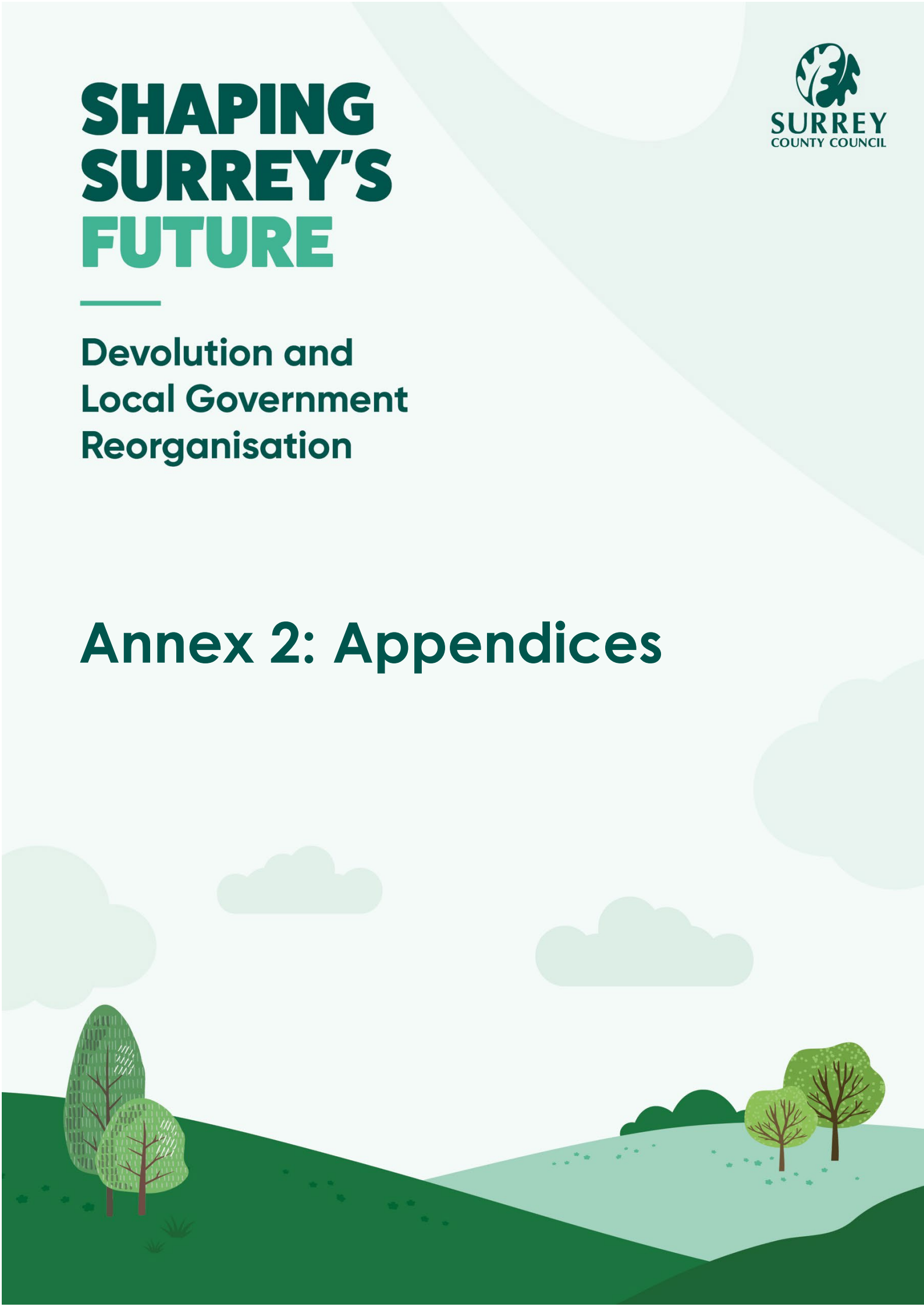


SHAPING SURREY'S FUTURE

**Devolution and
Local Government
Reorganisation**

Annex 2: Appendices



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Appendix 1: Financial Appraisal of LGR in Surrey

This document summarises the data used and assumptions applied to generate the modelled benefits and costs of implementing one, two or three unitary authorities in Surrey that is summarised in Surrey County Council's final plan for Local Government Reorganisation.

Base data used

Area	Surrey County Council	Total for all 11 district & borough Councils	Total for all 12 local authorities in Surrey	Sources and assumptions
Planned 2025/26 net revenue expenditure	£1,274.7m	£191.0m	£1,465.6m	2025/26 published budget papers
Estimated 2025/26 sales fees and charges income, excluding Adult Social Care assessed charges	£59.3m	£139.7m	£199.0m	Surrey County Council income is based on 2025/26 budgeted fees and charges income in the approved 2025/26 budget, excluding Adult Social Care assessed charges which are set within strict national regulations. District and borough income is based on 2023/24 revenue outturn, inflated by 6% to estimate total 2025/26 income.

Appendix 1: Financial Appraisal of LGR in Surrey

Area	Surrey County Council			Total for all 11 district & borough Councils			Total for all 12 local authorities in Surrey			Sources and assumptions
Breakdown of 2025/26 budget	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	Breakdown of 2025/26 approved net revenue expenditure budgets based on published budget papers and information provided by local authority finance teams. The budget figures included for Woking Borough Council include the Exceptional Financial Support (EFS) currently agreed by government to manage Woking's budget gap, including stranded debt. As such, the debt servicing costs included for Woking here are the residual costs planned to be funded by the
Gross staffing expenditure	£449.3m		£449.3m	£230.5m		£230.5m	£679.8m		£679.8m	
Gross service delivery non-staff	£1,467.1m		£1,467.1m	£253.6m		£253.6m	£1,720.7m		£1,720.7m	
Income within net revenue budget for staffing and non-staffing expenditure		-£744.5m	-£744.5m		-£299.7m	-£299.7m		-£1,044.1m	-£1,044.1m	
Operational property revenue expenditure	£25.9m	-£5.2m	£20.7m	£25.9m	-£20.6m	£5.3m	£51.8m	-£25.8m	£25.9m	
Housing benefits payments and reclaims				£163.3m	-£163.3m	£0.0m	£163.3m	-£163.3m	£0.0m	
Debt servicing costs (interest and Minimum Revenue Provision)	£72.0m		£72.0m	£89.7m		£89.7m	£161.7m		£161.7m	
Interest receivable and net investment income		-£21.5m	-£21.5m		-£126.8m	-£126.8m		-£126.8m	-£126.8m	

Appendix 1: Financial Appraisal of LGR in Surrey

Area	Surrey County Council			Total for all 11 district & borough Councils			Total for all 12 local authorities in Surrey			Sources and assumptions
Other corporate budgets	£31.6m		£31.6m	£38.3m		£38.3m	£69.9m		£69.9m	Council's General Fund budget after taking into account EFS. Woking's actual current debt servicing costs without EFS are in the debt servicing section below.
Total planned 2025/26 net expenditure	£2,045.9m	-£771.2m	£1,274.7m	£801.4m	-£610.4m	£191.0m	£2,847.3m	-£1,360.1m	£1,487.1m	
Total base 2025/26 leadership and senior management expenditure	£6.3m			£16.1m			£22.4m			<p>The estimated current cost of the Corporate Leadership Team (CLT) in each authority (Chief Executive and their direct reports) and posts that form part of the senior management structure, reporting into each organisation's CLT.</p> <p>Surrey County Council roles are based on the cost of the relevant roles in the Council's Strategic Leadership Group (tiers 1-3) plus other senior management roles that it is considered may</p>

Appendix 1: Financial Appraisal of LGR in Surrey

Area	Surrey County Council	Total for all 11 district & borough Councils	Total for all 12 local authorities in Surrey	Sources and assumptions
				<p>need to be duplicated in multi-unitary scenarios. 2024/25 pay has been used with an estimated inflation factor applied for 2025/26.</p> <p>District and borough roles are based on the cost of leadership tiers 1-3 for each authority inflated to 2025/26 as reviewed by the districts and boroughs.</p>
2025/26 net revenue non-staffing service delivery expenditure	£805.3m			Base cost for the application of LGR savings assumptions and disaggregation costs for Surrey County Council net revenue non-staffing service delivery expenditure.

Appendix 1: Financial Appraisal of LGR in Surrey

Area	Surrey County Council	Total for all 11 district & borough Councils	Total for all 12 local authorities in Surrey	Sources and assumptions
Total estimated net revenue staffing expenditure that LGR could generate savings for	£315.9m	£190.0m	£505.9m	Gross staffing expenditure excluding externally funded staffing or income that could be lost if staffing levels were reduced, minus leadership and senior management tiers 1-3 costs, minus any services that LGR is not expected to generate savings for (e.g. Fire services in Surrey County Council which are expected to move up to the Mayoral Strategic Authority).
Proportion of in scope net revenue staffing expenditure that is front office	6.9%	4.5%	6.0%	Front Office: handling customer enquiries, booking appointments, taking customer payments,
Proportion of in scope net revenue staffing	64.5%	62.9%	63.9%	Service delivery (core service functions including assessing

Appendix 1: Financial Appraisal of LGR in Surrey

Area	Surrey County Council	Total for all 11 district & borough Councils	Total for all 12 local authorities in Surrey	Sources and assumptions
expenditure that is service delivery				<p>people's needs, regulatory services, waste collection, housing etc, and including commissioning).</p> <p>Support functions: all enabling functions (e.g. HR, Procurement, Legal, Finance, Land & Property, IT&D, Performance etc), general admin support outside of front office, back office (e.g. business operations, payroll etc) plus areas such as strategic planning.</p> <p>Proportion in each category based on review of services by Surrey County Council and districts and</p>
Proportion of in scope net revenue staffing expenditure that is support functions	28.6%	32.6%	30.1%	
Total in-scope net revenue staffing expenditure proportions	100.0%	100.0%	100.0%	
Estimated in-scope front office net staffing expenditure	£21.9m	£8.5m	£30.4m	
Estimated in-scope service delivery net staffing expenditure	£203.7m	£119.6m	£323.3m	
Estimated in-scope support functions net staffing expenditure	£90.2m	£61.9m	£152.1m	

Appendix 1: Financial Appraisal of LGR in Surrey

Area	Surrey County Council	Total for all 11 district & borough Councils	Total for all 12 local authorities in Surrey	Sources and assumptions
Total estimated net revenue staffing expenditure for which LGR could generate savings	£315.9m	£190.0m	£505.9m	<p>boroughs. Front office likely to be understated to some extent as some aspects of this will likely be contained in roles classified as service delivery.</p> <p>The 'total net revenue staffing expenditure' proportions line demonstrates that the total of all these categories adds up to 100% of total net revenue staffing expenditure.</p> <p>The %s for each category are then applied to total staffing expenditure excluding leadership and senior management.</p>

Appendix 1: Financial Appraisal of LGR in Surrey

Area	Surrey County Council	Total for all 11 district & borough Councils	Total for all 12 local authorities in Surrey	Sources and assumptions
2025/26 net revenue expenditure spent on staffing excluding central budgets	£366.6m			Total Surrey County Council net revenue expenditure excluding central budgets such as corporate charges and levies and the secondary pension contribution.
Minus cost of leadership and senior tiers 1-3	-£6.3m			The cost of tiers 1-3 should be excluded from Surrey County Council wider workforce disaggregation costs as leadership and senior management tiers 1-3 changes are modelled separately.
Minus 2025/26 budgeted net staffing expenditure for Fire services and Economic Growth	-£44.4m			These costs are excluded from Surrey County Council wider workforce disaggregation costs as it is assumed Fire services and Economic Growth will move up to the Mayoral Strategic

Appendix 1: Financial Appraisal of LGR in Surrey

Area	Surrey County Council	Total for all 11 district & borough Councils	Total for all 12 local authorities in Surrey	Sources and assumptions
				Authority and remain countywide prior to the MSA being formed.
Total net revenue expenditure to apply Surrey County Council staffing disaggregation cost assumptions to	£315.9m			This represents Surrey County Council's budgeted net staffing expenditure to which Surrey County Council disaggregation cost assumptions can be applied to.
Average redundancy cost as a % of the salary cost saving	43.0%	43.0%	43.0%	Based on average redundancy costs for Surrey County Council which has been applied consistently across all Surrey local authority staff.
Gross debt servicing costs as per approved 2025/26 budget	£72.0m	£89.7m	£161.7m	Based on the approved 2025/26 budgets and the actual level of debt

Appendix 1: Financial Appraisal of LGR in Surrey

Area	Surrey County Council	Total for all 11 district & borough Councils	Total for all 12 local authorities in Surrey	Sources and assumptions
Additional gross debt servicing costs for Woking Borough Council currently deferred or subject to a capitalisation directive as part of Exceptional Financial Support		£171.0m	£171.0m	<p>servicing costs for Woking Borough Council excluding the Exceptional Financial Support that government has currently approved.</p> <p>It is important to note that commercial investment income can be subject to considerable volatility and so gross debt servicing costs as a % of the General Fund budget is considered a better measure to use in judging the long-term financial sustainability of local authorities.</p>
Total gross debt servicing including additional debt servicing costs for Woking Borough Council	£72.0m	£260.7m	£332.7m	
Gross debt servicing costs as a % of total 2025/26 net revenue budget	5.6%	136.5%	22.7%	
Budgeted 2025/26 total interest receivable and	-£21.5m	-£126.8m	-£148.3m	

Appendix 1: Financial Appraisal of LGR in Surrey

Area	Surrey County Council	Total for all 11 district & borough Councils	Total for all 12 local authorities in Surrey	Sources and assumptions
net investment income				
Total net debt servicing costs including interest receivable and net investment income	£50.5m	£133.9m	£184.4m	
Net debt servicing costs as a % of total 2025/26 net budget	4.0%	70.1%	12.6%	
Current number of councillors	81	453	534	As reported by each local authority
Total 2025/26 cost of basic allowances for current councillors	£1.2m	£2.9m	£4.1m	Based on the latest allowances and other costs published by each local authority with estimated inflation applied up to 2025/26
Total 2025/26 current cost of special responsibility allowances for councillors	£0.2m	£0.9m	£1.1m	

Appendix 1: Financial Appraisal of LGR in Surrey

Area	Surrey County Council	Total for all 11 district & borough Councils	Total for all 12 local authorities in Surrey	Sources and assumptions
Total 2025/26 current cost for current number of councillors	£1.4m	£3.8m	£5.2m	Total of basic allowances + special responsibility allowance + other directly associated councillor costs
Current estimated cost per year of the current local authority electoral system in year	£0.6m	£1.8m	£2.5m	Cost of planned Surrey County Council election for 2025 used, plus election cost information gathered for districts and boroughs from budgets and accounts. The total cost of the current electoral system over a four year cycle is estimated to be £9.88m, equating to an annual cost of £2.47m which is the total amount that would either need to be spent or put in reserves to fund election costs each

Appendix 1: Financial Appraisal of LGR in Surrey

Area	Surrey County Council	Total for all 11 district & borough Councils	Total for all 12 local authorities in Surrey	Sources and assumptions
				year, noting that currently there is a mix of all out elections and elections in thirds

Benefits and disaggregation costs of unitarisation

An initial financial appraisal has been undertaken of moving to one, two or three unitary authorities in Surrey.

We have assessed the following as part of the financial appraisal:

- **Reorganisation benefits** – savings assessed as achievable in the shorter-term from consolidating leadership and senior management across the 12 councils, initial wider workforce savings and non-staffing expenditure savings due to consolidation, and savings from reducing the number of councillors and local elections in Surrey.
- **Transformation benefits** – savings that will take longer to realise, as they are more reliant on changes to be delivered after the new unitaries go live. These include wider workforce and reduction in non-staffing expenditure savings beyond the lower level of initial savings achieved through reorganisation alone, reduction in property revenue costs through consolidating Surrey's existing local authority operational estate, and a modest increase proposed for sales, fees and charges income.
- **Disaggregation costs** – these apply to scenarios where Surrey's local authorities are consolidated into two or three unitary authorities. They represent the estimated additional cost of splitting services across the new unitary geographies that are currently provided or commissioned by Surrey County Council on a county footprint. Directorate leadership teams have been consulted to understand the likely impacts of splitting services into two or three new unitaries and it is considered that even after mitigations it will be necessary to duplicate a relatively small proportion of current County Council staffing roles, in particular, for management below tiers 1-3, specialist statutory roles/teams and business partnering support functions. There will also be a small degree in proportionate terms of unavoidable non-staffing costs due to loss of economies of scale and additional costs of re-procurement, either initially or when contracts expire and need to be renewed or recommissioned. Further information about the areas where it is anticipated disaggregation costs will be incurred is set out further down in this financial appraisal appendix.
- **Implementation costs** – these represent the estimated costs to both enable the effective creation of the new unitary arrangements, and delivery of the changes required to achieve the transformation benefits once the new authorities have been set up.

All the above areas have been modelled to assess the scale of benefits achievable and costs resulting from the creation of one, two or three unitary local authorities in Surrey. The following scenarios have been considered for each unitary option:

- **Base scenario** – these represent more conservative estimates of potential savings, and a higher level of implementation costs estimated as being required.
- **Stretch scenario** – these represent more ambitious scenarios with a higher level of potential savings still judged to be achievable, but come with a higher level of risk, together with a lower level of implementation costs being required based on taking action to limit costs where possible.
- **Mid-point** – these represent the mid-point between the base and stretch scenarios and are therefore considered a reasonable estimate balancing prudence and ambitions.

Summary of modelling assumptions

The following overarching assumptions have been applied:

- **Inflation** – all base data used to model the benefits and costs of LGR is for 2025/26, either representing budgeted costs or income for 2025/26 or where data for prior years has been used this has been inflated to 2025/26 to ensure there is a consistent starting point for all LGR modelling assumptions. Benefits and costs in future years have not been inflated and represent the relevant proportion of 2025/26 expenditure or income modelled to be saved or incurred. Implementation costs are intended to be sufficient to cover inflation in future years, and the 10% contingency included can be used to help manage any additional inflationary pressures.
- **Shared services** – while the creation of shared services such as for support functions or other countywide arrangements such as trusts for Children's and Adult Social Care services could be a means to potentially mitigate Surrey County Council disaggregation costs, this is not factored into the County Council's LGR modelling. This is because decisions about these areas will need to be made by the new unitaries, and for current planning purposes it is considered prudent to assume that each authority will require its own services to enable clear sovereign decision making and alignment with the strategic objectives of each new unitary authority.

The **following terminology is used in this appendix** to refer to different potential future unitary make-up in Surrey:

1U – a single new unitary authority. **2Us** – two new unitary authorities. **3Us** – three new unitary authorities.

A single unitary authority has been modelled to provide a benchmark for comparative purposes.

The following assumptions have been applied for different aspects of modelled LGR benefits and costs:

Category	Sub-category	Modelling aspect	Summary of assumptions applied
Leadership and senior management savings		Reorganisation benefits	<p>The overriding assumption for LGR modelling purposes is that each new unitary will require its own leadership and senior management teams.</p> <p>The base scenarios are based on a new leadership and senior management structure which has been estimated, based on all of the core roles required for any local authority and adjusted to cover the functions integrated in the new unitaries from those currently delivered by Surrey County Council and district and boroughs.</p> <p>The 2Us and 3Us base scenarios reflect two or three times the number of roles compared to the 1U base scenario with the exception of Fire services which is currently anticipated to remain at countywide level (likely moving into the Mayoral Strategic Authority).</p> <p>The stretch scenarios assume that each authority would only require one leadership/senior management role for environment (including leisure) and community services (compared to two roles in the base scenarios) and assume that for larger services with larger senior management teams at Tier 3 level (Adult Social Care, Children's, Highways) only 75% of the roles would be required in 2Us/3Us compared to the base scenario.</p>
Wider workforce savings below leadership and	Surrey County Council	Reorganisation benefits	<p>Assumed that initial reorganisation will not in itself lead to any savings for Surrey County Council's wider workforce as savings will only be realised through a review of requirements and changes in ways of working after the integration of district and borough services alongside Surrey County Council services.</p>

Category	Sub-category	Modelling aspect	Summary of assumptions applied
senior management		Transformation benefits	<p>The following levels of savings are assumed through 'transformation; after reorganisation has taken place for a single unitary:</p> <ul style="list-style-type: none"> > Front office: 5-10% (base - stretch) where it is considered there is greatest potential for savings for current Surrey County Council staffing costs through the integration of County Council and district and borough teams. > Service delivery: 1-2% (base - stretch) where it is considered there is the least potential for savings for current Surrey County Council staffing costs through the integration of County Council and district and borough teams due to the different nature of services provided. > Support functions: 5-7.5% (base - stretch) where it is considered there is modest potential for savings for current Surrey County Council staffing costs through the integration of County Council and district and borough teams. <p>Assumed that 80% of the savings above for 1U could be achieved for 2Us and 60% for 3Us.</p>
Wider workforce savings below leadership and senior management	District and boroughs	Reorganisation benefits	<p>Overall, it is assumed there is greater potential for savings for district and borough staffing than for Surrey County Council due to the aggregation of 11 teams of staff into 1/2/3 new unitaries.</p>
		Transformation benefits	<p>The following levels of savings are assumed combined across "reorganisation" and "transformation" for a single unitary:</p> <ul style="list-style-type: none"> > Front office: 10-15% (base - stretch) where it is considered there should be reasonable scope for savings through aggregation of functions. > Service delivery: 5-10% where it is considered there is least potential for savings through aggregation of functions. > Support functions: 15-25% where it is considered there is likely to be most potential for savings through aggregation of functions. <p>Assumed that 80% of the savings above for 1U could be achieved for 2Us, and 60% for 3Us.</p>

Category	Sub-category	Modelling aspect	Summary of assumptions applied
			Assumed that around 25% of the savings could be achieved more quickly through initial reorganisation with the remaining 75% reliant on transformation changes.
Non-staffing service delivery expenditure savings	Surrey County Council	Transformation benefits	<p>Assumed that initial reorganisation will not in itself lead to any savings for Surrey County Council's current service delivery non-staffing expenditure.</p> <p>Suggested that even through transformation changes the benefits that would directly accrue as cost reduction savings (as opposed to cost containment benefits) for current County Council service delivery non-staffing expenditure would be marginal.</p> <p>Assumed a saving of 0.75-1.25% (base - stretch) of total Surrey County Council net revenue expenditure for 1U, with 75% of this assumed to be achieved for 2Us and 67% for 3Us.</p>
Non-staffing service delivery expenditure savings	District and boroughs	Reorganisation benefits	<p>The broad assumption is that there is greater potential for savings for reductions in district and borough non-staffing service delivery expenditure through the aggregation of current district and borough services into 1/2/3 unitaries. These savings could be achieved through things like renegotiation of contracts for a larger footprint to reduce unit prices, reduction in IT system costs, broader economies of scale benefits, etc.</p> <p>A saving of 5-7.5% (base - stretch) is assumed for 1U, with 20% of this deemed to be achievable more quickly through reorganisation and the remaining 80% is reliant on transformation changes.</p> <p>75% of the 1U savings assumed to be achieved for 2Us and 50% for 3Us.</p>
		Transformation benefits	

Appendix 1: Financial Appraisal of LGR in Surrey

Category	Sub-category	Modelling aspect	Summary of assumptions applied
Property revenue costs savings		Transformation benefits	It is estimated that through consolidating operational property portfolios and continuing to embrace agile working, it would be possible to reduce property revenue costs by 10-15% for 1U. Assumed that 75% of this would be achievable for 2Us and 50% for 3Us on the basis it is likely more buildings would be required to service the needs of multiple organisations.
Councillors - new costs and savings		Reorganisation benefits	Used current Surrey County Council councillor costs +15% for Leader(s) and +5% for all other costs to reflect greater combined responsibilities in a unitary and applied these costs to the estimated number of new councillors across unitaries (162 in total for each of 1/2/3 unitary scenarios – equivalent to two councillors per current county division). Base councillor allowance is therefore assumed to be just under £16k at the start of the new unitaries. Assumed Area committees would be required in unitaries for each current district and borough footprint, plus Housing and Licensing committees in addition to Surrey County Council's current committees. Costs higher for 2/3Us due to more Leaders, Cabinet Members and Committee Chairs and Vice-chairs.
Elections - new costs and savings		Reorganisation benefits	Average cost per voter 18+ of current district and borough elections calculated based on reviewing published district and borough cost information (£3.42 per eligible voter) used to estimate the cost of holding elections for new authorities. Assumed that all new authorities will hold one all out election every four years. Base new election costs should be the same for 1/2/3 Us, but 5-10% (base - stretch) additional overhead applied to the cost of elections for 2Us and 10-20% additional overhead costs (base - stretch) for 3Us.

Category	Sub-category	Modelling aspect	Summary of assumptions applied
Increase in sales, fees & charges income		Transformation benefits	<p>Assumed that consolidation into 1/2/3 Us should afford at least some marginal opportunities to increase sales, fees & charges income, for instance in relation to harmonising charges and/or ensuring wherever possible full cost recovery.</p> <p>Adult Social Care assessed charges levied by Surrey County Council are excluded as they are controlled by strict national regulations.</p> <p>A 1-2% increase in income across Surrey County Council and district and boroughs is estimated for 1U, and assumed that 75% of the saving for 1U could be achieved for 2Us, and 67% of the saving for 1U could be achieved for 3Us.</p>
Surrey County Council workforce disaggregation costs excluding leadership and senior management		Disaggregation costs	<p>Based on consultation with Surrey County Council's Directorate Leadership Teams as set out in the disaggregation costs section below, it is anticipated that a degree of additional staffing costs would need to be incurred in order for services to function effectively if services currently operated on a county footprint are split into two or three unitaries.</p> <p>Staffing disaggregation costs have been estimated for 2Us by assuming in the base scenario that 50% of more senior management roles below Tier 3 would need to be duplicated, 33% of more junior management roles would need to be duplicated, and an allowance for specialist roles that need to be duplicated would also need to be included. For the 2Us stretch scenario it is assumed costs could be contained to a third less than the base. This results in total additional staffing costs equivalent to 6.4-9.6% (stretch - base) of Surrey County Council's total net staffing expenditure excluding Fire and Economic Growth services which are anticipated to move up to the Mayoral Strategic Authority and leadership and senior management tiers 1-3 costs which are factored into the leadership and senior management costs above.</p> <p>For 3Us, the level of duplication is increased by 50% compared to the base and stretch scenarios for 2Us to account for the fact that there will be a further level of duplication in addition to what is estimated as necessary for 2Us.</p>

Category	Sub-category	Modelling aspect	Summary of assumptions applied
Surrey County Council non-staffing service expenditure disaggregation costs		Disaggregation costs	<p>Based on consultation with Surrey County Council's Directorate Leadership Teams as set out in the disaggregation costs section below, it is anticipated that there will also be a degree of additional non-staffing costs incurred due to loss of economies of scale, re-procurement costs (either initially or when contracts come up for renewal) and other factors if services currently operated on a county footprint are split into two or three unitaries.</p> <p>Costs have been estimated for each service based on whether there are considered to be more marginal, moderate, significant or if it is considered there would not be any impacts.</p> <p>The updated cost estimates in the final submission equate to a range of 1.1-2.2% (stretch – base) of Surrey County Council's total net non-staffing service delivery expenditure excluding leadership and senior management tiers 1-3 and Fire and Economic Growth services which it is assumed will be moving up to the Mayoral Strategic Authority.</p> <p>Assumed that the cost impact would be 50% higher for 3Us compared to the base and stretch scenarios for 2Us to account for the fact that there will be a further level of additional costs to what is estimated as necessary for 2Us.</p> <p>This an estimate of the level of disaggregation cost that is unavoidable, so after taking into account actions to mitigate disaggregation costs.</p> <p>There is a risk that disaggregation costs could be higher, which will continue to be explored as part of LGR planning to identify potential impacts and seek to put in place mitigations wherever possible.</p>

Surrey County Council disaggregation costs – context and examples

It is important to view disaggregation costs in the context of the size of Surrey County Council. The County Council employs over 8,500 staff at a cost of £450 million and spends almost £1.5 billion gross on non-staffing service delivery costs. A small % of additional costs for Surrey County Council will therefore still lead to a material level of disaggregation costs that would reduce the net benefits delivered through LGR if two or three new unitary authorities are set up in Surrey.

It is possible that some of the disaggregation costs included in Surrey County Council's Final Plan could be mitigated by creating shared services or other shared arrangements across the new unitaries. However, as set out at the start of this modelling assumptions section, this is not factored into Surrey County Council's LGR modelling. This is because decisions about any such arrangements will need to be made by the new unitaries, and for current planning purposes it is considered prudent to assume that each authority will require its own services to enable clear sovereign decision making and alignment with the strategic objectives of each new unitary authority. Even if shared service arrangements are created, it is considered likely that this would not avoid all disaggregation costs, as servicing the needs of two or three unitary authorities as opposed to a single organisation will lead to some additional overhead and support costs at the very least. For the purposes of Surrey County Council's Final Plan though, shared service arrangements have not been factored into the modelled costs for the reasons set out above.

The table below sets out some of the areas where Surrey County Council's Directorate Leadership Teams consider there will be disaggregation costs.

Directorate	Staffing disaggregation costs	Non-staffing disaggregation costs
<p>Adults, Wellbeing & Health Partnerships</p> <p>2025/26 budgeted gross expenditure £741m, net expenditure £529m</p>	<p>Additional management posts will be required for a range of functions currently operated on a countywide basis including Mental Health services, Learning Disability & Autism Assessment and Care Management teams and Commissioning & Brokerage.</p> <p>Specialist functions will need to be duplicated to a substantial degree including the Emergency Duty Team, Safeguarding function, Deprivation of Liberty Safeguards Team, Adult Social Care Business Intelligence (Performance) Team and the Financial Assessment and Income Collection Service.</p> <p>There will be a need to duplicate some degree of the specialist business partnering support AWWHP receives across a range of support functions including Finance, Legal, IT & Digital, Procurement etc.</p>	<p>It is considered that with appropriate mitigations it should be possible to contain non-staffing costs to a more marginal impact on the assumption that prices currently being paid for care packages based on the location of where services are delivered across the Surrey footprint, can be maintained through novating contracts without the need to retender.</p> <p>There will likely be additional IT and other system costs due to having to set up additional systems in more than one authority.</p>

Directorate	Staffing disaggregation costs	Non-staffing disaggregation costs
<p>Children, Families & Lifelong Learning</p> <p>2025/26 budgeted gross expenditure £745m, net expenditure £314m</p>	<p>It is considered that there would be lots of roles that would need to be doubled/tripled relating to both statutory roles (e.g. Virtual Head of School, safeguarding lead etc) and each unitary requiring sufficient management tier posts for Social Care and Education functions, and likely also for commissioning roles.</p> <p>Current countywide services will need to be split and this will likely have a cost impact including; Children with Disabilities team, LIFE service, Surrey Outdoor Learning and Development, various specialist in-house children's residential provision, virtual school, in house fostering, adoption service, youth justice service, appeals functions (transport, admissions), Information Governance (especially SARS).</p> <p>CFLl requires support services with specialist knowledge (Legal, Finance, HR, Comms, Procurement etc) and there will be some duplication of this required (similar to AWHP above).</p>	<p>Home to School transport routes may need to be decommissioned to reflect changed geography and implications of children within the different new unitaries who currently have places on the same route. Any route recommissioning is likely to add costs.</p> <p>There will be significant IT and other system/governance implications, likely leading to some unavoidable additional costs.</p> <p>Similar to Adult Social Care packages, it is considered that impacts would be more marginal for other key non-staffing costs such as Children's Social Care placements, as prices negotiated for each placement should not change directly as a result of LGR, on the assumption that current contracts can be novated to the new unitaries.</p>

Directorate	Staffing disaggregation costs	Non-staffing disaggregation costs
Place 2025/26 budgeted gross expenditure £245m, net expenditure £198m	Tiers 4 and 5 of management across the directorate will likely need to be duplicated to a significant extent	There will likely be increased contract overhead costs due to providers having to work across more than one authority, even if a single contract is retained. Significant countywide contracts such as for Waste will need to be reviewed due to LGR and it is likely any changes to the structure of contracts and/or the way they are managed will incur additional costs.
Community Protection & Emergencies 2025/26 budgeted gross expenditure £58m, net expenditure £46m	£42m of the £46m net budget relates to Fire services which are excluded from LGR disaggregation costs on the assumption they will be moved up to the Mayoral Strategic Authority which is outside the scope of Surrey County Council's Final Plan. There would though be a need to create separate Emergency Management Team in each unitary, as well as some additional costs for Trading Standards.	There is a risk that income could be lost for Trading Standards due to loss of economies of scale in being able to cover such a wide breadth of work when the service is split into 2/3 unitaries. There will also be some additional costs such as IT systems and required regulatory subscriptions.
Resources 2025/26 budgeted gross expenditure £126m, net expenditure £81m	The service business partner model will require a reasonable degree of duplication as dedicated capacity is required for different services with specialist knowledge. Even if there was a shared service model, it is not realistic to expect effective business partnering if people are asked to work across more than one unitary.	Areas where additional costs are likely to be incurred include insurance (current insurance arrangements for the County Council across Surrey would likely need to be re-tendered for the new unitaries), IT and Digital, Communications & Public Affairs, and People & Change overhead costs.

Modelled ongoing annual (benefits)/costs of unitarisation once a steady state had been reached

The table below summarises the modelled ongoing benefits and costs per year of the creation of one, two or three unitary authorities based on the assumptions set out above once a steady state has been reached. As set out in the profiling section below, the time taken to reach a steady state varies between the different unitary options.

Area	1 Unitary		2 Unitaries		3 Unitaries		Mid-point of Base & Stretch		
	Base	Stretch	Base	Stretch	Base	Stretch	1U	2Us	3Us
ANNUAL REORGANISATION BENEFITS									
Leadership and senior management savings/(additional costs)	£15.1m	£15.5m	£8.4m	£10.2m	£1.7m	£4.4m	£15.3m	£9.3m	£3.0m
Wider workforce savings excluding leadership and senior management through reorganisation only prior to transformation changes	£4.0m	£7.2m	£3.2m	£5.7m	£2.4m	£4.3m	£5.6m	£4.5m	£3.4m
Reduction in non-staffing revenue expenditure through reorganisation only prior to transformation changes	£2.6m	£3.9m	£2.0m	£2.9m	£1.3m	£2.0m	£3.3m	£2.4m	£1.6m
Reduction in democratic costs (councillors and elections)	£3.5m	£3.5m	£2.9m	£2.9m	£2.2m	£2.3m	£3.5m	£2.9m	£2.2m
TOTAL ESTIMATED ANNUAL REORGANISATION BENEFITS	£25.3m	£30.1m	£16.5m	£21.7m	£7.7m	£12.9m	£27.7m	£19.1m	£10.3m
ANNUAL TRANSFORMATION BENEFITS									
Wider workforce savings excluding leadership and senior management beyond initial savings achieved through reorganisation	£19.7m	£33.7m	£15.8m	£27.7m	£11.8m	£20.7m	£26.7m	£21.7m	£16.3m
Reduction in property revenue expenditure	£2.6m	£3.9m	£1.9m	£2.9m	£1.3m	£1.9m	£3.2m	£2.4m	£1.6m

Appendix 1: Financial Appraisal of LGR in Surrey

Area	1 Unitary		2 Unitaries		3 Unitaries		Mid-point of Base & Stretch		
	Base	Stretch	Base	Stretch	Base	Stretch	1U	2Us	3Us
Reduction in non-staffing revenue expenditure beyond initial savings achieved through reorganisation	£16.5m	£25.7m	£12.4m	£19.3m	£8.2m	£12.9m	£21.1m	£15.8m	£10.5m
Increase in sales, fees & charges income excluding Adult Social Care assessed charges	£2.0m	£4.0m	£1.5m	£3.0m	£1.3m	£2.7m	£3.0m	£2.2m	£2.0m
TOTAL ANNUAL TRANSFORMATION BENEFITS	£40.8m	£67.2m	£31.6m	£52.8m	£22.7m	£38.2m	£54.0m	£42.2m	£30.5m
ANNUAL DISAGGREGATION COSTS[^]									
Wider workforce costs excluding leadership and senior management			-£30.1m	-£20.2m	-£45.2m	-£30.3m			
Increased non-staffing revenue expenditure			-£17.3m	-£8.7m	-£26.0m	-£13.0m			
TOTAL ESTIMATED ANNUAL DISAGGREGATION COSTS			-£47.4m	-£28.8m	-£71.1m	-£43.3m			
NET ANNUAL UNITARISATION BENEFITS / (COSTS)	£66.1m	£97.4m	£0.6m	£45.7m	-£40.8m	£7.9m	£81.7m	£23.2m	-£16.5m

[^] Disaggregation costs for Surrey County Council's current leadership and senior management costs are included in the leadership and senior management (savings)/costs within the annual reorganisation benefits for two and three unitaries scenarios and therefore are not included as part of disaggregation Costs here.

Implementation costs

Costs necessary to effectively establish either one, two or three new unitaries as well as enable the delivery of the modelled transformation benefits have been estimated and are summarised below.

Cost category	1 Unitary		2 Unitaries		3 Unitaries		Mid-point of Base & Stretch		
	Base	Stretch	Base	Stretch	Base	Stretch	1U	2Us	3Us
Redundancy and early retirement	-£16.7m	-£24.2m	-£11.8m	-£18.7m	-£6.9m	-£12.6m	-£20.5m	-£15.3m	-£9.8m
Implementation and programme delivery team	-£21.2m	-£15.9m	-£26.8m	-£20.1m	-£31.3m	-£23.4m	-£18.6m	-£23.5m	-£27.4m
IT consolidation and change	-£22.9m	-£15.6m	-£37.6m	-£23.7m	-£46.4m	-£32.2m	-£19.2m	-£30.6m	-£39.3m
Branding and communications	-£2.0m	-£1.5m	-£2.0m	-£1.5m	-£2.0m	-£1.5m	-£1.7m	-£1.7m	-£1.7m
Shadow authority(ies)	-£0.7m	-£0.7m	-£1.3m	-£1.3m	-£2.0m	-£2.0m	-£0.7m	-£1.3m	-£2.0m
Creation of new council(s)	-£1.0m	-£1.0m	-£2.0m	-£1.5m	-£3.0m	-£2.3m	-£1.0m	-£1.8m	-£2.6m
Closedown of old councils	-£1.4m	-£1.1m	-£1.4m	-£1.1m	-£1.4m	-£1.1m	-£1.2m	-£1.2m	-£1.2m
Elections to shadow authorities	-£3.3m	-£3.3m	-£3.6m	-£3.5m	-£4.0m	-£3.6m	-£3.3m	-£3.5m	-£3.8m
Contingency	-£4.9m	-£3.6m	-£7.1m	-£4.9m	-£8.6m	-£6.3m	-£4.2m	-£6.0m	-£7.4m
TOTAL IMPLEMENTATION COSTS	-£74.0m	-£66.9m	-£93.5m	-£76.3m	-£105.4m	-£85.0m	-£70.5m	-£84.9m	-£95.2m

The further table below summarises the basis used to estimate these costs.

Cost category	1 Unitary		2 Unitaries		3 Unitaries		Rationale
	Base	Stretch	Base	Stretch	Base	Stretch	
Redundancy & early retirement							
Leadership and senior management	-£6.5m	-£6.7m	-£3.6m	-£4.4m	-£0.7m	-£1.9m	Estimated as 43% of the salary cost saving on average based on review of Surrey County Council redundancies.
Reorganisation wider workforce savings excluding leadership and senior management	-£1.7m	-£3.1m	-£1.4m	-£2.5m	-£1.0m	-£1.9m	
Transformation wider workforce savings excluding leadership and senior management	-£8.5m	-£14.5m	-£6.8m	-£11.9m	-£5.1m	-£8.9m	
Total redundancy and early retirement	-£16.7m	-£24.2m	-£11.8m	-£18.7m	-£6.9m	-£12.6m	

Appendix 1: Financial Appraisal of LGR in Surrey

Cost category	1 Unitary		2 Unitaries		3 Unitaries		Rationale
	Base	Stretch	Base	Stretch	Base	Stretch	
Implementation and programme delivery team	-£21.2m	-£15.9m	-£26.8m	-£20.1m	-£31.3m	-£23.4m	Estimated additional costs above the cost of existing resources that could be deployed to work on LGR for a core implementation team, the programme team to support go-live of new authorities, and delivery of transformation benefits and professional expertise across support functions such as Finance, HR, People & Change, Procurement, Legal, Land & Property etc. Costings are based on internal delivery and include initial estimates about the level of backfill required where it is anticipated support will be drawn from existing local authority staff as well as recruitment to additional roles. Some of the estimated cost could be spent on engaging external support if authorities chose to do so. Stretch costs at 75% of base costs.

Appendix 1: Financial Appraisal of LGR in Surrey

Cost category	1 Unitary		2 Unitaries		3 Unitaries		Rationale
	Base	Stretch	Base	Stretch	Base	Stretch	
IT consolidation and change	-£22.9m	-£15.6m	-£37.6m	-£23.7m	-£46.4m	-£32.2m	Estimated costs for setting up an ERP system solution in each authority (assuming Surrey County Council's current Unit4 system architecture is used as the basis rather than creating separate standalone systems in each unitary), hygiene costs relating to unification of core infrastructure and standardisation of Microsoft 365 licensing to facilitate data management and cyber security, aggregation of current district and borough systems into single service systems as necessary for each unitary, and creating additional systems in 2/3 Us where required for current County Council services (e.g. Adult Social Care, Children Families and Lifelong Learning, Highways etc). Collectively this should enable delivery of the LGR benefits reliant on effective IT systems.
Branding and communications	-£2.0m	-£1.5m	-£2.0m	-£1.5m	-£2.0m	-£1.5m	Costs to cover re-branding (physical and virtual) for new authorities, resident communication and associated staffing costs. Assumed costs will broadly be the same in all 1/2/3 Us scenarios. Stretch costs set at 75% of base costs.

Appendix 1: Financial Appraisal of LGR in Surrey

Cost category	1 Unitary		2 Unitaries		3 Unitaries		Rationale
	Base	Stretch	Base	Stretch	Base	Stretch	
Shadow authority(ies)	-£0.7m	-£0.7m	-£1.3m	-£1.3m	-£2.0m	-£2.0m	Assumed that each authority would employ a Leader, Deputy Leader, 3 Cabinet Members, a Chief Exec and at least two other senior officers in the shadow year following elections in May 2026.
Creation of new council(s)	-£1.0m	-£1.0m	-£2.0m	-£1.5m	-£3.0m	-£2.3m	Costs include legal costs, contract novation, development of new constitutions. Initial cost estimate based on reviewing business cases for other authorities that have been through LGR. Assumed costs are double for 2Us and triple for 3Us as they related to the creation of each new authority. Stretch costs for 2/3Us set at 75% of base costs.
Closedown of old councils	-£1.4m	-£1.1m	-£1.4m	-£1.1m	-£1.4m	-£1.1m	Costs for closing down old authorities including completing final accounts with external audit, plus legal and other costs. Costs assumed to be £100k for each district and borough and £250k for the County Council. Assumed in stretch scenario costs could be reduced by 15%.

Appendix 1: Financial Appraisal of LGR in Surrey

Cost category	1 Unitary		2 Unitaries		3 Unitaries		Rationale
	Base	Stretch	Base	Stretch	Base	Stretch	
Elections to shadow authorities	-£3.3m	-£3.3m	-£3.6m	-£3.5m	-£4.0m	-£3.6m	Estimated cost of elections to shadow authorities in May 2026.
Contingency	-£4.9m	-£3.6m	-£7.1m	-£4.9m	-£8.6m	-£6.3m	10% contingency added to all costs excluding redundancy and early retirement.
TOTAL IMPLEMENTATION COSTS	-£74.6m	-£62.3m	-£86.9m	-£67.2m	-£95.0-m	-£70.8m	

Profiling of benefits and costs

The table below sets out the assumptions applied to estimate how quickly savings will be achieved or costs incurred.

Area	Category	Sub-category	Cumulative % of savings achieved / costs incurred							Profiling assumptions
			Base year	Shadow year	Year 1	Year 2	Year 3	Year 4	Year 5	
			2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	
Reorganisation savings	Leadership and senior management		0%	20%	80%	100%	100%	100%	100%	Assume some turnover in 2026/27, with the new leadership in place from 1st April 2027, but some roles staying for handover
Reorganisation savings	Wider workforce		0%	10%	40%	90%	100%	100%	100%	Assume there would be some turnover in 2026/27, taking up to the end of year 2 to fully achieve savings
Reorganisation savings	Non-staffing expenditure		0%	0%	25%	75%	100%	100%	100%	Assume no savings prior to go live of new unitaries and it would take up to the end of year 2 to fully achieve the savings

Appendix 1: Financial Appraisal of LGR in Surrey

Area	Category	Sub-category	Cumulative % of savings achieved / costs incurred							Profiling assumptions
			Base year	Shadow year	Year 1	Year 2	Year 3	Year 4	Year 5	
			2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	
Reorganisation savings	Councillors		0%	0%	100%	100%	100%	100%	100%	Reduction in councillor costs should be achieved in full in year 1 of the new unitary authorities
Reorganisation savings	Elections		100%	100%	100%	100%	100%	100%	100%	Reduction in election costs should be achieved from 2025/26 as any planned elections have been cancelled
Transformation savings	Wider workforce		0%	0%	15%	45%	75%	100%	100%	Lead time up to year 4 assumed due to changes needed to enable delivery and review of savings delivery for other authorities
Transformation savings	Property expenditure		0%	0%	20%	60%	100%	100%	100%	Assume it will take 2-3 years to fully deliver savings

Appendix 1: Financial Appraisal of LGR in Surrey

Area	Category	Sub-category	Cumulative % of savings achieved / costs incurred							Profiling assumptions
			Base year	Shadow year	Year 1	Year 2	Year 3	Year 4	Year 5	
			2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	
Transformation savings	Non-staffing expenditure		0%	0%	10%	30%	50%	70%	100%	Considered likely to have the longest lead time for delivery due to the complexity of achieving savings across so many services.
Transformation savings	Sales, fees & charges income		0%	0%	25%	75%	100%	100%	100%	Assume it will take 2 years to deliver savings
Disaggregation costs	Wider workforce		0%	0%	33%	100%	100%	100%	100%	Assume that disaggregation costs will be incurred fairly quickly from go live as they are necessary for authorities to function
Disaggregation costs	Non-staffing expenditure		0%	0%	33%	100%	100%	100%	100%	
Implementation costs	Redundancy and early retirement	Leadership & senior management	0%	50%	100%					Based on the profile of workforce savings
Implementation costs	Redundancy and early retirement	Reorganisation wider workforce	0%	25%	65%	95%	100%			

Appendix 1: Financial Appraisal of LGR in Surrey

Area	Category	Sub-category	Cumulative % of savings achieved / costs incurred							Profiling assumptions
			Base year	Shadow year	Year 1	Year 2	Year 3	Year 4	Year 5	
			2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	
Implementation costs	Redundancy and early retirement	Transformation wider workforce	0%	0%	30%	60%	88%	100%		
Implementation costs	Implementation and programme team		22%	81%	100%					Based on implementation & programme team workplan
Implementation costs	IT consolidation and change		0%	9%	36%	54%	74%	88%	100%	Based on estimated profile of different elements of IT costs
Implementation costs	Branding and communications		10%	40%	75%	100%				Assume sizeable % of spend required pre go live and also in year 1
Implementation costs	Shadow authority(ies)		0%	100%						Only applies to shadow year
Implementation costs	Creation of new council(s)		0%	50%	100%					Assume costs will be spread across shadow year and year 1
Implementation costs	Closedown of old councils		0%	25%	75%	100%				Assume some costs in shadow year, bulk in year 1, rest in year 2
Implementation costs	Contingency		5%	15%	40%	60%	80%	100%		Allocated fairly evenly across time period

Summary modelled benefits and costs

The overall position modelled for each unitary option is set out in the tables below. The total ongoing annual benefits or costs of each option represent the modelled ongoing annual position after the end of year seven after creation of the unitary authorities, by which time it is expected a steady state position should have been reached. The cumulative net cash flows for each option and scenario are based on the profiling assumptions set out above, covering the base year (2025/26) up to seven years post-implementation (2033/34). The payback period is an estimate of the number of years required for total cumulative benefits to surpass cumulative costs. Where this is displayed as 'N/A' this indicates that an option has been modelled as not paying back by the end of year 7 post go live 2033/34.

1 Unitary summary modelling

	Base	Stretch	Mid
Annual reorganisation benefits	£25m	£30m	£28m
Annual transformation benefits	£41m	£67m	£54m
Total ongoing annual steady state net benefits/(costs)	£66m	£97m	£82m
Total implementation costs	-£74m	-£67m	-£70m
Cumulative net cash benefits/(costs) after seven years of new organisation(s) including implementation costs	£309m	£484m	£397m
Payback period within seven years post go-live	1.6 years	1.1 years	1.3 years

2 Unitaries summary modelling

	Base	Stretch	Mid
Annual reorganisation benefits	£16m	£22m	£19m
Annual transformation benefits	£32m	£53m	£42m
Annual disaggregation costs	-£47m	-£29m	-£38m
Total ongoing annual steady state net benefits/(costs)	£1m	£46m	£23m
Total implementation costs	-£94m	-£76m	-£85m
Cumulative net cash benefits/(costs) after seven years of new organisation(s) including implementation costs	-£118m	£162m	£22m
Payback period within seven years post go live	N/A	3.2 years	6.1 years

3 Unitaries summary modelling

	Base	Stretch	Mid
Annual reorganisation benefits	£8m	£13m	£10m
Annual transformation benefits	£23m	£38m	£30m
Annual disaggregation costs	-£71m	-£43m	-£57m
Total ongoing annual steady state net benefits/(costs)	-£41m	£8m	-£16m
Total implementation costs	-£105m	-£85m	-£95m
Cumulative net cash benefits/(costs) after seven years of new organisation(s) including implementation costs	-£385m	-£72m	-£229m
Payback period within seven years post go-live	N/A	N/A	N/A

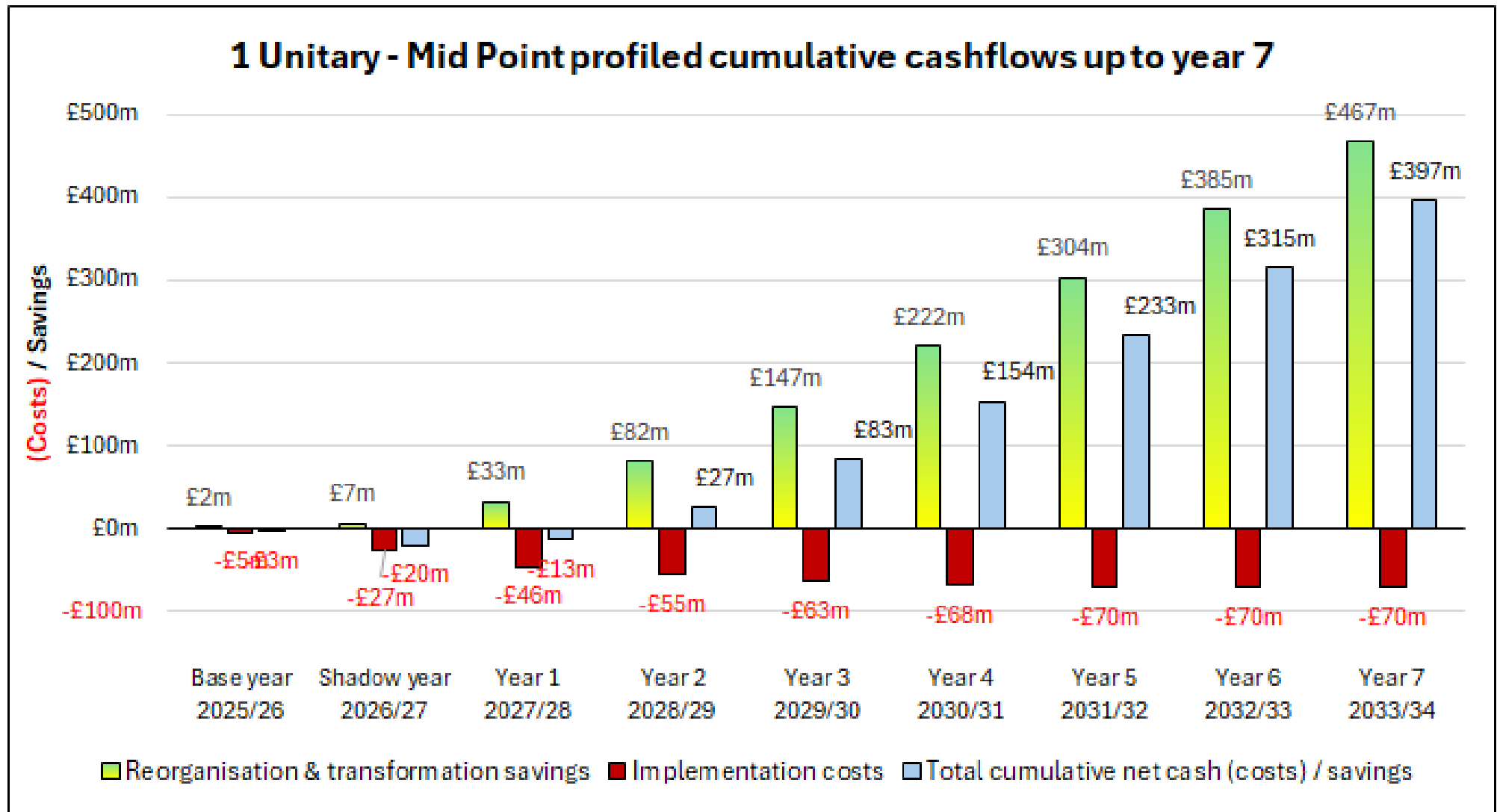
Comparison of mid-point positions for each option

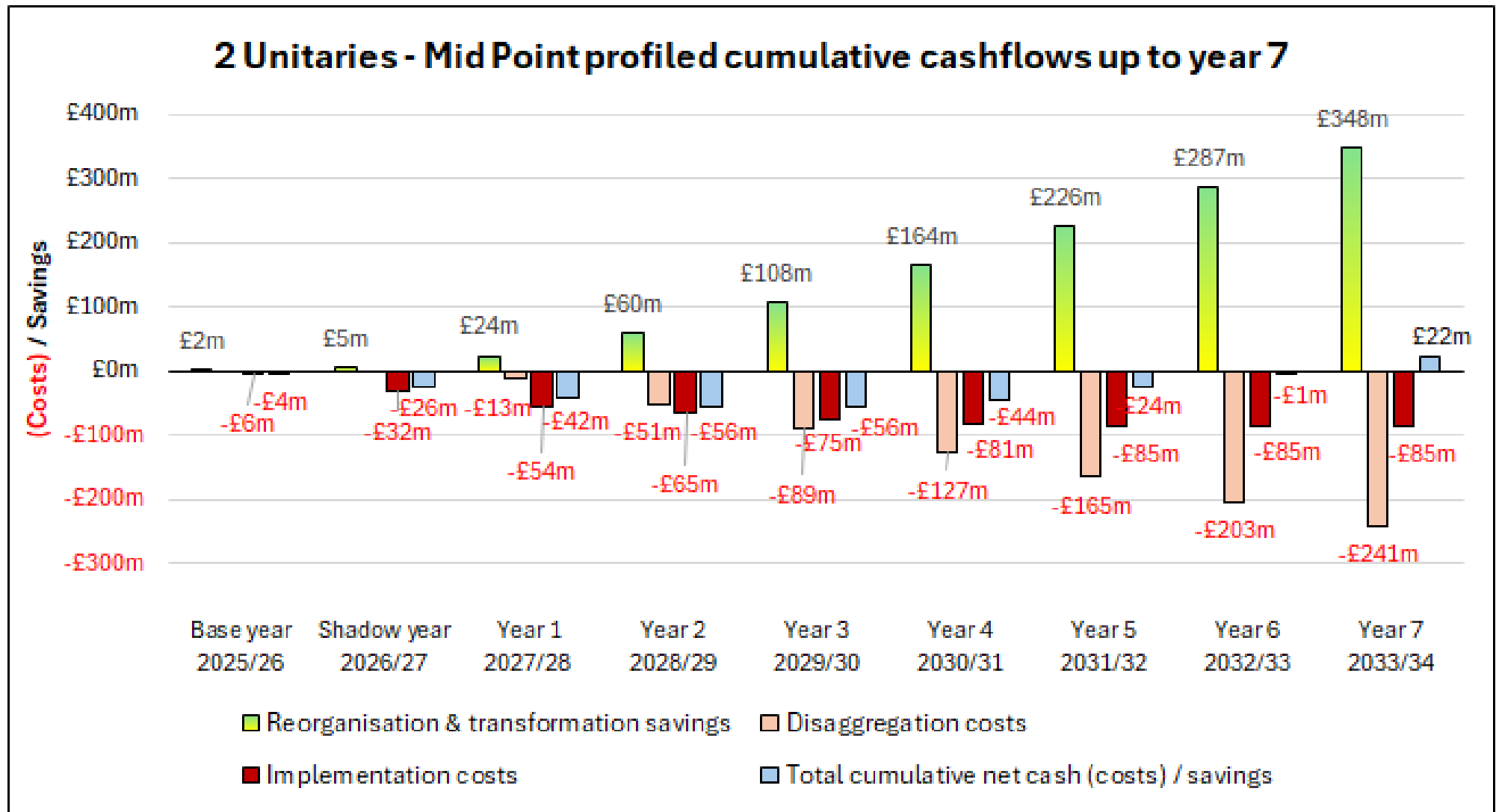
	1U	2Us	3Us
	Mid	Mid	Mid
Annual reorganisation benefits	£28m	£19m	£10m
Annual transformation benefits	£54m	£42m	£30m
Annual disaggregation costs		-£38m	-£57m
Total ongoing annual steady state net benefits/(costs)	£82m	£23m	-£16m
Total implementation costs	-£70m	-£85m	-£95m
Cumulative net cash benefits/(costs) after seven years of new organisation(s) including implementation costs	£397m	£22m	-£229m
Payback period within seven years post go-live	1.3 years	6.1 years	N/A

The table and graphs below compare the modelled cumulative cash position for each option.

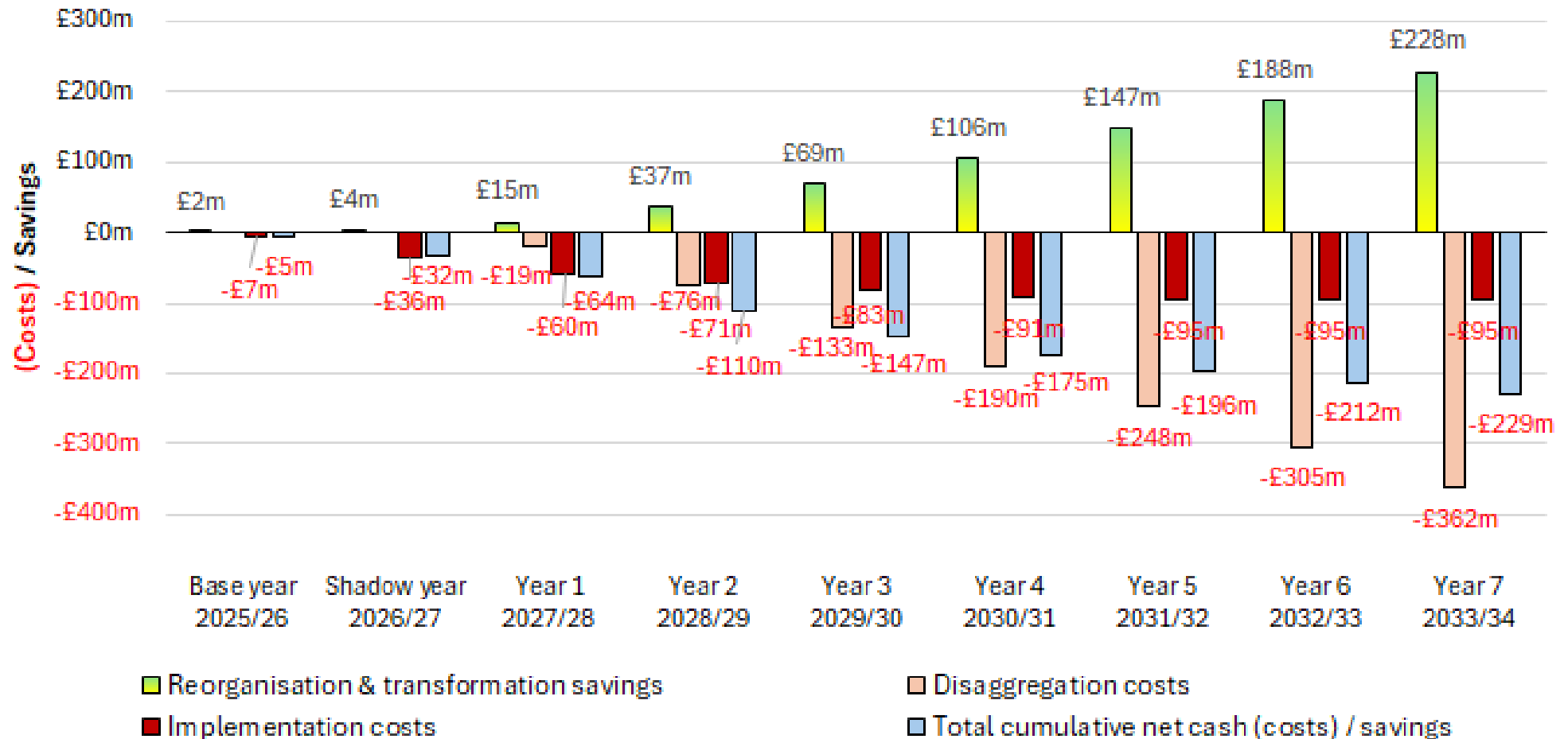
	1 Unitary		2 Unitaries		3 Unitaries	
	Base	Stretch	Base	Stretch	Base	Stretch
Cumulative net cash benefits/(costs) after seven years of new organisation(s) including implementation costs	£309m	£484m	-£118m	£162m	-£385m	-£72m
Payback period within 7 years post go-live	1.6 years	1.1 years	N/A	3.2 years	N/A	N/A

Mid-point Base & Stretch		
1U	2Us	3Us
£397m	£22m	-£229m
1.3 years	6.1 years	N/A





3 Unitaries - Mid Point profiled cumulative cashflows up to year 7



Comparison of latest modelled LGR benefits and costs against Surrey County Council's interim LGR submission

The table below compares the latest modelled ongoing annual net benefits/costs at mid-point of the modelled scenarios for each unitary option against what was included in Surrey County Council's interim submission.

	Mid-point of Base & Stretch		
	1U	2Us	3Us
Surrey County Council interim submission net ongoing annual benefits/(costs)	£90.1m	£27.4m	-£8.3m
Surrey County Council final submission net ongoing annual benefits / (costs)	£81.7m	£23.2m	-£16.5m
Changes from interim submission	-£8.4m	-£4.2m	-£8.2m

Explanation of changes

Removal of benefits previously included for reduction in debt servicing costs as the collective Surrey debt position is being assessed separately	-£10.3m	-£7.7m	-£6.9m
Adjustment to workforce and non-staffing savings based on updated base data and refinement of what is considered achievable in each 1/2/3 Us option	£1.9m	£6.0m	£2.5m
Refinement of Surrey County Council disaggregation costs incorporating feedback from consultation with Surrey County Council directorate leadership teams		-£2.5m	-£3.8m
	-£8.4m	-£4.2m	-£8.2m

The table below compares the latest modelled implementation cost at mid-point of the modelled scenarios for each unitary option against what was included in Surrey County Council's interim submission.

	Mid-point of Base & Stretch		
	1U	2Us	3Us
Surrey County Council interim submission total implementation costs	-£68.6m	-£75.3m	-£79.3m
Surrey County Council final submission total implementation costs	-£70.5m	-£84.9m	-£95.2m
Changes from interim submission	-£1.9m	-£9.6m	-£15.9m

Explanation of changes

Increase to estimated IT implementation costs following a fuller assessment by Surrey County Council's IT & Digital drawing on information shared by district and boroughs	-£1.7m	-£7.8m	-£13.9m
Inclusion of the cost of elections to the shadow authorities in May 2026	-£3.3m	-£3.5m	-£3.8m
Changes to redundancy and early retirement costs based on updated modelled workforce savings	-£0.0m	-£2.0m	-£2.2m
Refinement of estimates for additional cost of programme implementation and transformation resources	-£0.6m	-£0.6m	-£0.6m
Reduction to the contingency from 20% to 10% in light of the refinement of costs	£3.8m	£4.3m	£4.5m
	-£1.9m	-£9.6m	-£15.9m

Appendix 2: Evidence base for our preferred LGR geography

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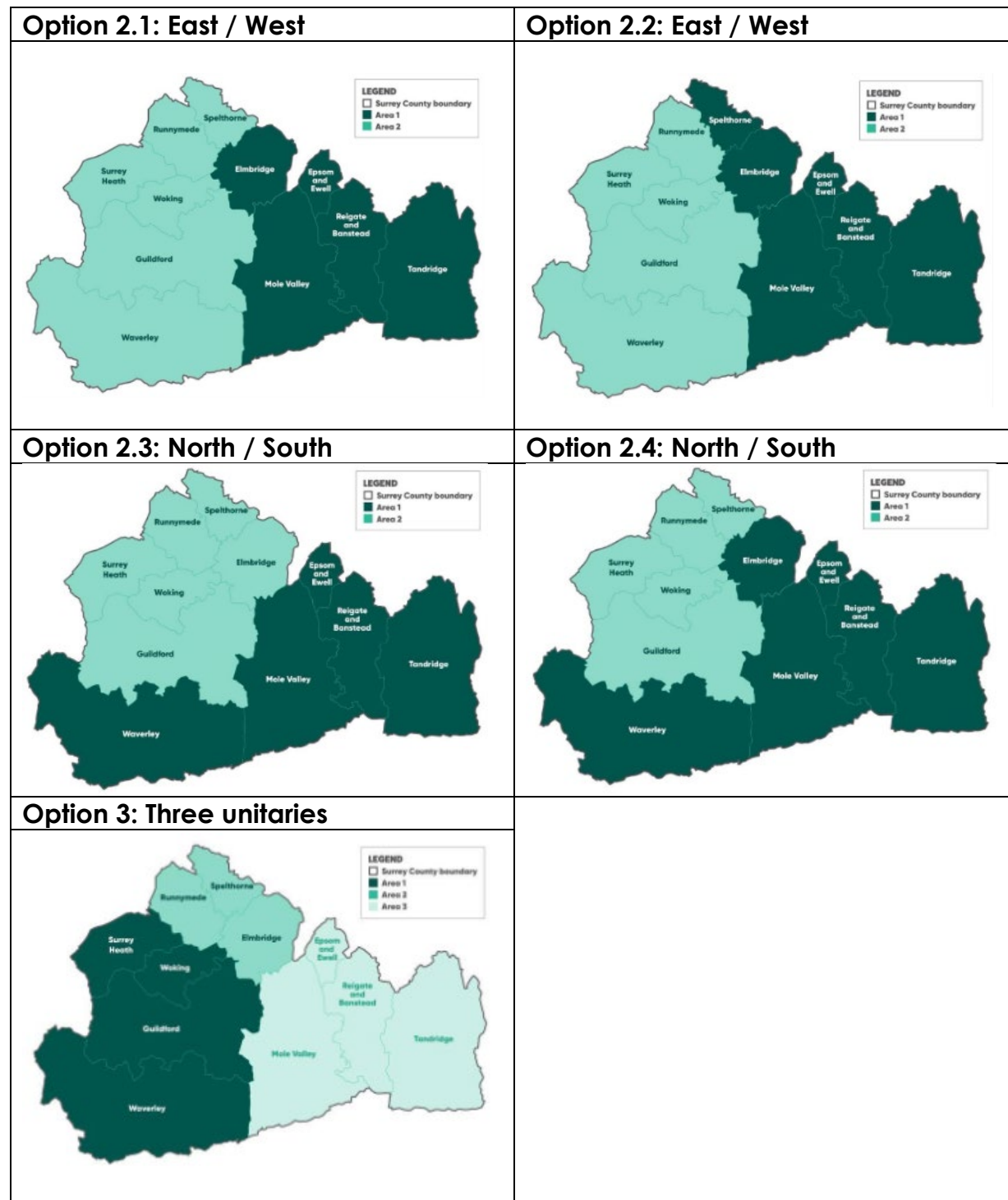
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The proposal scenarios:

Our proposed geographies involved grouping existing lower-tier authorities whilst maintaining existing border definitions. This means LGR in Surrey would be able to progress without complex boundary changes, as well as enabling existing statistics and data to be used to inform the decisions.

There are two variations on an East/West Surrey model, two variations on a North/South Surrey model, and one three unitary grouping as below.



Summary

A key driver of Local Government Reorganisation is the realisation of greater efficiencies in delivering public services.

In the Surrey context, we are both aggregating lower-tier functions and services together into fewer delivery units and also disaggregating upper-tier functions and services to a larger number of delivery units. Bringing services together offers greatest chance of creating associated cost savings from economies of scale. Conversely, disaggregating county council functions will necessitate additional costs.

The smaller the number of unitaries, the greater the potential savings from aggregation, and the smaller the additional costs arising from disaggregation. This is a strong argument for a two, rather than three, unitary model.

As well as unlikely to deliver well on efficiencies and cost savings, the three unitary model would create three very distinctive new communities with significant variation in key metrics and characteristics.

We favour a two unitary proposal. Having tested two North/South scenarios against two East/West scenarios, the majority of evidence suggests that an **East/West model** would create the two most similar unitary councils for Surrey, enabling the simplest combination of lower-tier functions and the simplest disaggregation of upper-tier functions so that each new unitary is well situated to deliver services effectively, safely and legally and be best placed to continue to adapt to the county's needs going forward.

This model preserves a similar mix of benefits and opportunities to successor councils, while minimising the risks that would adversely affect a larger number of unitaries. An East/West model would enable both unitaries to thrive independently, to make use of the neighbouring economic powerhouses of London, Heathrow airport, and Gatwick airport, as well as having a similar mix of the urban and rural landscape that makes our county a uniquely beautiful place to live, work, and serve. A Mayoral Strategic Authority would then be well placed to coordinate and direct county-wide matters to the benefit of both East and West Surrey.



POPULATION: Size, and demographics of residents

Population size is a key determinant for the predictable demand for many local government services. Census enumeration of population size is conducted once every ten years; subsequent population estimates are calculated for the mid-year position of each year. Forward population growth projections are calculated by the Office for National Statistics for future years and rebased after each Census.

The demands for many services are predictable based on the number of people (of a particular age group, or facing particular circumstances), or upon the number of households in which they live. Quantifying the current (and projected future) volumes of potential need is critical for ensuring the appropriate allocation of budgets and other resources to each unitary, and for each new unitary to understand the communities they will be serving.



POPULATION: Total population size – all ages

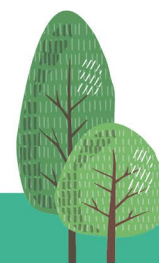
Population size is a key determinant for the predictable demand for many local government services. A sensible population ratio between unitaries would best support the operations of a Mayoral Strategic Authority in coordinating strategic functions across and between the new unitaries.

	Total population (all ages) Census 2021	Total population (all ages) Mid Year 2023
Elmbridge	138,754	140,500
Epsom and Ewell	80,938	81,989
Guildford	143,649	149,176
Mole Valley	87,386	88,266
Reigate and Banstead	150,846	155,985
Runnymede	88,079	90,442
Spelthorne	102,956	103,954
Surrey Heath	90,453	92,168
Tandridge	87,874	89,409
Waverley	128,229	132,146
Woking	103,943	104,636
SURREY County	1,203,108	1,228,671

	Total population (all ages) Census 2021	Total population (all ages) Mid Year 2023	Percentage split (Census)	Percentage split (MYE 2023)
2.1 East West: East	545,798	556,149	45%	45%
2.1 East West: West	657,309	672,522	55%	55%
2.2 East West: East	648,754	660,103	54%	54%
2.2 East West: West	554,353	568,568	46%	46%
2.3 North South: North	667,834	680,876	56%	55%
2.3 North South: South	535,273	547,795	44%	45%
2.4 North South: North	529,080	540,376	44%	44%
2.4 North South: South	674,027	688,295	56%	56%
Three unitaries: West	466,274	478,126	39%	39%
Three unitaries: North	329,789	334,896	27%	27%
Three unitaries: East	407,044	415,649	34%	34%

In terms of this metric, **2.2 East West has the least variation** between the two unitaries. The three unitary model fails to deliver on the government's favoured 500,000 population test, with all three areas falling behind this number, and two of three areas falling significantly so.

Source: [Population and household estimates, England and Wales: Census 2021 - Office for National Statistics](#)
[Estimates of the population for England and Wales - Office for National Statistics](#)



POPULATION: Population size by broad age bands: children, working age, retirement (Mid year 2023)

Population size is a key determinant for the predictable demand for many local government services. For individual aspects of local government functions, the size of population by particular age group is also an important consideration.

	Children (0-17)	Working age (18-64)	Pensioners (65 or above)
Elmbridge	33,692	81,150	25,658
Epsom and Ewell	18,921	48,227	14,841
Guildford	28,732	94,768	25,676
Mole Valley	17,329	49,485	21,452
Reigate and Banstead	35,258	92,694	28,033
Runnymede	17,666	57,289	15,487
Spelthorne	22,473	62,812	18,669
Surrey Heath	19,258	54,136	18,774
Tandridge	19,681	50,763	18,965
Waverley	29,263	73,634	29,249
Woking	23,399	63,427	17,810
SURREY County	265,672	728,385	234,614

	Children (0-17)	Working age (18-64)	Pensioners (65 or above)	Percentage split (children)	Percentage split (working age)	Percentage split (pensioners)
2.1 East West: East	124,881	322,319	80,949	47%	44%	46%
2.1 East West: West	140,791	406,066	125,665	53%	56%	54%
2.2 East West: East	147,354	385,131	127,618	55%	53%	54%
2.2 East West: West	118,318	343,254	106,996	45%	47%	46%
2.3 North South: North	145,220	413,582	122,074	55%	57%	52%
2.3 North South: South	120,452	314,803	112,540	45%	43%	48%
2.4 North South: North	111,528	332,432	96,416	42%	46%	41%
2.4 North South: South	154,144	395,953	138,198	58%	54%	59%
Three unitaries: West	100,652	285,965	91,509	38%	39%	39%
Three unitaries: North	73,831	201,251	59,814	28%	28%	25%
Three unitaries: East	91,189	241,169	83,291	34%	33%	36%

In terms of this metric, 2.2 East/West has the least variation between population proportions across all three age bands. Individually, for children, 2.1 East/West is closest; for working age, 2.2 East/West is closest; and for older people, 2.3 North/South is closest. Taken with whole population (previous page), **East/West models show the least variation.**

Source: [Estimates of the population for England and Wales - Office for National Statistics](#)



POPULATION: Projections for future years (2018 based)

In 2020, the Office of National Statistics released local authority level population projections (estimates of population numbers for future years).

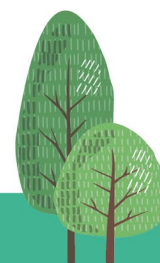
Note that these estimates will soon be superseded by a new set, rebased on more recent real information. Nonetheless, they provide an indication of what populations might be served by the new unitaries in vesting year, and the near future thereafter.

	2027 Population projection	2030 Population projection	2040 Population projection
Elmbridge	137,537	137,164	136,986
Epsom and Ewell	82,364	82,756	83,406
Guildford	149,092	149,232	148,927
Mole Valley	87,102	87,101	87,839
Reigate and Banstead	155,523	157,050	161,635
Runnymede	91,230	91,980	92,953
Spelthorne	100,707	100,809	101,284
Surrey Heath	88,661	88,383	88,254
Tandridge	90,681	91,427	93,741
Waverley	127,620	127,749	128,266
Woking	99,895	99,297	98,742
SURREY County	1,210,411	1,212,948	1,222,034

	2027 Population projection	2030 Population projection	2040 Population projection	Percentage split (a)	Percentage split (b)	Percentage split (c)
2.1 East West: East	553,207	555,498	563,608	45.7%	45.8%	46.1%
2.1 East West: West	657,205	657,450	658,426	54.3%	54.2%	53.9%
2.2 East West: East	653,913	656,307	664,892	54.0%	54.1%	54.4%
2.2 East West: West	556,498	556,641	557,142	46.0%	45.9%	45.6%
2.3 North South: North	667,121	666,865	667,146	55.1%	55.0%	54.6%
2.3 North South: South	543,290	546,083	554,888	44.9%	45.0%	45.4%
2.4 North South: North	529,585	529,701	530,160	43.8%	43.7%	43.4%
2.4 North South: South	680,827	683,247	691,874	56.2%	56.3%	56.6%
Three unitaries: West	465,268	464,661	464,189	38.4%	38.3%	38.0%
Three unitaries: North	329,473	329,953	331,223	27.2%	27.2%	27.1%
Three unitaries: East	415,670	418,334	426,622	34.3%	34.5%	34.9%

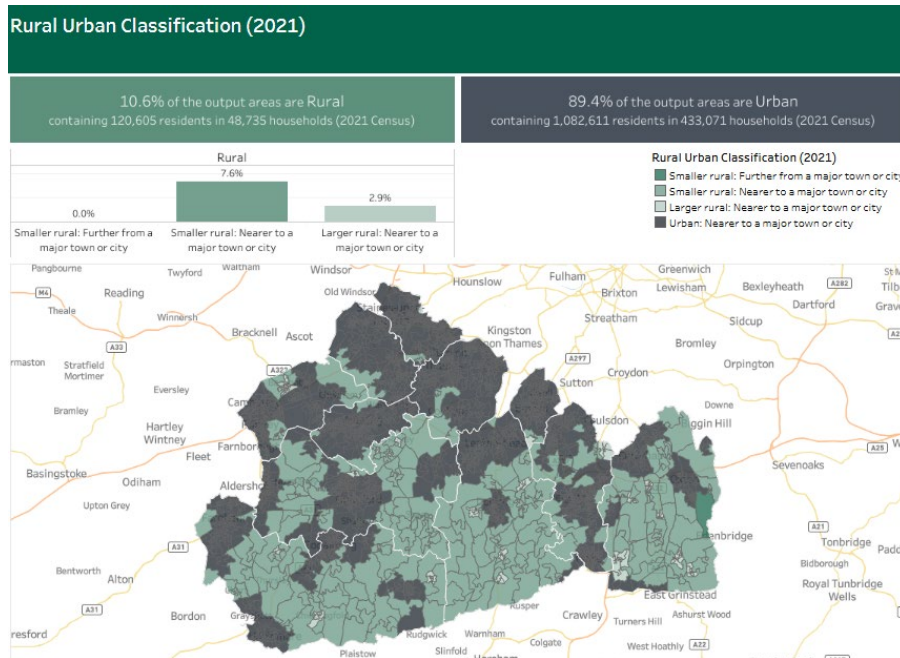
In terms of this metric, the East/West models show the least variation between the two unitaries with 2.2 being marginally closest to begin with. The East unitary in both models is predicted to maintain and increase its share of the county's population, meaning a marginally faster rate of anticipated increase in that geography may need to be considered when planning future service delivery, or for Mayoral Strategic Authority considerations.

Source: [Subnational population projections for England - Office for National Statistics](#)



PLACE AND HOUSING: A Place to live

This section focuses on the environmental space that makes up the county, as the backdrop place to live for all residents, and examines the personal space in which people live: their homes.

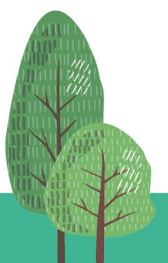


Almost 90% of Surrey is classified by the Office for National Statistics as “urban”. The rural versus urban split of the county's territory is depicted in the above map ([Rural Urban Classification in Surrey | Surrey-i](#)).

The distribution of these urban areas is clearly skewed towards the north of the county, adjoining the large conurbation of London, with areas to the south being predominantly rural in nature.

Current land use, the mixture of built-up and natural environments, the location of existing towns and villages, and the underlying geology and natural landscapes are an essential consideration for the proposed unitary authorities, shaping as they do so many fundamental aspects of future development.

Councils in the North West of the county in particular are constrained by green belt, flood risk, and physical barriers such as the river Thames and road network including the M25. Constrained authorities are more likely to see widespread change to the character, appearance and feel of their existing communities in order to accommodate future growth and investment.



PLACE: Land area and Population density (MYE 2023)

Land area and population density considerations are key determinants for the ability to develop land and to operate services that will be within easy reach of potential service users.

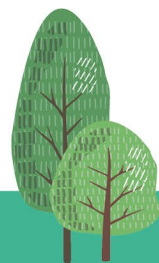
	Total area (hectares)	Total area (km ²)	Population density 2023 (people per km ²)
Elmbridge	9,633.41	96.3	1,458.5
Epsom and Ewell	3,407.91	34.1	2,405.8
Guildford	27,093.11	270.9	550.6
Mole Valley	25,832.13	258.3	341.7
Reigate and Banstead	12,914.39	129.1	1,207.8
Runnymede	7,804.07	78.0	1,158.9
Spelthorne	5,116.14	51.2	2,031.9
Surrey Heath	9,509.3	95.1	969.2
Tandridge	24,819.46	248.2	360.2
Waverley	34,517.02	345.2	382.8
Woking	6,360.35	63.6	1,645.1
SURREY County	167,007.29	1,670.1	735.7

	Total area (hectares)	Total area (km ²)	Population density 2023 (people per km ²)	Percentage split (Total area)	Ratio split (population density)
2.1 East West: East	76,607.3	766.1	726.0	46%	1.00
2.1 East West: West	90,400.0	904.0	743.9	54%	1.02
2.2 East West: East	81,723.4	817.2	807.7	49%	1.21
2.2 East West: West	85,283.9	852.8	666.7	51%	1.00
2.3 North South: North	65,516.4	655.2	1,039.2	39%	1.93
2.3 North South: South	101,490.9	1,014.9	539.7	61%	1.00
2.4 North South: North	55,883.0	558.8	967.0	33%	1.56
2.4 North South: South	111,124.3	1,111.2	619.4	67%	1.00
Three unitaries: West	77,479.8	774.8	617.1	46%	1.00
Three unitaries: North	22,553.6	225.5	1,484.9	14%	2.41
Three unitaries: East	66,973.9	669.7	620.6	40%	1.01

In terms of this metric, 2.1 East/West is the most similar model for population density, whereas 2.2 East/West shows the greatest similarity in total land area between the proposed unitaries.

Land size is extremely imbalanced between unitaries for both the North/South models and for the three unitary option. Population densities in these models also varies strikingly between unitaries.

Source: [Open Geography Portal Population estimates for England and Wales - Office for National Statistics](#)



PLACE: Land use statistics

The amount of land in each council area used for different purposes is known. This can be used to determine the total areas in each proposed unitary, and the proportion of land in each area given over to that use.

Land use in hectares for each category:

	Community	Defence	Industry and Commerce	Minerals and Landfill	Residential	Transport and Utilities	Unknown Developed use	Total Developed Use	Agriculture	Forest, open land and water	Outdoor recreation	Residential gardens	Undeveloped land	Total Non-Developed	Vacant
Elmbridge	287.1	0.0	61.2	0.0	518.3	890.1	326.3	2,083.2	2,078.5	2,118.0	844.1	2,288.6	195.5	7,524.7	25.5
Epsom and Ewell	129.7	0.1	21.6	-	238.9	356.0	106.6	852.9	661.3	373.7	638.7	870.7	2.3	2,546.8	8.3
Guildford	399.7	0.0	82.7	42.4	471.8	1,443.7	562.5	3,002.8	10,292.8	9,134.8	1,429.7	2,906.8	270.5	24,034.6	55.7
Mole Valley	205.6	-	40.8	3.8	337.4	1,084.1	480.6	2,152.4	12,604.2	7,716.5	890.9	2,330.6	134.5	23,676.7	3.0
Reigate and Banstead	250.2	0.1	54.4	6.8	466.0	1,023.3	353.3	2,154.0	5,029.2	2,268.6	898.1	2,302.3	233.6	10,731.7	28.7
Runnymede	249.6	0.2	59.2	14.6	283.7	663.5	343.7	1,614.6	1,788.1	1,842.5	1,109.8	1,258.3	165.4	6,164.0	25.5
Spelthorne	122.3	-	65.3	6.1	279.4	541.4	316.0	1,330.6	861.3	1,529.0	307.4	836.9	241.5	3,776.1	9.5
Surrey Heath	165.0	0.5	55.9	1.7	318.2	803.0	280.8	1,625.1	1,719.0	3,726.5	761.3	1,543.1	116.0	7,866.0	18.2
Tandridge	271.9	-	44.9	0.8	317.9	1,158.8	539.7	2,334.1	14,076.6	4,886.0	937.0	2,403.3	168.1	22,471.1	14.3
Waverley	534.0	0.2	47.4	17.4	499.7	1,665.9	563.5	3,328.2	13,569.5	12,134.5	1,508.1	3,633.9	282.9	31,128.9	59.9
Woking	261.9	-	47.2	1.9	312.4	540.7	198.0	1,362.1	1,342.1	1,284.3	875.2	1,366.9	113.0	4,981.5	16.8
SURREY County	2,877.1	1.1	580.7	95.7	4,043.8	10,170.5	4,071.0	21,840.0	64,022.6	47,014.4	10,200.3	21,741.4	1,923.3	144,902.0	265.3

Land use in each area as a percentage of total land in that area	Community	Defence	Industry and Commerce	Minerals and Landfill	Residential	Transport and Utilities	Unknown Developed use	Total Developed Use	Agriculture	Forest, open land and water	Outdoor recreation	Residential gardens	Undeveloped land	Total Non-Developed	Vacant
2.1 East West: East	1.49%	0.00%	0.29%	0.01%	2.45%	5.89%	2.36%	12.50%	44.97%	22.66%	5.49%	13.31%	0.96%	87.39%	0.10%
2.1 East West: West	1.92%	0.00%	0.40%	0.09%	2.40%	6.26%	2.50%	13.57%	32.71%	32.80%	6.63%	12.77%	1.32%	86.23%	0.21%
2.2 East West: East	1.55%	0.00%	0.35%	0.02%	2.64%	6.18%	2.60%	13.35%	43.21%	23.12%	5.53%	13.50%	1.19%	86.54%	0.11%
2.2 East West: West	1.89%	0.00%	0.34%	0.09%	2.21%	6.00%	2.28%	12.82%	33.67%	32.98%	6.66%	12.56%	1.11%	86.97%	0.21%
2.3 North South: North	2.27%	0.00%	0.57%	0.10%	3.33%	7.45%	3.09%	16.82%	27.60%	29.97%	8.13%	15.57%	1.68%	82.95%	0.23%
2.3 North South: South	1.37%	0.00%	0.21%	0.03%	1.83%	5.21%	2.01%	10.66%	45.27%	26.98%	4.80%	11.37%	0.81%	89.22%	0.11%
2.4 North South: North	2.14%	0.00%	0.56%	0.12%	2.98%	7.14%	3.04%	15.99%	28.64%	31.35%	8.02%	14.16%	1.62%	83.79%	0.22%
2.4 North South: South	1.51%	0.00%	0.24%	0.03%	2.14%	5.56%	2.13%	11.61%	43.21%	26.54%	5.14%	12.44%	0.92%	88.26%	0.13%
Three unitaries: West	1.76%	0.00%	0.30%	0.08%	2.07%	5.75%	2.07%	12.03%	34.75%	33.92%	5.90%	12.20%	1.01%	87.78%	0.19%
Three unitaries: North	2.92%	0.00%	0.82%	0.09%	4.80%	9.29%	4.37%	22.30%	20.96%	24.34%	10.03%	19.44%	2.67%	77.44%	0.27%
Three unitaries: East	1.28%	0.00%	0.24%	0.02%	2.03%	5.41%	2.21%	11.19%	48.33%	22.76%	5.02%	11.81%	0.80%	88.73%	0.08%

In terms of this metric, the two **East/West models have most similarity** between unitaries.

2.2 East/West shows the most similarity between unitaries, with the proportions of land in both East and West given over to each use having the lowest variation. For example, 1.55% of 2.2 East is developed for community use, as is 1.89% of 2.2 West. These proportions differ the least of any proposal model.

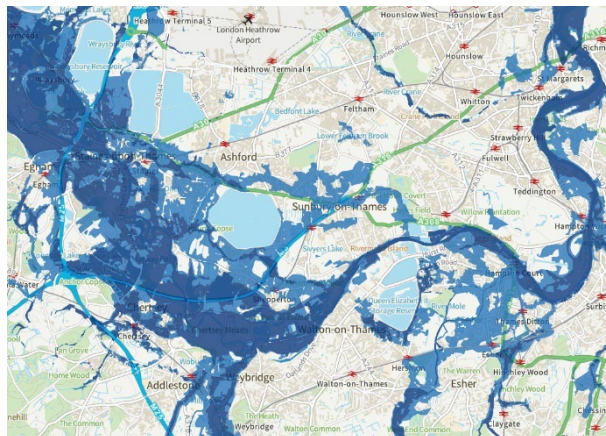
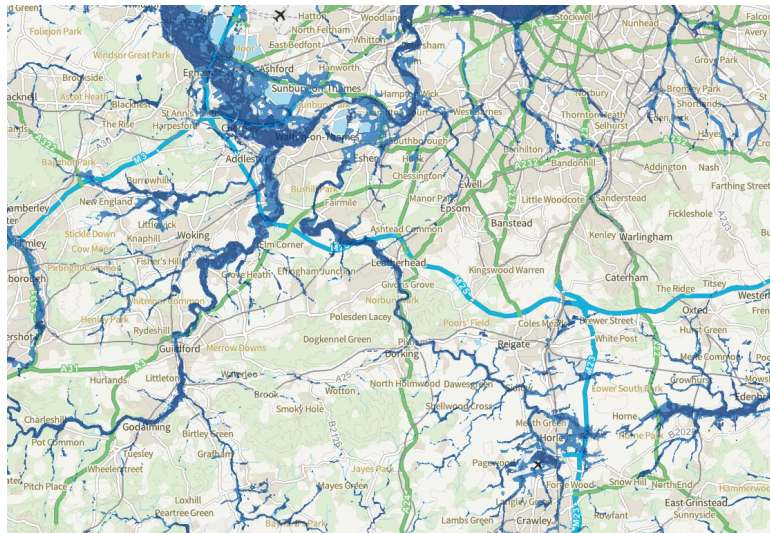
The variation within the three unitary model is only most similar in terms of the proportion of land (miniscule in itself) given over to defence use.

Source: [Land use in England, 2022 - GOV.UK](https://gov.uk/land-use-in-england-2022)



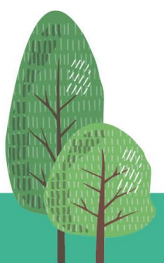
PLACE: Flood risk

Surrey County Council is the Lead Local Flood Authority for Surrey and is responsible for coordinating Flood Risk Management across the county. Our locations of greatest risk lie in the northwest of the county, along the rivers Thames, Wey, and Mole. Flood risk of course poses a challenge / threat to land development for homes and businesses.



Surrey County Council and partners are working with the Environment Agency on the River Thames Scheme to alleviate flood risk in this particular corner of the county. This area covers Runnymede and Spelthorne - two of three unitaries in the unitary model, part of the North unitary in both North/South models, and part of the West unitary in proposal 2.1 East/West. Only the 2.2 East/West model would include both proposed unitaries (and presumably the devolved Mayoral Strategic Authority) in completing and coordinating this national scheme. Containing this scheme entirely within one unitary may be advantageous.

Source: [Map – Flood map for planning – GOV.UK River Thames Scheme](#)



HOUSING: Number of households by tenure type (Census 2021)

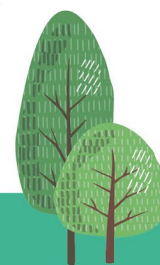
The number of households in each lower-tier authority was accurately determined in the 2021 Census, including the form of tenure. Households are an important indicator of service demand e.g. for kerbside waste collection schemes.

	Total Households	Total owned or shared ownership	Total social rented	Total private rented or rent free
Elmbridge	55,587	40,227	5,608	9,752
Epsom and Ewell	31,321	23,525	2,743	5,053
Guildford	55,760	37,713	7,066	10,981
Mole Valley	37,139	27,569	4,327	5,243
Reigate and Banstead	59,849	43,539	6,907	9,403
Runnymede	34,838	23,647	4,499	6,692
Spelthorne	41,804	29,000	5,296	7,508
Surrey Heath	36,008	27,015	3,449	5,544
Tandridge	35,623	26,941	3,939	4,743
Waverley	52,448	38,279	6,427	7,742
Woking	41,438	27,869	4,792	8,777
SURREY County	481,815	345,324	55,053	81,438

	Total Households	Total owned or shared ownership	Total social rented	Total private rented or rent free	% split Total HHs	% split owned or shared	% split social rented	%split private rented / rent free
2.1 East West: East	219,519	161,801	23,524	34,194	45.6%	46.9%	42.7%	42.0%
2.1 East West: West	262,296	183,523	31,529	47,244	54.4%	53.1%	57.3%	58.0%
2.2 East West: East	261,323	190,801	28,820	41,702	54.2%	55.3%	52.3%	51.2%
2.2 East West: West	220,492	154,523	26,233	39,736	45.8%	44.7%	47.7%	48.8%
2.3 North South: North	265,435	185,471	30,710	49,254	55.1%	53.7%	55.8%	60.5%
2.3 North South: South	216,380	159,853	24,343	32,184	44.9%	46.3%	44.2%	39.5%
2.4 North South: North	209,848	145,244	25,102	39,502	43.6%	42.1%	45.6%	48.5%
2.4 North South: South	271,967	200,080	29,951	41,936	56.4%	57.9%	54.4%	51.5%
Three unitaries: West	185,654	130,876	21,734	33,044	38.5%	37.9%	39.5%	40.6%
Three unitaries: North	132,229	92,874	15,403	23,952	27.4%	26.9%	28.0%	29.4%
Three unitaries: East	163,932	121,574	17,916	24,442	34.0%	35.2%	32.5%	30.0%

In terms of this metric, the East/West models show least variation. 2.2 East/West has the closest similarity for total current households, social rented households, and private rented households; 2.1 East/West has the least variation for number of owned homes. Under model 2.2. East/West, the proposed East unitary has a greater number of homes owned outright/on a mortgage/in shared ownership schemes (55% of county total); such homes indicate greater affluence and generally lower need for certain services.

Source: [Housing, England and Wales - Office for National Statistics](#)



HOUSING: Homelessness assessments 2023-2024

Lower-tier authorities currently assess people presenting as homeless, and determine whether they are threatened with homelessness and therefore owed a Prevention Duty of support, or actually homeless and therefore owed a Relief Duty of support.

Numbers presenting vary, so have been standardised as a rate per thousand households in each area.

	Households assessed as threatened with homelessness per (000s) *	Households assessed as homeless per (000s) **
* Prevention Duty		
** Relief Duty		
Elmbridge	3.41	3.21
Epsom and Ewell	2.84	4.25
Guildford	4.71	3.28
Mole Valley	5.48	2.07
Reigate and Banstead	5.06	4.65
Runnymede	3.61	5.71
Spelthorne	8.04	3.99
Surrey Heath	1.34	2.11
Tandridge	4.64	2.87
Waverley	3.27	2.36
Woking	5.99	3.97
SURREY County	4.44	3.49

	Households assessed as threatened with homelessness per (000s) *	Households assessed as homeless per (000s) **	Percentage split Threatened*	Percentage split Homeless**
2.1 East West: East	4.33	3.50	48.9%	50.1%
2.1 East West: West	4.53	3.49	51.1%	49.9%
2.2 East West: East	4.90	3.58	55.8%	51.3%
2.2 East West: West	3.88	3.39	44.2%	48.7%
2.3 North South: North	4.54	3.65	51.3%	52.4%
2.3 North South: South	4.32	3.31	48.7%	47.6%
2.4 North South: North	4.85	3.77	54.0%	53.4%
2.4 North South: South	4.13	3.29	46.0%	46.6%
Three unitaries: West	3.94	2.94	29.2%	27.6%
Three unitaries: North	4.89	4.12	36.3%	38.6%
Three unitaries: East	4.64	3.60	34.5%	33.8%

In terms of this metric, **2.1 East/West** is the model with the lowest total variation between Prevention and Relief Duty owed being closest between proposed unitaries.

Source: [Tables on homelessness - GOV.UK](#)



HOUSING: Government housing targets – indicative annual Local Housing Need

Government has set annual house building targets for each local authority, which will become adopted in aggregate form by the new unitaries. Under the new method for determining targets, each area now has a much larger volume to deliver annually.

	Old Method (before December 2024)	New Method (from December 2024)
Elmbridge	653	1,562
Epsom and Ewell	569	889
Guildford	743	1,170
Mole Valley	460	833
Reigate and Banstead	644	1,306
Runnymede	546	626
Spelthorne	631	793
Surrey Heath	320	684
Tandridge	634	843
Waverley	710	1,481
Woking	436	794
SURREY County	6,346	10,981

	Old Method (before December 2024)	New Method (from December 2024)	Percentage split Old method	Percentage split New method
2.1 East West: East	2,960	5,433	46.6%	49.5%
2.1 East West: West	3,386	5,548	53.4%	50.5%
2.2 East West: East	3,591	6,226	56.6%	56.7%
2.2 East West: West	2,755	4,755	43.4%	43.3%
2.3 North South: North	3,329	5,629	52.5%	51.3%
2.3 North South: South	3,017	5,352	47.5%	48.7%
2.4 North South: North	2,676	4,067	42.2%	37.0%
2.4 North South: South	3,670	6,914	57.8%	63.0%
Three unitaries: West	2,209	4,129	34.8%	37.6%
Three unitaries: North	1,830	2,981	28.8%	27.1%
Three unitaries: East	2,307	3,871	36.4%	35.3%

In terms of this metric, **2.1 East/West shows the least variation** between the new targets, being almost exactly equally shared between the proposed unitaries. Variation is greatest in 2.2 East/West and the three unitary model. Having larger unitaries to deliver these new builds, potentially under the steer of the Mayoral Strategic Authority, will arguably make targets easier to attain. The North unitary in the three unitary model in particular would face especially challenging developmental constraints (for example from flood risk areas and national landscapes).

Source: [Proposed reforms to the National Planning Policy Framework and other changes to the planning system - GOV.UK](#)



HOUSING: Local Housing Need and the future

Meeting the annual additional housing targets will have further infrastructure development requirements over time, such as the creation of additional schools, school places, roads, shops and services, as well as Suitable Alternative Natural Greenspace mitigations to relieve pressure on existing protected green spaces. The physical size and characteristics of Surrey's lower-tier authorities make some unitary models more suitable for achieving local housing need increases.

	New homes, per year	New homes, next 15 years	% Greenbelt	New homes per km ²
Elmbridge	1,562	23,430	57%	243
Epsom and Ewell	889	13,335	46%	391
Guildford	1,170	17,550	83%	65
Mole Valley	833	12,495	76%	48
Reigate and Banstead	1,306	19,590	70%	152
Runnymede	626	9,390	74%	120
Spelthorne	793	11,895	65%	233
Surrey Heath	684	10,260	44%	108
Tandridge	843	12,645	94%	51
Waverley	1,481	22,215	60%	64
Woking	794	11,910	63%	187
SURREY County	10,981	164,715	72%	99

	New homes, per year	New homes, next 15 years	% Greenbelt	New homes per km ²
2.1 East West: East	5,433	81,495	77%	106
2.1 East West: West	5,548	83,220	67%	92
2.2 East West: East	6,226	93,390	76%	114
2.2 East West: West	4,755	71,325	67%	84
2.3 North South: North	5,629	84,435	69%	129
2.3 North South: South	5,352	80,280	73%	79
2.4 North South: North	4,067	61,005	71%	109
2.4 North South: South	6,914	103,710	72%	93
Three unitaries: West	4,129	61,935	66%	80
Three unitaries: North	2,981	44,715	65%	198
Three unitaries: East	3,871	58,065	80%	87

Suitable Alternative Natural Greenspace mitigations would be required for the majority of development in Elmbridge, Runnymede, Guildford and for virtually all new development in Surrey Heath and Woking. This would create additional challenges to housing delivery as well as the necessary supporting infrastructure in the three unitary model for the North unitary in particular. This unitary would be constrained by green belt, flood risk, and road network yet with double the housing target of neighbouring authorities.

Source: Elmbridge Borough Council, SCC



ECONOMY AND SKILLS: A place to work and a place for business

Most similar model: 2.1 East West / 2.2 East West

Surrey is an area of many economic strengths, with more than 110,000 businesses, a highly skilled workforce and an enviable location.

The county is exceptionally well connected, globally because of the proximity of Heathrow and Gatwick airports, as well as to London and the south east coastal ports.

It also boasts a long and successful history of attracting international businesses while nurturing some of the UK's most successful and innovative companies. These include Amazon, Pfizer, Toyota, McLaren, Haleon and Samsung. Surrey is also home to world-class clusters in sectors such as automotive, cyber security, space, health, and creative industries.

It all contributes to an economy worth £50 billion a year, making it one of the largest regional economies in the country.

Surrey's economic strengths lie in its breadth and depth, with the highly mixed and polycentric economy nurturing the development of several nationally significant sectors. Surrey's economy does not rely on one or two sector strengths. Instead, there are strong foundational sectors, like health and social care, retail, and construction, operating alongside innovative high-growth sub-sectors, such as gaming and cyber security which interconnect across the county.

The economy of Surrey and its successor councils is influenced by conditions both within and outside the county. Internal influences include the skills and training of residents as well as internal business operations and sectors influenced by the landscape, urban development, affordability and operating businesses.

External influences include most notably the adjoining economic powerhouse of London, which benefits and influences primarily those districts which sit immediately around it: primarily Spelthorne, Elmbridge, and Epsom and Ewell, but also Reigate and Banstead, Tandridge, and to a lesser extent Mole Valley. Spelthorne is also well placed to benefit from Heathrow airport, and any proposed expansion. Similarly, Reigate and Banstead, and Mole Valley are well situated to benefit from possible Gatwick airport expansion.

The University of Surrey (in Guildford), University for the Creative Arts (in Waverley and Epsom & Ewell) and Royal Holloway University (in Runnymede) as well as a variety of colleges and schools serve to increase skills and pull in business. Surrey County Council is preparing to adopt recently devolved powers to administer the Adult Skills Fund across the county, powers that presumably will transfer to the Mayoral Strategic Authority.



Geographic variation

West Surrey's economy is disproportionately more productive than those in the east explained largely by innovation assets and connections to our universities (University of Surrey, Royal Holloway and UCA).

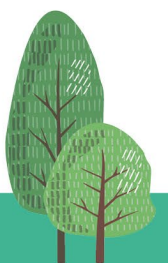
The largest areas of business cluster activity and assets (in terms of scale and number of sectors) is in the North West of the county. There is an additional concentration in the South West around Guildford and Farnham. The business cluster activity and assets which are much smaller and contain a cluster in only one sector are all in the east.

This economic split is also highlighted in the percentage of high growth businesses, with 2022 data showing four of the five districts with the lowest percentage of high-growth businesses were in the four east Surrey districts (Mole Valley, Reigate & Banstead, Epsom & Ewell and Tandridge). Business count data also shows the highest growth areas are Guildford, Woking and Surrey Heath, which are all in the west.

This divide has been exacerbated in the last decade with Surrey split into two Local Enterprise Partnerships with Tandridge, Epsom & Ewell, Mole Valley and Reigate & Banstead in West Sussex-based Coast 2 Capital; and the remaining districts in Hampshire-based Enterprise M3. The devolved responsibilities secured through the County Deal has changed this focus, with strategic economic functions increasingly being delivered across a single Surrey footprint for the first time – which has been welcomed by businesses, academia and employer representative groups. There remains a role for a county wide strategic economic function within the Mayoral Strategic Authority.

Two unitary authorities, operating across largely functional economic geographies, encourages more balanced growth and opportunities to leverage economies of scale to create a more cohesive and inclusive Surrey economy. There is a risk of LGR creating a separation of innovation assets which are crucial to driving future growth. There is also risk that an eastern authority would include the two districts (Elmbridge and Spelthorne) with the highest levels of economic inactivity. However, grouping these areas in the same authority could allow for more targeted interventions led by a Strategic Authority due to the similarities in challenges and demographics.

Creating three unitary authorities based on currently 'dominant' business sectors would reinforce the current productivity within those areas, but also significantly limit opportunities to drive growth on a larger scale across a number of sub-sectors. Three unitaries would also reinforce economic disparities – Epsom & Ewell, Tandridge, and Reigate & Banstead sit in the bottom five areas with the lowest percentage of high-tech industry employment (an indicator of future growth potential). Conversely, Woking, Spelthorne and Runnymede have the strongest levels.



ECONOMY AND SKILLS: Business births, deaths, and enterprises

The health of the business sector is critically important to the local economy, as employers, providers of services, and payers of Non-Domestic Rates. As a proxy for the health of the business sector we examine the latest data on the number of businesses started ('births'), ended ('deaths'), and active at year end. A high number of births will include businesses that will struggle to stay alive as well as those that go on to significant success.

	Business births, 2023	Business deaths, 2023	Active Business enterprises, 2023
Elmbridge	910	895	9,270
Epsom and Ewell	415	340	3,925
Guildford	690	605	7,580
Mole Valley	465	470	5,440
Reigate and Banstead	760	720	7,440
Runnymede	480	420	4,720
Spelthorne	550	505	5,050
Surrey Heath	490	470	4,900
Tandridge	470	455	5,215
Waverley	710	700	7,905
Woking	520	515	5,145
SURREY County	6,460	6,095	66,590

	Business births, 2023	Business deaths, 2023	Active Business enterprises, 2023	% split (births)	% split (deaths)	% split (Active)
2.1 East West: East	3,020	2,880	31,290	46.7%	47.3%	47.0%
2.1 East West: West	3,440	3,215	35,300	53.3%	52.7%	53.0%
2.2 East West: East	3,570	3,385	36,340	55.3%	55.5%	54.6%
2.2 East West: West	2,890	2,710	30,250	44.7%	44.5%	45.4%
2.3 North South: North	3,640	3,410	36,665	56.3%	55.9%	55.1%
2.3 North South: South	2,820	2,685	29,925	43.7%	44.1%	44.9%
2.4 North South: North	2,730	2,515	27,395	42.3%	41.3%	41.1%
2.4 North South: South	3,730	3,580	39,195	57.7%	58.7%	58.9%
Three unitaries: West	2,410	2,290	25,530	37.3%	37.6%	38.3%
Three unitaries: North	1,940	1,820	19,040	30.0%	29.9%	28.6%
Three unitaries: East	2,110	1,985	22,020	32.7%	32.6%	33.1%

In terms of this metric, **2.1 East/West** is the model with least variation between the two unitaries for both business births, business deaths, and active businesses. 2.2 East/West model is next in line, followed by 2.3 North/South.

Source: [Business demography, UK - Office for National Statistics](#)



ECONOMY AND SKILLS: Business enterprises by industry group, 2024

The county's business enterprises span multiple industry groups, reflecting the diverse nature of the county, with rural and urban businesses operating. The greater the mixture of industry types, the more resilient an area will be to adverse conditions that might impact differentially on different industries. A model with the least variation between new councils would reflect the most resilient option. Lower-tier values are reproduced below; the second table aggregates these to unitary models and describes the variation.

	Agriculture, forestry & fishing	Production	Construction	Motor trades	Wholesale	Retail	Transport & Storage (log postal)	Accommodation & food services	Information & communication	Finance & insurance	Property	Professional, scientific & technical	Business administration & support services	Public administration & defence	Education	Health	Arts, entertainment, recreation & other services	Total
Elmbridge	45	235	965	120	265	485	155	305	935	210	450	2,215	935	-	145	320	655	8,440
Epsom and Ewell	10	100	610	70	115	205	85	175	420	65	135	790	330	-	80	175	260	3,625
Guildford	115	265	950	165	245	370	135	300	785	165	300	1,690	685	20	150	295	500	7,135
Mole Valley	145	200	740	140	175	325	90	200	415	150	215	1,205	485	15	130	190	370	5,190
Reigate and Banstead	60	255	1,255	165	205	375	180	280	610	170	260	1,375	680	5	130	305	485	6,795
Runnymede	45	175	715	160	190	255	210	195	455	80	190	720	460	-	80	160	290	4,380
Spelthorne	15	190	845	165	150	360	375	225	520	50	130	645	370	-	70	130	295	4,535
Surrey Heath	40	195	625	140	140	250	135	190	480	90	175	900	490	5	100	160	335	4,450
Tandridge	125	190	965	145	160	250	115	180	370	135	230	920	495	15	90	185	355	4,925
Waverley	180	300	880	160	200	425	90	275	805	880	420	1,780	760	20	150	225	575	8,125
Woking	25	195	560	115	160	275	155	210	570	90	145	1,085	460	-	85	195	340	4,665
Surrey county	805	2,300	9,110	1,545	2,005	3,575	1,725	2,535	6,365	2,085	2,650	13,325	6,150	80	1,210	2,340	4,460	62,265

	Agriculture, forestry & fishing	Production	Construction	Motor trades	Wholesale	Retail	Transport & Storage (log postal)	Accommodation & food services	Information & communication	Finance & insurance	Property	Professional, scientific & technical	Business admin & support services	Public admin & defence	Education	Health	Arts, entertainment, recreation & other services	Total
2.1 East West: East	385	980	4,535	640	920	1,640	625	1,140	2,750	730	1,290	6,505	2,925	35	575	1,175	2,125	28,975
2.1 East West: West	420	1,320	4,575	905	1,085	1,935	1,100	1,395	3,615	1,355	1,360	6,820	3,225	45	635	1,165	2,335	33,290
2.2 East West: East	400	1,170	5,380	805	1,070	2,000	1,000	1,365	3,270	780	1,420	7,150	3,295	35	645	1,305	2,420	33,510
2.2 East West: West	405	1,130	3,730	740	935	1,575	725	1,170	3,095	1,305	1,230	6,175	2,855	45	565	1,035	2,040	28,755
2.3 North South: North	285	1,255	4,660	865	1,150	1,995	1,165	1,425	3,745	685	1,390	7,255	3,400	25	630	1,260	2,415	33,605
2.3 North South: South	520	1,045	4,450	680	855	1,580	560	1,110	2,620	1,400	1,260	6,070	2,750	55	580	1,080	2,045	28,660
2.4 North South: North	240	1,020	3,695	745	885	1,510	1,010	1,120	2,810	475	940	5,040	2,465	25	485	940	1,760	25,165
2.4 North South: South	565	1,280	5,415	800	1,120	2,065	715	1,415	3,555	1,610	1,710	8,285	3,685	55	725	1,400	2,700	37,100
Triple: West	360	955	3,015	580	745	1,320	515	975	2,640	1,225	1,040	5,455	2,395	45	485	875	1,750	24,375
Triple: North	105	600	2,525	445	605	1,100	740	725	1,910	340	770	3,580	1,765	-	295	610	1,240	17,355
Triple: East	340	745	3,570	520	655	1,155	470	835	1,815	520	840	4,290	1,990	35	430	855	1,470	20,535
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
2.1 East West: East	47.8%	42.6%	49.8%	41.4%	45.9%	45.9%	36.2%	45.0%	43.2%	35.0%	48.7%	48.8%	47.6%	43.8%	47.5%	50.2%	47.6%	46.5%
2.1 East West: West	52.2%	57.4%	50.2%	58.6%	54.1%	54.1%	63.8%	55.0%	56.8%	65.0%	51.3%	51.2%	52.4%	56.3%	52.5%	49.8%	52.4%	53.5%
2.2 East West: East	49.7%	50.9%	59.1%	52.1%	53.4%	55.9%	58.0%	53.8%	51.4%	37.4%	53.6%	53.7%	53.6%	43.8%	53.3%	55.8%	54.3%	53.8%
2.2 East West: West	50.3%	49.1%	40.9%	47.9%	46.6%	44.1%	42.0%	46.2%	48.6%	62.6%	46.4%	46.3%	46.4%	56.3%	46.7%	44.2%	45.7%	46.2%
2.3 North South: North	35.4%	54.6%	51.2%	56.0%	57.4%	55.8%	67.5%	56.2%	58.8%	32.9%	52.5%	54.4%	55.3%	31.3%	52.1%	53.8%	54.1%	54.0%
2.3 North South: South	64.6%	45.4%	48.8%	44.0%	42.6%	44.2%	32.5%	43.8%	41.2%	67.1%	47.5%	45.6%	44.7%	68.8%	47.9%	46.2%	45.9%	46.0%
2.4 North South: North	29.8%	44.3%	40.6%	48.2%	44.1%	42.2%	58.6%	44.2%	44.1%	22.8%	35.5%	37.8%	40.1%	31.3%	40.1%	40.2%	39.5%	40.4%
2.4 North South: South	70.2%	55.7%	59.4%	51.8%	55.9%	57.8%	41.4%	55.8%	55.9%	77.2%	64.5%	62.2%	59.9%	68.8%	59.9%	59.8%	60.5%	59.6%
Three unitaries: West	44.7%	41.5%	33.1%	37.5%	37.2%	36.9%	29.9%	38.5%	41.5%	58.8%	39.2%	40.9%	38.9%	56.3%	40.1%	37.4%	39.2%	39.1%
Three unitaries: North	13.0%	26.1%	27.7%	28.8%	30.2%	30.8%	42.9%	28.6%	30.0%	16.3%	29.1%	26.9%	28.7%	0.0%	24.4%	26.1%	27.8%	27.9%
Three unitaries: East	42.2%	32.4%	39.2%	33.7%	32.7%	32.3%	27.2%	32.9%	28.5%	24.9%	31.7%	32.2%	32.4%	43.8%	35.5%	36.5%	33.0%	33.0%

In terms of this metric, both the **East/West** models show the least variation between the two unitaries, indicating the most similar mix of industries. **2.1 East/West** is more similar for large scale sectors: professional, scientific and technical, construction, and business administration. The North/South models show distinct differences, as does the three unitary model.

Source: [UK business: activity, size and location](#) - Office for National Statistics



ECONOMY AND SKILLS: Highest level of qualifications, Census 2021

The 2021 Census established very detailed information on the highest level of qualifications held by all residents aged 16 or older. This is a key consideration when considering the skill level of potential employees. Numbers for each local authority are provided here as background to the unitary aggregated values for each model shown in the second table.

In this classification: Level 1 is equivalent of low grade / small number of GCSEs
 Level 2 is equivalent to high grade / larger number of GCSEs
 Level 3 equates to A-Levels
 Level 4 equates to a degree or higher degree

	No qualifications	Level 1 and entry level qualifications	Level 2 qualifications	Apprenticeship	Level 3 qualifications	Level 4 qualifications	Other qualifications	Total: All usual residents aged 16 years and over
Elmbridge	11,753	7,048	12,442	3,515	14,811	56,677	2,528	108,774
Epsom and Ewell	8,246	5,106	8,177	2,628	10,110	28,642	1,698	64,607
Guildford	13,540	8,646	13,528	4,686	23,554	52,620	2,783	119,357
Mole Valley	8,901	6,236	9,857	3,209	11,182	31,214	1,740	72,339
Reigate and Banstead	15,765	10,997	17,047	5,244	19,632	48,338	3,106	120,129
Runnymede	10,528	6,543	9,130	3,400	15,509	25,643	1,964	72,717
Spelthorne	14,012	9,231	12,028	4,367	13,227	27,996	2,501	83,362
Surrey Heath	9,643	7,076	10,557	3,326	12,377	28,929	1,876	73,784
Tandridge	9,787	6,662	10,727	3,098	12,267	26,516	1,769	70,826
Waverley	11,859	7,531	13,644	4,078	15,825	48,292	2,405	103,634
Woking	10,993	7,003	10,324	3,209	12,138	37,112	2,202	82,981
SURREY County	125,027	82,079	127,461	40,760	160,632	411,979	24,572	972,510

	No qualifications	Level 1 and entry level qualifications	Level 2 qualifications	Apprenticeship	Level 3 qualifications	Level 4 qualifications	Other qualifications	Total: All usual residents aged 16 years and over
2.1 East West: East	54,452	36,049	58,250	17,694	68,002	191,387	10,841	436,675
2.1 East West: West	70,575	46,030	69,211	23,066	92,630	220,592	13,731	535,835
2.2 East West: East	68,464	45,280	70,278	22,061	81,229	219,383	13,342	520,037
2.2 East West: West	56,563	36,799	57,183	18,699	79,403	192,596	11,230	452,473
2.3 North South: North	70,469	45,547	68,009	22,503	91,616	228,977	13,854	540,975
2.3 North South: South	54,558	36,532	59,452	18,257	69,016	183,002	10,718	431,535
2.4 North South: North	58,716	38,499	55,567	18,988	76,805	172,300	11,326	432,201
2.4 North South: South	66,311	43,580	71,894	21,772	83,827	239,679	13,246	540,309
Triple: West	46,035	30,256	48,053	15,299	63,894	166,953	9,266	379,756
Triple: North	36,293	22,822	33,600	11,282	43,547	110,316	6,993	264,853
Triple: East	42,699	29,001	45,808	14,179	53,191	134,710	8,313	327,901
	% split	% split	% split	% split	% split	% split	% split	% split
2.1 East West: East	43.6%	43.9%	45.7%	43.4%	42.3%	46.5%	44.1%	44.9%
2.1 East West: West	56.4%	56.1%	54.3%	56.6%	57.7%	53.5%	55.9%	55.1%
2.2 East West: East	54.8%	55.2%	55.1%	54.1%	50.6%	53.3%	54.3%	53.5%
2.2 East West: West	45.2%	44.8%	44.9%	45.9%	49.4%	46.7%	45.7%	46.5%
2.3 North South: North	56.4%	55.5%	53.4%	55.2%	57.0%	55.6%	56.4%	55.6%
2.3 North South: South	43.6%	44.5%	46.6%	44.8%	43.0%	44.4%	43.6%	44.4%
2.4 North South: North	47.0%	46.9%	43.6%	46.6%	47.8%	41.8%	46.1%	44.4%
2.4 North South: South	53.0%	53.1%	56.4%	53.4%	52.2%	58.2%	53.9%	55.6%
Three unitaries: West	36.8%	36.9%	37.7%	37.5%	39.8%	40.5%	37.7%	39.0%
Three unitaries: North	29.0%	27.8%	26.4%	27.7%	27.1%	26.8%	28.5%	27.2%
Three unitaries: East	34.2%	35.3%	35.9%	34.8%	33.1%	32.7%	33.8%	33.7%

For this metric, **2.2 East/West** is the most similar model with least variation in the number of potential employees (those aged 16 or above) and amongst those with higher (Level 3 or Level 4) qualifications. **2.4 North/South** shows the least variation between unitaries for no and low qualifications. Variation increases in other proposals and is greatest in the three unitary model.

Source: [Highest level of qualification - Office for National Statistics](#)



ECONOMY AND SKILLS: Resident occupations

Surrey residents are employed in a wide range of jobs and industries, some of which are indicative of higher skills or experience, and some of which therefore provide greater income. Data below examines the number of residents of each district and borough by the type of occupation they held at the time of the 2021 Census. This classifies employment into nine standardised categories, with those on the left side of the table typically reflecting higher skill levels and greater remuneration. Conversely, the categories gradually transition to lower skill levels towards the right of the table. Numbers for each local authority are provided here as background to the unitary aggregated values for each model shown in the second table.

	Managers, directors and senior officials	Professional occupations	Associate professional and technical occupations	Administrative and secretarial occupations	Skilled trades occupations	Caring, leisure and other service occupations	Sales and customer service occupations	Process, plant and machine operatives	Elementary occupations	Total (in employment)
Elmbridge	16,432	17,652	10,820	5,545	4,189	4,495	3,001	1,828	3,018	66,980
Epsom and Ewell	7,020	10,663	5,958	4,095	3,242	3,304	2,031	1,404	2,192	39,909
Guildford	12,141	18,410	11,207	5,849	5,682	5,465	4,077	2,338	4,605	69,774
Mole Valley	8,321	10,140	6,392	4,063	4,156	3,429	2,168	1,285	2,387	42,341
Reigate and Banstead	13,005	18,485	11,393	7,387	6,461	6,726	4,104	2,957	4,607	75,125
Runnymede	7,078	9,235	6,344	4,175	4,010	3,716	2,756	1,872	3,271	42,457
Spelthorne	7,477	10,061	7,719	6,055	5,064	4,417	3,397	3,250	4,099	51,539
Surrey Heath	8,378	10,390	7,054	4,490	3,889	3,743	2,736	1,824	2,859	45,363
Tandridge	8,361	9,177	6,669	4,498	4,144	3,565	2,157	1,679	2,326	42,576
Waverley	12,671	15,528	9,256	4,951	5,301	4,737	3,027	1,710	3,541	60,722
Woking	8,666	13,423	7,777	4,879	4,298	4,299	3,190	2,500	3,709	52,741
SURREY County	109,550	143,164	90,589	55,987	50,436	47,896	32,644	22,647	36,614	589,527

	Managers, directors & senior officials	Professional occupations	Associate professional & technical occupations	Administrative & secretarial occupations	Skilled trades occupations	Caring, leisure & other service occupations	Sales & customer service occupations	Process, plant & machine operatives	Elementary occupations	Total (in employment)
2.1 East West: East	53,139	66,117	41,232	25,588	22,192	21,519	13,461	9,153	14,530	266,931
2.1 East West: West	56,411	77,047	49,357	30,399	28,244	26,377	19,183	13,494	22,084	322,596
2.2 East West: East	60,616	76,178	48,951	31,643	27,256	25,936	16,858	12,403	18,629	318,470
2.2 East West: West	48,934	66,986	41,638	24,344	23,180	21,960	15,786	10,244	17,985	271,057
2.3 North South: North	60,172	79,171	50,921	30,993	27,132	26,135	19,157	13,612	21,561	328,854
2.3 North South: South	49,378	63,993	39,668	24,994	23,304	21,761	13,487	9,035	15,053	260,673
2.4 North South: North	43,740	61,519	40,101	25,448	22,943	21,640	16,156	11,784	18,543	261,874
2.4 North South: South	65,810	81,645	50,488	30,539	27,493	26,256	16,488	10,863	18,071	327,653
Triple: West	41,856	57,751	35,294	20,169	19,170	18,244	13,030	8,372	14,714	228,600
Triple: North	30,987	36,948	24,883	15,775	13,263	12,628	9,154	6,950	10,388	160,976
Triple: East	36,707	48,465	30,412	20,043	18,003	17,024	10,460	7,325	11,512	199,951
	% split	% split	% split	% split	% split	% split	% split	% split	% split	% split
2.1 East West: East	48.5%	46.2%	45.5%	45.7%	44.0%	44.9%	41.2%	40.4%	39.7%	45.3%
2.1 East West: West	51.5%	53.8%	54.5%	54.3%	56.0%	55.1%	58.8%	59.6%	60.3%	54.7%
2.2 East West: East	55.3%	53.2%	54.0%	56.5%	54.0%	54.2%	51.6%	54.8%	50.9%	54.0%
2.2 East West: West	44.7%	46.8%	46.0%	43.5%	46.0%	45.8%	48.4%	45.2%	49.1%	46.0%
2.3 North South: North	54.9%	55.3%	56.2%	55.4%	53.8%	54.6%	58.7%	60.1%	58.9%	55.8%
2.3 North South: South	45.1%	44.7%	43.8%	44.6%	46.2%	45.4%	41.3%	39.9%	41.1%	44.2%
2.4 North South: North	39.9%	43.0%	44.3%	45.5%	45.5%	45.2%	49.5%	52.0%	50.6%	44.4%
2.4 North South: South	60.1%	57.0%	55.7%	54.5%	54.5%	54.8%	50.5%	48.0%	49.4%	55.6%
Three unitaries: West	38.2%	40.3%	39.0%	36.0%	38.0%	38.1%	39.9%	37.0%	40.2%	38.8%
Three unitaries: North	28.3%	25.8%	27.5%	28.2%	26.3%	26.4%	28.0%	30.7%	28.4%	27.3%
Three unitaries: East	33.5%	33.9%	33.6%	35.8%	35.7%	35.5%	32.0%	32.3%	31.4%	33.9%

In terms of this metric, 2.2 East/West shows the least variation in terms of overall number of people in employment, as well as a more even distribution in the numbers employed in three of the nine categories. 2.1 East/West shows similar variations, but the least variation for the highest professional group. Variation increases in models 2.4 North/South, 2.1 East/West, and 2.3 North/South (in that order) and is greatest in the three unitary model. Generally, the East/West models show less variation across a wider range of occupations than the North/South.

Source: [Labour market and travel to work: Census 2021 in England and Wales - Office for National Statistics](#)



ECONOMY AND SKILLS: Claimant counts

Not everyone shares equally in Surrey's economic success, with sizeable portions of our residents relying on benefits as their primary or only source of income, or to top up their income where low pay or living conditions such as disabilities mean they are eligible. While not everyone's circumstances will be identical, claimant counts are a good indication of low income and additional needs. These in turn can be used as a proxy indicator for those most likely to be harshly impacted by price increases seen during the cost-of-living crisis, and therefore most likely to require hardship support.

	UB, March 2025	PIP claimants, Jan 2025	DLA in payment, Aug 2024
Elmbridge	2,095	3,669	1,855
Epsom and Ewell	1,095	2,418	1,272
Guildford	1,980	4,281	2,338
Mole Valley	1,035	2,797	1,358
Reigate and Banstead	2,095	5,363	2,684
Runnymede	1,485	3,018	1,567
Spelthorne	2,325	4,329	1,999
Surrey Heath	1,320	2,655	1,500
Tandridge	1,325	3,110	1,620
Waverley	1,510	3,483	2,057
Woking	1,790	3,278	2,001
SURREY County	18,055	38,394	20,251

UB =
unemployment
benefit claimants

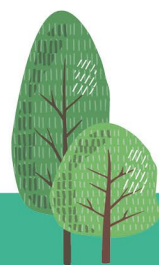
PIP = Personal
Independence
Payment claimants

DLA = Disability
Living Allowance,
claims in payment

	UB, March 2025	PIP claimants, Jan 2025	DLA in payment, Aug 2024	% split UB	% split PIP	% split DLA
2.1 East West: East	7,645	17,357	8,789	42.3%	45.2%	43.4%
2.1 East West: West	10,410	21,044	11,462	57.7%	54.8%	56.6%
2.2 East West: East	9,970	21,686	10,788	55.2%	56.5%	53.3%
2.2 East West: West	8,085	16,715	9,463	44.8%	43.5%	46.7%
2.3 North South: North	10,995	21,230	11,260	60.9%	55.3%	55.6%
2.3 North South: South	7,060	17,171	8,991	39.1%	44.7%	44.4%
2.4 North South: North	8,900	17,561	9,405	49.3%	45.7%	46.4%
2.4 North South: South	9,155	20,840	10,846	50.7%	54.3%	53.6%
Three unitaries: West	6,600	13,697	7,896	36.6%	35.7%	39.0%
Three unitaries: North	5,905	11,016	5,421	32.7%	28.7%	26.8%
Three unitaries: East	5,550	13,688	6,934	30.7%	35.6%	34.2%

In terms of this metric, **2.4 North/South** is the most similar model for unemployment benefit claimants, and Personal Independence Payment claimants, with variation lowest between the two unitaries. **2.2 East/West** has least variation for Disability Living Allowance claimants. Note that these are simple snapshots, and the number of claimants will vary from month to month.

Source: DWP Stat-Xplore



ECONOMY AND SKILLS: Adult Skills Fund learners

Surrey County Council has recently received devolved powers to deliver the Education and Skills Funding Agency funded Adult Skills Fund. The purpose of Adult Skills Fund is to support adult learners in non-devolved areas to gain skills which will lead them to meaningful, sustained and relevant employment, or enable them to progress to further learning which will deliver that outcome. Within the scheme, further provision for tailored learning is available that supports wider outcomes such as to improve health and wellbeing, equip parents/carers to support their child's learning and develop stronger communities.

	Number of Individual Learners under Adults Skills Fund (2024/25 academic year)
Elmbridge	1,689
Epsom and Ewell	646
Guildford	1,832
Mole Valley	910
Reigate and Banstead	2,716
Runnymede	1,172
Spelthorne	1,509
Surrey Heath	1,554
Tandridge	1,149
Waverley	2,407
Woking	1,909
SURREY County	17,493

	Number of Individual Learners under Adults Skills Fund (2024/25 academic year)	Percentage split
2.1 East West: East	7,110	40.6%
2.1 East West: West	10,383	59.4%
2.2 East West: East	8,619	49.3%
2.2 East West: West	8,874	50.7%
2.3 North South: North	9,665	55.3%
2.3 North South: South	7,828	44.7%
2.4 North South: North	7,976	45.6%
2.4 North South: South	9,517	54.4%
Three unitaries: West	7,702	44.0%
Three unitaries: North	4,370	25.0%
Three unitaries: East	5,421	31.0%

In terms of this metric, 2.2 East/West has least variation between the two unitaries for the number of Individual Learners currently being funded through the Adults Skills Fund. It is currently unclear if the scheme administration will remain a county-wide function under the Mayoral Strategic Authority or be disaggregated to the new unitaries. The current very equal balance renders either of these approaches more simplistic to roll into. A Mayoral Strategic Authority role would negate the differences between unitaries.

Source: Internally generated analyses of Adult Skills Fund data, SCC



INCOME AND EXPENDITURE: Local government finances

Most similar model: 2.2 East/West

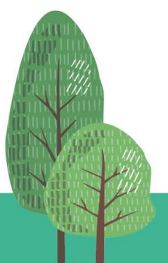
Local government is predominantly funded through:

- Council Tax
- National Non-Domestic Rates ('Business Rates')
- Central Government Funding
- Local income from fees and charges, and asset disposal

Expenditure is determined by:

- Demand for services (particularly statutory duties)
- The associated staffing, fleet and facilities management costs required to deliver said services
- Costs of borrowing and debt servicing

The ability to collect sufficient income to meet service demands will be essential for the new unitaries. They will most likely inherit the assets and debts of legacy councils, so creating a sound financial footing in advance is imperative.



INCOME / ECONOMY: Non-Domestic Rates ('Business rates')

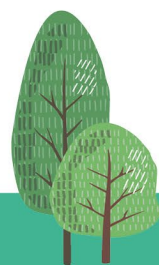
National Non-Domestic Rates represent the income collected by current lower-tier local authorities on behalf of government. While this income does not remain with the councils, it is a strong indication of the nature and size of businesses within each area, as well as a proxy for future income streams. Business rates collection is a lower-tier council function; we would expect cost savings from aggregation to a smaller number of unitaries, and the associated standardisation of process, records, and so on.

	Net amount receivable from Non-Domestic Rates (estimated, 2025-26)	Income from Non- Domestic Rates (estimated, 2025-26)
Elmbridge	£67,134,532	£67,161,253
Epsom and Ewell	£25,934,298	£25,906,453
Guildford	£88,778,508	£88,852,964
Mole Valley	£43,527,107	£43,964,813
Reigate and Banstead	£60,000,829	£60,027,098
Runnymede	£62,492,820	£62,124,913
Spelthorne	£54,840,614	£57,073,946
Surrey Heath	£39,595,261	£39,594,379
Tandridge	£21,317,477	£21,600,278
Waverley	£41,022,034	£41,086,369
Woking	£56,812,024	£56,927,085
SURREY County	£561,455,504	£564,319,551

	Net amount receivable from Non- Domestic Rates (estimated, 2025-26)	Income from Non- Domestic Rates (estimated, 2025-26)	Percentage split (Net amount receivable)	Percentage split (Income)
2.1 East West: East	£217,914,243	£218,659,895	39%	39%
2.1 East West: West	£343,541,261	£345,659,656	61%	61%
2.2 East West: East	£272,754,857	£275,733,841	49%	49%
2.2 East West: West	£288,700,647	£288,585,710	51%	51%
2.3 North South: North	£369,653,759	£371,734,540	66%	66%
2.3 North South: South	£191,801,745	£192,585,011	34%	34%
2.4 North South: North	£302,519,227	£304,573,287	54%	54%
2.4 North South: South	£258,936,277	£259,746,264	46%	46%
Three unitaries: West	£226,207,827	£226,460,797	40%	40%
Three unitaries: North	£184,467,966	£186,360,112	33%	33%
Three unitaries: East	£150,779,711	£151,498,642	27%	27%

In terms of this metric, **2.2 East/West is the most similar model**, with Business rates income spread almost exactly equally between the two unitaries.

Source: [National non-domestic rates collected by councils - GOV.UK](https://gov.uk/national-non-domestic-rates)

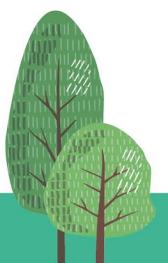


SERVICE DELIVERY: Local government service provision and residents

Lower-tier authorities deliver a range of services within their own borders, and Surrey County Council delivers its services across the whole of the county.

Services may be universal or targeted to those with particular needs. The new unitaries will need to amalgamate and standardise lower-tier services across their new geographic footprints and take up disaggregated services from the county council. In the case of the latter, it is essential that county budgets be appropriately divided based on established patterns of historic and current demands as well as (to some extent) anticipated future needs and demands.

This section examines the geographic distribution of selected service delivery volumes.



SERVICE DELIVERY: Adult Social Care

	Estimated split of total ASC net 2025/26 budget excluding ASC grants		Estimated split of total ASC net 2025/26 care package budget		% split Council Tax income	% split Of ASC Relative Needs Formula
2.1 East West: East	£252m	49%	£218m	49%	47%	45%
2.1 East West: West	£264m	51%	£221m	51%	53%	55%

2.2 East West: East	£287m	56%	£246m	55%	55%	55%
2.2 East West: West	£230m	44%	£193m	45%	45%	45%

2.3 North South: North	£243m	47%	£201m	46%	55%	57%
2.3 North South: South	£273m	53%	£238m	54%	45%	43%

2.4 North South: North	£203m	39%	£168m	39%	42%	45%
2.4 North South: South	£314m	61%	£271m	61%	58%	55%

Three unitaries: West	£198m	38%	£166m	38%	38%	38%
Three unitaries: North	£107m	21%	£88m	20%	27%	30%
Three unitaries: East	£211m	41%	£185m	41%	34%	33%

Adult Social Care (ASC) is the county council's biggest area of expenditure, with £516m of net general fund revenue expenditure budgeted in 2025/26 excluding ASC grant funding.

The biggest and most volatile area of ASC expenditure is on care packages with total net expenditure of £439m budgeted in 2025/26.

For financial sustainability purposes, ideally there would be as close a correlation between the split of expenditure and key funding sources to avoid any one new unitary being relatively over or under-funded.

East/West 2.2 shows the closest correlation between the estimated split of ASC expenditure and the two key funding sources – Council Tax income and ASC grants. East/West 2.1 has the next best correlation. There is less correlation and therefore greater financial risk for North/South and the three unitary model.

Source: Surrey County Council Finance team



SERVICE DELIVERY: Children's Social Care

	Estimated split of total CSC 2025/26 expenditure		Split of Council Tax income	Split of CSC Relative Needs Formula
2.1 East / West: East	£42m	44%	47%	45%
2.1 East / West: West	£53m	56%	53%	55%
2.2 East / West: East	£53m	55%	55%	55%
2.2 East / West: West	£43m	45%	45%	45%
2.3 North / South: North	£54m	57%	55%	54%
2.3 North / South: South	£41m	43%	45%	46%
2.4 North / South: North	£42m	44%	42%	43%
2.4 North / South: South	£53m	56%	58%	57%
Three unitaries: West	£36m	37%	38%	38%
Three unitaries: North	£30m	31%	27%	28%
Three unitaries: East	£30m	31%	34%	35%

Children's Social Care (CSC) is one of the two key areas of the County Council's Children, Families & Lifelong Learning General Fund revenue expenditure, with £95m of expenditure budgeted in 2025/26 excluding CSC grant funding.

For financial sustainability purposes, ideally there would be as close a correlation between the split of expenditure and key funding sources to avoid any one new unitaries being relatively over or under-funded.

East/West 2.2 shows the closest correlation between the estimated split of CSC expenditure and the two key funding sources – Council Tax income and CSC grants.

All the other geography options show less correlation with the three unitary option having the greatest degree of difference between how it is modelled and how CSC costs may be split (subject to shadow authority decisions) compared to funding splits.

Source: Surrey County Council Finance team



SERVICE DELIVERY: Home to School Transport

	Estimated split of total Home to School Transport 2025/26 expenditure		Split of Council Tax income
2.1 East / West: East	£33m	44%	47%
2.1 East / West: West	£43m	56%	53%
2.2 East / West: East	£41m	54%	55%
2.2 East / West: West	£35m	46%	45%
2.3 North / South: North	£42m	54%	55%
2.3 North / South: South	£35m	46%	45%
2.4 North / South: North	£34m	45%	42%
2.4 North / South: South	£42m	55%	58%
Three unitaries: West	£29m	38%	38%
Three unitaries: North	£21m	28%	27%
Three unitaries: East	£26m	34%	34%

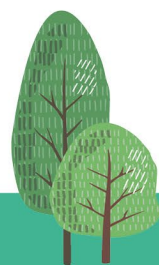
Home to School Transport is one of the two key areas of the county council's Children, Families & Lifelong Learning General Fund revenue expenditure, with £77m of expenditure budgeted in 2025/26 excluding CSC grant funding.

For financial sustainability purposes, ideally there would be as close a correlation between the split of expenditure and key funding sources to avoid any one new unitary being relatively over or under-funded.

North/South 2.3 shows the closest correlation between the estimated split of Home to School Transport expenditure and the two key funding sources – Council Tax income and government grants.

The correlation is also fairly close for the three unitary model and East/West 2.2 options. There is less correlation for the North/South 2.4 and East/West 2.1 options.

Source: Surrey County Council Finance team



SERVICE DELIVERY: Adult Social Care packages, Children's Social Care and Home to School Transport combined

Unitary option	Unitary	25/26 ASC net care packages spend	25/26 Children's Social Care spend	25/26 Home to School Transport spend	Total ASC care packages, CSC & H2ST	% of total spend	Council Tax income	Difference
2.1 East / West	East	£218m	£42m	£33m	£293m	48%	47%	0.9%
	West	£221m	£53m	£43m	£317m	52%	53%	-0.9%
	Total Surrey	£439m	£95m	£77m	£610m	100%	100%	
2.2 East / West	East	£246m	£53m	£41m	£339m	56%	55%	0.7%
	West	£193m	£43m	£35m	£271m	44%	45%	-0.7%
	Total Surrey	£439m	£95m	£77m	£610m	100%	100%	
2.3 North / South	North	£201m	£54m	£42m	£296m	49%	55%	-6.1%
	South	£238m	£41m	£35m	£314m	51%	45%	6.1%
	Total Surrey	£439m	£95m	£77m	£610m	100%	100%	
2.4 North / South	North	£168m	£42m	£34m	£243m	40%	42%	-1.8%
	South	£271m	£53m	£42m	£367m	60%	58%	1.8%
	Total Surrey	£439m	£95m	£77m	£610m	100%	100%	
Three unitaries West / North / East	West	£166m	£36m	£29m	£231m	38%	38%	-0.6%
	North	£88m	£30m	£21m	£139m	23%	27%	-4.5%
	East	£185m	£30m	£26m	£241m	39%	34%	5.1%
	Total Surrey	£439m	£95m	£77m	£610m	100%	100%	

Looking at the total position for the three biggest areas of General Fund expenditure on ASC and Children Families and Lifelong Learning services, the **two East/West options show the best correlation** between the modelled split of costs compared to how Council Tax income as the biggest source of funding is split.

North/South (particularly option 2.3) and three unitary model show less correlation and are therefore not recommended as this would result in at least one unitary being relatively over or under funded.

Source: Surrey County Council Finance team



SERVICE DELIVERY: Waste collection and disposal, 2023/24

Waste collection and disposal is a key function for all twelve Surrey councils. The lower-tier local authorities are waste collection authorities, with key responsibility for roadside collection of waste from homes. Surrey County Council is a waste disposal authority, with responsibilities for the ultimate removal of waste collected. New obligations to standardise collections apply by March 2026 and 2027 ([Simpler Recycling in England: policy update - GOV.UK](#)).

	Total LA collected waste (tonnes)	Household total waste (tonnes)	Non-household total waste (tonnes)	Sent for recycling / composting / reuse (tonnes)	Not sent for recycling (tonnes)	% sent for recycling / composting / reuse	% not sent for recycling
Elmbridge	53,265	53,112	154	28,806	24,459	54.1%	45.9%
Epsom and Ewell	29,679	27,907	1,772	14,869	14,810	50.1%	49.9%
Guildford	55,684	51,389	4,295	30,629	25,056	55.0%	45.0%
Mole Valley	32,939	32,813	126	18,545	14,394	56.3%	43.7%
Reigate and Banstead	56,378	53,851	2,527	29,343	27,036	52.0%	48.0%
Runnymede	30,457	28,296	2,161	13,327	17,130	43.8%	56.2%
Spelthorne	35,690	35,119	572	15,698	19,992	44.0%	56.0%
Surrey Heath	32,200	32,060	141	18,914	13,286	58.7%	41.3%
Tandridge	33,148	32,598	550	18,903	14,246	57.0%	43.0%
Waverley	46,371	46,292	79	26,383	19,988	56.9%	43.1%
Woking	36,469	35,409	1,060	19,998	16,471	54.8%	45.2%

Note: Surrey County Council is a Waste DISPOSAL Authority:

528,719 tonnes total

Of which:
509,064 tonnes Household waste
19,656 tonnes non-household waste

284,189 sent for recycling / composting / reuse (53.8%)

244,530 not sent for recycling (46.2%)

2.1 East West: East	205,409	200,281	5,129	110,466	94,945	54%	46%
2.1 East West: West	236,871	228,565	8,308	124,949	111,923	53%	47%
2.2 East West: East	241,099	235,400	5,701	126,164	114,937	52%	48%
2.2 East West: West	201,181	193,446	7,736	109,251	91,931	54%	46%
2.3 North South: North	243,765	235,385	8,383	127,372	116,394	52%	48%
2.3 North South: South	198,515	193,461	5,054	108,043	90,474	54%	46%
2.4 North South: North	190,500	182,273	8,229	98,566	91,935	52%	48%
2.4 North South: South	251,780	246,573	5,208	136,849	114,933	54%	46%
Three unitaries: West	170,724	165,150	5,575	95,924	74,801	56%	44%
Three unitaries: North	119,412	116,527	2,887	57,831	61,581	48%	52%
Three unitaries: East	152,144	147,169	4,975	81,660	70,486	54%	46%

Surrey County Council waste management will still need to be quantified and separated for disaggregation of duties to the new unitaries.

	Total LA collected waste (tonnes)	Household total waste (tonnes)	Non-household total waste (tonnes)	Sent for recycling / composting / reuse (tonnes)	Not sent for recycling (tonnes)
2.1 East West: East	46.4%	46.7%	38.2%	46.9%	45.9%
2.1 East West: West	53.6%	53.3%	61.8%	53.1%	54.1%
2.2 East West: East	54.5%	54.9%	42.4%	53.6%	55.6%
2.2 East West: West	45.5%	45.1%	57.6%	46.4%	44.4%
2.3 North South: North	55.1%	54.9%	62.4%	54.1%	56.3%
2.3 North South: South	44.9%	45.1%	37.6%	45.9%	43.7%
2.4 North South: North	43.1%	42.5%	61.2%	41.9%	44.4%
2.4 North South: South	56.9%	57.5%	38.8%	58.1%	55.6%
Three unitaries: West	38.6%	38.5%	41.5%	40.7%	36.2%
Three unitaries: North	27.0%	27.2%	21.5%	24.6%	29.8%
Three unitaries: East	34.4%	34.3%	37.0%	34.7%	34.1%

In terms of this metric, **2.1 East/West** is the most similar model, with the least variation in total tonnage collected, proportion deriving from households and non-households, and recycling / composting / reuse rates between the two unitaries. Note however that variation in both East/West unitary models is generally close to a 55:45 split, and that non-household waste collection has the least variation for **2.2 East/West**.

Both North/South models have increasing variation (with most waste generated in the North for 2.3 and the South for 2.4), and the three unitary model has an excess of waste collection in the West compared to the other unitaries in the model.

Source: [Local authority collected waste management - annual results - GOV.UK](#)



SERVICE DELIVERY: Support to Schools

Currently, the county council provides support to state-maintained schools across the county; this function will move to the new unitaries. The tables below show the number of current school places, by location of the school.

Number of Published Admission Numbers (Pupil places) by school type, 2024-25 academic year

	Academy	Community	Foundation	Free	Voluntary Aided	Voluntary Controlled	TOTAL PUPILS	Percentage of all pupils
Elmbridge	9,799	2,188	2,190	1,413	1,110	638	17,338	10.7%
Epsom and Ewell	9,975	1,322			840		12,137	7.5%
Guildford	13,079	2,590	240	35	1,363	360	17,667	10.9%
Mole Valley	6,272	1,971		147	1,983	428	10,801	6.7%
Reigate and Banstead	9,999	5,946	420	1,620	3,780		21,765	13.5%
Runnymede	7,557	2,370		900	840		11,667	7.2%
Spelthorne	10,772	1,885	630		1,494		14,781	9.2%
Surrey Heath	9,973	685	840		630		12,128	7.5%
Tandridge	7,734	1,015	210		1,835		10,794	6.7%
Waverley	13,243	1,037	1,020		2,442	210	17,952	11.1%
Woking	9,800	900	1,500	780	990	420	14,390	8.9%
2.1 East West: East	43,779	12,442	2,820	3,180	9,548	1,066	72,835	45.1%
2.1 East West: West	64,424	9,467	4,230	1,715	7,759	990	88,585	54.9%
2.2 East West: East	54,551	14,327	3,450	3,180	11,042	1,066	87,616	54.3%
2.2 East West: West	53,652	7,582	3,600	1,715	6,265	990	73,804	45.7%
2.3 North South: North	60,980	10,618	5,400	3,128	6,427	1,418	87,971	54.5%
2.3 North South: South	47,223	11,291	1,650	1,767	10,880	638	73,449	45.5%
2.4 North South: North	51,181	8,430	3,210	1,715	5,317	780	70,633	43.8%
2.4 North South: South	57,022	13,479	3,840	3,180	11,990	1,276	90,787	56.2%
Three unitaries: West	46,095	5,212	3,600	815	5,425	990	62,137	38.5%
Three unitaries: North	28,128	6,443	2,820	2,313	3,444	638	43,786	27.1%
Three unitaries: East	33,980	10,254	630	1,767	8,438	428	55,497	34.4%

In terms of this metric, 2.2 East/West shows the least variation in pupil numbers between unitaries, marginally more similar than 2.3 North/South and 2.1 East/West.

The support required from different school types will vary.

Academies: funded directly by the government and have more independence. They are not required to follow the national curriculum, although they must teach certain core subjects.

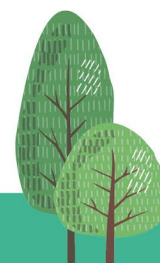
Community Schools: Controlled by the local council and not influenced by businesses or religious groups.

Foundation Schools: Similar to community schools, but with more freedom to make their own decisions.

Voluntary Aided Schools: Funded by the local authority, but with a foundation or trust (often religious) contributing to building costs and having significant influence.

Voluntary Controlled Schools: Similar to voluntary aided schools, but with less autonomy.

Source: internal data supply, Surrey County Council



SERVICE DELIVERY: Libraries

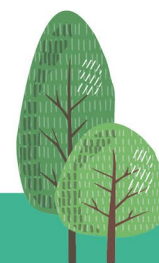
Library services are a statutory function delivered across the county by Surrey County Council from 52 distinct sites and the Library Direct Home Service. Size of libraries vary significantly, with our two largest flagship libraries located in Guildford and Woking, and ten Community Partnered Libraries – run by volunteers but supported by Surrey County Council staff. The service also currently serves prison libraries under contract (two in Reigate and Banstead, one in Guildford, one in Surrey Heath).

	Annual library issues	Annual library footfall	Current registered borrowers
Elmbridge	617,362	342,508	41,029
Epsom and Ewell	396,189	298,128	17,303
Guildford	366,761	171,991	46,395
Mole Valley	365,396	210,190	16,084
Reigate and Banstead	563,806	377,645	41,721
Runnymede	200,222	145,515	18,605
Spelthorne	291,559	185,528	20,424
Surrey Heath	235,962	119,242	24,103
Tandridge	295,900	140,694	12,918
Waverley	569,909	323,943	34,442
Woking	463,586	266,318	47,759
SURREY County	4,366,652	2,581,702	320,782

	Annual library issues	Annual library footfall	Current registered borrowers	% split (issues)	% split (footfall)	% split (borrowers)
2.1 East West: East	2,238,653	1,369,165	129,054	51.3%	53.0%	40.2%
2.1 East West: West	2,127,999	1,212,537	191,728	48.7%	47.0%	59.8%
2.2 East West: East	2,530,212	1,554,693	149,478	57.9%	60.2%	46.6%
2.2 East West: West	1,836,440	1,027,009	171,304	42.1%	39.8%	53.4%
2.3 North South: North	2,175,452	1,231,102	198,315	49.8%	47.7%	61.8%
2.3 North South: South	2,191,200	1,350,600	122,467	50.2%	52.3%	38.2%
2.4 North South: North	1,558,090	888,594	157,286	35.7%	34.4%	49.0%
2.4 North South: South	2,808,562	1,693,108	163,496	64.3%	65.6%	51.0%
Three unitaries: West	1,636,218	881,494	152,699	37.5%	34.1%	47.6%
Three unitaries: North	1,109,143	673,551	80,058	25.4%	26.1%	25.0%
Three unitaries: East	1,621,291	1,026,657	88,025	37.1%	39.8%	27.4%

In terms of this metric, **2.3 North/South** is the most similar model for the number of issues and footfall, with **2.4 North/South** most similar for the number of registered borrowers. Note though that both borrowers and visitors are not restricted to Surrey residents. Continued membership of the South East Libraries Management Services consortium is envisaged such that users would remain free to use any site regardless of their originating authority. Also note that no model supports an easy disaggregation of assets and stock.

Source: Surrey County Council Libraries services, internal data provision



SERVICE DELIVERY: Registrations of births, deaths and ceremonies

Surrey Register Offices operate out of five locations, covering births, deaths and ceremonies for the whole of the county. Each proposed unitary would include at least one of the legacy offices, at least two for each of the two unitary models.

	Live births registered, 2023	Deaths registered, 2023	Registry Offices
Elmbridge	1,285	1,172	1
Epsom and Ewell	745	687	
Guildford	1,320	1,174	1
Mole Valley	675	963	1
Reigate and Banstead	1,545	1,357	1
Runnymede	880	827	
Spelthorne	1,155	874	
Surrey Heath	850	871	1
Tandridge	850	897	
Waverley	1,090	1,356	
Woking	1,080	813	
SURREY County	11,475	10,991	5

	Live births registered, 2023	Deaths registered, 2023	Registry Offices	% split (births)	% split (deaths)	% split (offices)
2.1 East West: East	5,100	5,076	3	44.4%	46.2%	60%
2.1 East West: West	6,375	5,915	2	55.6%	53.8%	40%
2.2 East West: East	6,255	5,950	3	54.5%	54.1%	60%
2.2 East West: West	5,220	5,041	2	45.5%	45.9%	40%
2.3 North South: North	6,570	5,731	3	57.3%	52.1%	60%
2.3 North South: South	4,905	5,260	2	42.7%	47.9%	40%
2.4 North South: North	5,285	4,559	2	46.1%	41.5%	40%
2.4 North South: South	6,190	6,432	3	53.9%	58.5%	60%
Three unitaries: West	4,340	4,214	2	37.8%	38.3%	40%
Three unitaries: North	3,320	2,873	1	28.9%	26.1%	20%
Three unitaries: East	3,815	3,904	2	33.2%	35.5%	40%

In terms of this metric, the North/South models best approximate equity for the volume of annual births and deaths: **2.4 North/South** is the most similar for birth numbers, **2.3 North/South** most similar for death numbers. However, **2.2 East/West** shows lower variation across both measures combined. Both East/West models show low variation between unitaries; the gap between 2.3 North/South and 2.4 North/South is wider.

Source: [Live births - Office for National Statistics](#)

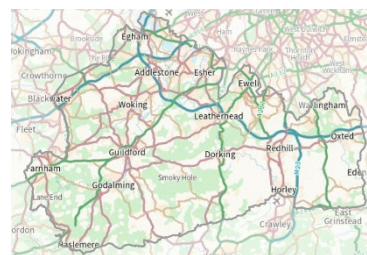
[Death registrations and occurrences by local authority and health board - Office for National Statistics](#)

[Birth, death and ceremonies - Surrey County Council](#)



SERVICE DELIVERY: Highways maintenance

As the Highways Authority for the county, Surrey County Council currently maintains over 3,000 miles of public highways. A separation by lower-tier authority has been supplied by the Highways service beneath.



	Miles of road	Backlog, £M
Elmbridge	249	19.7
Epsom and Ewell	132	18.2
Guildford	426	38.9
Mole Valley	332	28.1
Reigate and Banstead	305	32.5
Runnymede	174	11.9
Spelthorne	175	22.7
Surrey Heath	235	17.7
Tandridge	337	24.0
Waverley	466	39.8
Woking	190	21.9
SURREY County	3,021	275.4

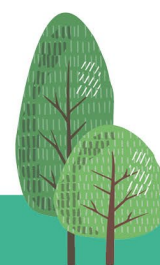
	Miles of road	Backlog, £M	% split (miles)	% split (backlog)
2.1 East West: East	1,355	123	44.9%	44.5%
2.1 East West: West	1,666	153	55.1%	55.5%

2.2 East West: East	1,530	145	50.6%	52.7%
2.2 East West: West	1,491	130	49.4%	47.3%

2.3 North South: North	1,449	133	48.0%	48.2%
2.3 North South: South	1,572	143	52.0%	51.8%

2.4 North South: North	1,200	113	39.7%	41.1%
2.4 North South: South	1,821	162	60.3%	58.9%

Three unitaries: West	1,317	118	43.6%	43.0%
Three unitaries: North	598	54	19.8%	19.7%
Three unitaries: East	1,106	103	36.6%	37.3%



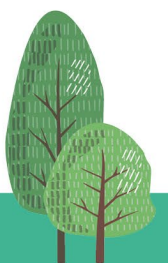
Appendix 2 – Evidence base for our preferred geography

In terms of this metric, **2.2 East/West** shows the least variation between modelled unitaries for inheritable road miles, with this being distributed almost exactly between unitaries. The associated backlog of maintenance spend on these roads is divided most equitably for model **2.3 North/South** – note that this represents anticipated expenditure on a backlog of repair works, and actual road mileage and regular traffic use would be a better long-term predictor of requirement.

Source: Surrey County Council Internal dataset, Highways department

[Pothole reports and repairs statistics | Surrey-i](#)

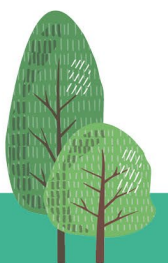
[Road lengths in Great Britain: 2023 - GOV.UK](#)



DEMOCRACY AND GOVERNANCE

Currently, the two-tier nature of local government in the county means separate and distinct elections for the political representation on eleven lower-tier authorities and the county councillors.

There are currently 81 county councillors, 453 district and borough councillors, in addition to 87 parish councils. Parish councils will continue in their current form, but the 534 existing lower-tier and upper-tier elected members will reduce significantly to one set of councillors per unitary authority, and a county-wide Elected Mayor.



DEMOCRACY AND GOVERNANCE: Number of currently elected councillors, and Parish councils

Although the exact number and nature of elected seats for each unitary remains to be finalised, a comparison of the current number of elected councillors and of parish councils to each proposed unitary is informative as to the likely equity of each model.

	Number of Borough / District Councillors	Number of County Councillors	Number of Parish Councils
Elmbridge	48	9	1
Epsom and Ewell	35	5	0
Guildford	48	10	23
Mole Valley	39	6	13
Reigate and Banstead	45	10	2
Runnymede	41	6	0
Spelthorne	39	7	0
Surrey Heath	35	6	4
Tandridge	43	6	22
Waverley	50	9	22
Woking	30	7	0
SURREY County	453	81	87

	Number of Borough / District Councillors	Number of County Councillors	Number of Parish Councils	% split (B/D councillors)	% split (County Councillors)	% split (Parish councils)
2.1 East West: East	210	36	38	46.4%	44.4%	43.7%
2.1 East West: West	243	45	49	53.6%	55.6%	56.3%
2.2 East West: East	249	43	38	55.0%	53.1%	43.7%
2.2 East West: West	204	38	49	45.0%	46.9%	56.3%
2.3 North South: North	241	45	28	53.2%	55.6%	32.2%
2.3 North South: South	212	36	59	46.8%	44.4%	67.8%
2.4 North South: North	193	36	27	42.6%	44.4%	31.0%
2.4 North South: South	260	45	60	57.4%	55.6%	69.0%
Three unitaries: West	163	32	49	36.0%	39.5%	56.3%
Three unitaries: North	128	22	1	28.3%	27.2%	1.1%
Three unitaries: East	162	27	37	35.8%	33.3%	42.5%

In terms of this metric, the **two East/West models** tie exactly for closeness to equity on the number of parish councils each unitary would need to work alongside. The 2.2 East/West model also shows least variation for the current transposition of county councillor seats to the new unitaries. 2.3 North/South comes closest to equity for a division of existing borough and district councillors. Both North/South models carry significant variation for the number of parish councils, as does the three unitary model.

Source: Internal Surrey County Council data, sourced from individual council websites, March 2025



Appendix 3: Borrowing position in Surrey

The level of 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 Ministry of Housing, Communities and Local Government (MHCLG) responded to the Inspectors' Best Value report for Spelthorne Borough Council, proposing a minded to intervention package linked to debt related financial issues.

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

The underlying need to borrow (CFR) can be further sub-categorised as follows:

- £0.7 billion (9%) of debt relating to Housing Revenue Accounts.
- £3.4 billion (44%) of General Fund debt, used to support capital programme delivery.
- £3.7 billion (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 £327 million¹. This equates to 22% of the combined Net Revenue Budgets. This figure will increase significantly and be concentrated in those unitaries containing high debt levels. In some district and boroughs the gross financing costs are in excess of 100% of their net revenue budget.

As part of Exceptional Financial Support (EFS) agreed with government, Woking Borough Council have deferred circa £96 million of capital financing costs, (MRP) in 2025/26, along with having a Capitalisation Directive of £75 million relating mainly to interest costs. In the absence of continued EFS, the new unitaries will inherit a budget gap of at least £171 million.

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

¹ Note this includes the full amount due for Woking's debt, of which c£96m is unbudgeted as has been deferred as part of the Exceptional Financial Support in place.



It is accepted that within Woking the level of stranded debt is circa £1.5 billion, which will continue to rise with ongoing EFS.

Across the 12 authorities, there is income of circa £150 million 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 would therefore lead to further budget pressures.

Jointly agreed position for final submission

A fundamental objective of LGR 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 the letter to the Minister, with a focused requirement for writing off the 'stranded' debt identified above in relation to Woking Borough Council as part of the government's considerations within the forthcoming Spending Review.

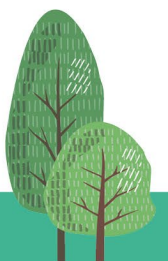
Without this, any unitary created as part of the LGR process that has Woking Borough Council within its boundaries, and that inherits its current debt position, will not be financially viable, and would require ongoing EFS from government.

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 also 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 managed debt and liability profiles.



Appendix 3 – Borrowing position in Surrey

While the business case has identified efficiencies that can be delivered through LGR, 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 (FFR).



Annex: Debt position in proposed unitary options

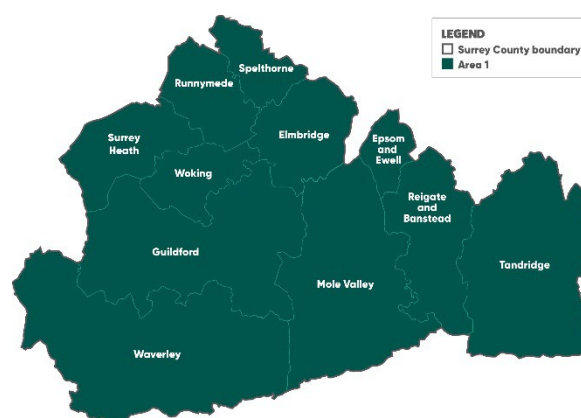
The tables below, show indicative splits of the capital financing costs associated with the existing borrowing across Surrey local authorities, across 1,2 and 3 unitary options.

Notes:

- The allocation of Surrey County Council's Net Revenue Budget and capital financing costs is based on Index of Multiple Deprivation (IMD) weighted population for illustrative purposes only. Final allocations will require significant further work and decisions made by shadow authorities on capital and revenue budgets.
- The tables below show the gross borrowing costs. It should be noted that the local authorities across Surrey have 2025/26 budgeted income of circa. £150m from interest and investment activities. This has not been taken into account below as it fluctuates from year to year and commercial income is subject to particular volatility.
- 2025/26 capital financing costs have been used to illustrate current scale, it is also important to note that due to the use of annuity methodology for Minimum Revenue Provision calculation in a number of authorities policies, the capital financing costs are not flat and gradually increase over the medium-term planning period.
- The figures for Woking Borough Council exclude the deferral of financing costs as part of EFS, so represent the total due, not total budgeted.

1 Single unitary

	Total Financing Costs £m	Net Revenue Budget £m	Gross Financing Costs as a % of Net Revenue Budget
Elmbridge	2.9	23.7	12%
Epsom & Ewell	2.7	10.3	27%
Guildford	3.2	17.9	18%
Mole Valley	3.4	12.1	28%
Reigate & Banstead	1.1	22.4	5%
Runnymede	18.3	10.8	170%
Spelthorne	38.5	17.1	225%
Surrey CC	72.0	1,274.7	6%
Surrey Heath	9.8	21.8	45%
Tandridge	2.6	13.8	19%
Waverley	1.1	17.5	6%
Woking	171.7	23.6	728%
Total	327.4	1,465.7	22%



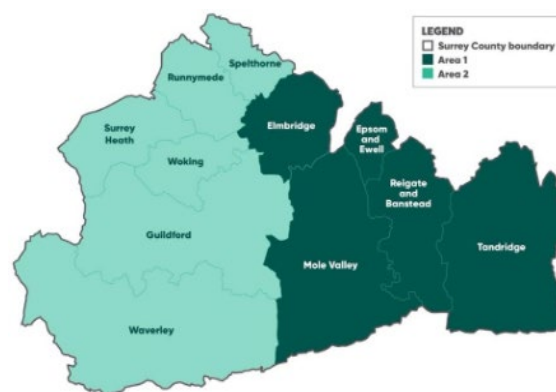
Appendix 3 – Borrowing position in Surrey

22% of the total combined net revenue budget would be required to cover the annual capital financing costs of the existing debt.

2 Unitaries

East / West (2.1)

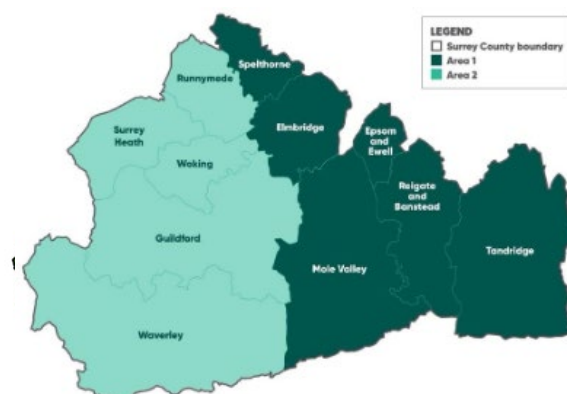
		Total Financing Costs £m	Net Revenue Budget £m	Gross Financing Costs as a % of Net Revenue Budget
East	Elmbridge	2.9	23.7	12%
	Epsom & Ewell	2.7	10.27	27%
	Mole Valley	3.4	12.12	28%
	Reigate & Banstead	1.1	22.35	5%
	Tandridge	2.6	13.84	19%
	Illustrative SCC split	32.2	570.13	6%
		45.0	652.4	7%
West	Guildford	3.2	17.92	18%
	Runnymede	18.3	10.76	170%
	Spelthorne	38.5	17.14	225%
	Surrey Heath	9.8	21.82	45%
	Waverley	1.1	17.46	6%
	Woking	171.7	23.58	728%
	Illustrative SCC split	39.8	704.57	6%
		282.4	813.3	35%



With 35% of the net revenue budget needing to be spent on capital financing costs, it is likely that the West unitary would require EFS.

East / West (2.2)

		Total Financing Costs £m	Net Revenue Budget £m	Gross Financing Costs as a % of Net Revenue Budget
East	Elmbridge	2.9	23.7	12%
	Epsom & Ewell	2.7	10.27	27%
	Mole Valley	3.4	12.12	28%
	Reigate & Banstead	1.1	22.35	5%
	Spelthorne	38.5	17.14	225%
	Tandridge	2.6	13.84	19%
	Illustrative SCC split	39.5	699.07	6%
		90.7	798.5	11%
West	Guildford	3.19	17.92	18%
	Runnymede	18.34	10.76	170%
	Surrey Heath	9.82	21.82	45%
	Waverley	1.11	17.46	6%
	Woking	171.67	23.58	728%
	Illustrative SCC split	32.50	575.63	6%
		236.6	667.2	35%

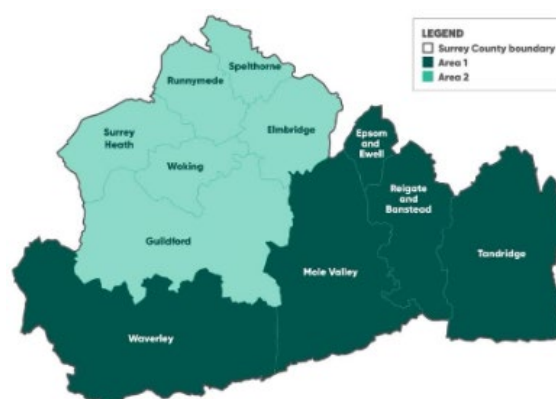


Appendix 3 – Borrowing position in Surrey

With 35% of the net revenue budget needing to be spent on capital financing costs, it is likely that the West unitary would require EFS from government.

North / South (2.3)

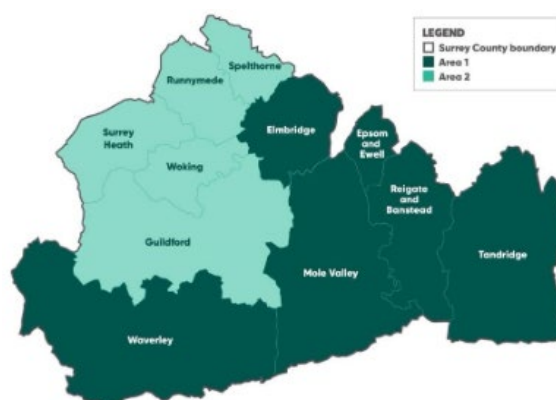
		Total Financing Costs £m	Net Revenue Budget £m	Gross Financing Costs as a % of Net Revenue Budget
North	Elmbridge	2.9	23.7	12%
	Guildford	3.2	17.9	18%
	Runnymede	18.3	10.8	170%
	Spelthorne	38.5	17.1	225%
	Surrey Heath	9.8	21.8	45%
	Woking	171.7	23.6	728%
	Illustrative SCC split	40.3	713.6	6%
		284.7	828.5	34%
South	Epsom & Ewell	2.74	10.27	27%
	Mole Valley	3.4	12.12	28%
	Reigate & Banstead	1.13	22.35	5%
	Tandridge	2.6	13.84	19%
	Waverley	1.11	17.46	6%
	Illustrative SCC split	31.67	561.07	6%
		42.7	637.1	7%



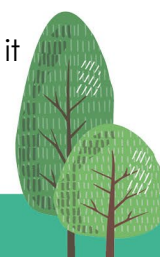
With 34% of the net revenue budget needing to be spent on capital financing costs, it is likely that the North unitary would require EFS from government.

North / South (2.4)

		Total Financing Costs £m	Net Revenue Budget £m	Gross Financing Costs as a % of Net Revenue Budget
North	Guildford	3.2	17.9	18%
	Runnymede	18.3	10.8	170%
	Spelthorne	38.5	17.1	225%
	Surrey Heath	9.8	21.8	45%
	Woking	171.7	23.6	728%
	Illustrative SCC split	32.8	581.1	6%
		274.3	672.3	41%
South	Elmbridge	2.9	23.7	12%
	Epsom & Ewell	2.7	10.3	27%
	Mole Valley	3.4	12.1	28%
	Reigate & Banstead	1.1	22.4	5%
	Tandridge	2.6	13.8	19%
	Waverley	1.1	17.5	6%
	Illustrative SCC split	39.2	693.6	6%
		53.0	793.3	7%



With 41% of the net revenue budget needing to be spent on capital financing costs, it is highly likely that the North unitary would require EFS from government.



3 Unitaries

		Total Financing Costs £m	Net Revenue Budget £m	Gross Financing Costs as a % of Net Revenue Budget
North	Elmbridge	2.9	23.7	12%
	Runnymede	18.3	10.8	170%
	Spelthorne	38.5	17.1	225%
	Illustrative SCC split	20.6	364.2	6%
		80.3	415.8	19%
East	Epsom & Ewell	2.7	10.27	27%
	Mole Valley	3.4	12.12	28%
	Reigate & Banstead	1.1	22.35	5%
	Tandridge	2.6	13.84	19%
	Illustrative SCC split	24.7	437.62	6%
		34.6	496.2	7%
West	Guildford	3.2	17.9	18%
	Surrey Heath	9.8	21.8	45%
	Waverley	1.1	17.46	6%
	Woking	171.7	23.6	728%
	Illustrative SCC split	26.7	472.9	6%
		212.5	553.7	38%

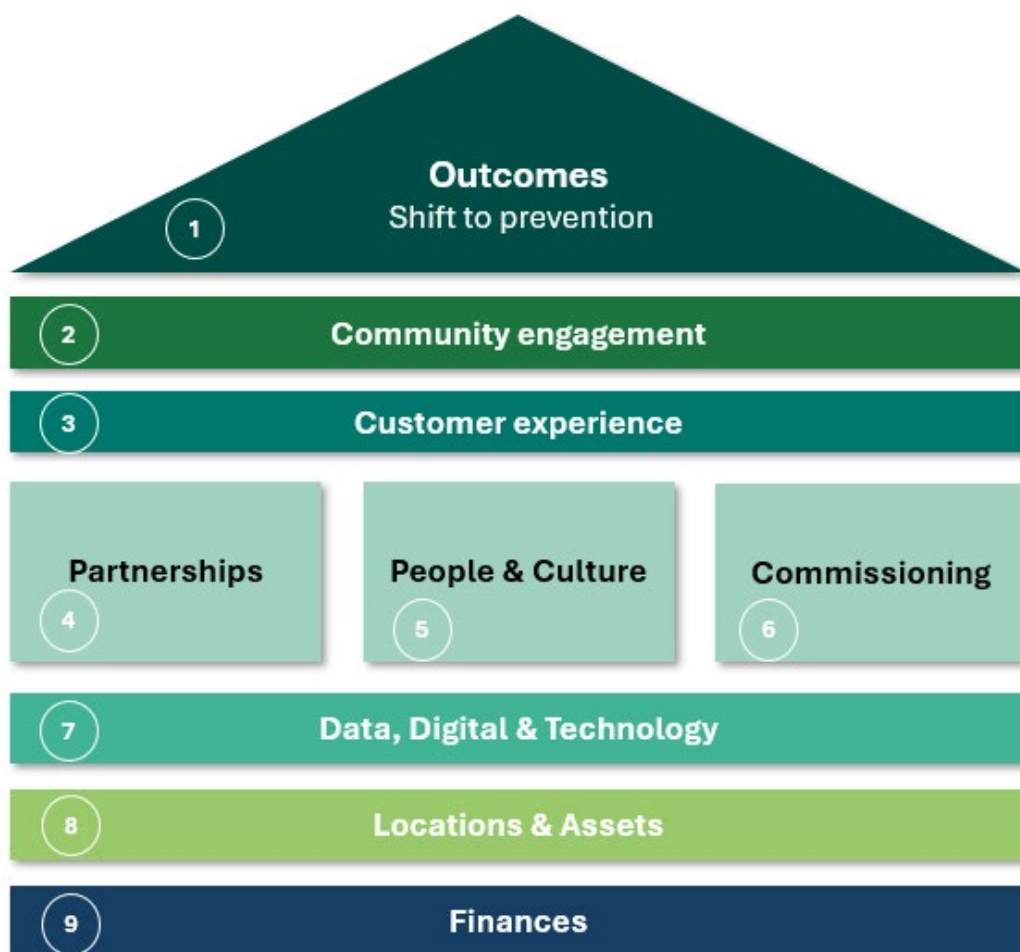


With 38% of the net revenue budget needing to be spent on capital financing costs, it is highly likely that the West unitary would require EFS from government, it is also likely that the North would also struggle with financial sustainability with capital financing costs at 19%.

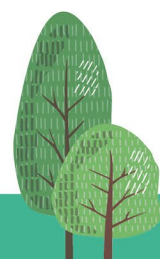


Appendix 4: Target operating models for the new councils

Operating model design principles for the new unitary councils



1	<ul style="list-style-type: none"> • Focus on outcomes - for individuals, families, neighbourhoods, communities and businesses • Shift to prevention - understanding the root causes of problems and acting early to the benefit of residents and communities and more effective use of resources
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Appendix 4 – Target operating models for the new councils

2	<ul style="list-style-type: none"> • Balance scale with strong local community engagement - using economies of scale to deliver consistent high-quality services, while working alongside local residents, groups and other partners to address local priorities and build capacity for action
3	<ul style="list-style-type: none"> • Join up customer experiences - connecting customer access points and data insights to enable a simplified and more proactive approach, acting on feedback and delivering services that meet people's needs at the right time and in the right way
4	<ul style="list-style-type: none"> • Grow strong partnerships - delivering critical services the councils are responsible for while also working in partnership with all other agencies - including the Mayoral Strategic Authority (MSA) – to support improved outcomes. In addition to direct service delivery this will sometimes involve coordinating, convening, influencing, signposting or regulating, enabling communities and partnerships to take the lead
5	<ul style="list-style-type: none"> • Embed high performance cultures - ensuring a culture of high expectations and values-based support where employees put the needs of residents first, collaborate effectively with others, and are supported with a strong career development offer, flexibility and rewarding job roles
6	<ul style="list-style-type: none"> • Strengthen commissioning - developing smart commissioning approaches that maximise economies of scale – including big picture insights, strategic collaboration with providers, and market shaping alongside the MSA – and use local insight and co-design techniques so services and offers are responsive and effective for residents and communities
7	<ul style="list-style-type: none"> • Leverage data, digital and technology - using digital, data and technology to drive innovation, meeting residents' needs in more efficient, accessible and effective ways, and strengthening engagement and collaboration



Appendix 4 – Target operating models for the new councils

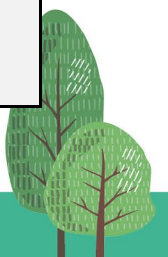
8	<ul style="list-style-type: none">• Optimise use of land and assets - making best use of physical locations to simplify and improve the customer experience and create a resilient, modern, more environmentally sustainable and value for money asset base
9	<ul style="list-style-type: none">• Financial sustainability - ensuring sound and effective financial management and governance that can underpin the delivery of high quality, sustainable and value for money public services

The relationship between the MSA and new unitary authorities will be a crucial part of the operational designs for the new councils and will feature in all the design principles set out here.

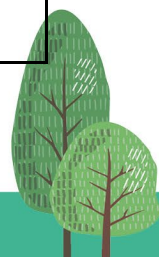


Appendix 5: Our approach to engagement

Resident Engagement	
Face to face engagement: "Let's Talk" sessions	<p>During April, we ran drop-in sessions in libraries across Surrey to meet directly with residents and explain the proposals in detail.</p> <p>The sessions will continue during the summer months, both within libraries and at a wide range of community events across the county.</p> <p>The first event at Staines library was attended by 20 residents and questions mostly centred on how services would change, debt management and election postponement.</p>
Face to face engagement: library staff	<p>Library staff at Surrey's 52 libraries were among the first to be briefed on LGR, in anticipation of those who may be digitally excluded (without access to a computer, smart phone or the internet) and enquiring directly with libraries.</p> <p>Library staff have been updating residents face to face throughout the process, offering both printed versions of proposals and assisting visitors with accessing the proposals and FAQs online, via the library computers available in every Surrey library.</p> <p>Surrey's libraries will hold printed versions of the final plans and will continue with face to face briefings.</p>
Face to face engagement: Community Link Officers	<p>Surrey County Council's network of Community Link Officers, based in District and Boroughs, have been engaging directly with residents, answering questions and pointing them to more information on the Surrey County Council website.</p>
Local media coverage	<p>Media coverage has been secured in news outlets, including:</p> <ul style="list-style-type: none"> • Local radio stations, local papers and locally-focused websites • National media coverage such as BBC News and its websites • Local magazines and opinion columns <p>Media coverage can be tracked against a rise in web visits to the bespoke LGR pages on Surrey County Council's website. This is seen in early February where a high point in online media coverage is mirrored in the Surrey County</p>

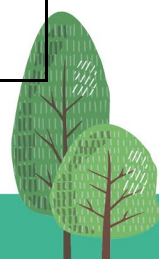


	<p>Council LGR webpage visit figures.</p> <p>There have been 447 Surrey County Council related LGR media items across, print, TV, online, radio and magazines, with a cumulative potential audience reach of 6.9 million people (1 January – 15 April).</p>
Digital engagement: social media	<p>We actively manage a wide range of social media sites on multiple platforms and post bespoke information, static posts and explanatory videos that encourage very high engagement. We also post into other social media community groups where discussions have 'tagged' Surrey County Council and have created content specifically for young people and shared this on our dedicated social media channel for that audience.</p> <p>We are actively listening to residents on social media and responding to questions quickly and accurately. Responses are written by named individuals who consistently use a professional and warm tone to effectively aid online discussions, pointing to facts and further information sources. For example;</p> <p><i>Comment:</i> <i>What does the reorganisation mean for SEND children and parents?</i></p> <p><i>Response:</i> <i>Hi Angela - there are no immediate changes to the operation of our services. Throughout this reorganisation, our vital work supporting residents will continue. Local government reorganisation has taken place in several areas in the last decade, including Dorset, Cumbria, Northamptonshire and Wiltshire. We'll be talking to colleagues in other parts of the country to understand their experience and to ensure a smooth transition of services. Thanks, Sally</i></p> <p>Questions that have not been raised previously are added to our online FAQs, for others to view.</p> <p>Between 1 and 28 February 2025 we were tagged into 594 comments about local government reorganisation and</p>



Appendix 5: Our approach to engagement

	<p>devolution. 427 of these messages were on Facebook, analysed and responded to, as appropriate.</p> <p>We are posting and responding on all our social media platforms.</p>
Digital engagement: website feedback	As of the start of April, 10,592 unique visitors have visited Surrey County Council's LGR dedicated webpage. Since 5 February, those pages have generated over 500 responses via the 'Was this page helpful?' feedback tool.
Digital engagement: Surrey's digital newsletter Surrey Matters	<p>Our award-winning newsletter is sent directly to 222,000 residents inboxes every month, and has regularly featured information about devolution and LGR.</p> <p>Open rate on LGR articles is consistently high and generates questions from residents that are fed back into proposals and FAQs: February: 9,024 clicks March: 6,366 clicks April: 2,730 clicks</p>
Telephone engagement: contact centre	Our customer contact centre has received five emails and three calls so far (as of 10 April 25). The majority of these enquiries required further information or saw the customer referred to the website.
Representative surveying via our online panel	<p>We have undertaken some initial research with a representative sample of residents via our online panel to understand what outcomes they would most like to see resulting from LGR, and this has helped to shape this proposal.</p> <p>The panel is comprised of c.1,400 residents that are broadly representative of Surrey's core demographics.</p> <p>This is a tool we will continue to use to understand resident views. So far, the three outcomes most important to residents are:</p> <ol style="list-style-type: none"> 1. Better value for money when delivering services (60%) 2. Clearer accountability (45%) 3. A more financially resilient council (37%) <p>558 residents were interviewed between 12-26 February.</p>



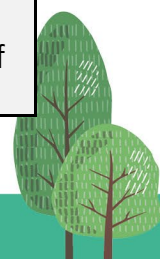
Appendix 5: Our approach to engagement

Schools	Regular updates provided to over 500 Surrey schools via our weekly School's Bulletin, with signposts to more information and support.
Business engagement	Updates have been provided to local businesses via established networks, and through three partner briefings. Some local businesses have engaged with us on social media.

Surrey County Council Staff Engagement:	
Bespoke intranet hub	A bespoke staff intranet hub was created holding all LGR related information, including regularly updated FAQs. Views up to 15 April exceed 4,500.
Dedicated inbox	A dedicated internal email inbox receives all LGR enquiries and responses are given within five days
Bespoke town hall session	Over 2,700 staff members attended an in-person and online bespoke town hall session. Feedback identified that 86% of staff surveyed felt informed about the LGR process following the session.
Manager's briefing session	Surrey County Council managers have attended monthly briefing sessions and provided with a regularly updated managers' information pack.
Directorate specific communications	Surrey County Council's directorate leads have been proactive in presenting LGR information directly to their staff, to ensure tailored information on the process is received and that open lines of communication are available. Public Health, Children's and Adults services and Land and Property have all held specific sessions on LGR. Further work on the staff intranet's dedicated LGR pages will allow for directorate specific questions and answers, as every department's staff have bespoke queries as to their future work and the broader future of the organisation.



Partner and External Stakeholder Engagement	
Engaging strategic partners	<p>The primary mechanism for engaging key partners in the process of developing the interim plan and the final proposal for LGR in Surrey was through items to the Health and Wellbeing and Integrated Care Partnership Board (HWB/ICP). This group's membership includes the NHS, voluntary sector, Surrey Police, Surrey Fire and Rescue Service, education partners and district and borough councils. As such, it acts as a key mechanism for keeping key partners informed and engaged.</p> <p>Alongside the HWB/ICP items, dedicated partner briefings were hosted by the Leader of Surrey County Council. One briefing took place prior to the submission of the interim plan and focused on updating partners on the impact of the English Devolution White Paper and the ongoing work to submit an interim plan to Government. The second briefing covered the work to develop the final plan and the impact this would have on Surrey, its residents and partners. The briefing took a specific focus on community engagement and asked partners to help shape how the newly formed unitary councils would build on the towns and villages approach to build robust and effective links into local communities.</p> <p>Furthermore, items on LGR have been presented into existing partner meetings including Surrey Heartlands meetings, the Surrey Interfaith Forum, the Surrey Forum, and the Surrey Charities Forum, allowing information to be cascaded out to wider partners where they already meet.</p>
Engaging Surrey County Council elected members	<p>Surrey County Council elected members were kept engaged through regular All Member Briefings.</p> <p>Two briefings took place prior to the submission of the interim plan which engaged members on the initial options appraisal and the intended submission content.</p> <p>Two further briefings were held ahead of the final plan being submitted. The first focused on towns and villages and the importance of local community engagement under the new unitaries. The second focused on the further analysis that had taken place, and informed the case being put forward to government in the final proposal for LGR in Surrey.</p> <p>In addition, scrutiny was a key part of the engagement of this work. Prior to the submission of the interim plan, a</p>



	<p>Member Reference Group was engaged. This group included Select Committee Chairs and Vice Chairs, as well as the Group Leaders. The group successfully reviewed and commented on the interim plan before its submission to government. In the leadup to the final plan deadline, the existing Select Committee Chairs and Vice Chairs group was asked to review and comment on the work to develop the final plan.</p> <p>Ahead of both the interim plan and final plan submission, the proposals and a commentary report were taken through Full Council ahead of Cabinet. This allowed all Surrey County Council elected members to discuss the proposals prior to Cabinet deciding whether they should be submitted.</p> <p>A bespoke Members' Intranet Hub was created to provide them with direct access to all Surrey's LGR information and bespoke Member's FAQs that are regularly updated. Updates will be shared through this as well as Members' regular newsletter.</p>
Engaging with district and borough council Leaders and Chief Executives	<p>The Interim Plan consisted of a joint Part A and two separately authored Part Bs. In order to discuss and reach consensus of the joint Part A, Surrey Leaders and Chief Executives regularly met to discuss and agree on its contents. This led to a successful joint submission of Part A of the Interim Plan.</p>



SHAPING SURREY'S FUTURE

**Devolution and
Local Government
Reorganisation**

Appendix 6 – Government correspondences





Ministry of Housing, Communities & Local Government

Jim McMahon OBE MP

*Minister of State for Local Government and
English Devolution*

2 Marsham Street
London
SW1P 4DF

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

16 December 2024

Dear Leaders

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

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

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

Local government reorganisation

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

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

Devolution

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

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

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

Transition and implementation

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

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

Timelines and next steps

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

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

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

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

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

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

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

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

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

Yours ever,

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

JIM MCMAHON OBE MP

Minister of State for Local Government and English Devolution



Cllr Tim Oliver OBE
Leader of Surrey County Council

Woodhatch Place
11 Cockshot Hill
Reigate
Surrey
RH2 8EF
02085418003

tim.oliver@surreycc.gov.uk

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

Wednesday 8 January 2025

Dear Minister,

RE: Devolution and Local Government Reform for Surrey

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

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

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

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

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

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

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

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

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

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

Yours sincerely,

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

Cllr Tim Oliver OBE
Leader of Surrey County Council



Ministry of Housing, Communities & Local Government

Jim McMahon OBE MP

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

Our reference: MC2025/03733

To: Leaders of two-tier councils in Surrey:

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

5 February 2025

Dear Leaders,

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

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

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

Developing proposals for reorganisation

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

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

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

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

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

Supporting places through change

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

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

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

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

Timelines and next steps for interim plans and full proposals

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

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

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

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

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

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

Yours sincerely,



JIM MCMAHON OBE MP

Minister of State for Local Government and English Devolution

LOCAL GOVERNMENT AND PUBLIC INVOLVEMENT IN HEALTH ACT 2007**INVITATION FOR PROPOSALS FOR A SINGLE TIER OF LOCAL GOVERNMENT**

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

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

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

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

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

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



F KIRWAN

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

5 February 2025

SCHEDULE

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

Criteria for unitary local government

1. **A proposal should seek to achieve for the whole of the area concerned the establishment of a single tier of local government.**
 - a) Proposals should be for sensible economic areas, with an appropriate tax base which does not create an undue advantage or disadvantage for one part of the area.
 - b) Proposals should be for a sensible geography which will help to increase housing supply and meet local needs.
 - c) Proposals should be supported by robust evidence and analysis and include an explanation of the outcomes it is expected to achieve, including evidence of estimated costs/benefits and local engagement.
 - d) Proposals should describe clearly the single tier local government structures it is putting forward for the whole of the area, and explain how, if implemented, these are expected to achieve the outcomes described.

2. **Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks.**
 - a) As a guiding principle, new councils should aim for a population of 500,000 or more.
 - b) There may be certain scenarios in which this 500,000 figure does not make sense for an area, including on devolution, and this rationale should be set out in a proposal.
 - c) Efficiencies should be identified to help improve councils' finances and make sure that council taxpayers are getting the best possible value for their money.
 - d) Proposals should set out how an area will seek to manage transition costs, including planning for future service transformation opportunities from existing budgets, including from the flexible use of capital receipts that can support authorities in taking forward transformation and invest-to-save projects.
 - e) For areas covering councils that are in Best Value intervention and/or in receipt of Exceptional Financial Support, proposals must additionally demonstrate how reorganisation may contribute to putting local government in the area as a whole on a firmer footing and what area-specific arrangements may be necessary to make new structures viable.
 - f) In general, as with previous restructures, there is no proposal for council debt to be addressed centrally or written off as part of reorganisation. For areas where there are exceptional circumstances where there has been failure linked to capital practices, proposals should reflect the extent to which the implications of this can be managed locally, including as part of efficiencies possible through reorganisation.

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

- a) Proposals should show how new structures will improve local government and service delivery, and should avoid unnecessary fragmentation of services.
- b) Opportunities to deliver public service reform should be identified, including where they will lead to better value for money.
- c) Consideration should be given to the impacts for crucial services such as social care, children's services, SEND and homelessness, and for wider public services including for public safety.

4. Proposals should show how councils in the area have sought to work together in coming to a view that meets local needs and is informed by local views.

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

5. New unitary structures must support devolution arrangements.

- a) Proposals will need to consider and set out for areas where there is already a Combined Authority (CA) or a Combined County Authority (CCA) established or a decision has been taken by Government to work with the area to establish one, how that institution and its governance arrangements will need to change to continue to function effectively; and set out clearly (where applicable) whether this proposal is supported by the CA/CCA /Mayor.
- b) Where no CA or CCA is already established or agreed then the proposal should set out how it will help unlock devolution.
- c) Proposals should ensure there are sensible population size ratios between local authorities and any strategic authority, with timelines that work for both priorities.

6. New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment.

- a) Proposals will need to explain plans to make sure that communities are engaged.
- b) Where there are already arrangements in place it should be explained how these will enable strong community engagement.

Developing proposals for unitary local government

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

Boundary Changes

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

Engagement and consultation on reorganisation

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

Interim plans

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

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



Ministry of Housing, Communities & Local Government

Jim McMahon OBE MP

*Minister of State for Local Government and
English Devolution*

2 Marsham Street
London
SW1P 4DF

:

Our reference: MC2025/02958

Councillor Tim Oliver OBE,
Leader of Surrey County Council

5 February 2025

Dear Cllr Oliver

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

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

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

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

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

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

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

Yours sincerely,

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

JIM MCMAHON OBE MP



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

Jim McMahon OBE MP

*Minister of State for Local Government and
English Devolution*

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

2 Marsham Street
London SW1P 4DF

www.gov.uk/mhclg

Leaders of Surrey Councils
By email

24 March 2025

Dear Leaders,

Thank you for sharing your progress on the development of your proposals for local government reorganisation by 21 March. I am grateful for your hard work and commitment to get to this stage. I look forward to reading your interim plan for simplifying local government structures, to more sustainably and efficiently deliver for your communities.

Taken together this represents the largest single package of reform of local government in England for over a half a century, and it provides a once in a generation opportunity to rebuild the foundations of local government so that it is fit to face the challenges ahead with confidence.

To support the continued development of proposals, my department will provide feedback on your interim plan. You can expect to receive this next week. My officials will also schedule meetings with your officers to discuss the feedback and any further support we can offer during that week. My department will continue to be available throughout the process to discuss your plans for local government reform and devolution. I encourage you to draw upon them as you continue to develop your proposals.

My department, in collaboration with the Local Government Association, is hosting a webinar to discuss the next steps for the LGR programme following the submission of interim plans. The webinar will also outline the support plans moving forward. The webinar is scheduled for Thursday 3 April, from 2:30pm to 3:30pm and is intended for officers. An invitation will be sent to your Chief Executives shortly.

I look forward to receiving your final submission in May. I will then thoroughly consider the final proposals before deciding on how to proceed. I am copying this letter to your Chief Executives together with the Woking Borough Council Commissioners, Surrey MPs and the Police and Crime Commissioner.

Yours sincerely,

JIM MCMAHON OBE MP

Minister of State for Local Government and English Devolution



Ministry of Housing,
Communities &
Local Government

4 April 2025

LOCAL GOVERNMENT REORGANISATION
INTERIM PLAN FEEDBACK: SURREY

To the Chief Executives of:
Elmbridge Borough Council
Epsom and Ewell Borough Council,
Guildford Borough Council
Mole Valley District Council
Reigate and Banstead Borough Council
Runnymede Borough Council
Spelthorne Borough Council
Surrey County Council
Surrey Heath Borough Council
Tandridge District Council
Waverley Borough Council
Woking Borough Council

Overview:

Thank you for submitting your interim plans. The amount of collaboration and hard work from all councils is clear to see across the range of options being considered. For the final proposals, each council can submit a single proposal for which there must be a clear single option and geography for the area as a whole.

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 plans submitted by Surrey councils:

- The County and District co-authored LGR interim plan part A, and both parts of the LGR interim plan part B, authored by the County Council and the District and Borough Councils.
- The letter submitted by Reigate and Banstead and Crawley councils, regarding the Surrey/West Sussex boundary.

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,
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 can be found at [Letter: Surrey - GOV.UK](#). Our central message is to build on your initial work and ensure that the final proposal addresses the criteria and is 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.

Summary of feedback:

1. The criteria ask for proposals *covering councils that are in Best Value intervention and/or in receipt of exceptional financial support to additionally demonstrate how reorganisation may contribute to putting local government in the area as a whole on a firmer footing and what area-specific arrangements may be necessary to make new structures viable.*

Also, for areas where there are exceptional circumstances where there has been failure linked to capital practices, proposals should reflect the extent to which the implications of this can be managed locally, including as part of efficiencies possible through reorganisation (see criterion 2).

We note that the County and District co-authored plan shows that greater efficiencies are available where there is less disaggregation, with the single unitary enabling the greatest efficiency that could benefit the management of local debt. Given the scale of the financial challenges facing Surrey, we would welcome further detail on how the ability to manage debt compares in each of the different options. As the long-term financial sustainability of the three unitary option seems most challenging in this context, we will need more information on how you will manage the risks of disaggregation to meet the financial sustainability criteria as well as the approach to debt management.

We suggest meeting to discuss in more detail local proposals for managing debt.

2. The criteria asks that consideration should be given to the impacts for crucial services such as social care, children's services, SEND and homelessness, and for wider public services including for public safety (see criterion 3). **For all options, further detail will be helpful on how the different options might impact on**

these services, where there is disaggregation and how risks can be mitigated.

3. The criteria sets out that if a 500,000 population figure does not make sense for an area, the rationale should be provided (see criterion 2). **More detail on those rationales would be helpful, and you may wish to support existing narratives with data.**
4. We welcome the steps you have taken to come together to prepare proposals 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 proposals.**
 - b. **In particular, it would be helpful for final proposals to use the same assumptions and data sets, or be clear where and why there is a difference.**
 - c. **It would be helpful if your final proposal 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, overall, best meets the assessment criteria in the invitation letter compared to any alternatives, and a counterfactual of a single unitary.**

Response to specific barriers and challenges raised

1. Joint solution to managing Surrey's debt

We note the desire for clarity and further discussions around the area's debt position and your preferred option for Government to write off the current estimated debt of £1.5bn. As highlighted above and set out in criterion 2, the default position is that assets and liabilities remain locally managed by councils, but we acknowledge that there are exceptional circumstances where there has been failure linked to capital practices. Where that is the case, proposals should reflect the extent to which the implications of this can be managed locally, including as part of efficiencies possible through reorganisation. Commissioners should be engaged in these discussions. It would be helpful to see further detail in proposals on the projected financial sustainability of proposed unitaries and how they could manage debt locally (for example, projections of unitaries' core funding, operational budget, debt servicing costs (MRP and interest), General Fund debt/CFR, and the contribution of transformation/efficiencies). We suggest meeting again to discuss in more detail local proposals for managing debt.

2. Preparations for a Mayoral Strategic Authority (MSA)

New unitary structures must support devolution arrangements.

Devolution options and associated timelines will be subject to the option pursued for reorganisation.

As the co-authored plan notes, under a single unitary model, unlocking devolution would mean partnering up with neighbouring authorities or joining a neighbouring mayoral authority. To achieve devolution in this way, the area will need to ensure the proposed devolution geography meets the criteria set out in the English Devolution White Paper.

Under both the two or three unitary proposals, devolution could also be explored on a Surrey-only footprint, subject to achieving sensible population ratios between unitaries as potential constituent members of a future MSA and what that may mean for governance options.

The Reigate and Banstead and Crawley proposal does not outline a proposed devolution geography for the new proposed unitary. Under criterion 5, “New unitary structures must support devolution arrangements”, we would therefore ask for information on how the proposal would unlock devolution for the wider area, particularly in the context of the proposed Sussex and Brighton MSA.

Timing-wise, we would look to explore delivering devolution alongside reorganisation as far as possible and subject to the outcome of the upcoming Spending Review. This means we would look to begin the process shortly after new shadow unitary elections. For the creation of a new MSA, mayoral elections could take place in the same year as the new unitary go-live dates. For joining an existing MSA, we would typically look to align with the MSA’s election cycle.

Subject to the above and timings aligning, the functions for which a future MSA would be responsible would not require disaggregation. This would include many of the functions highlighted, including strategic planning, economic development, regeneration and skills, and employment support.

While we cannot pre-judge devolution decisions, we are happy to discuss further any eventual transition period between establishing the new unitary authorities and a potential MSA taking effect.

3. Swift and smooth transition for LGR

We can discuss the best approach for the transition following the final decision on the proposals. This can include what arrangements may work best for the whole area, such as a lead SRO at a council and/or what joint working arrangements may work best for the area.

4. Timely and constructive feedback on our proposals

This is our feedback to support you to develop final proposal(s), we are open to providing ongoing support to your work to progress your final plan. Richard Enderby has been appointed as your MHCLG point person and is ready to engage with the whole area on issues you wish to discuss further.

5. Capacity funding support

£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, and we recognise that your area's share may come after your final proposal have been submitted.

In terms of transitional costs, as per the 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 note the estimate of your transition costs and comment further on this in the table below.

6. Engagement with Leaders and officers

We are committed to supporting all invited councils equally while they develop any proposal or proposals.

7. Co-terminosity of public sector services

We welcome the desire to maximise the opportunity for public service reform, and it would be good to know what you are thinking in more detail to understand how we might support.

8. Impacts from government funding reforms

Government recently consulted on finance reforms and confirmed that some transitional protections will be in place to support areas to their new allocations.

Further details on finance reform proposals and transition measures will be consulted on after the spending review in June.

We will not be able to provide further clarification on future allocations in the meantime but are open to discussing assumptions further if we can assist in financial planning.

9. Service delivery risks

We welcome your wish to minimise service delivery risk during transition.

10. Consultation

Expectations on engagement and consultation are in the invitation letter. We note the interim plans set out a range of engagement with stakeholders. As requested, we are happy to engage further on the consultation requirements in statute.

ANNEX: Detailed feedback on criteria for interim plan

Overview	Detailed feedback
<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: 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>&</p> <p>2 a-f) - Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks</p> <p>&</p> <p>3 a-c) Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens</p>	<p>We will assess final proposals against the criteria in the invitation letter. Referencing criterion 2, it would be helpful to provide:</p> <ul style="list-style-type: none"> • Breakdowns that are as detailed as possible for where efficiency savings will be made, with clarity of assumptions on how estimates have been reached and the data sources used, including differences in assumptions between proposals. • Information on the counterfactual against which efficiency savings are estimated, with values provided for current levels of spending. • The inclusion of a single unitary option as a benchmark against which to consider the potential net savings from two and three unitary options would be useful. • A clear statement of what assumptions have been made, and if the impacts of inflation are taken into account. • A summary covering sources of uncertainty or risks with modelling, as well as predicted magnitude and impact of any unquantifiable costs or benefits. • Where possible quantified impacts on service provision, as well as wider impacts. <p>We recognise that the interim plans set out the financial assessment is subject to further work. The bullets below indicate where further information would be helpful across all options. The level of financial appraisal varied, and we would welcome significantly more for the Reigate and Banstead and Crawley plan. As per criterion 2 it could be helpful to see:</p> <ul style="list-style-type: none"> • additional data and evidence to set out how your final proposal would enable financially viable councils, including identifying which option best delivers value for money for council tax payers (see criterion 2e). • 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. • 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. • financial sustainability both through the period to the creation of new unitary councils as well as afterwards. • as per criterion 2f proposals should reflect the extent to which the implications of how debt can be managed locally, including as part of efficiencies possible through reorganisation. We would welcome a greater understanding of the proposals for managing debt in each of the options, and demonstration of

	<p>which option will best support the management of local debt. As above this could include appraisal of total borrowing and debt servicing costs within new structures (and assessment of affordability against funding/operational costs), and the potential for rationalisation of saleable assets.</p> <ul style="list-style-type: none"> Given the scale of the financial challenges facing Surrey, we would welcome further detail on how the ability to manage debt compares in each of the different options. As the long-term financial sustainability of the three unitary option seems most challenging in this context, it would be helpful to have more information on how you will manage the risks of disaggregation to meet the financial sustainability criteria as well as the approach to debt management. Relevant commissioners should be engaged on these discussions. <p>As set out in criterion 2b proposals for all options not aiming for a population of 500k it would be helpful to demonstrate why their preferred population approach makes sense for the area.</p> <p>We would welcome further details on how services can be maintained where there is disaggregation, such as 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"> What are the potential impacts on services in the plan outlined by Reigate and Banstead and Crawley: for example, how will police and fire governance be addressed. What would the different options mean for local services provision, for example: <ul style="list-style-type: none"> do different options have a different impact on SEND services and distribution of funding and sufficiency planning to ensure children can access appropriate support, and how will services be maintained? What is the impact on adults and children's care services? Is there a differential impact on the number of care users and infrastructure to support them from the different options? What options have you considered for partnership for joint working across the new unitaries for the delivery of social care services? Do different options have variable impacts as you transition to the new unitaries, and how will risks to safeguarding to be managed? Do different options have variable impacts on schools, support and funding allocation, and sufficiency of places, and how will impacts on school be managed? Highway services, across the area under the different approaches suggested?
Include indicative costs and arrangements in	<ul style="list-style-type: none"> We would welcome further clarity on how the assumptions and data for how the transition costs and efficiencies were

<p>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>calculated. (see criterion 2d)</p> <ul style="list-style-type: none"> • We 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) • The estimates for savings are indicative; it would be helpful if final proposals could provide further details on the methodology used to aid understanding of the reasons for the differing savings outcomes between two and three unitary models. (see criterion 2d) • In response to criterion 2d further detail would also be helpful 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 or in relation to fire governance, and will different options provide different opportunities for back-office efficiency savings?
<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>As per criterion 6 in the invitation letter,</p> <ul style="list-style-type: none"> • new unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment. • 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. • In final proposal(s) we would welcome detail on your plans for neighbourhood-based governance, impact on parish councils, and thoughts about formal neighbourhood partnerships and area committees. • We welcome the early view you have provided of councillor numbers, which we will be sharing with the LGBCE.
<p>Include early views on how new structures will support devolution ambitions.</p>	<ul style="list-style-type: none"> • As the co-authored plan notes, under a single unitary model, unlocking devolution would mean partnering up with neighbouring authorities or joining a neighbouring mayoral authority. If considering this route, under criterion 5, the area

<p>Relevant Criteria: 5) New unitary structures must support devolution arrangements.</p> <p>Specifically 5b) Where no CA or CCA is already established or agreed then the proposal should set out how it will help unlock devolution.</p>	<p>should ensure the proposed geography meets the criteria set out in the English Devolution White Paper</p> <ul style="list-style-type: none"> • Under both the two or three unitary proposals, devolution could also be explored on a Surrey only footprint, subject to achieving sensible population ratios between unitaries as potential constituent members of a future MSA and what that may mean for governance options. We would welcome more details on how the proposals would ensure these sensible ratios. • The Reigate and Banstead and Crawley proposal does not outline a proposed devolution geography for the new proposed unitary. Under criterion 5, we would ask for information on how the proposal would unlock devolution for the wider area, particularly in the context of the proposed Sussex and Brighton MSA. • Timing-wise, we would look to explore delivering devolution alongside reorganisation as far as possible and subject to the outcome of the upcoming Spending Review. For the creation of a new MSA, mayoral elections could potentially take place in the same year as the new unitary go-live dates. For joining an existing MSA, we would typically look to align with the MSA's election cycle. • Subject to the above and timings aligning, the functions for which a future MSA would be responsible with would not require disaggregation. This would include many of the functions highlighted, including strategic planning, economic development, regeneration and skills, and employment support. • While we cannot pre-judge devolution decisions, we are happy to discuss further any eventual transition period between establishing the new unitary authorities and a potential MSA taking effect. • Across all proposals, looking towards a potential future MSA, it would be beneficial to go beyond the unlocking of devolution and provide an assessment that outlines if there are benefits and disadvantages in how each option would interact with a strategic authority and best benefit the local community. • You may also wish to include how any proposal considers the new housing and regeneration and adult skills powers being conferred by upcoming legislation to Surrey County Council as part of the recently confirmed non-mayoral agreement, and on how the area will exercise devolved functions once new unitaries are formed.
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<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>	<ul style="list-style-type: none"> • We welcome your interim update against criterion 6, and 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 and councils, public sector provider such health policy and fire, and business to inform your proposal. • You may wish to engage in particular with those who may be affected by disaggregation of services. It would be helpful to see detail that demonstrates how local ideas and views have been incorporated into any final proposal.
<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: Linked to 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>	<ul style="list-style-type: none"> • We would welcome further detail in any final proposal 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 – noting the interim plan indicates the implementation cost covers both (see criterion 2d)
<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</p>	<ul style="list-style-type: none"> • We welcome the ways of working together you have outlined in the interim plan (see criterion 4). 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. • 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>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>	
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SHAPING SURREY'S FUTURE

**Devolution and
Local Government
Reorganisation**

Appendix 7 – Partner letters of support





Elmbridge

Borough Council

Cllr Tim Oliver OBE
Leader of the Council
Surrey County Council

Elmbridge Borough Council
Civic Centre
High Street
Esher
Surrey KT10 9SD

Date: 23 April 2025

Dear Tim

Local Government Reorganisation - 2 Unitary option for Surrey

As we work towards final local government reorganisation (LGR) submission across the county, we wanted to take the opportunity to reaffirm our position with you, as well as provide some supplementary information that may support the options appraisal that underpins the final plan for the 2 unitary option.

Our position

We hold firm the belief that LGR wouldn't be the first choice of our residents. Whilst we recognise the benefits of streamlining and transforming services across a wider scale, the speed of the process, particularly with the exceptional Surrey timescales could put services at risk. This coupled with the significant debt across Surrey may mean that our residents are faced with increased costs. Having said that, we must still work pragmatically to achieve the best outcome for residents now that the Government has set us on this path.

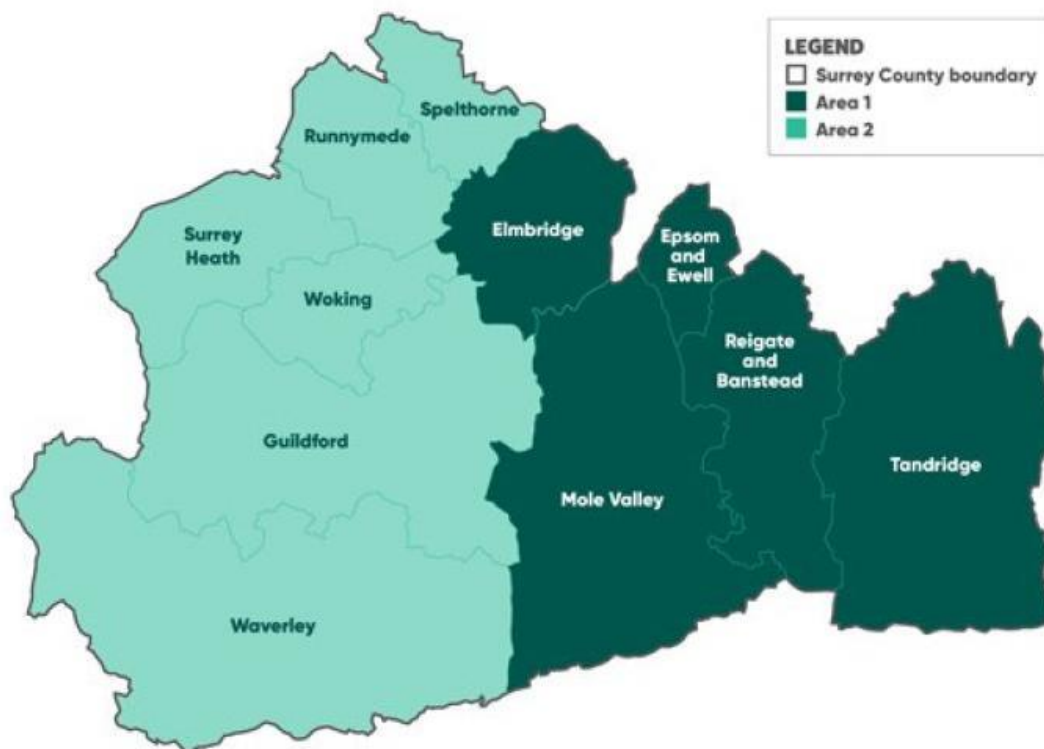
Throughout this process, Elmbridge has maintained an open-minded stance regarding the optimal number of new unitary authorities. Our primary goal is to ensure the best interests of Elmbridge, as well as Surrey as a whole. Our decision will be grounded in robust evidence and data. We will continue to analyse, research, and scrutinise all options until we are confident that the best solution for unitarisation in Surrey has been identified. We are committed to being open and transparent about our approach and the work being undertaken to reach the final submission, and this letter forms part of this approach.

The 2 unitary option

As you will have seen, we have made clear our concerns on the options for 3 unitary options being developed by some Surrey districts and boroughs. In the interest of

transparency, we would like to outline our preferred configuration for Surrey across the 2 unitary option, as well as some of the data used to support this.

Having reviewed the Surrey [interim proposal](#), we think if this is progressed, an East/West split such as the options set out below could make the most sense for Elmbridge. Our preference for this would be the 2.1 set out below.



There are a number of factors to this that we believe will help develop the proposal for two unitary councils further:

Place

The larger geographies of the proposed two unitary councils could offer more flexibility in meeting housing needs across the unitary areas. By working over a broader region, we could potentially minimise the impact on the character and appearance of Elmbridge.

Some of the key place factors that we feel support the 2.1 model for Surrey for include:

- Spelthorne is connected to Surrey Heath, Woking and Runnymede by a principal road network (A30/M3) and rail network (Reading to Waterloo).
- Spelthorne's only connection to Elmbridge is Walton Bridge. Spelthorne is severely isolated from the remainder of East Surrey.
- The physical boundary of the River Thames provides a significant barrier to communities accessing homes, jobs and services in East Surrey.
- Spelthorne's focus is connections to Runnymede, Windsor, Hounslow and Hillingdon. This is demonstrated in the travel to work, housing market and functional economic areas.

- Heathrow will dominate the economic development of Spelthorne and other west surrey authorities whereas East Surrey will look to Gatwick.

From our perspective, this is sufficient evidence to support the 2.1 model over any other in your options analysis.

Finances

Based on the evidence published thus far, the option of two unitary councils appears to be more financially resilient. This is a crucial consideration given the combined debt level of £5.5 billion held by councils in Surrey. Make no mistake – we firmly believe that to best support the future of local government in Surrey the Government must agree to write off the stranded debt accumulated through investment in commercial property and development, and will continue to fight for this outcome. However, we also need to look practically at our options.

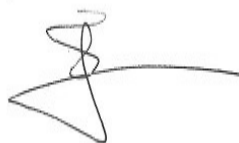
The 2.1 option minimises the number of new unitary authorities that will require significant financial support from inception, which will play a key part in streamlining local and central government engagement throughout the LGR process and going forward, especially over the issue of the exceptional debt across Surrey. There are a number of uncertainties that need to be assessed and mitigated, as per the recent [Best Value Inspection Report for Spelthorne](#), which could be better resolved across Surrey under the 2.1 configuration.

We will continue to work across the county to support the development of proposals that lead to the best results for our residents, and see the above points raised as central to our work in doing this. We look forward to seeing the final submissions in due course.

Signed,



Mike Rollings
Leader of Elmbridge Borough Council



Simon Waugh
Deputy Leader of Elmbridge Borough Council



John Cope
Leader of the Opposition, Elmbridge Borough Council

25/04/2025

Dear Cllr Tim Oliver,

I am writing to you as Chair of the Surrey Business Leaders Forum, which brings together private sector representatives from across the county to ensure a strong business voice is at the heart of local decisions impacting our regional economy.

There are close to 40 members on the forum, representing a diverse range of businesses linked to the county's economic strengths.

Representatives include Surrey-based multinationals, such as McLaren, Asahi and KONE; our growing priority sectors, such as Shepperton Studios, Fuse Games, and Surrey Satellite Technology Limited; and large anchor organisations, such as Wates Group, Gatwick, SGN, and the Animal and Plant Health Agency.

There are also high-growth SMEs, investors, property agents, and employer representative bodies, including Surrey Chambers of Commerce, Institute of Directors, Federation of Small Businesses and Surrey Business Improvement Districts (BIDs) network.

In short, the Forum represents Surrey's vibrant and diverse regional economy, which contributes close to £50 billion annually to the UK, and play a critical role in elevating the voice and role of business in local decision-making related to economic growth.

While we recognise that LGR in itself is a matter for our local authority leaders to discuss directly with yourself, on behalf of businesses across Surrey I want to re-emphasise the importance of delivering strategic economic functions on a single county footprint.

Our belief – supported by examples of devolution elsewhere, such as Greater Manchester and the West Midlands – is that business growth is dependent upon opportunities to maximise and leverage economies of scale, supporting cross-county collaboration between high-growth clusters and innovation assets.

For 15 years, Surrey was split into two Local Enterprise Partnership areas rooted in neighbouring counties. This created a complex landscape that was challenging to navigate for businesses in terms of support and access to funding.

Over the past two years, Surrey has been through a significant journey to enhance and streamline delivery of economic responsibilities to provide a more effective business support mechanism.

Working collaboratively with Surrey County Council and partners, we have used the increased powers provided by Whitehall to:

- Create an enhanced strategic direction through the recently published Surrey Economic Strategy to enable economic growth on a county level
- Launch an Economic Growth Fund focused on inclusive economic growth, with an anticipated £7 million of pooled funding in the first year for innovative and scalable projects to boost economic outcomes in Surrey
- Establish and develop significant business support on a single footprint, through the Business Surrey brand and website, to streamline and provide more effective support for local businesses
- Progress focused and targeted skills and employment support activities such as the Surrey Careers Hub, Skills Bootcamps, and the upcoming Connect to Work programme and devolved Adult Skills Fund to align with employer needs.

We would want to reinforce that to deliver the best economic outcomes for Surrey as a whole will require a continuation of strategic economic functions being delivered on a single county footprint. It is only by doing this that we can achieve the scale to maximise growth while providing capacity for meaningful targeted interventions in employment and skills.

Whichever path is taken through the Local Government Reorganisation and devolution in Surrey, future success will require collaborative working with strong and independent unitary authorities operating on functional economic areas with a fair and reasonable split of innovation assets and strategic towns.

We trust government and our local elected representatives to agree on the best way forward for the businesses, residents and communities of Surrey, ensuring that these authorities are well-placed to provide crucial, efficient and effective public services in the short and long term.

With regards,

Chris Hurren,

Partner at RSM UK and Chair of Surrey Business Leaders Forum

Tim Oliver, SCC

Community Foundation for Surrey
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4th Floor,
5 Henry Plaza
Victoria Way
Woking
GU21 6QX

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Rebecca.Bowden@cfsurrey.org.uk
www.cfsurrey.org.uk

24th April 2025**LOCAL GOVERNMENT REFORM IN SURREY**

Dear Tim

The Community Foundation for Surrey (CFSurrey) has had a positive relationship with Surrey County Council (SCC) since the Community Foundation was established in 2005. Throughout that time, they have been an important support and partner for our vital work.

In the early years of the Foundation, SCC provided direct funding and supported the transfer of over 30 Trusts into CFSurrey. In more recent years we have collaborated on some significant matched funding initiatives, notably the Covid19 response, the Mental Health Scale-Up fund, Strategic Transformation Programme and multiple Winter Poverty Fundraising initiatives.

Since our launch, we have also collaborated closely with the Borough and District Councils in Surrey to pool resources and expertise to target funding and support at local communities. In particular, we are grateful to those Borough and District Councils who have directly supported our many Area Funds in their local work.

With SCC, we have a strong strategic partnership and have committed to working together to bring maximum benefit and support for the communities of Surrey. Our strategic partnership is based on trust, mutual respect and an open dialogue. We continue to join up our expertise and skills for the benefit of Surrey residents wherever appropriate and have put in place solid foundations for closer working across a range of issues to improve the lives of Surrey residents.

In addition to our partnership working within Surrey's borders, we also work frequently across county borders by collaborating with other Community Foundations in the 47-member national network. This can be seen for example in our administration of the Gatwick Airport Community Fund which we do jointly with Kent and Sussex Community Foundations.



Together we can

Shaping Surrey's Future, the Interim Proposal for Local Government Reorganisation and Devolution in Surrey has been submitted to government. Leaders of all 12 Surrey councils have outlined a shared vision for Surrey, with options to split Surrey into two or three unitary councils following reorganisation. This is an important step in government's timeline, working towards elections in May 2026.

This major structural change offers a unique opportunity to improve services and support for our residents, including those who are most vulnerable. Today we heard that SCC's preferred model of 2 unitary authorities is well supported by both police and health who will be vital partners in ensuring that the transition to a new way of working is as smooth as possible and maximises the opportunity for new, improved support and services for our communities.

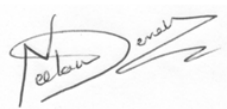
The Community Foundation for Surrey will work in partnership with all 12 councils to support a smooth transition to the new structure in whatever form that takes. From the Foundation's perspective we would see most merit in a single unitary authority covering the current geography of Surrey. This would be the obvious, simplest way to bring services together, gaining economies of scale whilst simplifying and minimising duplication. However, given a binary choice between two or three unitary authorities, we would support a two-unitary authority approach for simplicity and to minimise disruption to vital services supporting those most in need in our county.

We believe that the proposed model should build on the existing strategic partnership with the VCSE sector to promote greater strategic partnership by enabling dialogue between multiple public sector bodies and the VCSE sector on key strategic issues. In parallel, it will be vital to continue to encourage, grow and support engagement at the local and hyper-local level. The proposed Community Boards structure should also link through to existing structures such as the Foundation's many Area-focussed Funds, for example, to ensure that benefits of local collaboration are developed and supported.

Yours sincerely,



Dr Rebecca Bowden, CEO



Mrs Neelam Devesher DL, Chair





Tim Oliver
Leader of the Council
Surrey County Council
Woodhatch Place
Cockshot Hill
Reigate
Surrey
RH2 8EF

Surrey Fire and Rescue
Service
Surrey County Council
Woodhatch Place
Cockshot Hill
Reigate
Surrey
RH2 8EF

24 April 2025

Dear Tim,

I am writing to express my support for Surrey County Council's (SCC) Business Case for Local Government Reorganisation (LGR). This proposal aligns with the vision set out in the [Fire Reform White Paper](#), which aims to provide the public with a direct say in who manages their local fire and rescue service, thereby improving public awareness and engagement. Surrey Fire and Rescue Service (SFRS) support the proposed two unitary authority model as it is more efficient and simplifies governance structures, making it easier for SFRS to manage and respond to the needs of the community.

The Fire Reform White Paper suggests replacing the current committee-based governance found in county councils with a model where a single, directly elected individual, such as a mayor, oversees the fire and rescue service. This change is intended to make decision-making faster and more aligned with public priorities. By adopting this model, we can ensure that our governance structures are more responsive and accountable to the needs of our community.

The Fire Reform White Paper also confirms the government's intention to deliver on His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) recommendation that Chief Fire Officers (CFOs) should be afforded operational independence. LGR supports operational independence by granting CFOs the autonomy to make decisions regarding the deployment and management of resources. This flexibility allows for more responsive service delivery, ensuring that fire and rescue services can adapt to changing risks and demands effectively.

Additionally, the legal view is that services intended for the Strategic Authority model, such as SFRS, cannot be governed by one of the unitary councils. A 'shadow authority' will need to be established to govern the service until the Mayoral elections and vesting day in 2027. Following the dissolution of SCC on

31 March 2027, SFRS will require corporate functions currently provided by SCC, such as finance, HR, property and legal services. A disaggregation will be necessary to extract the service from the council as it moves to the strategic level. The disaggregation process must ensure that corporate services are aligned to the specific needs of the fire and rescue service and position the fire and rescue service to effectively respond to future challenges.

LGR is an opportunity to address any financial challenges faced by fire and rescue services within county councils by ring-fencing fire and rescue budgets. This ensures that fire and rescue services have dedicated funding to meet operational needs, providing financial stability and aligning with the White Paper's expectation of maintaining low council tax bills while ensuring that fire and rescue services are adequately resourced.

The proposed reorganisation offers several clear benefits for SFRS. It promotes collaboration between other co-terminus emergency services, facilitating better coordination and resource sharing. This ensures that services can work together seamlessly to address public safety challenges, enhancing the overall effectiveness of emergency response and delivering better outcomes for residents.

Moreover, the Fire Reform White Paper outlines the importance of fire and rescue services playing an active role in supporting wider public safety agendas, including health and crime prevention. LGR enables fire and rescue services to integrate more closely with local health and safety initiatives, ensuring a holistic approach to community safety. This integration supports the White Paper's vision of fire and rescue services contributing to broader public safety goals beyond their core functions.

SFRS will also have greater control over funding and regulatory requirements, allowing for more transparent and accountable governance. However, it is crucial to acknowledge and address the risks associated with LGR. Changes in funding structures, organisational boundaries, and regulations may pose challenges that require careful management to maintain service continuity and public trust. It is essential that we work collaboratively to navigate these risks and issues, ensuring that the transition is smooth and that the delivery of services to the public is not compromised.

In conclusion, I wholeheartedly support the LGR initiative. I am committed to a collaborative approach to ensure a successful transition and to maximise the benefits for our communities. Together, we will navigate this change effectively and enhance our service delivery.

Yours sincerely,



Dan Quin
Executive Director – Community Protection and Emergencies (Chief Fire Officer)

Cllr Tim Oliver
Leader
Surrey County Council
Via email

29th April 2025

Dear Tim,

Letter of Support for Surrey County Council's Local Government Reorganisation Plans

I write following Surrey County Council's recent briefing to partners on proposals for Local Government Reorganisation, due for submission next week to Government. I am supportive of SCC's preferred model of two unitary authorities (specifically model 2.1) and also of the emerging plans for future engagement at a local level. For the reasons you clearly cited in your presentation – simplicity for our residents; a reduced risk in the disaggregation of key services such as adult social care and children's services; more efficient and cost-effective delivery of services; better alignment to key partnership structures; unlocking of devolved powers – a two unitary structure appears to be the right model for our county.

Support for a East/West two unitary model (2.1) and alignment to future policing/estates structures

Members may be aware that Surrey Police has, for some months now, been working on a revised operating model which will look at how policing services are structured at local level to deliver a more effective and resilient service aligned to the Chief Constable's strategic plan. This review is set to define how Surrey Police will fight crime and protect people for the next decade. In tandem, we will need to look at our estate strategy to ensure that our buildings are located in the optimum locations to support any new ways of working. The dissolution of our Borough and District Councils additionally means that we will need to revisit how we police and engage with local neighbourhoods, as much of our partnership work mirrors current local government boundaries and neighbourhood teams are co-located in 7 of our 11 Borough and District Council offices, which also host a number of police front counters.

Operational policing decisions are, of course, a matter for the Chief Constable. However, I am aware from recent conversations with the Chief that there is a strong policing case for supporting the East/West model and specifically, version 2.1 where Spelthorne sits in the western unitary. In terms of road connectivity, patterns of criminality, partnership structures, and emerging estates models (including custody provision) the Spelthorne area would be better served, from a policing perspective, by being aligned to the west of the county. I would be grateful if you could draw this specific point to your members' attention and I am sure that the Chief Constable would be happy to provide more detail in due course.

Partnership and local engagement

Partnership working is at the very heart of my role as PCC and I believe a two, rather than three unitary model, allows much more effective and simplified opportunities for future engagement. Many of our strategic partnership structures - including the Criminal Justice Board, Health & Wellbeing Board, Community Safety & Prevention Board and Safeguarding Executives - currently bring together senior leaders and elected members from across Surrey and operate across the entire county. Engaging with two unitaries brings good opportunities for simplification and a reduction in the duplication of effort.

I am, like you, keen to ensure that in any future model of governance, the importance of links to the public at a very local level can be retained. I am therefore very interested in emerging plans for engaging local communities through new Community Boards. Police & Crime Commissioners are elected to be the bridge between the police and the public and I can see great potential for the link-up of our neighbourhood policing teams with partners and local communities to tackle a range of issues at a much more local level and to engage in a meaningful way.

Future Devolution and the Mayoral Strategic Authority

Finally, I would like to offer my support for a unitary model that will unlock the exciting opportunities that exist for Surrey through devolution. With 'public safety' falling under the remit of a future Mayor, I see great potential for services such as the police and fire to work more closely together. I would reiterate my request that the Office of the Police & Crime Commissioner (as distinct from Surrey Police colleagues) is engaged at an early juncture in preparations for a Mayoral Authority. It will be imperative to ensure that the transfer of functions – including assets, police estate, contracts, finances and staff – that currently sit with the Police & Crime Commissioner, are properly considered and transferred smoothly into any new authority. Ensuring that we retain the best elements of the current PCC model in any new policing governance model, including strong and visible oversight of Surrey Police, will be key to the success of any future Mayor and we are in an informed position to assist with plans in this regard. We look forward to being involved in relevant workstreams as they are established.

Yours sincerely,



Lisa Townsend
Police and Crime Commissioner for Surrey

Mr Andy Brown
Deputy Chief Executive & Executive Director Resources (S.151 Officer)
Surrey County Council
Woodhatch Road
Cockshot Hill
Reigate
Surrey RH2 8EF

22 April 2025

Dear Andy

I write following a meeting of the Devolution Cabinet Working Group at Mole Valley District Council. This cross-party group asked that I highlight some concerns to those preparing proposals while they are still under development.

With regards to the geographic areas to be covered by new councils in a two unitary model - the Group favours an East/West split with the geographic areas currently covered by Mole Valley, Reigate and Banstead, Epsom and Ewell, Tandridge and Elmbridge forming a new Eastern authority.

The Group asked me to explain that they would have significant concerns about the inclusion of Spelthorne within the East as this would result in a local government structure disproportionately focused on urban issues, potentially at the expense of rural concerns. Spelthorne, covering the least rural area, differs considerably in character from Mole Valley, which is predominantly rural. If Spelthorne were included, there is a genuine risk that rural priorities would become marginalised, with policy development and decision-making skewed towards urban interests due to the dominance of more urban areas.

To highlight the disparity, both Mole Valley and Tandridge consist largely of rural landscapes, while the remaining areas are significantly more urbanised, with Spelthorne being the most urban of them all. A unitary structure excluding Spelthorne would help maintain a more equitable balance between urban and rural concerns, ensuring that policy decisions reflect the needs of both communities. The preferred arrangement, which includes three urban districts alongside two rural ones, is considered a more effective approach to balancing population centers with their concentrated economic activity and rural areas with their dispersed populations and distinct requirements in terms of economic development and access to services.

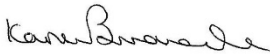
Separately, the Group has also asked that I reiterate their view that the proposal should be based on three councillors per division rather than two. The Group believe that this level of representation is essential in order to enable councillors to deal effectively with increasing workloads, particularly in rural areas where Members have to travel long distances across their division and ensure attendance at Parish Council, Resident Association and other meetings. It should be noted that making this modification would continue to result in significantly fewer councillors across Surrey than at the current time.

Finally, many of our Members continue to have concerns regarding the inclusion within the Interim Plan of a proposal to adopt a model of whole council elections every four years. They have made it clear that they would prefer that the new organisations elect by thirds. They believe that elections by thirds makes councillors more democratically accountable and provides the electorate with a greater opportunity to be involved in decision-making.

It would also provide greater stability for the new council in terms of its membership as it reduces the risk of wholesale change within the council and allows for succession planning because there would be a mixture of new and experienced councillors on the Council.

Should you wish to discuss any of the issues raised in the letter please do not hesitate to contact me.

Yours sincerely



Karen Brimacombe
Chief Executive
Mole Valley District Council