



7 May 2025

## **LOCAL GOVERNMENT REORGANISATION**

### **INTERIM PLAN FEEDBACK: HAMPSHIRE, ISLE OF WIGHT, PORTSMOUTH AND SOUTHAMPTON**

To the Chief Executives of:

Basingstoke and Deane Borough Council

East Hampshire District Council

Eastleigh Borough Council

Fareham Borough Council

Gosport Borough Council

Hampshire County Council

Hart District Council

Havant Borough Council

New Forest District Council

Rushmoor Borough Council

Test Valley Borough Council

Winchester City Council

Isle of Wight Council

Portsmouth City Council

Southampton City Council

#### **Overview:**

Thank you for submitting your interim plan. The thought from all councils is clear to see. For the final proposals, each council can submit a single proposal for which there must be a clear single option and geography and, as set out in the guidance, we expect this to be for the area as a whole; that is, the whole of the area to which the 5 February invitation was issued.

Our aim for the feedback on interim plans is to support areas to develop final proposals. This stage is not a decision-making point, and our feedback does not seek to approve or reject any option being considered.

The feedback provided relates to the following interim plan submitted by Hampshire, Isle of Wight, Portsmouth and Southampton councils:

- the Hampshire and the Solent, Local Government Reorganisation Plan, 21 March 2025, signed by all councils in Hampshire and the Solent

We have provided feedback on behalf of central government. It takes the form of:

1. A summary of the main feedback points;
2. Our response to the specific barriers and challenges raised in your plans; and
3. An annex with more detailed feedback against each of the interim plan asks.

We reference the guidance criteria included in the invitation letter throughout, a copy of which can be found at [Letter: Hampshire, Isle of Wight, Portsmouth and Southampton – GOV.UK](#). Our central message is to build on your initial work and ensure that final proposal(s) address the criteria and are supported by data and evidence. We recommend that final proposal(s) should use the same assumptions and data sets or be clear where and why there is a difference.

We welcome the work that has been undertaken to develop Local Government Reorganisation (LGR) plans for Hampshire, Isle of Wight, Portsmouth and Southampton. This feedback does not seek to approve or discount any proposal, but provide some feedback designed to assist in the development of final proposals. We will assess final proposals against the guidance criteria provided in the invitation letter and have tailored this feedback to identify where additional information may be helpful in enabling that assessment. Please note that this feedback is not exhaustive and should not preclude the inclusion of additional materials or evidence in the final proposals. In addition, your named area lead, Jesse Garrick, will be able to provide support and help address any further questions or queries.

We are providing written feedback to each invitation area.

### **Summary of Feedback:**

We have summarised the key elements of the feedback below, with further detail provided in Annex A.

1. The criteria asks that a proposal should seek to achieve for the whole area, the establishment of a single tier of local government (see criterion 1). **We recognise that plans are at an early stage and further analysis is planned in the run up to submitting the final proposal(s). Further detail on a proposed geography for new unitary authorities and evidence on the outcomes that are expected to be achieved for the whole area would be welcome.**
2. As set out in the invitation letter, the interim plan process is designed to help support you to develop final proposals. We note your argument regarding the Isle of Wight's exceptional circumstances and request for an 'Island deal'. As you know, **interim plans are not a decision-making point; decisions will be made on the basis of full proposals, and so any decision on a specific unitary solution for**

the Isle of Wight would need to be taken at that point too. More detail on the rationale would be helpful, and you may wish to support existing narratives with data. We have provided more information on addressing the population criteria below.

3. You asked if it was possible to extend the timeframe for providing LGR proposals until November. **As per your invitation, the deadline is the 26 September. The deadline for submitting a proposal has been designed to give areas as much time as possible to develop their final proposals. The timescales for submission are generally more generous than in previous reorganisation exercises. Ministers have set clear timelines, which were determined in the context of decisions to postpone elections, that were not taken lightly. It is important that final proposal(s) are submitted by 26 September 2025 to allow for LGR to take place as planned.**
4. In some of the options you are considering populations that would be below 500,000. As set out in the Statutory Invitation guidance and in the English Devolution White Paper, we outlined a population size of 500,000 or more. This is a guiding principle, not a hard target – we understand that there should be flexibility, especially given our ambition to build out devolution and take account of housing growth, alongside local government reorganisation. **All proposals, whether they are at the guided level, above it, or below it, should set out the rationale for the proposed approach clearly.**
5. We welcome steps taken to come together, as per criterion 4:
  - a. **Effective collaboration between all councils will be crucial; we would encourage you to continue to build strong relationships and agree ways of working, including around effective data sharing. This will support the development of a robust shared evidence base to underpin final proposal(s).**
  - b. **It would be helpful if final proposal(s) use the same assumptions and data sets.**
  - c. **It would be helpful if your final proposal(s) set out how the data and evidence supports all the outcomes you have included and how well they meet the assessment criteria in the invitation letter.**
  - d. **You may wish to consider an options appraisal that will help demonstrate why your proposed approach best meets the assessment criteria in the invitation letter, compared to any alternatives.**

## **Response to specific barriers and challenges raised**

Please see below our response to the specific barriers and challenges that were raised in your interim plan:

### **1. Principle of boundary changes**

We note your desire to develop unitary councils that reflect the current major economies and communities of Hampshire and the Solent and that some of your proposals may lead to boundary changes.

As the Invitation sets out, boundary changes are possible, but that “existing district areas should be considered the building blocks for proposals, but where there is a strong justification more complex boundary changes will be considered.”

The final proposal must specify the area for any new unitary council(s). If a boundary change is part of your final proposal, then you should be clear on the boundary proposed, which could be identified by a parish or ward boundary, or if creating new boundaries by attaching a map.

Proposals should be developed having regard to the statutory guidance which sets out the criteria against which proposals will be assessed (including that listed above). If a decision is taken to implement a proposal, boundary change can be achieved alongside structural change. Alternatively, you could make a proposal for unitary local government using existing district building blocks and consider requesting a Principal Area Boundary Review (PABR) later.

Such reviews have been used for minor amendments to a boundary where both councils have requested a review – such as the recent Sheffield/Barnsley boundary adjustment for a new housing estate. PABRs are the responsibility of the Local Government Boundary Commission for England who will consider such requests on a case-by-case.

### **2. Isle of Wight exceptional circumstances**

You asked for an early decision on the position of the Isle of Wight and to discuss an ‘Island deal’. As set out above this is not a decision-making point so we cannot make any judgments at this time.

We welcome the additional thinking conducted regarding the Isle of Wight. If pursuing this option, it would be helpful to build on the existing rationale and provide a full assessment against each criterion in your final proposal(s).

### **3. Critical service demand**

We note your demand pressures, your different council tax bases, the levels of deprivation and challenges posed by climate change and coastal flooding. It would be helpful if detail on the councils' financial positions and further modelling on risks is set out in detail in the final proposal(s).

With regards to council tax, restructured councils often inherit different council tax levels from their predecessors. There is an established flexible system in legislation for the harmonisation of council tax levels over seven years.

### **4. Support for implementation and ongoing financial stability**

We note the financial pressures in Hampshire and the Solent, plus your request for support on transformation opportunities, autonomy to be flexible around council tax and desire to agree multi-year financial arrangements.

£7.6 million will be made available in the form of local government reorganisation proposal development contributions, to be split across the 21 areas. Further information will be provided on this funding.

In terms of transitional costs as per invitation letter, we expect that areas will be able to meet transition costs over time from existing budgets, including from the flexible use of capital receipts that can support authorities in taking forward transformation and invest-to-save projects. We would welcome further detail on your estimated transformation costs against full proposals. This may be something you wish to pick up with your MHCLG LGR area lead, Jesse Garrick.

We also note your points around the financial pressures councils are facing. It would be helpful if detail on the councils' financial positions and further modelling could be set out in detail in the final proposal(s).

### **5. Timeline**

You have asked for an extension to the 28 November 2025 to provide proposals. As set out above, it is important that final proposal(s) are submitted by 26 September 2025 to allow for LGR to take place as planned.

**ANNEX A: Detailed feedback on criteria for interim plan**

<b>Ask – Interim Plan Criteria</b>	<b>Feedback</b>
<p>Identify the likely options for the size and boundaries of new councils that will offer the best structures for delivery of high-quality and sustainable public services across the area, along with indicative efficiency saving opportunities.</p> <p>Relevant criteria:</p> <p>1 c) Proposals should be supported by robust evidence and analysis and include an explanation of the outcomes it is expected to achieve, including evidence of estimated costs/benefits and local engagement.</p> <p>&amp;</p> <p>2 a-f) Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks.</p> <p>&amp;</p> <p>3 a-c) Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens.</p>	<p>We welcome the initial thinking that has gone into this interim plan and recognise that it is subject to further work. We note the local context and challenges outlined. We appreciate you will be undertaking further analysis, significant further detail that addresses the criteria in the invitation letter and for this to be provided by 26 September would be welcomed.</p> <p>As per criterion 1, the final proposal(s) in accordance with the guidance should put forward a preferred single tier model for the whole invitation area, including describing all the single tier local government structures you are putting forward.</p> <p>Where there are proposed boundary changes, the proposal should provide strong public services and financial sustainability related justification for the change.</p> <p>For the final proposals, each council can submit a single proposal for which there must be a clear single option and geography and, as set out in the guidance, we expect this to be for the area as a whole; that is, the whole of the area to which the 5 February invitation was issued.</p> <p>Given the financial pressures you identify it would also be helpful to understand how efficiency savings have been considered alongside a sense of place and local identity.</p> <p>We recognise that the options outlined in the interim plans are subject to further development. In final proposal(s) it would be helpful to include a high-level financial assessment which covers transition costs and overall forecast operating costs of the new unitary councils.</p> <p>We will assess final proposals against the criteria in the invitation letter. Referencing criteria 1 and 2, you may wish to consider the following bullets:</p> <ul style="list-style-type: none"> <li>• high level breakdowns, for where any efficiency savings will be made, with clarity of assumptions on how estimates have been reached and the data sources used,</li> </ul>

	<p>including differences in assumptions between proposals</p> <ul style="list-style-type: none"> <li>• it would be helpful to understand how efficiency savings have been considered alongside a sense of place and local identity</li> <li>• information on the counterfactual against which efficiency savings are estimated, with values provided for current levels of spending</li> <li>• a clear statement of what assumptions have been made if the impacts of inflation are taken into account</li> <li>• a summary covering sources of uncertainty or risks, with modelling, as well as predicted magnitude and impact of any unquantifiable costs or benefits</li> <li>• where possible, quantified impacts on service provision as well as wider impacts</li> </ul> <p>We recognise that financial analysis will start once options for the geography have been fully identified. The bullets below indicate where information would be helpful. As per criterion 1 and 2, it would be helpful to see:</p> <ul style="list-style-type: none"> <li>• data and evidence to set out how your final proposal(s) would enable financially viable councils across the whole area, including identifying which option best delivers value for money for council taxpayers</li> <li>• further detail on potential finances of new unitaries, for example, funding, operational budgets, potential budget surpluses/shortfalls, total borrowing (General Fund), and debt servicing costs (interest and MRP); and what options may be available for rationalisation of potentially saleable assets</li> <li>• clarity on the underlying assumptions underpinning any modelling e.g. assumptions of future funding, demographic growth and pressures, interest costs, Council Tax, savings earmarked in existing councils' MTFS</li> <li>• financial sustainability both through the period to the creation of new unitary councils as well as afterwards</li> <li>• as criterion 2e states, and recognising that Southampton City Council has received</li> </ul>
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	<p>Exceptional Financial Support, proposals must additionally demonstrate how reorganisation may contribute to putting local government in the area as a whole on a more sustainable footing, and any assumptions around what arrangements may be necessary to make new structures viable</p> <p>We would welcome further details on how services can be maintained if you are proposing fragmentation of services, such as for social care, children's services, SEND, homelessness, and for wider public services including for public safety. Under criterion 3c, you may wish to consider:</p> <ul style="list-style-type: none"> <li>• how will high quality and sustainable services be maintained for a proposed Isle of Wight or other proposed unitaries, for example, what shared services do you have in mind, how will housing or social care needs be met?</li> <li>• what would proposals mean for local services provision? For example: <ul style="list-style-type: none"> <li>○ impact on SEND services and distribution of funding and sufficiency planning to ensure children can access appropriate support, and how will services be maintained?</li> <li>○ what is the impact on adults and children's care services? How will risks to safeguarding to be managed?</li> <li>○ what partnership options have you considered for joint working across the new unitaries for the delivery of social care services?</li> <li>○ what is the impact on schools, support and funding allocation, and sufficiency of places and how will impacts on school be managed? Will the Isle of Wight's support from Hampshire continue?</li> <li>○ what is the impact on safeguarding? How will risks be managed?</li> <li>○ what is the impact of LGR and devolution on skills funding?</li> <li>○ what are the implications for public health, including consideration of socio-demographic challenges and health inequalities within any new</li> </ul> </li> </ul>
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	<p>boundaries and their implications for current and future health service needs. What are the implications for how residents access services and service delivery for populations most at risk?</p> <p>Further detail would also be welcomed on what opportunities for wider public service reform are enabled by the options.</p>
<p>Include indicative costs and arrangements in relation to any options including planning for future service transformation opportunities.</p> <p>Relevant criteria: 2d) Proposals should set out how an area will seek to manage transition costs, including planning for future service transformation opportunities from existing budgets, including from the flexible use of capital receipts that can support authorities in taking forward transformation and invest-to-save projects.</p>	<p>We note the estimation that costs will likely be above £20 million. In the final proposal, we would welcome further clarity on the assumptions and data used to calculate the transition costs and efficiencies (see criterion 2d).</p> <p>As per criterion 2, the final proposal(s) should set out how an area will seek to manage transition costs, including planning for future service transformation opportunities from existing budgets, including from the flexible use of capital receipts that can support authorities in taking forward transformation and invest-to-save projects.</p> <ul style="list-style-type: none"> <li>• within this it would be helpful to provide detailed analysis on expected transition and/or disaggregation costs and potential efficiencies of proposals. This could include clarity on methodology, assumptions, data used, what year these may apply and why these are appropriate</li> <li>• detail on the potential service transformation opportunities and invest-to-save projects from unitarisation across a range of services -e.g. consolidation of waste collection and disposal services, and will different options provide different opportunities for back-office efficiency savings?</li> <li>• where it has not been possible to monetise or quantify impacts, you may wish to provide an estimated magnitude and likelihood of impact.</li> <li>• summarise any sources of risks, uncertainty and key dependencies related to the modelling and analysis</li> <li>• detail on the estimated financial sustainability of proposed reorganisation and how debt could be managed locally.</li> </ul>

	<p>We note the financial challenges highlighted in your response. It would be helpful if detail on the councils' financial positions and further modelling is set out in detail in the final proposal.</p> <p>We welcome the joint work you have done to date and recommend that all options and proposals should use the same assumptions and data sets or be clear where and why there is a difference (linked to criterion 1c).</p>
<p>Include early views as to the councillor numbers that will ensure both effective democratic representation for all parts of the area, and also effective governance and decision-making arrangements which will balance the unique needs of your cities, towns, rural and coastal areas, in line with the Local Government Boundary Commission for England guidance.</p> <p>Relevant criteria: 6) New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment.</p>	<p>New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment.</p> <p>Additional details on how the community will be engaged specifically how the governance, participation and local voice will be addressed to strengthen local engagement, and democratic decision-making would be helpful.</p> <p>In your final proposal(s) we would welcome detail on your plans for neighbourhood-based governance, the impact on parish councils, and thoughts about formal neighbourhood partnerships and area committees.</p>
<p>Include early views on how new structures will support devolution ambitions.</p> <p>Relevant criteria: 5a-c) New unitary structures must support devolution arrangements.</p>	<p>Further detail would be welcome in all plans on how the proposed new structures would support arrangements for the proposed Hampshire and the Solent Mayoral Strategic Authority (MSA).</p> <p>We welcome the area's commitment to devolution, and the adoption of the principle that governance arrangements in a future MSA should continue to equally represent all areas following LGR. Across all proposals, looking towards a potential future MSA, it would be beneficial to provide an assessment that outlines if there are benefits and disadvantages in how each option would interact with an MSA and best benefit the local community, including meeting devolution statutory tests.</p>

	<p>More detail would also be welcome on the implications of the various LGR options for the timelines and management of devolution across the Hampshire and the Solent geography. While we cannot pre-judge devolution decisions, we are happy to discuss further any eventual transition period as the new unitary authorities and potential MSA are established.</p> <p>We would welcome continued engagement with the Police and Crime Commissioner, Members of Parliaments and wider local stakeholders as you continue to develop your proposal(s).</p> <p>To note, an MSA is the same as a Mayoral Combined Authority or Mayoral Combined County Authority.</p>
<p>Include a summary of local engagement that has been undertaken and any views expressed, along with your further plans for wide local engagement to help shape your developing proposals.</p> <p>Relevant criteria: 6a-b) new unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment.</p>	<p>We welcome your interim update against criterion 6, the engagement undertaken so far and your plans for the future. It is for you to decide how best to engage locally in a meaningful and constructive way with residents, voluntary sector, local community groups, neighbourhood boards, parish councils, public sector providers, such as health, police and fire, and local businesses to inform your proposals.</p> <p>You may wish to engage in particular with those who may be affected by any proposed disaggregation of services. It would be helpful to see further detail of your engagement plans and to provide detail that demonstrates how local ideas and views have been incorporated into any final proposal(s).</p>
<p>Set out indicative costs of preparing proposals and standing up an implementation team as well as any arrangements proposed to coordinate potential capacity funding across the area.</p> <p>Relevant criteria: 2d) Proposals should set out how an area will seek to manage transition costs, including planning for future service transformation</p>	<p>We would welcome further detail in final proposal(s) over the level of cost and the extent to which the costs are for delivery of the unitary structures or for transformation activity that delivers benefits (see criterion 2d).</p> <p>£7.6 million will be made available in the form of local government reorganisation proposal development contributions, to be split across the 21 areas. Further information will be provided on this funding.</p>

<p>opportunities from existing budgets, including from the flexible use of capital receipts that can support authorities in taking forward transformation and invest-to-save projects.</p>	
<p>Set out any voluntary arrangements that have been agreed to keep all councils involved in discussions as this work moves forward and to help balance the decisions needed now to maintain service delivery and ensure value for money for council taxpayers, with those key decisions that will affect the future success of any new councils in the area.</p> <p>Relevant criteria: 4 a-c) Proposals should show how councils in the area have sought to work together in coming to a view that meets local needs and is informed by local views.</p>	<p>We welcome the ways of working together you have outlined in the interim plan (see criterion 4).</p> <p>Effective collaboration between all councils will be crucial; areas will need to build strong relationships and agree ways of working, including around effective data sharing.</p> <p>This will enable you to develop a robust shared evidence base to underpin final proposals (see criterion 1c). We recommend that final proposals should use the same assumptions and data sets or be clear where and why there is a difference.</p>