, and platforms needed for future success.

Transformation programme structure

As noted above, a countywide Transformation Coordination Board (TCB) will support and align transformation activity across the three new unitary authorities, ensuring shared learning, system-wide efficiency opportunities and links to Integrated Care Systems, police and other regional partners.

Each **unitary council will lead on:**

- Defining its transformation priorities in line with local strategy.
- Delivering its own roadmap and programme plan.
- Participating in shared transformation workstreams (e.g., joint procurement frameworks, IT convergence, data sharing, early help models).

A shared transformation toolkit will be developed, including:

- Data and a key performance indicator framework.
- Resident outcomes dashboard.
- Benefits realisation approach.
- Digital strategy alignment guidance.

The structure for transformation governance will:

- Be locally owned by each new council.
- Be collaboratively aligned at countywide level through the coordination board.
- Include robust reporting to elected members, staff, and the public on outcomes and savings.
- Include resident feedback loops and staff forums.

Focus areas for transformation – years 1 to 4

1. Digital transformation
 - A single 'front door' per council.
 - Digitisation of resident-facing services.
 - Consolidation of CRM, revenues and benefits systems.
2. Workforce and culture
 - New pay and progression frameworks.
 - Organisational values co-developed with staff.
 - Leadership development pipeline.
3. Back-office integration

- Shared procurement platforms
 - Consolidation of finance, HR, and legal systems
 - Contract rationalisation
4. Service reform
- Recommissioning of social care, housing, and early help.
 - Integration with health and education services.
 - Localised models for enforcement, planning, and customer service.
5. Innovation in delivery
- Invest-to-save pilots in reablement, housing support, place-based economic growth.
 - Place-based multi-agency teams.
 - Modern data platforms and predictive analytics.

Conclusion

This document has outlined our proposal for the future of local government in Surrey.

In reorganising local government, we believe that local authorities with administrative boundaries that reflect functional and locally recognised areas are better equipped to meet the needs of these areas. They will also improve the potential for partnership working across the system and with community partners, transforming public sector service delivery.

We have therefore **proposed the establishment of three new unitary authorities to replace the current two-tier system of local government in Surrey.**

Our proposed new unitary authorities are:

| New unitary authority | Former districts and boroughs |
|-----------------------|--|
| East Surrey | Epsom & Ewell, Mole Valley, Reigate & Banstead and Tandridge |
| North Surrey | Elmbridge, Runnymede and Spelthorne |
| West Surrey | Guildford, Surrey Heath, Waverley and Woking |



Based on our robust analysis of all the available evidence, together with our engagement with stakeholders and residents, we have clearly shown that **three unitary authorities**:

- 1) Aligns the new local authority boundaries with **Surrey's distinct economic geographies**, facilitating strategic planning and investment. Three unitary authorities maximises **economic growth, housing development and infrastructure** improvements, with each authority able to support local and regional prosperity.
- 2) Are best placed to take advantage of new powers and responsibilities from **devolution**. The three unitary model will enable strong local leadership and strategic coordination, with a good balance of unitary authorities represented at the future Mayoral Strategic Authority.
- 3) Reflects Surrey's diverse local identities and economic clusters. Three unitary authorities **maintains strong local connections and accountability**, creating a system of local government that is responsive to the unique needs and characteristics of each area.
- 4) Prioritises **genuine and meaningful resident engagement and empowerment**, ensuring that local communities have a strong voice in decision making.
- 5) Are **efficient, resilient and able to withstand financial shocks**. Although the three unitary model falls just short of meeting the government's suggested 500,000 population threshold due to the size of Surrey's three distinct communities, it achieves substantial savings through reducing duplication and maximises economies of scale. However, local authority debt is a significant issue in Surrey. To achieve the benefits of reorganisation, the stranded debt of Woking Borough Council must be written off as part of the government's considerations within the forthcoming Spending Review.
- 6) By bringing lower and upper tier services together, three unitary authorities enables more **holistic, locally tailored and needs-based service delivery**. This will **improve outcomes** by providing high-quality, innovative and sustainable public services that respond to local need and support the government's agenda for wider public service reform.

In summary, our vision for local government reorganisation is to create a system that empowers communities, improves economic growth, and sets a new standard for public service delivery. By establishing new unitary authorities with administrative boundaries that reflect well-defined and understood places, we can improve outcomes and enhance the potential for partnership working across the system and with community partners.

Our perspective is informed by extensive analysis and local engagement, alongside a review of local government reorganisation experiences elsewhere in England. We have collaborated closely with local authorities across Surrey and engaged with residents and key stakeholders.

The results of our engagement with residents and key stakeholders underscores the importance of this. In our recently carried out resident engagement, 63% of respondents expressed a clear preference for the creation of three unitary authorities. Residents emphasised that their top priorities for local government were overwhelmingly local, highlighting the need to maintain a close connection to decision-making and, when creating new councils, ensuring that they recognise and reflect place-based priorities.

We have also engaged with key stakeholders and partners across Surrey. They acknowledged the significant opportunity that local government reorganisation offers to reduce duplication, streamline processes, and enhance collaboration across the public, voluntary and community sectors. However, they also expressed concerns that the formation of larger unitary authorities might lead to a loss of local knowledge and community connections. This could result in decision-makers being distanced from the specific needs and priorities of local communities, leading to less informed and effective decisions.

This feedback highlights the importance of local knowledge and meaningful community connection in effective decision-making.

We have also considered the viability of creating two new unitary authorities.

The decision between two or three unitary authorities is more than one of administrative convenience or one driven by purely financial considerations. It represents a choice between a system of local government that genuinely fosters neighbourhood and community empowerment, local decision-making and strong place leadership, and one that lacks the institutional and strategic clarity necessary to drive growth and embrace truly local decision making.

Our proposed model of three unitary authorities demonstrates our commitment to decentralising institutional power and empowering communities. This structure will enable the adoption and acceleration of innovative participative methods, enhancing local decision-making and community engagement at the neighbourhood level. Our proposal includes examples of successful initiatives already undertaken in Surrey, as well as those from other regions, which illustrate the potential for meaningful community empowerment.

A two unitary authority model, lacking alignment with Surrey's functional economic areas, places and identities, will embed economic incoherence and conflicting growth incentives, and cannot meaningfully empower local people due to its democratic distance and disconnection of residents from the levers of power. We have considered whether systems like community boards would mitigate this, and conclude that, as demonstrated by the experience of Wiltshire, that these will not resolve the fundamental issues.

We recognise that local government reorganisation is inherently complex and carries risk, during both the initial implementation and subsequent transformation phases to

realise the full range of benefits. In recognition of this risk, have created a detailed implementation and transformation plan. Our plan prioritises the delivery of essential services while consolidating systems, assets and contracts to maximise benefits, minimise risks and support the transformation process.

Our proposal is a summary of the considerable work carried out to date. In moving forward, we would welcome further discussions with ministers and civil servants. As we all recognise, this is a once in a generation opportunity to shape Surrey's future for the better and establish a successful model for reorganisation and devolution.

Annex 1 – Implementation workstream/theme focus

| Stage/workstream | Pre-planning / Planning | Shadow | Vesting day and beyond (specific activity in this phase will be determined by the new unitary authorities) |
|--------------------------------------|---|--------|---|
| Programme management office | Resource and mobilise PMO | | Oversee implementation of target operating model and complete delivery of implementation plans for all services |
| | Resource and mobilise delivery workstreams | | |
| | Establish and operate programme governance structures, oversight and assurance | | |
| | Resource planning for shadow period activity | | |
| | Coordinate development of target operating model and detailed transition/implementation planning for all services | | |
| | | | Transformation programme mobilisation |
| Communications and engagement | Develop and deliver transition external communications and engagement strategy | | Vesting day and post vesting day communications (internal and external) |
| | Develop and deliver transition internal communications and engagement strategy | | |

| Stage/workstream | Pre-planning / Planning | Shadow | Vesting day and beyond (specific activity in this phase will be determined by the new unitary authorities) |
|--|--|---|---|
| | | Develop Vesting day communications strategy (internal and external) | |
| | | Brand development | Brand roll out |
| | | | Evaluation and feedback |
| Legal, governance and electoral | Structural change orders and other | legal advice and support | Ensure legal compliance on Vesting Day |
| | Prepare and run unitary elections | Creation of shadow authorities, shadow council appointments and structures | |
| | | Shadow member induction | Ongoing member training |
| | Establish data governance / records management protocols | Develop constitutions for the new authorities, including arrangements for scrutiny, standards, risk management, and independent assurance | Implement constitution and arrangements for scrutiny, standards, risk management, and independent assurance |
| | Plan for governance arrangements of Local Authority | Deliver arrangements for transition of Local Authority owned companies | |

| Stage/workstream | Pre-planning / Planning | Shadow | Vesting day and beyond (specific activity in this phase will be determined by the new unitary authorities) |
|---|--|--|---|
| | owned companies and their specific transitional requirements | | |
| | Plan community governance and empowerment approach | Undertake community governance reviews as appropriate and or run community empowerment structures in shadow form | Implement structures for community governance and empowerment |
| Finance, debt, procurement and revenues and benefits | Formal collation and review of baseline information and development of workstream plan including risk management | MTFPs and budget setting for the new authorities (2027/28) | MTFPs and budget setting for 2028/29) |
| | Plan for and where possible deliver alignment of financial, procurement, and revenues and benefits processes, procedures and systems | Deliver arrangements for transition of financial, procurement and revenues and benefits | |
| | | Consolidation of financial arrangements including Council Tax equalisation, HRA, service budgets, banking, transactions, payments and receipts | 2026/27 accounts closure |

| Stage/workstream | Pre-planning / Planning | Shadow | Vesting day and beyond (specific activity in this phase will be determined by the new unitary authorities) | |
|---|--|---|---|--|
| | Develop Debt and Treasury Management transition plan | Deliver Debt and Treasury Management transition plan | | |
| Human resources and organisational development | Formal collation and review of baseline information and development of workstream plan including risk management | Workforce planning / organisation design for new authorities and change management strategy | | |
| | Staff support, wellbeing, and training (including change management / resilience) | | | |
| | Trade union consultation and negotiation | | | |
| | Resourcing plan for shadow period roles and recruitment | Appointment of statutory officers and senior management teams to new authorities | Formal appointment of other layers of staffing | |
| | Identify and where possible progress shared posts for appropriate lower tier authority vacancies | | | |
| | Arrangements for payroll, terms and conditions and TUPE | Plan for and implement harmonisation of terms and conditions | | |

| Stage/workstream | Pre-planning / Planning | Shadow | Vesting day and beyond (specific activity in this phase will be determined by the new unitary authorities) |
|-----------------------------|--|--|---|
| | Develop health and safety transition plan | Deliver health and safety transition plan | |
| | | Develop and embed organisation values, culture and ways of working for new authorities | |
| | Plan for and where possible deliver alignment of HR processes, procedures and systems | Deliver arrangements for transition of HR processes, procedures and systems | |
| Data, IT and Systems | Formal collation and review of baseline information and development of workstream plan including contracts and risk management | Agree and deliver arrangements for cyber security, disaster recovery and business continuity | Ensure compliance on Vesting Day |
| | Establish data management and sharing protocols | Deliver arrangements for consolidation and transition of data, ICT processes, procedures and systems | |
| | Plan for and where possible deliver alignment and consolidation of ICT processes, procedures and systems | | |

| Stage/workstream | Pre-planning / Planning | Shadow | Vesting day and beyond (specific activity in this phase will be determined by the new unitary authorities) |
|--------------------------|---|--|---|
| | | Develop single platform for new authorities including web, email and telephony (staff/members/public) | Launch on Vesting Day |
| | | | Develop digital strategy |
| Assets and Estate | Formal collation and review of baseline information and development of workstream plan including risk management | | |
| | Plan for and where possible deliver alignment and consolidation of asset management processes, policies and systems | Deliver arrangements for alignment and consolidation of asset management processes, policies and systems | |
| | Review asset database to inform asset rationalisation, investment and disposal strategy | Finalise and then deliver asset rationalisation, investment and disposal strategy | |
| | | Transition to new operational asset bases (offices, customer contact points, depots) | |

| Stage/workstream | Pre-planning / Planning | Shadow | Vesting day and beyond (specific activity in this phase will be determined by the new unitary authorities) |
|---|---|---|---|
| Customer contact | Develop customer contact transition plan | Develop and communicate about single platform for new authorities including web, email and telephony (staff/members/public) | Launch on Vesting Day |
| | Plan for and where possible deliver alignment of customer contact processes, policies and systems including complaints handling | Deliver arrangements for alignment and consolidation of customer contact processes, policies and systems | |
| Community governance and neighbourhood empowerment | Options assessment and engagement in relation to future community governance and neighbourhood empowerment structures | Progress to deliver preferred option for informal and/or formal community empowerment structures | |
| Devolution | Early discussions and agreement with government about process and timetable for MSA establishment | Commence formal process for establishment of MSA. <i>Note that this will require establishment of a dedicated PMO and associated delivery workstreams</i> | Possible Mayoral elections May 2027 |

Annex 2 – Summary matrix of pre and post-vesting transformation activity

| Theme | Pre Vesting | Post Vesting |
|---------------------------------|---|---|
| Housing Systems (e.g. HRA) | Data migration plan, shared requirements, procurement alignment | Target operating model refinement |
| Revenues & Benefits | Consolidation approach, system rationalisation roadmap | Final system migration and decommissioning |
| CRM / Customer Contact | Shared contact strategy, branding decisions, tech assessment | Long-term channel shift or full integration |
| Procurement | Shared frameworks for key spend areas (IT, estates) | Localised implementation and contract optimisation |
| Digital Infrastructure | Establish shared digital architecture principles, DPIAs | Unified data lake and predictive analytics |
| Community Engagement Structures | Governance design, early engagement with members/residents | Implementation and refinement based on local feedback |
| Culture & Workforce | OD strategy, early engagement, values and behaviours co-design | Full harmonisation of pay/T&Cs and workforce systems |
| Children's and Adults' Services | Agree shared delivery model principles, interim leadership continuity | Formal service redesign or co-location initiatives |
| Shadow Governance | Governance structures, programme PMO, legal frameworks | Delegations and long-term audit structures |