

SHAPING SURREY'S FUTURE

Devolution and
Local Government
Reorganisation

Final Plan

May 2025



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FOREWORD

Our story in Surrey is one of ambition, talent and innovation. A place of thriving communities and businesses, creative heritage in the arts and, of course, beautiful countryside. As we launch our proposal for a new system of local government, we set out a vision for our next chapter with a clear plan to make it happen.

Surrey is undeniably a brilliant place to live, work, learn and visit but, for some, life can be challenging. That is why we want better local government for the people of Surrey. We want to simplify the system, save money and, most importantly, strengthen connections between local communities and public services.

The need for transformation has become all the more apparent in recent years; a period that has seen rapid increases in demand, challenges for the national economy and worrying changes to our climate, alongside a significant squeeze to public finances. Even with these challenges, Surrey County Council provides good quality services, and our finances are stable due to our focus on service improvement and transformation over a number of years.

I welcome the opportunity the government has given us to be on an accelerated pathway of reorganisation to unlock devolution for Surrey. Our strong leadership and management of countywide services positions us well to lead a swift and smooth transition that will enable further service improvements.

This proposal will create stronger, simpler and more sustainable councils, and will give Surrey an even brighter future. The evidence is clear, that two unitary councils, in partnership with a new Mayor for Surrey, would bring the most benefits. Two unitary councils will bring together and simplify services currently delivered by the district and borough councils. Combined with the current county council services, and with lower disaggregation risks, our proposal will deliver more efficient services, better partnership working, millions of pounds in reduced costs year on year and clarity for residents when accessing services.

Most importantly, this proposal strengthens local community engagement. Connections within, and between, communities must be meaningful and tailored to the towns and villages residents relate to. We're proposing the creation of community level boards across Surrey to include representation from councillors, health, police, voluntary groups, town and parish councils, residents associations and other stakeholders. They will focus on the things that matter most and have an impact in the places they serve.



We stand prepared for reorganisation, and we've already set the foundations. I can think of no better place to be. In Surrey, we make it happen.

Councillor Tim Oliver OBE
Leader of Surrey
County Council



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EXECUTIVE SUMMARY

Surrey County Council's Final Plan sets out our vision to shape Surrey's future through local government reorganisation (LGR) and devolution. Our proposal is a robust and evidence-based case for two new unitary councils: East and West Surrey, which will unlock devolution on a Surrey footprint. This significant transformation will build on, and enhance, Surrey's strengths as a county.

Surrey is a vibrant and dynamic county, packed with innovative businesses and inspiring educational opportunities. We are proud of our creative heritage in the arts, our beautiful countryside and the depth of compassion in our communities.

However, some communities across our county experience significant disparities in healthy life expectancy, education and financial stability. As such, there can be no standing still and no complacency. After many years of hard work, widescale transformation and bold thinking, Surrey County Council is ready and well prepared to tackle reorganisation with the goal of delivering better outcomes for our residents, especially those who need us most.

At present Surrey local government is split across two tiers. Surrey County Council delivers countywide services including Education, Adults and Children's Social

Care, Waste Disposal and Highways. There are 11 district and borough councils, Elmbridge, Epsom and Ewell, Guildford, Mole Valley, Reigate and Banstead, Runnymede, Spelthorne, Surrey Heath, Tandridge, Waverley and Woking, whose services include Social Housing, Homelessness services, Leisure and Waste Collection.

The government's invitation for Surrey to join an accelerated LGR pathway that will lead to further devolution is a significant opportunity for the county, enabling us to create more effective and sustainable local government fit for the future.

We recognise the significant opportunities of devolving more funding and powers down to the local level where decisions can be better made for the benefit of our communities. Although we remain open to a Mayoral Strategic Authority (MSA) beyond Surrey's borders, with no current opportunities for this, a Surrey MSA is the best option to bring further devolution to the county. This will strengthen the ability to deliver key strategic services such as Transport, Economic Growth and Strategic Planning. It will also enable greater partnership working with countywide services, like Health and Blue Light services.

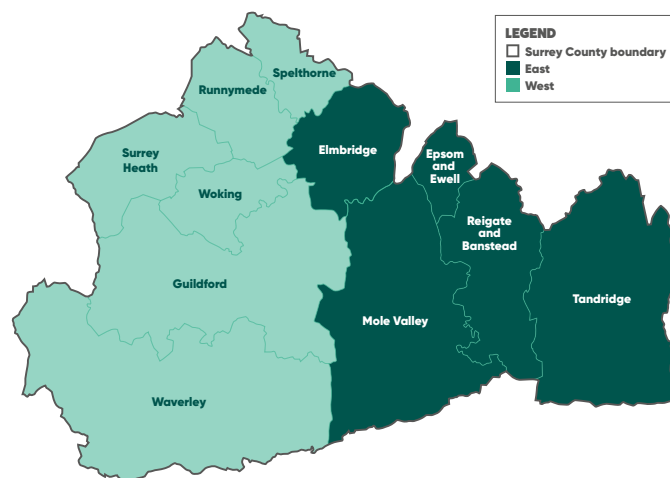
This historic moment will be a catalyst for necessary public service reform across the area, enabling us to achieve more aligned services for the benefit of everyone who lives, works and learns here.

Moving to unitary local authorities from the current two-tier system will create more effective and sustainable local government. It is a significant opportunity to bring services closer together. We need a new system that is more efficient at channelling scarce resources into quality services and outcomes, and that lowers local government running costs.

Our options appraisal, guided by the criteria set by government, shows that a two unitary model is the most viable option to unlock devolution on a Surrey footprint.

Our preferred option is for an East/West model, titled 2.1 East/West throughout the report. This option delivers a strong correlation between Adult Social Care and Children Social Services budgets and key funding sources, indicating that the geography will create authorities that are the best placed to deliver high quality services to residents

The new councils will also experience comparable levels of population, land area, total household numbers, homelessness, house building targets, waste collection, business activity, pupil distribution, number of birth and death registrations, and total miles of public highways.



Any model of unitary local authorities will need an effective community-level layer of governance and engagement to connect the unitary councils, and the Mayoral Strategic Authority, to their local areas. Our proposal sets out a Community Engagement Model which will be tested and developed over the coming months in parallel with the LGR implementation process, ensuring the new unitary councils will have a strong link into local communities from day one.

To deliver against the ambitious timescales, preparations have begun to plan for the implementation of the LGR programme. The Final Plan focuses on our proposed approach to implementation, to ensure the new unitary councils are safe and legal on vesting day, and we expect this to combine with district and borough council programme arrangements as the transition progresses.

Area	Area 2: East Surrey	Area 1: West Surrey
District and Borough areas covered	Elmbridge, Epsom and Ewell, Mole Valley, Reigate and Banstead, Tandridge	Guildford, Runnymede, Spelthorne, Surrey Heath, Waverley, Woking
Population¹	545,798	657,309

¹ Census 2021 data

Surrey County Council has an excellent track record of financial management and sustained improvements to critical services such as Adult and Children's Social Care services. This is down to a relentless focus on putting outcomes for residents first, using transformative and innovative approaches to make the county's services better. We work at pace, with high energy and a mindset of continual improvement. We also have strong partner relationships within Surrey and across the South East, such as the South East 7 partnership including Hampshire, Sussex and Kent councils. Reorganising local government is an opportunity to apply the same principles to the design and implementation of the new unitary councils, with Surrey County Council well placed to take a leading role in this.

Surrey County Council has the following key asks of government which are essential to enabling the success of local government reorganisation in Surrey:

- 1** - Write off stranded debt related to historic commercial activities, in particular for Woking Borough Council, as the only viable option to ensure the financial sustainability of new unitary authorities and avoid ongoing Exceptional Financial Support being required.
- 2** - Provide funding to cover a material level of Surrey's LGR implementation costs, modelled at £85 million at mid-point for two unitaries, to limit the need for reserves across Surrey's local authorities to be used to fund these costs so reserves can be maintained to support future sustainability.

- 3** - Clarify the timelines for discussing the lead authority or Senior Responsible Officer (SRO) role and what the associated joint working arrangements will look like as preparations for implementation need to begin prior to a final decision on geography for the new unitaries. Surrey County Council has the track record to position us well to lead the transformation required.
- 4** - Clarify their preferred position in relation to establishing any new town and parish councils through Community Governance Reviews – and their ability, or not, to raise an additional local precept.
- 5** - Clarify the future direction of health system reforms in Surrey and what implications this may have for the direction of devolution and LGR across the area.

This is an historic moment for Surrey. Our vision is a future where East and West Surrey unitary authorities deliver quality, cost effective public services to residents. The Mayoral Strategic Authority will work closely with local and regional partners to deliver strategic priorities, and communities will thrive with an engagement model that strengthens preventative activity. Local neighbourhoods will remain at the core of public services, empowered and informed within this new, enhanced structure.

The new unitary councils will have the opportunity to build on the strong foundations we have created, to deliver our county-wide vision and ambition that no one is left behind.

An aerial photograph of a suburban town in Surrey, England, during autumn. The foreground features a large green football pitch with white markings. Surrounding the pitch are numerous residential houses with red-tiled roofs and some trees with yellow and orange autumn foliage. In the background, the town extends towards a distant horizon under a blue sky with wispy clouds. A white rectangular box with a thin green border is positioned in the upper center of the image, containing a quote.

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economy to continue
to thrive, to be strong,
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THE COUNTY OF SURREY

Our shared ambitions

In 2018, partners across Surrey, including district and borough councils, other public services, businesses, voluntary, community and social enterprise organisations engaged with residents to develop a shared set of outcomes to focus on recognising that there are significant pockets of deprivation right across the county. This resulted in the [Community Vision for Surrey in 2030](#).

By 2030, we want Surrey to be a place where everyone has a great start to life, people live healthy and fulfilling lives, are enabled to achieve their full potential and contribute to their community, and an ambition that no one is left behind.

This means that for the people of Surrey:

- Children and young people are safe and feel safe and confident.
- Everyone benefits from education, skills and employment opportunities that help them succeed in life.
- Everyone lives healthy, active and fulfilling lives, and makes good choices about their wellbeing.
- Everyone gets the health and social care support and information they need at the right time and place.
- Communities are welcoming and supportive, especially of those most in need, and people feel able to contribute to community life.

We want Surrey's economy to continue to thrive, to be strong, vibrant and successful and for the county to be a great place to live, work and learn. A place that capitalises on its location and natural assets, and where communities feel supported, and people are able to help themselves and each other.

Our ambitions for our place include a county where:

- Residents live in clean, safe and green communities, where people and organisations embrace their environmental responsibilities.
- Journeys across the county are easier, more predictable and safer.
- Everyone has a place they can call home, with appropriate housing for all.
- Businesses in Surrey thrive.
- Well-connected communities, with effective infrastructure, grow sustainably.

Unitary local government provides a stronger foundation for delivering on these ambitions. It will enable us to bring the functions of Surrey's 12 current councils together. We will transform how we work and be more aligned with other public services, enabling us to focus more effectively on the delivery of our shared ambitions.



CASE STUDY:

Civic Agreement for Surrey

The Civic Agreement for Surrey was signed in September 2024 by Surrey County Council and the county's three leading universities – the University of Surrey, University for the Creative Arts and Royal Holloway, University of London.

The Civic Agreement is an existing county-wide shared public commitment to working together to bring about real and positive change to the people who live, learn and work in our communities across Surrey.

It furthers dialogue and deepens the collaboration between these anchor institutions, along with other strategic regional partners. It also leverages the combined strength of the organisations, maximising impact to benefit residents, communities and businesses, and the environment across Surrey.

By pooling resources and expertise, partners are better placed to address local needs, drive innovation, and create a more inclusive and resilient Surrey.

Surrey's population

Surrey is a county to the south-west of London, with an area of 1,663 km² or 642 square miles. The population is 1,203,108 people with 481,819 households².

Table 1: Surrey's population (2021 Census) – key facts	
Largest local authority by population	Reigate and Banstead: 150,849
Smallest local authority by population	Epsom and Ewell: 80,921
Surrey's population density against South East and England	<ul style="list-style-type: none"> • Surrey: 731 residents per km² • South-East: 492 residents per km² • England: 438 residents per km²
Projected population by 2043	1,227,467
Largest populations by age	<ul style="list-style-type: none"> • 45 to 49 year-olds • 50 to 54 year-olds
Birth rate decline	13,542 (2015) to 11,474 (2023) -15.2% decrease
Life expectancy at birth declining	<ul style="list-style-type: none"> • Male: 81.7 years (2016-20) to 81.1 years (2020-22) • Female: 85.0 (2016-20) to 84.7 (2020-22)
Highest vs lowest life expectancy by ward	<ul style="list-style-type: none"> • Male <ul style="list-style-type: none"> - Lowest: Portley ward, Tandridge – 77.6 years - Highest: Warlingham West ward, Tandridge – 88.0 years • Female <ul style="list-style-type: none"> - Lowest: Ashford North and Stanwell South and Stanwell North wards, Spelthorne – 81.2 years - Highest: Woldingham ward, Tandridge – 93.5 years
Leading causes of mortality	<ul style="list-style-type: none"> • Cancer (23.9%) • Dementia and Alzheimer's disease (14.4%) • Ischaemic heart diseases (also called coronary heart/artery disease) (8.6%) • Influenza and pneumonia (5.7%) • Cerebrovascular diseases (e.g. stroke) (5.4%)

² More information about the population of Surrey can be found in the [Joint Strategic Needs Assessment \(JSNA\)](#).

Census predictions from 2018 estimated that Surrey's population would grow from 1,189,934 in 2018 to 1,227,467 by 2043 – just over a 3% increase. These predictions suggest the older population will increase, and that the proportion of the population across age groups between 0 and 74 years old will become more similar. Migration into Surrey also remains higher than migration out which contributes to population growth. A further factor in growth will be a requirement for Surrey to deliver increased annual housing numbers under National Planning Policy Framework reforms, rising from 6,346 per year under the methodology pre-December 2024 to 10,981 per year under the new methodology.

In recent years, Surrey's birth rate has declined from 13,542 births in 2015 to 11,474 in 2023. This means the proportion of people living in Surrey in older age groups will rise, with increased likelihood of impacts on health and care services due to increased prevalence of long-term health conditions.

Within Surrey's population, people aged 45 to 49 and 50 to 54 years old are the two largest five-year cohorts by age. The population profile is similar to England with a slightly greater proportion of 5- to 19-year-olds, a much smaller proportion of 20- to 34 year-olds and a greater proportion of the population aged 40- to 59-year-olds than in England. Nearly one in five residents are aged 65 and over, with the highest proportion of older people living in Mole Valley and the least in Woking.

Around 14.5% of people in Surrey are from a minority ethnic group that is not white. 7.7% of the population reported their ethnicity as Asian, with 2.9% of the population reporting as Indian and 1.5% reporting as Pakistani. Around 3% of the population reported as mixed ethnicity and 1.7% reported their ethnicity as Black. There is also a higher rate of Gypsy or Irish Travellers at 2.2 per 1,000 residents in Surrey compared to England.

Historically, there has been a trend of rising life expectancy at birth for males and females across Surrey, mirroring the rest of the country. For example, children born between 2018 and 2020 are expected to live longer than children born between 2001 and 2003. However, recent data collected between 2020 and 2022 shows life expectancy has started to decrease for people across Surrey, the South East and England.

Surrey as a place to live, work and learn

Surrey is undoubtedly a county that has beautiful countryside, but we're so much more than that. Surrey is the second largest net-contributor to the economy in the country with a Gross Value Added (GVA) in excess of £50 billion. We are home to some of the world's leading high-tech industries in pharma, gaming, creative, aerospace and automotive industries. We host over 300 UK or European business headquarters. We have three universities, helping Surrey lead the way in world-class research and development. Gatwick and Heathrow airports, as well as the city of London, are on our doorstep.

Surrey is the most wooded county in England, and residents are surrounded by spectacular countryside. Over 25% of the county is designated as Areas of Outstanding Natural Beauty (National Landscapes), including the Surrey Hills and High Weald AONB. It contains extensive areas of high biodiversity and internationally important habitats. Residents and visitors can access these places, using the more than 2,000 miles of public rights of way to enjoy them.

Local authorities across Surrey own and manage significant areas of countryside, parks and open spaces. For example, Surrey County Council owns or manages 2,630 hectares (or just over 10 square miles) of countryside where people can walk and, on some sites, cycle and ride horses. Popular sites include Newlands Corner, Chobham Common and Norbury Park.

Surrey also has nationally renowned natural attractions such as RHS Wisley, Painshill in Elmbridge and Alice Holt Forest near Farnham, and major historic and cultural destinations, such as the Watts Gallery near Guildford, The Lightbox in Woking, Lingfield Park Resort in Tandridge, Brooklands Museum in Elmbridge, Brookwood Cemetery in Woking (the UK's largest) and the site in Runnymede where the Magna Carta was sealed by King John in 1215.

Surrey is a large geography with a mix of rural and urban areas. The North and parts of the East of the county are more densely populated, with more significant rural areas in the West and South.

Employment rates and qualification levels among the population are high relative to the rest of the country, with over 82% of Surrey's population economically active as of September 2024.

Challenges facing local authorities

LGR in Surrey is taking place during testing times for councils across the country.

The national economic outlook is challenging and influences the level of funding available to local authorities. Local government funding remains highly uncertain and insufficient to address increasing demand for vital services.

The government is undertaking a multi-year Spending Review, due to conclude in Spring 2025. They intend to re-introduce multi-year funding settlements for local government, with potential changes to the formula for how councils are funded. There are indications this will be weighted more towards deprivation, which means Surrey authorities would be more reliant on council tax to fund services, with less coming from government grants. This is why moving to more financially sustainable local government structures is a key objective of the reorganisation process.

Demand for services is also unrelenting. Surrey County Council is continuing to see exponential increases in key areas such as Adult and Children's Social Care, Mental Health Support and Home to School Travel Assistance. This means achieving a balanced budget while delivering high quality services to all residents that need them is increasingly more challenging. Bringing together services through reorganisation means there will be better chances of designing and delivering solutions that emphasise prevention and early intervention.

The current councils, and new authorities once they go live, will also need to navigate major government policy changes as LGR progresses. For example, changes to national planning policies to accelerate housing delivery, education reforms affecting local authorities and changes to employment legislation are a small snapshot of the strategic context facing councils. Our partners are also experiencing changes, such as changes to NHS England and integrated care boards, adding complexity to an already turbulent environment.





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**Our ambition is for
Surrey to benefit
from an Established
Mayoral Strategic
Authority (ESA)**

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HOW DEVOLUTION WILL BENEFIT SURREY

Government have indicated that they wish to see all of England covered by further devolution, which requires the formation of Strategic Authorities across the country. Two or more upper-tier local authorities need to combine to form a Mayoral Strategic Authority.

Unlocking devolution is a key objective for local leaders. Deeper devolution into Surrey, building on the County Deal already agreed with government, will allow for better alignment of our public services and greater funding and powers brought closer to residents.

We want to grasp the opportunity presented to us through the accelerated pathway, to reorganise local government to enable the formation of an MSA on a Surrey footprint, whilst our neighbours and strategic partners in Hampshire, Kent and Sussex pursue their devolution ambitions. This will avoid Surrey becoming a 'devolution island'. Whilst we explore the opportunity for a MSA on a Surrey footprint, we remain open to conversations with our neighbours about devolution on a wider footprint and how we can maintain our strong working relationships for the benefit of the wider South-East.

A Mayor promoting the interests of our area would be a powerful advocate for the county, sitting on the Council of Nations and Regions, chaired by the Prime Minister, and the Mayoral Council, chaired by the Deputy Prime Minister. Cross-regional working with other Mayors on issues such as water, energy supply or emergency response coordination, would then be possible.

Our ambition is for Surrey to benefit from an Established Mayoral Strategic Authority (ESA). A Mayor with greater responsibilities and increasing funding flexibility in the form of an Integrated Settlement, and greater influence over the direction of future devolution will bring more powers, decision-making and funding closer to Surrey's local communities.

The Case for a Surrey Mayoral Strategic Authority

Forming an MSA on a Surrey footprint, in the absence of any other current options to form a wider MSA, presents an important opportunity to unify public services across the county.

The government has specified that the Mayor will take responsibility for services under the Police and Crime Commissioner and Fire and Rescue services (which already operate on a county-wide footprint). In addition, the Mayor will have a seat on the Integrated Care Partnership and will be considered for the role of Chair or Co-Chair. This will build on the existing foundations of joint delivery across Surrey's Blue Light services and the health system, alongside the Mayoral functions set out in the devolution framework.

Surrey is a robust economic area with a Gross Value Added (GVA) of just over £51 billion (2022). With a population of 1.2 million, Surrey is average among existing Combined Authority³ (CA) sizes with the smallest, Tees Valley CA at 688,000 population, and the largest West Midlands CA at 2.9 million population. However, even with an average population size, our strong economy will mean that a Surrey MSA ranks number one amongst existing CAs in GDP per capita at £46,600.

Underpinned by our proposed geography of two unitary councils covering a population of 657,309 (West Surrey) and 545,798 (East Surrey)⁴ respectively, this model will deliver the strongest and most sensible configuration. It will enable unlocking devolution on the existing economic footprint of the county, whilst ensuring the future unitary councils are an appropriate size to remain sustainable and robust.

The MSA will have three key elements: the directly elected Mayor, the MSA executive formed of the two unitary council Leaders, and the MSA Overview and Scrutiny Committee. This will enable close collaboration between the Mayor and the two councils, ensuring that strategic decision making at MSA level is informed by the mandate and priorities of the two unitary councils, working alongside other key partners.

Initially, a Strategic Authority for Surrey would bring enhanced powers and responsibilities for local transport, infrastructure, housing, planning, skills, economic growth and climate change, in addition to control of devolved funding streams and income generation levers. The sections below set out how these powers could be utilised locally to benefit partners and residents, with specific reference to areas where the creation of an MSA across Surrey offers opportunities to address local challenges.

³ A combined authority (CA) is a legal body set up using national legislation that enables a group of two or more councils to collaborate and take collective decisions across council boundaries. The English Devolution White Paper says future CAs will be called Strategic Authorities.

⁴ Census 2021 population data

Economy and Skills

Surrey is already an area with many economic strengths and the second largest net-contributor to the economy in the country. There are key local economic opportunities within Surrey including specialist emerging sectors, a highly skilled local workforce, strong performance in innovation, and access to key infrastructure assets.

Surrey's economy is driven by high-growth sub-sectors such as automotive, cybersecurity, and space, alongside strong foundational sectors including finance, retail, and construction. A Strategic Authority with a single coherent economic vision offers the greatest potential to maximise opportunities while directing interventions to the areas where demand is highest.

Surrey County Council has enhanced the delivery of economic responsibilities on a Surrey footprint. For years Surrey was split between two Local Enterprise Partnerships rooted in adjoining counties, leading to inequalities between the west and east of the county. In 2020, the Surrey Future Economy Commission, chaired by former Chancellor of the Exchequer, Lord Philip Hammond, recommended that action was needed on a whole Surrey basis to promote the county as the powerhouse

of the wider UK economy. Surrey's County Deal and the establishment of a Local Enterprise Partnership (LEP) for the county has helped rectify this, with a single focus now aligned to the strengths, priorities, and challenges of the county as a whole.

The Surrey Economic Growth Strategy and Economic Growth Framework now provides direct and streamline growth-related funding, focusing on inclusive economic growth.

A countywide focus on targeted employment and skills interventions helps address challenges around retention of talent and inactivity rates. This includes the Surrey Careers Hub, which supports Surrey schools and colleges with careers education, and government-funded skills programmes like Multiply and Skills Bootcamps, enrolling over 2,700 residents in 2024/5.

The Adult Skills Fund, part of the County Deal, will align training to employer needs across the county. The Local Skills Improvement Plan (LSIP) will enable closer working between the Employer Representative Body and the Strategic Authority, aligning the plan with the Mayor's skills and economy functions.

A Strategic Authority with enhanced powers and funding in employment support, adult skills, and innovation will further help facilitate economic growth, local jobs, and skills provision to tackle economic inequality.





CASE STUDY: Developing a Countywide Business Support Offer

Surrey has a strong track record of delivering key economic and skills activity on a county footprint, led by the countywide strategic direction. This delivery has included the establishment of a single gateway 'Business Surrey' offer to replace the previously fragmented and confusing landscape caused by the LEP split.

Business Surrey incorporates all business-to-business services in the county with a quick and simple customer journey. It includes a directory of support services, gated resources and acts as the gateway to the Surrey Growth Hub service. Less than a year after launching, Business Surrey has had more than 23,000 users and supported nearly 2,000 businesses via the Growth Hub.



Housing, planning and homelessness

Establishing an MSA will directly enable housing delivery across the county. Surrey, like other places, is experiencing a housing crisis which manifests most critically in the supply of homes that are truly affordable for local people. To deliver on Surrey's ambition for everyone to have access to appropriate housing, and the government's significant housing targets for the area, we need a more strategic and joined-up approach to planning and housing delivery.

A Mayor across the area will have control over grant funding for housing delivery and regeneration. This means Surrey can allocate resources more effectively to meet local housing needs, ensuring that funding is directed towards projects that will have the most impact. Additionally, the Mayor will oversee the creation of a Spatial Development Strategy, which will guide development across Surrey. The newly formed unitary councils will need to develop Local Plans that conform to this countywide strategy, ensuring a cohesive approach to housing development. This strategic oversight will be helpful in streamlining planning and ensuring that housing projects align with broader regional goals.

As part of the County Deal, the Homes England Compulsory Purchase Power is currently being implemented which could provide greater flexibility to the county council to assemble land to deliver county-led programmes such as Right Home, Right Support and Surrey Homes for Surrey Children. With the introduction of the MSA, the Homes England

Compulsory Purchase Power held by the Mayor could help to unlock key housing programmes across the county, in line with the Mayors strategic housing remit.

The MSA will also steer and monitor affordable housing programmes. Surrey's housing affordability (which is measured as a ratio of house prices to income) was 11.9 in 2023, with median gross annual residence-based earnings in Surrey at £42,882 and median house price at £510,000. This ratio is the highest ratio outside of London, significantly above the England ratio of 8.2. A Strategic Authority across Surrey with a focused approach to delivering affordable housing in a joined-up way, presents an opportunity to address these stark housing affordability challenges more effectively, ensuring that new developments include a mix of housing options to meet the diverse needs of our residents.

Once the MSA becomes established it will receive an integrated funding settlement that covers housing, regeneration, local growth, transport, skills, and more. This will better enable the development of sustainable communities, as funding can be used in a coordinated manner to address multiple aspects of community development simultaneously.

Transport and local infrastructure

The county's transport networks are significant both regionally and nationally, leading to high levels of use, with Surrey roads carrying over 60% more traffic than the national average. With ambitious government housing targets and expected population growth, further pressure on existing transport systems could negatively impact air quality, noise pollution, and resident health if not managed strategically. Devolution presents an opportunity to bring greater strategic oversight to the area's local transport networks, ensuring transport decisions align with climate change, housing, and health ambitions.

An MSA will become the Local Transport Authority responsible for public transport functions and the Local Transport Plan. This will enable strategic management of key local roads in line with demand. Additionally, the Strategic Authority will hold powers and responsibilities for public transport provision, including rail and buses at a strategic county level, facilitating the integration of railway with other transport forms and continue the current decarbonisation of buses to reduce environmental and health impacts.





CASE STUDY:

Enhancing the rail offer across the county

Surrey has already established a strong and collaborative relationship with the rail industry to enhance services across the county. Unique among its neighbouring counties, Surrey has a high density of rail stations radiating out from London, with significant commuter traffic flowing into the capital. These services not only support local commuting within Surrey but also offer long-distance connections to other parts of the South East and South West.

In recent years, the County Council has actively shaped planning and investment decisions concerning radial rail infrastructure and services, particularly along the South West Mainline, Brighton Mainline, and routes connecting key airports. The Surrey Rail Strategy has been central to this influence. A notable example of Surrey's leadership is its role in developing the North Downs

Line, a critical east-west orbital link in the South East, connecting Reading, Guildford, Dorking, Gatwick Airport, and surrounding towns and villages. The North Downs Line has significant potential to drive economic growth and contribute to transport decarbonisation. Local partners are committed to developing this growth corridor, working in close collaboration to deliver benefits for both residents and passengers.

The enhanced rail powers the mayor will bring into the county will enable even stronger partnership working to deliver a joined up and accessible rail service within the wider ecosystem of transport across the county. For example, working with government and other agencies, southern rail access will be required from Guildford if expansion of London Heathrow progresses.

Climate change and the environment

Residents across Surrey are already facing, and will continue to face, the impacts of climate change. This is seen in the increased occurrence of flooding and wildfires and the decline in biodiversity across the county. We must continue to work towards becoming a net zero county, ensuring we are building on existing measures to strengthen resilience, increase nature recovery, climate-proof services and infrastructure, and support the development of a more streamlined planning system.

It is essential that all tiers of government, partners, and communities work together if we are to make the progress that is needed. A Mayor will work collaboratively with local, regional and national partners, including the newly formed unitary authorities, to

deliver on the ambitions to be a net zero county. This includes a clear mandate to take a leadership role on delivery of the Local Nature Recovery Strategy, as well as wider environmental issues such as flooding, climate adaptation and air quality.

The Strategic Authority will develop a Local Environment Improvement Plan (LEIP), currently part of the Council's County Deal. The LEIP is a strategic framework that builds on the Local Nature Recovery Strategy and will support the local delivery of the government's Environmental Improvement Plan.

The Mayor's seat on the Council of Nations and Regions and the Mayoral Council, as well as regional partnerships with other Mayors in the South East, will be key in enabling the necessary cross-border work towards sustainable growth and net zero for the region and England.



Health inequalities

Health inequalities in Surrey can be found across life expectancy, access to healthcare, and socioeconomic factors. Wider determinants of health such as quality of housing, education, and employment contribute to these disparities, with those in lower socioeconomic groups facing greater challenges in accessing quality healthcare and maintaining good health. Joined up efforts to address these inequalities, building on the existing towns and villages work, are crucial to ensure that all residents have the opportunity to lead healthy lives in Surrey.

An MSA, alongside the unitary councils, will play an important role in addressing the social determinants of health. By leveraging the Mayor's functions and collaborating with other local leaders, Surrey can shift from traditional service delivery methods to a more holistic, resident-centred approach. This means taking coordinated action across the multiple factors – personal, community and infrastructure – that influence people's ability to be independent, thrive and pursue new skills and work.

A Mayor representing our area will be a key partner in driving forward the existing approach of 'health in all policies'. This will be possible through a new bespoke statutory health improvement and health inequalities duty and their anticipated role in the Integrated Care Partnership, giving them a clear stake in driving local health outcomes.





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The two new unitary councils, along with the creation of an MSA, will be a catalyst for wider public service reform across Surrey

OPTIONS APPRAISAL

In this part we set out our options appraisal for LGR in Surrey, assessing the relative advantages and disadvantages of each option against the government's criteria and principles for reorganisation. We also set out a financial appraisal of the costs and benefits for each option.

Based on our assessment, we believe that **reorganising the current 12 councils into two new unitary authorities** is the best option for Surrey to unlock devolution, realise improved services, create more financially sustainable local government and to lay the foundations for future public service reform.

Options appraisal criteria

We have combined qualitative and quantitative data sources to support our appraisal against the [criteria](#) set by Government. Each criteria has between two and six sub criteria (found in the link above) which have also been considered:

- A proposal should seek to achieve for the whole of the area concerned the establishment of a single tier of local government.
- Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks. As a guiding principle, the government has said that new councils should aim for a population of 500,000 people or more. They should

also deliver financial efficiencies.

- Unitary structures must prioritise the delivery of high-quality public and sustainable public services to citizens.
- 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.
- New unitary structures must support devolution arrangements.
- New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment.

We also assessed these options against our own principles of the need for them to be coterminous – contained within the existing Surrey County boundary with potential to align with the footprints of other public sector partners – and contiguous – making sure existing district and borough boundaries were not split. This is also in line with government's request that existing district and borough areas are viewed as the building blocks for proposals.

A further key principle is that no new council should be set up to fail. The new organisations should have relative equity and parity of financial resilience and sustainability, service demand levels and economic prospects from day one.

Reviewing the options

In the context of the above, the options we have considered are:

- A single unitary authority, which covers the existing county footprint of Surrey and the population of over 1.2 million people.
- Two unitary authorities, covering populations in excess of 500,000 people in each. In our [Interim Plan](#), we put forward four potential geographies. We have refined our analysis since then and our preferred geography is titled 2.1 East/West. Our rationale for this is set out further in this section.
- Three unitary authorities, covering populations of upwards of 370,000 people each. We consider the preferred geography that Surrey's district and borough councils are advocating for in their alternative proposal.

Why we are ruling out a single unitary authority

Early on, we ruled out pursuing a single unitary authority option as it will not unlock the benefits of further devolution for Surrey residents.

The financial analysis in Appendix 1 benchmarks a single unitary model covering the Surrey footprint alongside two and three unitary scenarios.

A single unitary authority would have offered consistency of services across the whole county footprint and created a foundation for a 'one public sector' response, aligning closely with Police and Fire and Rescue services and with the Surrey Heartlands Integrated Care System as well as averting the need to separate services already provided across the county footprint, such as Adult and Children's Social Care.

One unitary would also have built on Surrey County Council's strong track record of delivery. In recent years, the Council has built a reputation for sound financial management, innovation and continued improvements in critical services, such as social care. Bringing district and borough services together with county services across the existing County Council footprint would have supported integration of services countywide, enabling improved outcomes and streamlined service delivery.

However, government criteria mean that a single unitary council and Mayoral Strategic Authority cannot be established on the same geographical footprint. With opportunities for MSAs with neighbouring authorities currently not an option, for Surrey to access the many opportunities of further devolution set out earlier, reorganising local government into multiple unitary authorities is the only viable option to unlock devolution.

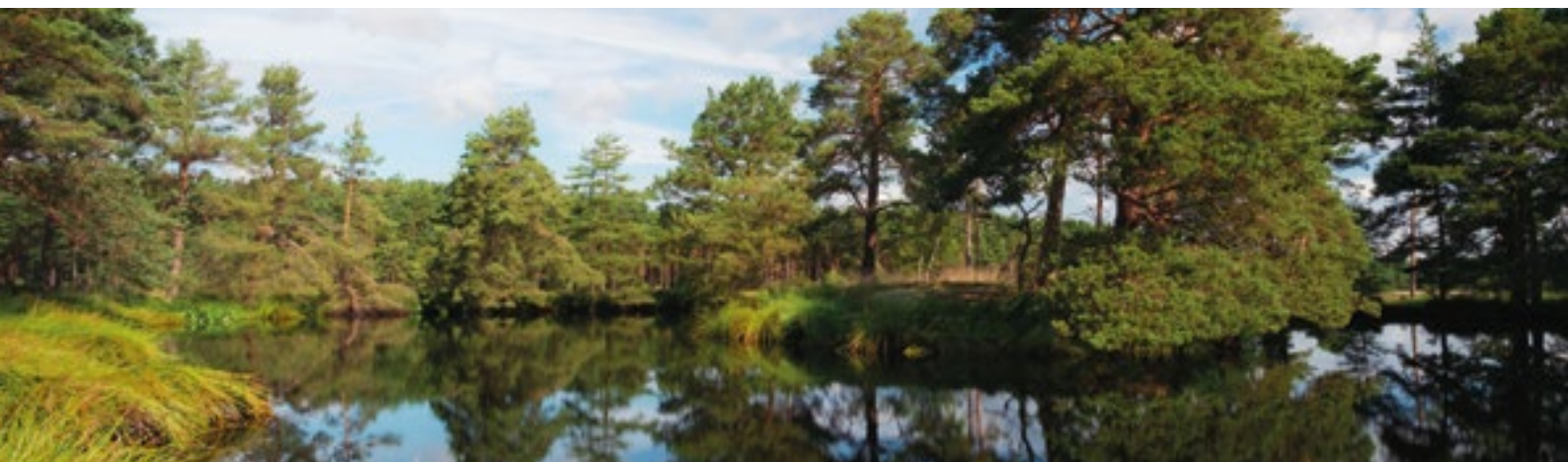
Overview of our assessment

Below is a summary of our options appraisal for two and three unitary models, highlighting how each arrangement performs against the criteria. Where possible the assessment looks at the performance of our preferred two unitary geography (East/West) and the 3 Unitary Geography we have used for benchmarking and analysis. This assessment incorporates the results of the financial assessment, which are described in detail later in this proposal.

We have scored the criteria for the remaining options between one and three – one meaning it meets very few or none of the criterion's requirements, two meaning it meets some of the requirements and three meaning alignment to most or all of the criterion. In the interim proposal we weighted the criteria based on perceived relevance to the success of LGR. Following government's feedback on Surrey's interim plans we have aligned the options appraisal more closely with the government's criteria and removed the weighting.

The government criteria include a number of sub-criteria, some of which are addressed in more detail elsewhere in this document:

- Criteria 1c – evidence underpinning our proposals is attached as Appendix 2, costs and benefits are further detailed in the financial appraisal, and we set out further detail on how we have engaged local stakeholders later in this proposal and in Appendix 5.
- Criteria 1d – our section on a vision for unitary local government in Surrey discusses how local outcomes for residents will be improved.
- Criteria 2b – our proposals are for unitaries with over 500,000 people in each, so this criteria does not apply.
- Criteria 2e and 2f – we address these issues of financial sustainability, including debt management, in the Financial Sustainability section.
- Criteria 4a – detail on how Surrey's councils have been working together are outlined in our partner and stakeholder engagement section.
- Criteria 5a – Surrey is not part of, or has, a Combined Authority so this does not apply.
- Criteria 5c – population size as it relates to the MSA is discussed in the devolution section.



Two Unitary Councils (2.1 West/East)



Criteria	Overview	Score (1-3)
(1) A proposal should seek to achieve for the whole of the area concerned the establishment of a single tier of local government (sub-criteria a and b)	<p>Strengths:</p> <ul style="list-style-type: none"> • Creates sensible economic areas, with growth potential across both unitary footprints, similarity in business survival rates and similar size council tax bases. Two authorities encourage more balanced growth across the county • Will deliver economies of scale and financial efficiencies through the consolidation of existing service arrangements that are currently duplicated across the districts and boroughs • Will provide clarity for residents and make it easier for them to access services • Unitary councils operating on a larger scale are better positioned to identify suitable sites for future housing development and to overcome delivery challenges, including area restrictions, natural landscapes, and flood zones. Both councils cover similar land areas, with 46% in the east and 54% in the west • Will benefit from closer working between services that are currently divided between the two tiers • Resident data will be consolidated which would be more secure, enable predictive service delivery and improved insight to commission and deliver services aligned to local need <p>Weakness:</p> <ul style="list-style-type: none"> • Risk that West Surrey's economy continues to be disproportionately more productive than the East. This is explained largely by innovation assets and connections to our universities (University of Surrey, Royal Holloway and UCA) 	3

Continued >

Criteria	Overview	Score (1-3)
(2) Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks (sub-criteria a, c and d)	<p>Strengths:</p> <ul style="list-style-type: none"> • Estimated populations for the new authorities will be between 500,000 and 700,000 and will offer the most equitable population split (45% in the East and 55% in the West) • Delivers some financial efficiencies • Less costly to reorganise and transform compared to three unitaries, • Implementation costs lower than three unitaries • Larger unitary councils would have increased contract buying power and a more pronounced say in shaping the market compared to a three unitary model <p>Weaknesses:</p> <ul style="list-style-type: none"> • Risk of one authority requiring immediate Exceptional Financial Support due to inherited debt from Woking Borough Council (unless solution agreed with government) • Costs of disaggregating countywide services • Inequity in business rates income between authorities (39% in the East, 61% in the West) 	2

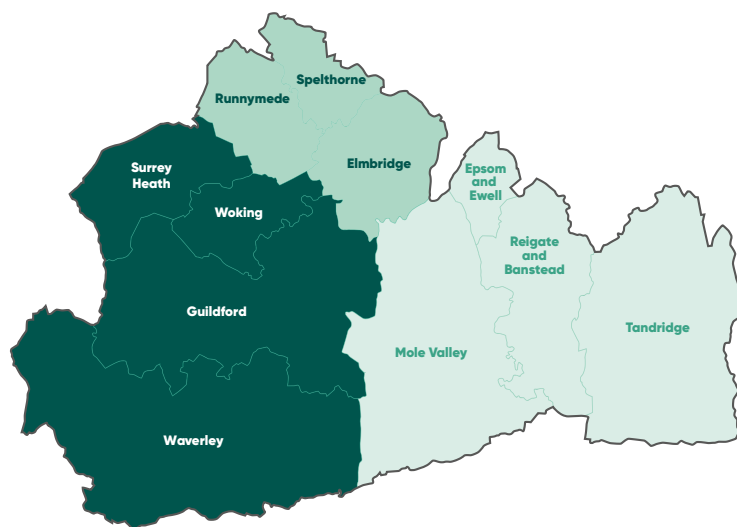
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Criteria	Overview	Score (1-3)
(3) Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens (sub-criteria a – c)	<p>Strengths:</p> <ul style="list-style-type: none"> • Multiple council touch points, but fewer than current 12 councils • Offers more resilience than three unitaries • Enhanced partnership working if delivery footprints align, such as coterminosity with local police and health service footprints. • Offers the most equitable split between population demographics and future population projections which could impact on future service demand • Offers an equitable split of households (45.6% in the East and 54.4% in the West) as well as having the closest similarity for owned or shared ownership households • Offers the most equitable split of demand for Homelessness services between both authorities (50.1% in the East and 49.9% in the West) • Offers similar split in total pupil numbers between both authorities (45.1% in the East and 54.9% in the West) <p>Weaknesses:</p> <ul style="list-style-type: none"> • Disaggregation of, and disruption to, crucial services including Adults Social Care and Children's Services • Risk of disparity in service provision due to uneven distribution of staff with the right knowledge, skills and experience • Risk that two unitary councils may take very different approaches to service delivery, which may create inconsistencies in residents' experiences living in different parts of the county 	2

Continued >

Criteria	Overview	Score (1-3)
(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 (sub-criteria b and c)	Strengths: <ul style="list-style-type: none"> • Scale of new unitaries supports flexible deployment of resources to support partners and communities to work together to bring improvements and change to towns and villages residents identify with • An East and West unitary cover places local stakeholders identify as functional economic geographies, using towns and villages as the focal points for a strengthened community engagement approach • Engagement with residents, partners and staff in the available time has underlined the value people place on efficient and effective services for their local area – and a willingness to be part of establishing improved approaches to engagement and involvement Weakness: <ul style="list-style-type: none"> • Tight timescales have limited the amount of engagement at this stage of the process, but further engagement is planned 	2
(5) New unitary structures must support devolution arrangements (sub-criteria b)	Strength: <ul style="list-style-type: none"> • Two unitary authorities would enable a Strategic Authority across the county footprint 	3
(6) New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment (sub-criteria a – b)	Strengths: <ul style="list-style-type: none"> • Since 2023 towns and villages have been the scale that the county council, health and other partners have recognised as optimum to address local priorities • Two unitaries, underpinned by a strengthened community engagement model using the towns and villages approach, will build on existing work to grow participation and engagement with the formalisation of non-precepting community boards Weakness: <ul style="list-style-type: none"> • Two unitaries could be perceived as more remote compared to three unitary councils – mitigations are detailed in community engagement section 	2
Total score	14	
CONCLUSION	Preferred option – most likely to meet government requirements	

Three Unitary Councils



Criteria	Overview	Score (1-3)
(1) A proposal should seek to achieve for the whole of the area concerned the establishment of a single tier of local government (sub-criteria a and b)	<p>Weaknesses:</p> <ul style="list-style-type: none"> • Polycentric nature of Surrey means centres of employment are more dispersed – three unitary councils may become overdependent on single economic drivers, e.g., East Surrey reliant on Gatwick • Risk of furthering economic disparities across Surrey, with at least one authority disadvantaged from having a lower council tax base relative to the other two • Greater risk of uneven asset split, such as employment centres and innovation clusters • Income split across councils means fewer resources for local government to support investment in the East of the county, which has historically underperformed economically against the West • Three unitary councils operating within smaller geographical areas would face greater difficulties in identifying suitable sites for future housing development and in overcoming delivery constraints. The proposed northern unitary would encompass just 14% of Surrey's total land area, while the western unitary would cover 46%. This would put Surrey's contribution to delivery of national housing targets at risk • Smaller 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 several sub-sectors. 	1

Continued >

Criteria	Overview	Score (1-3)
(2) Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks (sub-criteria a, c and d)	Weaknesses: <ul style="list-style-type: none"> • Estimated populations for new authorities will be between 350,000 and 450,000 which will be split unevenly (39% in the West, 27% in the North and 34% in the East) • Offers less financial resilience compared to two unitary authorities • High risk reorganisation would lead to net costs long term and unlikely to lead to financial efficiencies • Risk of at least one authority requiring immediate Exceptional Financial Support due to inherited Woking Borough Council debt (unless solution agreed with government) • More costly to reorganise and transform than two unitaries • Disaggregation costs will be greater compared to two unitaries • Higher implementation costs than two unitaries • Operational delivery contracts will need to be duplicated/ multiplied. Less likely to achieve volume and delivery efficiencies and reduced ability to provide resilience and provide additional delivery linked to council priorities • Smaller unitary councils may lack the purchasing power to negotiate competitive prices for services, materials and contracts which could lead to higher costs for both the council and taxpayer • Results in an unequal split of business rate income across the proposed authorities (40% in the West, 33% in the North and 27% in the East) 	1

Continued >

Criteria	Overview	Score (1-3)
(3) Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens (sub-criteria a – c)	<p>Strengths:</p> <ul style="list-style-type: none"> • Multiple council touchpoints, but fewer than current 12 councils • District and borough services can be combined to create scale <p>Weaknesses:</p> <ul style="list-style-type: none"> • Greater disaggregation and disruption compared to two unitary authorities • Duplication of effort for former countywide public services • Disaggregation of crucial services including Adults Social Care and Children's services required – additional complexity compared to two unitary authorities • Risk of disparity in service provision due to uneven distribution of staff with the right knowledge, skills and experience – this would be more acute compared to a two unitary arrangement • Presents operational resilience challenges • The benefit from closer working between services that are currently divided between the two tiers would not be maximised compared to two unitary councils • Three unitary councils would benefit from resident data consolidation compared to a two-tier model, but this would be spread across three separate organisations which may create difficulties for partners in accessing data and insight across the Surrey footprint • Three unitary councils may take very different approaches to service delivery, which may create greater inconsistencies in residents' experiences living in different parts of the county • Creates a more fragmented approach to transport systems, with bus and road infrastructure varying across council borders in terms of standards and resident experience, causing confusion for users and inefficiencies in travel • Risk that the uneven population age and demographic split between three unitaries will present increased future demand pressures • Results in the least equitable split of total households across the proposed authorities (38.5% in the West, 26.9% in the North and 35.2% in the East). This could impact on a variety of service demands, such as kerbside waste collection. There are also considerable variations in the percentage split of social rented households and privately rented households. 	1

Continued >

Criteria	Overview	Score (1-3)
(3) Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens (sub-criteria a – c)	<ul style="list-style-type: none"> Results in a more unequal percentage split in homelessness across the proposed authorities (27.6% in the West, 38.6% in the North and 33.8% in the East) Will face variations in the total number of pupils across the proposed authorities (38.5% in the West, 27.1% in the North and 34.4% in the East). 	1
(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 (sub-criteria b and c)	<p>Strengths:</p> <ul style="list-style-type: none"> Ability to concentrate resources on the needs and priorities of the geographies they serve. Unitary councils cover towns and villages that residents recognise as focal points, though there would be additional costs, and less flexibility in how resources can be used, to support community engagement across three unitaries. Engagement with residents, partners and staff in the available time has underlined the value people place on efficient and effective services for their local area – and a willingness to be part of establishing improved approaches to engagement and involvement. <p>Weakness:</p> <ul style="list-style-type: none"> Risk that Surrey's voice on a national scale will be diluted by three unitary councils that may have opposing views. 	2
(5) New unitary structures must support devolution arrangements (sub-criteria b)	<p>Strengths:</p> <ul style="list-style-type: none"> Three unitary authorities would enable a Strategic Authority across the county footprint 	3

Continued >

Criteria	Overview	Score (1-3)
(6) New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment (sub-criteria a – b)	Strengths: <ul style="list-style-type: none"> • Opportunity to adopt the community board model to potentially mitigate the decreased scale of support and resources on offer to convene and deliver local improvements in partnership with communities Weaknesses: <ul style="list-style-type: none"> • Less scale to provide support and resources to convene and deliver local improvements in partnership with communities 	2
Total score	10	
CONCLUSION	Not Viable – Least likely to meet government requirements	

Two unitary authorities

Our options appraisal demonstrates that the two unitary model stands up as consistently favourable against both the government's criteria and our local priorities for LGR.

To inform our preferred model we assessed the shortlisted geographies for two unitaries set out in our Interim Plan.

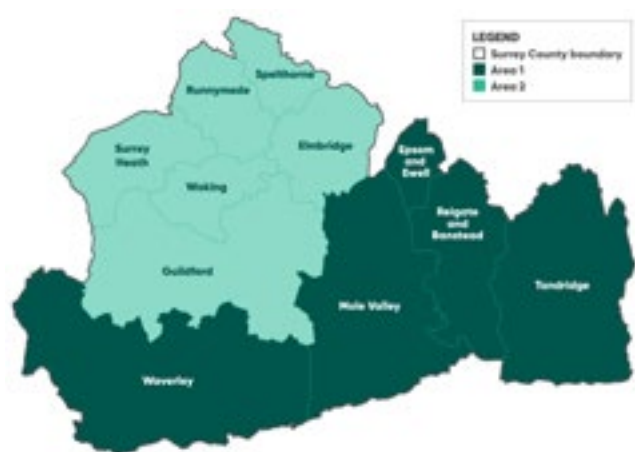
Option 2.1: West/East



Option 2.2: West/East



Option 2.3: North/South



Option 2.4: North/South

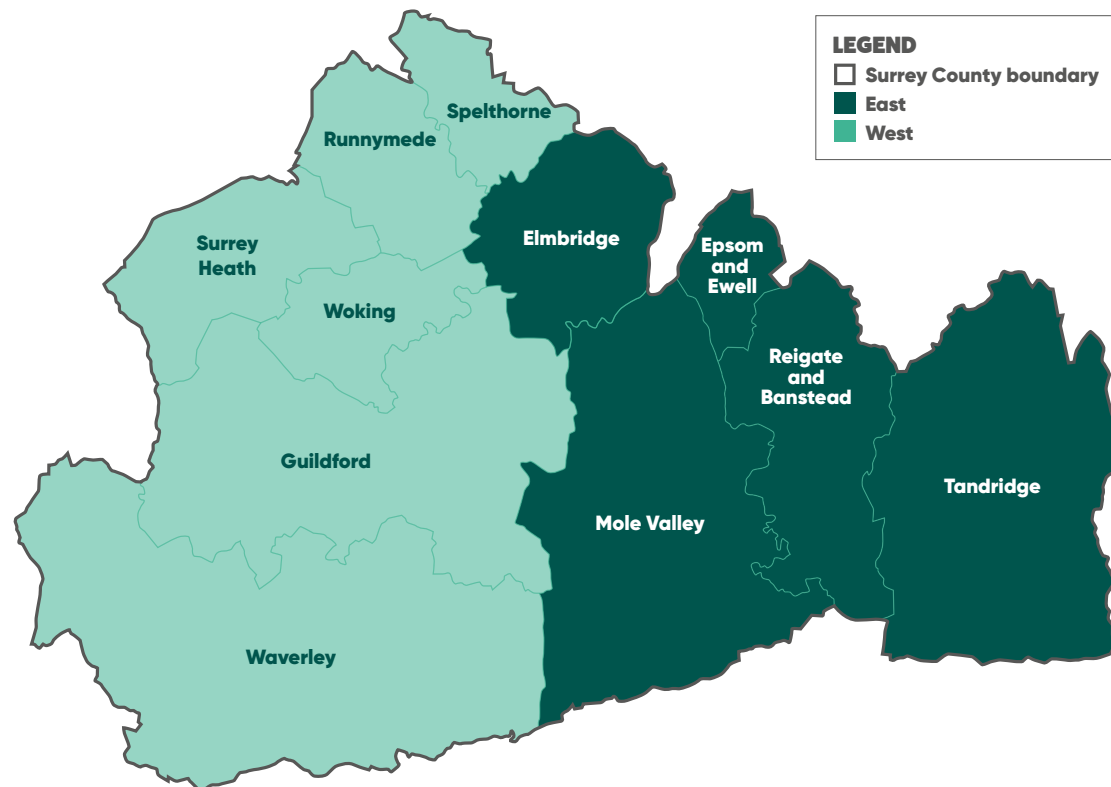


This analysis exercise (set out in Appendix 2) looked at the following factors:

- How the cost of providing key county services, such as Adults and Children's Social Care, aligns with available funding in each unitary area.
- Projected housing delivery against National Planning Policy Framework targets, and implications for council tax growth.
- The prospects for economic growth across the different geographies, using indicators such as economic inactivity and the split of key economic assets, such as innovation clusters.
- Surrey's debt, and the implications for each proposed unitary configuration.

The analysis of the scenarios and the two East/West found that the majority of evidence suggests the **2.1 East/West option** would create two unitary councils for Surrey that enable a combination of lower-tier functions and simpler disaggregation of upper-tier functions so that each new authority is well situated to deliver services effectively, safely and legally from vesting day onwards, and will be best placed to continue to adapt to the county's needs going forward. The 2.2 East/West model shares many of the same benefits.

Option 2:1 West/East – Preferred LGR Geography for Surrey



Analysis undertaken shows that the 2.1 East/West geography should create new councils that are set up with a broadly equitable distribution of key services and funding sources, while minimising the risks that would adversely affect a larger number of unitaries.

This East/West geography enables both unitaries to survive independently, to make use of the neighbouring economic powerhouses of London, Heathrow airport, and Gatwick airport, and to have a similar mix of the urban and rural landscape that makes our county a beautiful place to live and work. An MSA would then be well placed to coordinate strategic responsibilities on a county footprint to the benefit of both East and West Surrey.

Population

Population size is a key determinant for the predictable demand for many local government services. Calculating the current (and projected future) volumes of potential need is important to ensure the appropriate allocation of budgets and other resources to each new unitary, and for each new unitary to understand the communities they will be serving.

Although the population is measured every 10 years through the census, mid-year population estimates give us a more up to date reflection of the current population. In terms of total population size across all ages, 2.1 East/West offers an equitable split, with population being split 55% /45% between the two unitary councils. Based on Census 2021 population data, this would see East Surrey with a population of

545,798 and West Surrey with a population of 657,309, both meeting the government's criteria that "new councils should aim for a population of 500,000 or more".

Place

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. 2.1 East/West showed the most equitable balance in population densities.

We can break down the land use of the total land area in each proposed geography by purpose, showing us the proportion of land used for things such as community, residential, industry and transport. With this metric, both East/West geographies show similar levels of variation between East and West – meaning each unitary would inherit a similar proportion of land used for community, residential, industry and transport.

The areas of Surrey most at risk of flooding lie primarily in the northwest of the county, along the rivers Thames, Wey and Mole. Flood risk is a significant challenge, especially for future land development for homes and businesses. To alleviate the flood risk in the northwest corner of the county, partners, including the county council, are working on the River Thames Scheme across an area that runs through Runnymede, Spelthorne and Elmbridge. This means under both East/West geographies, both unitaries, alongside the MSA, would have a role in coordinating and completing this national scheme.

Housing

Government have set annual house building targets for each local authority, which will be adopted in aggregated form by the unitary authorities. Although it is important to understand how a geographical unitary split will impact the housing targets for the new councils, it should be noted that these are targets which can change based on the ability to deliver against those targets. In this analysis, 2.1 East/West is the most equitable split. For this metric 2.2 East/West has one of the larger inequity variations with East Surrey estimated to drive 56.7% of the annual delivery target and West Surrey 43.3%.

In the current two-tier system, lower-tier authorities assess people presenting as homeless and determine whether they are threatened with homelessness or already homeless. This duty would be assumed by the new unitary authorities who would be tasked with supporting these residents as appropriate for their circumstances. 2.1 East/West scored the most equitable with the lowest degree of variation between residents presenting as already homeless and at risk of homelessness, meaning both authorities may experience similar demands for services to support them.

Economy and Skills

The economy of the new unitary authorities will be 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, and operating businesses. External influences include London, Heathrow Airport and Gatwick Airport.

The health of the business sector is critically important to the local economy, as employers, providers of services, and payers of Non-Domestic Rates. The health of the sector can be determined by the number of businesses started, ended and active. Using this metric, 2.1 East/West is the most equitable model with the lowest variation between the two unitaries.

93. Business rates are one of the funding streams used to fund local government. They are collected by lower-tier councils and are often a strong indication of the nature and size of businesses within each area. In our analysis of the division of business rates across the new unitaries, 2.1 performed better for overall business sector health, while 2.2 East/West had the most equitable split in sizes and strength of businesses.

Service Delivery

Local authorities deliver a range of services which will be amalgamated from the district and boroughs and disaggregated from the county council to be delivered across the new geographies. The analysis looked at the geographic distribution of certain resident groups and service delivery volumes.

Adult Social Care and Children, Families & Lifelong Learning are the County Council's two biggest areas of expenditure, representing 63% of Surrey County Council's 2025/26 net revenue general fund budget. The two biggest funding sources for this expenditure are Council Tax income and social care grant funding. Work has been undertaken with services to estimate how the most significant and volatile areas of general fund expenditure for these services, ASC care package, Children's Social Care and Home to School Transport, are likely to split across potential new unitary geographies, so this can be compared to the split of Council Tax income and social care grant funding.

This analysis has found that across both East/West geographies, there are similar correlations between the estimated split of expenditure against the split of council tax income and social care funding. 2.1 shows a difference of 0.9% between total expenditure for all three service areas against Council Tax income, while 2.2 shows a correlation of 0.7%.

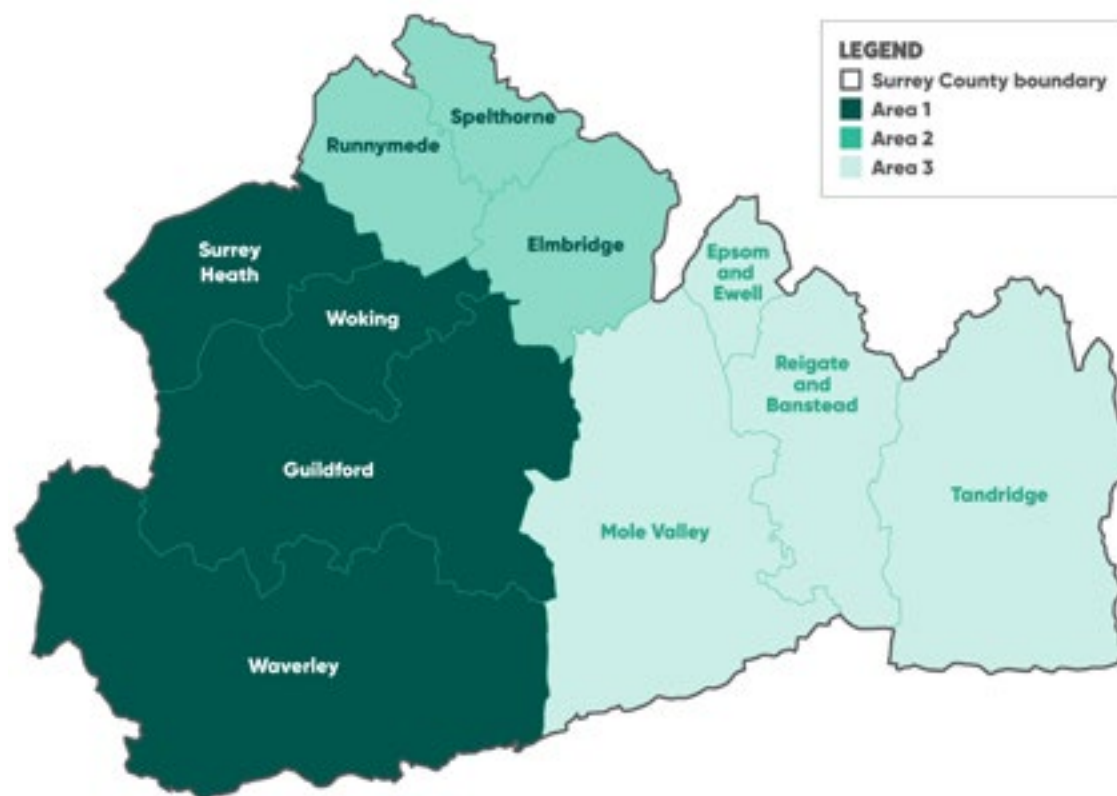
Waste collection (currently delivered by district and boroughs) and waste disposal (currently delivered by Surrey County Council) will be managed by each of the unitaries across their geography. Our analysis shows that the division of waste collected will be close to 46% of current levels in the East and 54% in the West.

The new unitary councils will take on the support of state-maintained schools across their geography. Both East and West geographies would be supporting similar pupil numbers taking current student population and geographical location of schools into account.

The analysis looked at the division between registration of deaths, births and ceremonies. When combining both birth and death registration each two unitary split would have at least two legacy register offices within their geography.

Lastly, the new unitaries will both be designated as Highways Authorities. They will inherit a share of over 3,000 miles of public highways that is currently managed by Surrey County Council. Under 2.1, East Surrey will inherit 1,355 miles and West Surrey inheriting 1,666 miles. While this does not factor in the current backlog of maintenance, it is a long-term predictor of maintenance requirement.

Three unitary authorities



As demonstrated in the options appraisal, a three unitary council model for Surrey does not sufficiently meet either the government's criteria or our own priorities for LGR.

Although three unitaries will still allow Surrey to unlock further devolution through the creation of an MSA, three unitary authorities both negate any potential savings from aggregating district and borough services and increase the costs of disaggregating countywide services.

This scenario is also unlikely to deliver well on efficiencies and cost savings and does not meet the government's targeted 500,000 population.

The three unitary model would create three very distinctive new communities with significant variations in key metrics and characteristics, setting the new councils off on unequal and unsustainable footings.

Under the three-unitary model, imbalances in land size and density create challenges – smaller areas, such as the northern unitary, may struggle to find housing sites and meet national targets, while lower-density authorities face hurdles in delivering essential services like Home to School Transport, which is a significant budget pressure for the county council.

Flood risk and the River Thames Scheme under the three unitary model would see the proposed northern unitary face a disproportionately higher flood risk compared to the rest of the county, as well as sole local authority responsibility for contributing to the completion of the scheme, which would likely be financially unviable.

Three unitaries would also lead to uneven delivery requirements across the authorities for housing. For example, the northern authority would have double the housing target compared to the East and West authorities while contending with significant development constraints, including greenbelt and flood zones. It would also be more reliant on the Mayoral Strategic Authority to support delivery and infrastructure investment.

The three unitary structure also leads to greater disparities in homelessness rates across the proposed authorities with the variation in the total number of cases where Prevention and Relief Duty is owed is particularly pronounced, resulting in the least alignment amongst the three proposed authorities.

Regarding the health of the business sector, a three unitary scenario has notably higher variations in the sectors' health when compared to both East/West models. The three-unitary model also struggles with business rate income equity, with the western unitary projected to receive nearly £75 million more than the eastern unitary.

The three-unitary model has a much less favourable correlation between total expenditure for Adults Social Care packages, Children's Social Care and Home to School Travel Assistance against Council Tax income.

Although the correlation is close for the West authority (only a 0.6% difference), the North authority shows a position whereby relative Council Tax income is 4.5% higher than combined Adults Social Care, Children's Social Care and Home to School Travel Assistance expenditure, whereas collective expenditure for these services for the East authority is 5.1% higher than Council Tax income. This would mean that two of the new unitaries would be relatively under or over funded for the biggest areas of social care expenditure, adversely affecting the financial sustainability across all the new unitaries.

The three-unitary model also results in a disproportionately higher volume of waste collection in the western unitary compared to the northern and southern authorities. This disparity is evident in total tonnage collected, including both household and non-household waste, as well as waste sent for recycling and waste that is not recycled.

Finally, the three-unitary model leads to substantial disparities in road miles inherited and maintenance backlog. Under this structure, the western and northern unitaries face a difference of £64 million in maintenance backlog, along with a 719-mile gap in road inheritance.

Financial appraisal

A financial appraisal has been undertaken of creating unitary authorities in Surrey with benefits and costs calculated based on published 2025/26 planned expenditure across Surrey's current authorities. Where information from previous years has been used for certain areas of the modelling, this has been inflated to 2025/26 to ensure a consistency across all data points.

Modelling has been refined from the Interim Plan including utilising updated budget information provided by district and borough councils and consultation with the county council's directorate leadership teams. A full breakdown of the updated modelling can be found in Appendix 1, including a summary of the changes from the Interim Plan.

The following have been appraised:

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 unitary authorities are established. 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 in Appendix 1.

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. These costs are summarised in the implementation section.

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

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

Modelling for each unitary option is set out in the tables below. A single unitary has been modelled as a benchmark, as requested by government. The tables show the estimated ongoing annual net benefits or costs seven years after the creation of the new authorities, by when it is anticipated a new steady state should be reached. Positive figures in black represent benefits, while negative figures in red represent costs. All of the base data used and modelling assumptions are set out in Appendix 1.

A summary of the cumulative net cash flows for each option and scenario is provided, 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, including implementation costs. Where this is displayed as "N/A" this means an option has been modelled as not paying back by the end of the seventh year following vesting day of the new authorities.

Table 3: 1 Unitary summary modelling (for benchmarking)

	BASE	STRETCH	MID
Annual reorganisation benefits	£25m	£30m	£28m
Annual transformation benefits	£41m	£67m	£54m
Total ongoing annual steady state net benefits/costs after five years	£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

Table 4: 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

Table 5: 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

Two unitaries are estimated to deliver ongoing net annual benefits of between £1 million to £46 million and a cumulative net cash position after seven years ranging from a net additional cost of £118 million in the base scenario to a net benefit of £162 million in the stretch scenario.

The three unitaries option is the least favourable financially, with modelling estimating an ongoing annual net additional cost of £41 million in the base scenario, up to an ongoing annual net benefit of £8 million in the stretch scenario.

Due to the lower savings and higher costs estimated for the creation of three unitaries, the cumulative cashflow position is significantly less favourable, ranging from an additional cost of £72 million to £385 million after seven years.

The mid-point position for each option is summarised in the table below to demonstrate the scale of difference between the three options:

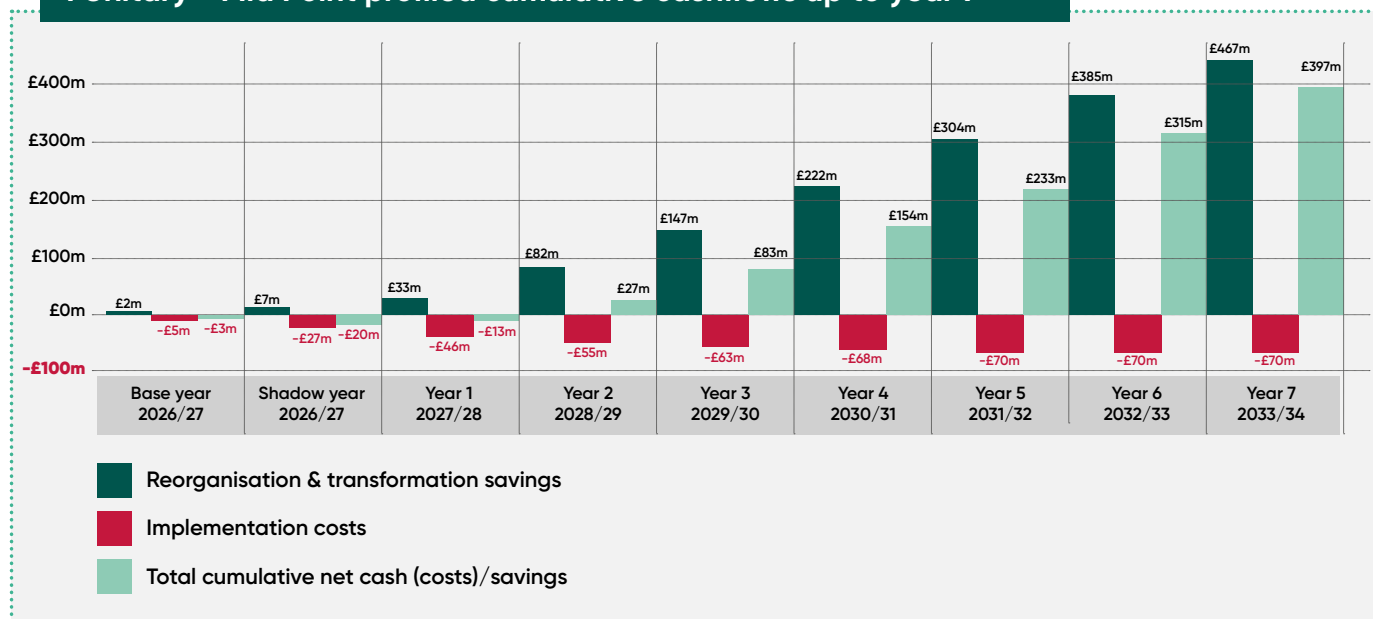
Table 6: Midpoint Costs

	1U MID	2Us MID	3Us MID
Annual reorganisation benefits	£28m	£19m	£10m
Annual transformation benefits	£54m	£42m	£30m
Annual disaggregation costs		-£38m	-£57m
Total ongoing annual net benefits/ (costs) after five years	£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

In addition to considering the annual ongoing net impact of the creation of the new unitary authorities, we have assessed how quickly benefits will be delivered and costs incurred. The table above summarises the modelled cumulative net cash position up to seven years following the launch of the new authorities for the mid-point of each option, with the position for a single unitary included as a benchmark.

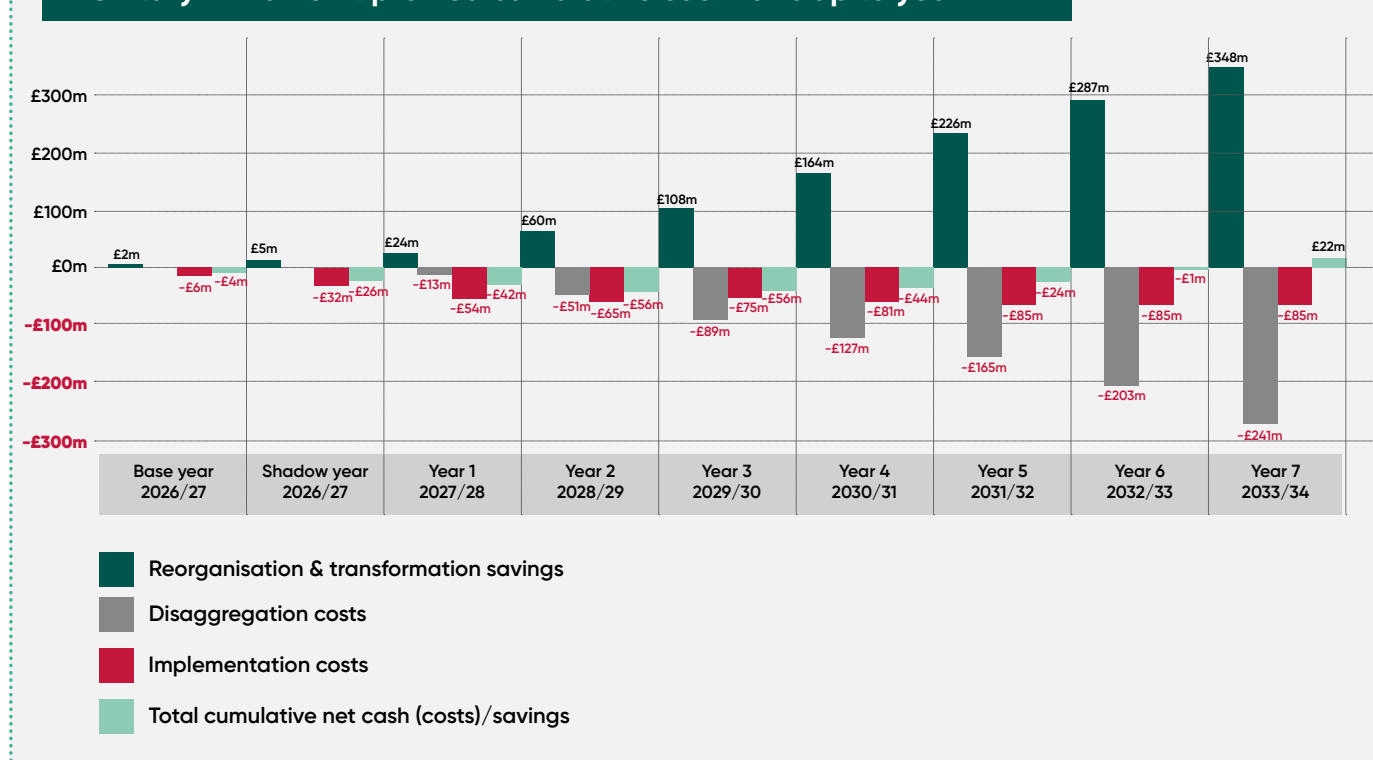
There are two main reasons for the difference between the different unitary options. Firstly, the scale of benefits and secondly, transformation benefits will take longer to realise than reorganisation benefits and costs for implementation and disaggregation. Therefore, the models for multiple unitaries show a reduced cumulative cash flow and lower net savings.

1 Unitary - Mid Point profiled cumulative cashflows up to year 7



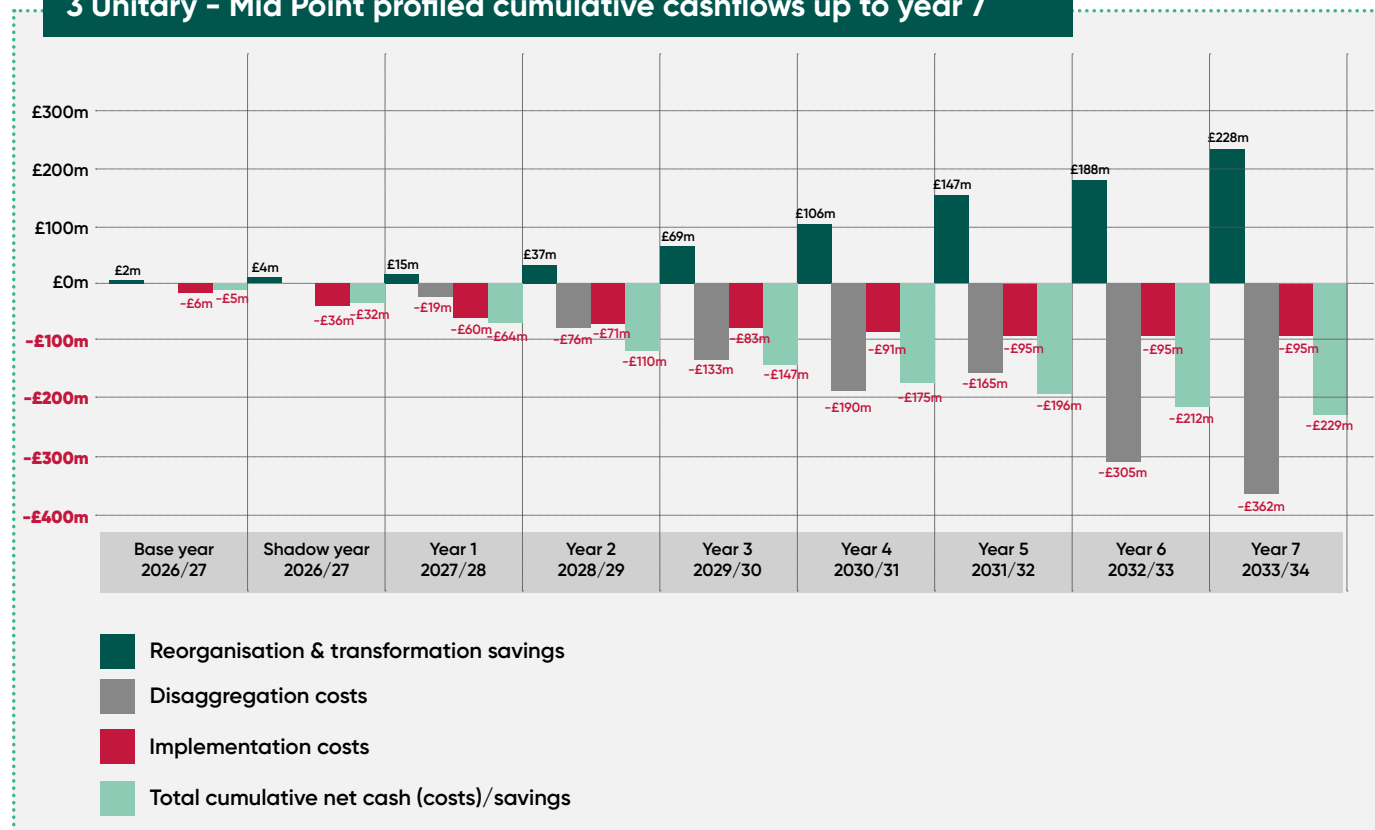
Graph 1: cumulative cash flow 1 unitary

2 Unitary - Mid Point profiled cumulative cashflows up to year 7



Graph 2: cumulative cash flow 2 unitaries

3 Unitary – Mid Point profiled cumulative cashflows up to year 7



Graph 3: cumulative cash flow 3 unitaries

It is important to note that the financial appraisal is based solely on the implications of creating one, two or three authorities and does not consider the direct financial implications of the creation of a Mayoral Strategic Authority (MSA). Implications for the creation of an MSA for Surrey will be reviewed when greater clarity is provided by government about the benefits, costs and timing.

In summary:

- The benchmark of a single unitary authority is modelled as delivering the greatest financial benefits but is not being considered as it would not unlock devolution on a Surrey footprint.
- Two unitaries are estimated to deliver ongoing net annual benefits of between £1 million in the base scenario to £46 million in the stretch scenario and a cumulative net cash position after seven years ranging from a net additional cost £118 million in the base scenario, to a net benefit of £162 million in the stretch scenario.
- The mid-point of modelled ongoing annual net benefits for creating two unitaries between the base and stretch scenarios is £23 million. In creating two unitaries it will therefore be important to seek to minimise disaggregation costs as far as possible and maximise savings in order to get as close as possible to the delivery of the £46 million net benefits in the stretch scenario.
- As set out in the financial sustainability commentary below, Surrey faces a huge financial challenge in the years ahead including existing service pressures, potential funding reductions when the local government funding system is expected to be reformed in 2026/27 and the burden of a high level of stranded debt. This makes it even more important to ensure LGR delivers savings to mitigate pressures and help reduce the current medium-term gap identified across the existing local authorities in Surrey, alongside government support on resolving the debt issue.

Options appraisal conclusion

In conclusion, reorganising to **two new unitary authorities is our preferred option** for local government in Surrey. Two unitary authorities would support a key objective to unlock further devolution for Surrey by supporting establishment of a new Strategic Authority on the current county footprint. It is also the only option that will achieve this while also meeting the government's criteria that new unitary councils are financially sustainable.

Within the two unitary model, **our preference is for the 2.1 East/West model**. The evidence shows that 2.1 East/West will create equitable unitary authorities. They will benefit from equitable division of overall population, land area and land purpose, flooding risk and mitigation, total household numbers, business rate collection, pupil split, number of birth and death registrations and total miles of public highways.

If, following government's consultation on LGR options for Surrey, they are minded to accept our proposition for the 2.1 East/West split, careful planning will be required to mitigate risks and disruption from the disaggregation of countywide services, particularly considering the needs of vulnerable residents that depend on them. We cover this in more detail in the implementation section.



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The two new unitary councils, along with the creation of an MSA, will be a catalyst for wider public service reform across Surrey

VISION FOR UNITARY LOCAL GOVERNMENT IN SURREY

Two new councils, a fresh start for Surrey

The two new unitary councils, along with the creation of an MSA, will be a catalyst for wider public service reform across Surrey. The two councils will help to simplify and unify public services across the county and enable greater service integration and innovation, while building on the strengths of the current 12 councils and other public and voluntary and community sector partners.

The two new unitaries will work closely with the communities they serve, effectively tapping into the knowledge, skills and experiences of residents to better understand and respond to the issues that matter to them. They will provide the scale, resilience and sustainability to act efficiently and consistently across their places.

This section of the proposal does not presume to set the strategies and operating models for the new councils. Those will be a matter for elected Members within the new organisations. What we propose here are the strategic principles and opportunities that are open to the new local authorities to adopt to ensure that residents and businesses retain access to high quality services.

Two unitaries will strengthen, save and simplify

Ultimately, residents want LGR to simplify Surrey's complex system, improve public services, and ensure better value for money. Establishing two new unitary councils offers the least disruption while maintaining financial benefits, ensuring councils work closely with residents and partners to deliver responsive, outcome-focused solutions. Overall, it represents the opportunity that is most likely to strengthen, save money and simplify local government in Surrey.

Strengthen

Safe and legal services from day one – Our most important priority for reorganisation is that the services from the new councils are "safe and legal" from day one. We will not allow the disaggregation of county council services to squander the hard-earned improvements gained for county services in recent years, in particular the improvements in practice and focus for Surrey County Council's Children's Services. As we transition to the new councils, we will ensure that everyone currently receiving support from services continues to do so, and will not fall through any gaps during this period of change. We say more on how we will do this in the implementation section.

Clear strategic priorities – The new councils will set clear long-term strategic visions for their areas, working with the Mayoral Strategic Authority and other local stakeholders. They will identify and respond to the key priorities for their residents and businesses, and coordinate activity and investment for everyone across the county to ensure equal chances to thrive.

Resilience to external financial shocks

– The integration of part of the current Surrey County Council with relevant district and borough councils in each new unitary area will mean that the larger combined organisations in each area will be better placed to collectively withstand financial shocks or manage pressures such as government funding changes or additional demand for key services, such as Social Care and Homelessness. However, it is important to be clear that, as set out in the section below on how the councils will achieve financial sustainability, without government write off or another sustainable solution for stranded debt related to historic commercial activities it will not be possible to achieve financial sustainability locally, and at least one new

authority will immediately require exceptional financial support. Even if a solution is found for the stranded debt, the remaining financial challenge related to service pressures and the expected impact of local government funding reforms cannot be underestimated..

Insight and intelligence – Two councils operating at scale will work with the new Mayor and other partners to develop breadth of insight to see the bigger picture in Surrey. Building a single picture of the county together will enable more evidence-led, preventative interventions before issues get worse and additional opportunities for collaboration and innovation that would be more complex and challenging with three unitary authorities.

Better protection and support for vulnerable children and young people –

A further example where integration will add value is within Children's Services. Alignment of county services with district and borough services such as Leisure, Early Help and Housing, should lead to an enhanced preventative early help offer to families, closer to their communities.





CASE STUDY:

Surrey-i

The [Surrey-i](#) website is a well-established resource and trusted brand promoting openness and transparency in public sector data and ease of access and use of statistics relevant to the county.

Currently operated by Surrey County Council for the wider partnership, it provides a single route for accessing published statistics and insight from multiple sources. The site is widely used by Surrey councils, as well as by partners including the voluntary sector.

The site will continue working with the two councils and the new Mayor to support them most effectively. This will not only improve efficiency and reduce duplication from having the councils develop their own, but will also bring standardised

accuracy of all analysis and insight which can be made available for all partners and the public e.g. Census releases, Indices of Multiple Deprivation, population estimates etc. In addition, it can be the single portal to share evidence and insight for policy and operations, including the joint strategic needs assessment (JSNA).

This will ensure that parties retain access to high quality analyses and insight supporting their work and decisions to improve Surrey for its residents and serve as a strategic single view of population demographics, community needs, outcomes and more, similar to the [GLC London Datastore](#) or The Greater Manchester Combined Authority [Office of Data Analytics](#).



CASE STUDY:

Joining up early help with health prevention services in Woking

In Woking the Family Centre, based in one of the Core20 (deprived) wards, has become a hub of support for local families. The Surrey County Council team works in a building owned by Woking Borough Council and engages with partners, including health visiting teams and community support services. A contract agreement was established with the NHS and two rooms in the same building were leased to the midwifery service to run clinics from the site, enabling opportunities for close integration.

Joining the Children's Social Care Early Help services with the local health and

prevention work in the community has enabled families to have easy access to the support they need. This includes access to the leisure centre and holiday clubs, cooking classes through a local charity group, and targeted health services for families in the area from ethnic minority backgrounds including yoga and bike riding lessons.

Moving to two unitaries in Surrey will create opportunities to make this approach more consistent across the county as we integrate further and harness the opportunities from the Department for Education social care reforms and family hub model.

Delivering more fit-for-purpose homes for vulnerable residents – We support the government's strategy to drive up housing standards, and in the case of those families in temporary accommodation, bringing together Housing, Children's and Adult Social Care services will help improve children's health and development. In addition, bringing together Housing, Planning and Adult Social Care services could mean the two councils can develop more housing solutions that meet the needs of an ageing population, people of working age with physical, mental and learning disabilities and young people transitioning to Adult Social Care. This includes more homes with telecare and other preventative measures designed to support people to maintain their independence for as long as possible. This will help streamline and accelerate much needed specialist accommodation, building on initiatives such as the County Council's Right Homes, Right Support strategy to build additional Extra Care housing across Surrey. For people with long-term health conditions, changing how these services work for greater integration and collaboration will make a significant positive difference to their lives.

Accelerating housing delivery – The unitaries will develop local housing plans that align with the needs of their local populations and the county-wide strategic planning framework set by the Mayor. They will have a role in enforcing planning regulations and ensure the necessary infrastructure and facilities are provided to support new housing developments.

Combined waste services – Bringing together county and district and borough council responsibilities provides an opportunity for more streamlined and efficient service delivery. Streamlined operations and reduced administrative overheads can lead to cost savings, reduced duplication and increased consistency of service delivery. For example, joining up Waste Collection and Disposal services could lead to improved recycling rates, lower levels of waste going to landfill and financial efficiencies.

Planning and delivery to respond to each area's economic needs – The two new councils will cover functional economic areas, working in partnership with the new MSA to further drive growth across Surrey. There is potential for continued growth across each council area, with Runnymede, Spelthorne and Woking having the strongest levels of high-tech industry employment. Each unitary will set out their economic priorities, designed on a suitable geographic area, and aligned to a strategic economic plan at the Mayoral level. Coordination with businesses and wider stakeholders will be at a suitable scale and reflect an aggregated voice to be heard by the Strategic Authority, building on the work initiated by the [One Surrey Growth Board](#).



CASE STUDY:

Health, social care and housing uniting to help people with mental health challenges secure a home

Surrey's 12 councils, the Surrey and Borders Partnership NHS Foundation Trust and five acute care hospitals in Surrey (Royal Surrey, Epsom, East Surrey, St Peter's and Frimley Park) have agreed the Surrey Mental Health and Housing Protocol. This sets out how partners will work together to support people who find it difficult to secure long-term housing because of the mental health challenges they face.

Strengthened coordination across Health, Social Care and Housing services aims

to help people find accommodation to support recovery and reduce their risk of becoming homeless. It also aims to prevent evictions from tenancies and decrease the risk of cuckooing.

Two unitaries will enhance this and similar partnership projects through the integration of county, district and borough services opening up more opportunities, and will simplify approaches to working with partners going forward.

Integration will enhance Surrey's cultural services offering – Bringing together Cultural and Leisure services will offer great potential for supporting residents' physical, mental and social wellbeing, designing a more cohesive, accessible and clear offer that draws on the various strengths and benefits of these services. This will support the aspirations of the Surrey Cultural Strategy, which aims to nurture and champion Surrey as a vibrant, creative set of communities, with their own histories and untold stories.

Strengthened community safety and public protection – For example, Trading Standards and Licensing teams could work together to tackle underage sales of illegal tobacco and vapes, sharing information and expertise to target offending businesses. Trading Standards and Environmental Health teams would also work together to carry out joint visits to support high street food businesses around issues such as hygiene or allergen labelling. Community safety partnerships would also be rationalised, bringing together partners and resources over a larger scale to tackle issues such as domestic abuse, child exploitation and anti-social behaviour.

Maintaining the safety and dignity of the deceased and supporting delivery of the judicial function of His Majesty's Coroner for Surrey – The Surrey Coroner's Service carries out sensitive and difficult work to investigate unexplained deaths, as well as supporting bereaved families. The Coroner's area is a judicial one and cannot be varied or amended by local authorities. As local government is reorganised, the service will continue as normal with no disruption and residents will not notice any change in the delivery. It is also essential that the Coroner's statutory and legal responsibilities continue to be carried out. In other places where the service spans local authority boundaries, typically one of the authorities acts as host, with a shared funding and governance model agreed between the authorities in the Coroner's jurisdiction. Engagement with stakeholders on a new model for Surrey will be undertaken by the Shadow Authorities ahead of vesting day for the new councils.

Dependable in emergencies – The new councils will be key partners to support local organisational and community resilience, particularly in emergency situations. In partnership with a new Strategic Authority, as well as other key partners, the unitaries will be well placed to share information with their residents and coordinate with other organisations in emergencies. Local partners will build on a strong track record of Surrey's Local Resilience Forum, taking the lead in supporting partners and communities to prepare for emergency situations.

Save

Economies of scale in commissioning –

Two authorities will offer significant scale that will enable financial efficiencies through greater buying power. District and borough spend that is commissioned 11 times across the county can be brought together into two larger contracts, leading to economies of scale. Contracts can be tailored to the needs of the different unitary areas while delivering wider efficiencies. This can enable better control over key markets, such as for waste collection contracts where commissioning at greater scale can achieve financial efficiencies and improve outcomes for residents.

Maximising use of available income and funding –

Two unitaries will provide a balance of enhanced regional leadership and strategic oversight to maximise the use of income and funding available. For example, development funding, such as the community infrastructure levy and section 106 agreements, can be allocated in a more streamlined way and prioritisation of local infrastructure needs would also be simplified.

Creating commercial opportunities –

Bringing together services from the current councils opens new opportunities for income generation. In addition to business rates and council tax, the new councils will

adopt commercial mindsets taking bold, yet risk-informed, decisions to find new ways to support the sustainability of each organisation through shared, hosted or traded ventures with other organisations.

Leaner workforce – There is significant duplication of roles and responsibilities at executive levels across the 12 councils. A redesign through the two new councils will enable delivery of financial efficiencies through streamlined staffing arrangements, and to build in strategic capacity for managing services across the geographies of the two unitaries. These will set the conditions for the new councils to harness the best of existing practice from the old councils, creating opportunities to shape new career pathways to attract and retain talent.

Shared IT and digital services – It is proposed that both authorities develop a single service for IT and Digital to support each council's operations. This model has a track record of delivering high quality services to Surrey County Council, East Sussex County Council and Brighton and Hove City Council. Advantages of this model include simplified governance structures, operational efficiencies, enhanced service delivery through leveraging pooled resources, expertise and technology, and increased buying power across any future partnership.

Prioritising the most efficient and effective delivery models – The new councils will always carry out due diligence to make sure services' operating models deliver their intended benefits. For example, shared service models are not always the most effective model for service delivery, nor would they necessarily help mitigate completely the risks of disaggregating county-wide services. Examples from across the country in areas such as social care services have not demonstrated clear benefits and may inadvertently add complexity and cost to the system. One example is the tri-borough shared social care service that sought to combine delivery across Westminster City, Hammersmith and Fulham and Kensington and Chelsea Councils. This arrangement dissolved following complex challenges with governance and service delivery, as well as increased costs.

Savings in property and assets – Moving to two unitary authorities will create opportunities to rationalise the local government estate in Surrey by optimising the number of buildings

required for the new councils to deliver their work, while supporting greater value for money and environmental sustainability in the asset base. Projects to join up regeneration initiatives, as well as procurement and capital contracts, will also lead to financial efficiencies.

Leveraging the Surrey Pension Fund to stimulate local growth – Under the new arrangements, the Surrey Pension Fund will have to be established under a new Administering Authority. It should be focused on supporting local growth and sustainability for Surrey as well as the best interests of residents and fund members. Subject to exploring further legislative parameters, the preferred option is to establish a Single Purpose Pension Authority for optimal governance, to align with current government intentions for pension scheme reforms and an unfettered ability to explore appropriate local growth investment opportunities in Surrey. Full engagement, including with pension fund stakeholders, will inform the final recommendation.



Simplify

Clearer responsibilities – Residents consistently say that the current two-tier structure of local government in Surrey is confusing. By moving from 12 councils to two, it will be much clearer for residents which organisation is responsible for council services in their places.

Better resident experience – Knowing there is only one council to contact instead of being passed between the county and district and borough councils will simplify residents' experiences in accessing the right services at the right time. For example, consolidating parking services under each authority means residents will no longer need to navigate between different systems for on-street and off-street parking. The operating models of the new councils will prioritise simplicity, accessibility and inclusion, using digital technology to enhance this where appropriate.

Maintaining a clear digital and physical presence – Residents expect to interact with our services through digital communication. At the same time, physical service access points will be geographically spread to ensure clear points of contact for protecting the most vulnerable, and especially for those who are homeless.

Joined up processes – From day one the new councils will take opportunities for enhanced resident satisfaction, improved by joining up disparate processes such as social care assessments, grants, benefits, housing and planning applications.

Models of service delivery will be designed to reflect what residents say is important to them and what makes an excellent service experience from their point of view.

Strong local democracy – The new councils will have clear democratic structures that make it easy for residents to know who to hold accountable for service performance. They will act transparently, helping to build trust in local democracy and confidence in the new councils' ability to deliver. Each council will have robust scrutiny arrangements to hold decision-makers to account and ensure services are focusing on the right outcomes for residents while maximising value for money. We also propose to hold whole council elections every four years to add consistency and predictability to the local electoral cycle.

Operating as a single public service system

– We want to build on our ambitions for Surrey's public services to work as one across the county to support closer alignment of planning and delivery across the county's geography. Two unitary authorities will help us to move closer to this. This will be further enhanced when a new MSA is established. Partnerships will also be more effective, with fewer local government stakeholders helping to simplify the local public service landscape. A simpler, more aligned system at scale will be particularly important in supporting strategic goals such as the shift within the NHS towards more preventative neighbourhood health and care, getting people healthy and into work, and developing housing and infrastructure to meet pressing needs.

Target operating models for the new councils

Creating two new councils presents an opportunity to design new organisations that use their scale and resources to respond to the unique needs of their residents.

To support and help guide decisions the new authorities will make on structures and services, we are proposing a set of key operating model design principles that draw on best practices within Surrey and elsewhere. These will help ensure high quality council services that are part of an effective integrated wider public service offer in Surrey, including the new Mayoral Strategic Authority.

Operating model design principles for the new councils:

- **Focus on outcomes** – for individuals, families, neighbourhoods, and communities.
- **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.
- **Balance scale with strong local community engagement** – using economies of scale to deliver consistent high-quality services, while working alongside residents, groups and other partners to address local priorities and build capacity for action.
- **Join up resident experiences** – connecting resident 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.
- **Grow stronger partnerships** – delivering critical services the councils are responsible for while also working in partnership with all other agencies – including the MSA – to support improved outcomes. In addition to direct service delivery this will sometimes involve coordinating, convening, influencing, signposting or regulating, enabling communities, town and parish councils and wider partners to take the lead.
- **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.
- **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.

- **Leverage data, digital and technology** – using digital, data and technology to drive innovation, meeting residents' needs in ever more efficient, accessible and effective ways, and strengthening engagement and collaboration.
- **Optimise use of land and assets** – making best use of physical locations to simplify and improve resident's experiences and create a resilient, modern, more environmentally sustainable and value for money asset base.
- **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.

These design principles are illustrated in Appendix 4.

Democracy and governance

With two new councils, local democracy for Surrey will be strengthened, giving residents more clarity on who their local councillors are and supporting Members in their roles to champion the needs of their places. They will be a dedicated link between the new councils and residents and businesses in their divisions, as well as enabling strengthened relationships with other public service providers, such as town and parish councils.

We propose retaining the county council electoral divisions in the new unitary arrangements, as these were agreed as part of the 2024 Local Government Boundary Commission for England (LGBCE) Boundary Review for Surrey⁵, and were due to be implemented for the May 2025 county elections. This review is the most recent that has been undertaken across all Surrey councils and is therefore based on recent electorate data.

To ensure we can progress LGR at pace, we are also not proposing arrangements that would require a boundary review or that any of the county or district and borough boundaries are split or changed.

At present, there are 81 county councillors and 464 district and borough councillors across Surrey. To enable strong democratic representation and close ties to the community for the new unitary councils, we propose a minimum of two councillors per division would be appropriate. Countywide, this would lead to 162 councillors across the Surrey footprint with, on average, 5,542 electors (or voters) per councillor based on current 2025 data from the electoral roll obtained from district and borough councils, and an average of 5,956 electors per councillor, based on 2029 projections (as referenced in the recent LGBCE Boundary Review).

⁵ Surrey LGBCE Review 2024: https://www.lgbce.org.uk/sites/default/files/2024-05/surrey_fr_long_report_-_final.pdf

This is level of representation and councillor – electorate ratio is in line with research into other LGR areas, such as Cornwall, North Yorkshire and Buckinghamshire. Our proposal also maintains effective representation for each division within the new councils. This aligns to the government’s ambition, as set out in the English Devolution White Paper, that fewer politicians, with the right powers, will streamline local government to focus on delivering for residents.

We have also modelled what representation could look like for three councillors per division. This is captured in Table 7 and would increase the number of councillors in Surrey from 162 to 243.

While we have modelled councillor numbers, the LGBCE will take the final decision on the right level of democratic representation in the new unitaries and we welcome their views on the number of members per division.

Local democracy in Surrey	Current arrangements	Proposed arrangements for East Surrey unitary:	Proposed arrangements for West Surrey unitary:
No. of divisions/wards	81 county electoral divisions 187 district & borough electoral wards	36 electoral divisions	45 electoral divisions
No. of councillors	81 county councillors 464 district & borough councillors	72 councillors (2 per division) 108 councillors (3 per division)	90 councillors (2 per division) 135 councillors (3 per division)

Table 7: Proposed councillor numbers

To ensure effective scrutiny and facilitate more stable and strategic leadership, we also propose adopting a model of whole council elections every four years, like those used by Epsom and Ewell, Guildford, Spelthorne, Surrey Heath, and Waverley borough councils as well as Surrey County Council. This is preferred over the current system in some districts and boroughs where elections are held in thirds. Whole council elections will create clearer accountability for residents, lowering costs by reducing frequency of elections and reducing voter fatigue with the aim of seeing increased voter participation at each election.



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**As part of Surrey's
Local Government
Reorganisation,
agreement will be
needed with DfE about
how SCC's current DSG
funding is split between
the new unitaries,
including the HNB.**

HOW THE NEW COUNCILS WILL BE FINANCIALLY SUSTAINABLE

Surrey's Local Government Reorganisation will be taking place in the context of the significant financial challenges already facing Surrey's existing local authorities. There are four key existing financial challenges:

- **Service demand and cost pressures** exceeding funding
- **Potential funding reductions** for Surrey as part of the government's Fair Funding Reforms which are expected to come into effect in 2026/27
- **The high level of debt**, and particularly the stranded debt relating to Woking Borough Council
- Pressures for **Special Educational Needs and Disabilities (SEND)**, in particular for the High Needs Block (HNB) and the Safety Valve agreement currently in place with Surrey County Council to help manage this

More information about each of these challenges is set out below.

Excluding Woking Borough Council's additional budget gap, which is largely caused by stranded debt, it is estimated that an annual budget gap of c. £263million would accrue by the end of 2029/30 across Surrey's 12 existing local authorities.

This gap is due to two main factors:

- The estimated increase in service expenditure driven by demand pressures, particularly for social care, and increased costs across all services including budgeted inflation exceeding budgeted levels of increased council tax income.
- The anticipated impact of the government's Fair Funding Reform of the local government funding system. This is due to come into effect in 2026/27 and potentially lead to a funding reduction collectively across business rates income that is retained by Surrey's authorities and government grant funding which would increase the budget gap caused by service pressures

Surrey's 12 existing local authorities held £5 billion of external debt including Housing Revenue Accounts at the end of January 2025 and have an underlying borrowing requirement based on historic capital decisions of £7.8 billion known as the the Capital Financing Requirement. Of this 47% (£3.7 billion) relates to commercial activities. The gross revenue debt servicing costs for debt that should be financed by General Fund revenue budgets are £327 million, which equates to 22% of the total 2025/26 net revenue budget across Surrey's 12 existing local authorities..

£171 million of these debt servicing costs relate to stranded debt for Woking Borough Council that is currently subject to Exceptional Financial Support agreed by the Ministry of Housing, Communities and Local Government (MHCLG). This very high level of debt servicing costs is the key cause of Woking Borough Council's budget gap which as set out in Table 8 overleaf is estimated to be £165 million in 2026/27, reducing slightly to £151 million by 2027/28 based on the Asset Rationalisation and Debt Reduction plan agreed with MHCLG's Commissioners. There are also significant risks in relation to debt held by other local authorities. The full position regarding debt across Surrey's 12 existing local authorities is set out in Appendix 3.

Like most local authorities with responsibilities for funding Special Educational Needs and Disabilities (SEND), Surrey County Council has a deficit for the High Needs Block (HNB) of its Dedicated Schools Grant (DSG). At the end of 2024/25 the cumulative deficit is expected to be £140 million, and it is currently anticipated to grow to £165 million by the end of 2026/27 prior to creation of the new unitaries. Unlike many authorities, Surrey County Council has built up an earmarked reserve to help mitigate the HNB deficit. On 31 March 2025 the reserve balance was £144 million.

In addition to this reserve, the council has negotiated a Safety Valve agreement with the Department for Education (DfE). This agreement provides £100 million of transitional funding to support reaching a balanced position on the HNB including use of the council's planned £144 million reserve. £82 million of the Safety Valve funding has been received and the remaining £18 million is expected in 2025/26 and 2026/27.

Under the terms of the current Safety Valve agreement the council is due to draw down its £144 million reserve in 2026/27 to balance the cumulative HNB deficit.

However, SEND HNB pressures have grown above the trajectory in the original Safety Valve agreement original Safety Valve agreement and Surrey County Council has requested that the agreement is extended with drawdown of the reserve to achieve a balanced position now proposed in 2031/32, along with a contribution from the Schools Block to help achieve a balanced position. The Council is also yet to receive funding to deliver three additional specialist schools, making their delivery challenging.

As part of LGR, agreement will be needed with DfE about how the current DSG funding is split between the new unitaries, including the HNB. We will work with DfE to ensure that this is done on an equitable basis in line with the split of SEND expenditure. The HNB deficit reserve would also need to be split and transferred to the new unitaries in line with the split of expenditure and DSG funding, unless DfE require the council to draw down the reserve prior to vesting day. Based on the current plan an unfunded SEND HNB deficit pressure should not transfer to the new unitaries, but there is a risk that the current trajectory could see spending increase above the latest planned profile. The council will work diligently to mitigate this as far as possible, but if additional pressures do emerge prior to vesting day then Surrey would ensure this pressure is split equitably between authorities to avoid any one authority being disproportionately disadvantaged.

The table below summarises these financial challenges across all local authorities against the benefits modelled for creating two unitaries in Surrey.

	Incremental amounts in each year				Total per year by Apr 2030
	2026/27	2027/28	2028/29	2029/30	
Existing budget gap due to service pressures (including identified efficiencies) and potential loss of funding under Fair Funding Reforms	£70m	£62m	£64m	£67m	£263m
Impact of Dedicated Schools Grant High Needs Block deficit on General Fund revenue budget	Zero assuming plans to manage this are achieved (noting there is a risk that pressures could emerge)				
Total revenue budget challenge excluding additional Woking BC budget gap subject to EFS	£70m	£62m	£64m	£67m	£263m
Additional Woking BC budget gap subject to Exceptional Financial Support, primarily related to debt servicing costs for stranded debt*	£165m	-£13m			£151m
Total revenue budget challenge including additional Woking BC budget gap subject to EFS	£234m	£48m	£64m	£67m	£415m
Profiled LGR net (savings)/costs across two unitaries by this time excluding implementation costs**	-£4m	-£2m	£8m	-£12m	-£10m
Remaining budget challenge for new unitary authorities including extra Council Tax income	£231m	£46m	£73m	£55m	£405m
Additional Council Tax income above current MTFs assumptions assuming maximum increases***	-£29m	-£34m	-£36m	-£39m	-£138m

*The reduction of £13 million shown in 2027/28 relates to Woking BC's current approved Asset Rationalisation and Debt Reduction plans, recognising that these plans will need to be reviewed by the relevant new unitary authority

**This is less than the £23 million of net annual ongoing benefits set out for two unitaries shown in the financial appraisal section above as the full value of benefits is not expected to be achieved until 2032/33. It is assumed that implementation costs will be funded using any government funding received, Surrey local authority reserves or other one-off resources and so are excluded from the budget challenge.

***2.99% for district & borough councils and 4.99% for Surrey County Council in 2026/27 and then 4.99% per year for the two new unitary authorities from 2027/28 assuming the current referendum threshold remains unchanged. This is shown for illustrative purposes only and will be for new unitaries to decide.

Table 8: Budget challenges for new unitaries

Continued >

	Incremental amounts in each year				Total per year by
	2026/27	2027/28	2028/29	2029/30	Apr 2030
Remaining budget challenge for new unitary authorities including extra Council Tax income including additional Woking BC budget gap subject to EFS	£201m	£13m	£37m	£17m	£267m
Remaining budget challenge excluding additional Woking BC budget gap subject to EFS	£37m	£26m	£37m	£17m	£116m

Prior to factoring in benefits from LGR or additional council tax income there is an estimated annual budget challenge of £263 million by the end of 2029/30 if no action is taken to address the pressures currently identified, which is equivalent to 18% of the total 2025/26 net revenue budget across Surrey's 12 existing local authorities. The revenue budget challenge by the end of 2029/30 increases to £415 million (28%) when Woking Borough Council's additional budget gap subject to Exceptional Financial Support is included. Even when both the modelled LGR benefits for two unitaries and potential additional Council Tax income assuming maximum increases per year are factored in, the budget challenge is £267 million, 18% of the total 2025/26 net revenue budget across Surrey. Although Surrey's existing authorities and future new unitaries will work to identify further efficiencies and other mitigations to reduce the budget gap, realistically it is not going to be possible to address a budget challenge of this scale locally on a sustainable basis.

Surrey County Council has two key requests of government to avoid the need for

immediate Exceptional Financial Support for at least one of the new unitaries:

- Write off existing stranded debt related to historic commercial activities as the only viable option to ensure the financial sustainability of new unitary authorities and avoid ongoing exceptional financial support. This conclusion is in line with the conclusion of the commissioners for Woking Borough Council.
- Provide funding to cover a material level of Surrey's LGR implementation costs, modelled at £85 million at mid-point for two unitaries as set out in the implementation section below, to limit the need for reserves across Surrey's local authorities to be used to fund these costs so reserves can be maintained to support future sustainability.

If government agrees to these two requests then although a very significant financial challenge would remain, it is considered that the two new unitaries created as part of Surrey's LGR proposal can take action to secure the future financial sustainability of local government in Surrey.

For instance, if Woking's stranded debt is written off therefore largely addressing Woking Borough Council's additional budget gap current subject to Exceptional Financial Support, then the remaining annual financial challenge by the end of 2029/30 including LGR benefits and potential maximum additional council tax income would be reduced to £116 million, equivalent to 8% of the total 2025/26 net revenue budget for Surrey, which is still a substantial issue but more manageable for authorities of the size of the 2 new proposed unitaries.

If the government doesn't agree to these 2 requests, then the scale of the financial challenge becomes insurmountable meaning that at least one of the 2 new unitary authorities would immediately require Exceptional Financial Support which is likely to impact on the broader sustainability of local government finance across Surrey.

Council tax harmonisation

A further key consideration for ensuring financial sustainability of the new councils is the level of council tax income they require, and how this affects what residents will be required to pay in the future. Currently council tax band Ds differ between Surrey's 11 district and borough councils. As part of LGR in Surrey, the combined current council tax band Ds for district and borough councils and Surrey County Council will need to be harmonised to a single set of charges for each unitary within 7 years after vesting day.

The new unitary authorities will need to decide how to harmonise council tax for their areas. Modelling has been undertaken to illustrate the options open to those authorities.

Until rates are harmonised in an area there will be a degree of difference in the increases to council tax between the districts and boroughs in each new unitary area.

New unitary authorities may want to harmonise over a longer period in order to limit increases in areas where current council tax bands are lower. It is important to note though that the longer the time period over which harmonisation is completed, the greater the reduction in income available to fund vital services. For instance, modelling undertaken for Surrey County Council's preferred unitary geography, option 2.1 East/West, indicates that harmonising council tax bands in both unitaries in year 2 rather than year 1 would result in £13 million less income in total across both unitaries, and harmonising in year 5 rather than year 1 would result in £60 million less income.

Given the acute financial challenges set out in the financial sustainability section above, and that council tax income is the biggest source of funding for Surrey's local authorities, the Surrey County Council's section 151 officer recommends that council tax bands should be harmonised as quickly as possible in year 1 to ensure equity across the new unitaries, maximise income to help mitigate the significant financial challenges that the new unitaries will face and keep within referendum threshold limits on a weighted average basis, whilst noting that this will be a matter for the new unitaries to determine.



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**Surrey's geography,
reflecting its history, is
one of multiple towns
and villages rather
than single centres**

STRONGER COMMUNITY ENGAGEMENT

Empowering Surrey's towns and villages

We are committed to using LGR to build stronger and simpler arrangements for local community engagement and neighbourhood empowerment, using a wide range of inclusive approaches that leverage current good practices across the county. This will unlock even smarter use of collective resources and collaboration with residents to improve the places they live, support civic pride, and achieve better quality of life. Crucially, Surrey is blessed with a rich civic life, including community groups and forums, residents' associations, voluntary, community, social enterprise and faith organisations, town and parish councils, business forums and many more. The two new unitary authorities will ensure effective collaborative arrangements with these vital community-based groups and associations.

Surrey's geography, reflecting its history, is one of multiple towns and villages rather than single centres. These towns and villages are typically the "real places" that people identify with, over and above any administrative boundaries. They are also the key building blocks at which practical outcomes can be delivered for residents at a local level.

In recent years, all Surrey's councils have worked ever closer alongside communities and other organisations at these meaningful local scales – and crucially local NHS partners have aligned into this model to develop integrated neighbourhood teams, better joining up care and support.

The government's forthcoming 10-Year Health Plan for the NHS is expected to further emphasise a local neighbourhood focal point and will continue to encourage whole-person health and wellbeing, not just medical interventions. We have made positive progress on this front already in Surrey with nationally recognised examples of good practice.



CASE STUDY:

Horley community-led improvements

Horley, in Reigate and Banstead, was identified as a priority town for community-led improvements and socio-economic development in 2021/22 given the impact of Covid-19 on nearby Gatwick Airport which is central to the local economy and jobs. Surrey County Council, Reigate and Banstead Borough Council (RBBC) and East Surrey NHS committed to a joint focus on the town. RBBC's longstanding commitment to community development and the local NHS's focus on community-led health creation meant there was a strong base for establishing even better connections with the local community. With dedicated additional expertise and resource from SCC, a wide range of local groups were convened,

including the Voluntary, Community, and Social Enterprise (VCSE), Town Council, businesses and local schools among others.

Local conversations, including with young people, helped shape a clear shared vision for the town. This helped to coordinate a range of strategic investments into practical projects across the partnership that are: improving the public realm; creating a town centre offer for young people; opening up a new commercial space; providing better active travel options; and supporting more community-based support for health and wellbeing.

This model is replicated in a number of other towns across the county.

Two unitary councils will work with partners and residents to deepen collaboration across Surrey's towns and villages so public services are locally responsive, more joined up and more effective in prioritising and delivering the outcomes that matter most to communities.

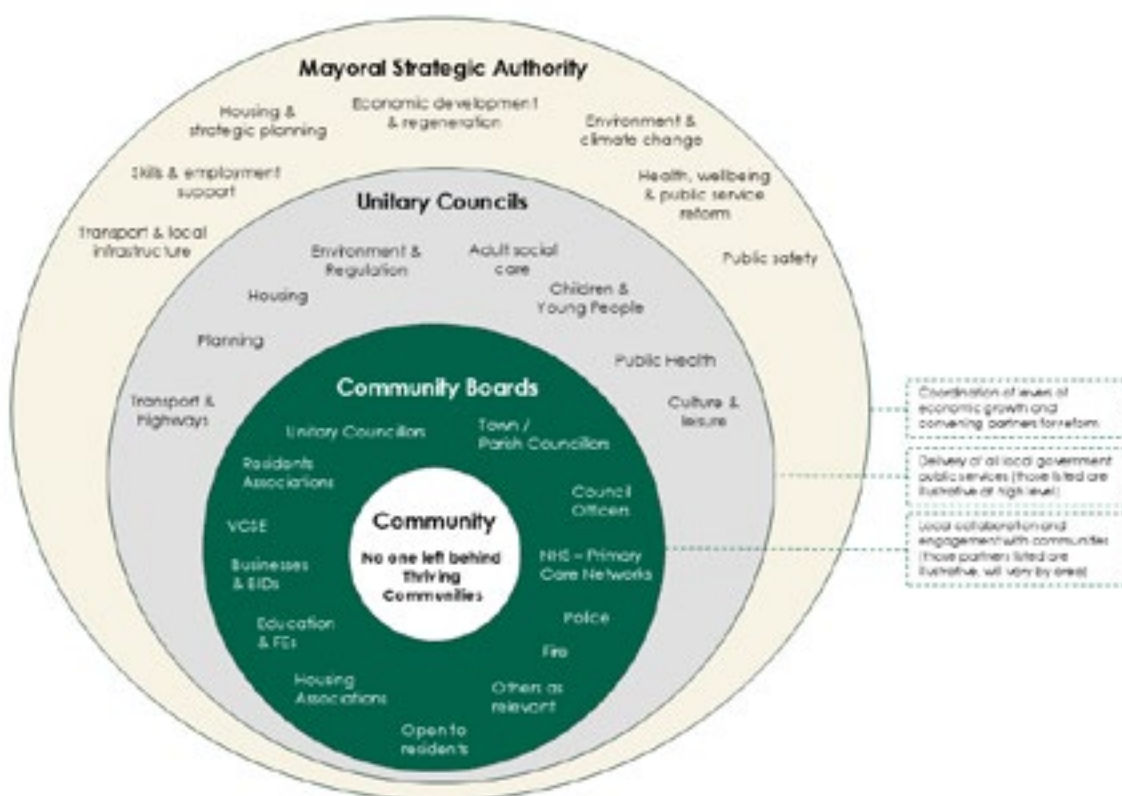
Community engagement model

To achieve this a strengthened community engagement model will be further developed through the implementation stage, drawing on national examples, learning from work in Surrey, and insights from local councillors.

In initial discussions with councillors and other stakeholders a range of potential ways to strengthen local engagement and democratic decision-making have been shared, including, but not limited to, the following:

- Town and Parish Councils
- Local Committees (comprising all unitary councillors representing communities within previous district and borough boundaries or smaller areas as appropriate)
- Community Area Partnerships and Boards
- Structures involving local elected representatives associated with the current Surrey County Council Delivering in Partnership Strategy (the Towns and Villages approach).

It is clear there will need to be an effective community-level layer of governance to connect the unitary councils – and the Mayoral Strategic Authority – to more local areas. The diagram below illustrates this and underlines how a community board or equivalent will help convene the range of partners to work together alongside communities.



Given the importance of involving local councillors, communities and partners in the development of the community engagement model we are testing the approach in the autumn, starting in a number of localities. By using a structured and practical “test, learn and grow” process we will generate learning in these initial local areas on key considerations such as geographic coverage, decision-making parameters, officer support requirements, and costs. This will then inform the detailed approach. Prior to launching the pilots, we are engaging with councillors, partners and residents to shape this initial work and will continue to involve stakeholders in their ongoing development and delivery.

To stimulate this practical testing and development work we have set out a clear vision and set of key principles for community-level boards.



Vision

Bring together local partners to understand the key issues, agree priorities and drive collaborative action that promotes preventative activity and supports thriving communities; where everyone can access effective early support, fulfil their potential, and no one is left behind.

Core principles for community boards

- **Community** focused
- **Councillor-led** as part of a strong model of democratic local community leadership
- **Electoral Divisions** as the building blocks for logical geographies of collaboration*
- Fully **inclusive** all of partners
- Enable direct **representation** from residents
- Data and evidence **informed**
- Draw on insights from a range of creative and inclusive **local engagement** methods, in person and digital
- Agree areas of **local priority** focus within the wider strategic frameworks set by the Unitary Councils
- Drive **action** and improvement
- **Connected** to local service delivery teams; but not an additional management layer
- Ensure productive **collaboration** with Town and Parish Councils and Residents Association where they operate
- Operate within a framework of **defined parameters** for the appropriate range of responsibilities and delegated budgets, to enable the arrangements to have real impact

***unless there is strong consensus for deviation from this**

An aerial photograph of a town, likely in the Cotswolds, showing a dense cluster of red-brick houses with tiled roofs. A prominent church spire rises from the center. The town is surrounded by lush green trees and rolling hills in the background under a cloudy sky. A semi-transparent white box with green corner brackets is overlaid on the upper part of the image, containing text.

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**Meaningful
engagement has been
carried out both in
person and online for
all audience groups,
which has helped to
shape this proposal**

HOW WE HAVE ENGAGED STAKEHOLDERS ON OUR PROPOSALS

The engagement of residents, staff, the voluntary sector, local businesses, community groups and councils, and public sector providers such as health, police and fire has been at the forefront of our work in shaping the future of local government in Surrey. An extensive programme of insight, communications and engagement has been carried out to inform the development of this business case, and to understand what matters most to the people of Surrey. This insight will also help future unitary councils set their direction and values.

Staff and resident engagement programme

Insight and engagement to shape proposals – Meaningful engagement has been carried out both in person and online for all audience groups, which has helped to shape this proposal. This includes work led by Surrey County Council's Resident Intelligence Unit (RIU), which aims to ensure residents' voices are front and centre in shaping and delivering policy:

- The RIU carried out research with a representative sample of residents via our online panel to help us understand the outcomes they would most like to see resulting from LGR. The panel is comprised of around 1,400 residents that are broadly representative by core demographics. It found that residents care most about:
 - Better value for money when delivering services (60%)
 - Clearer accountability (45%)
 - A more financially resilient council (37%)
- We've tracked comments on social media to understand resident feedback and sentiment when helping to shape proposals. Over 1,200 comments have been received from nearly 500 residents on social media between 1 January and 15 April 2025. All comments have been read and over 200 enquiries have had a direct response via social media.
- In-person events were hosted in libraries to understand residents' preferred principles for the future shape of local government in Surrey. Questions were largely about how services would change, debt management and election postponement. For residents that can't make it to one of the in-person events, we are organising a live event to learn more and ask questions.



Tailored approach – Communications and engagement has been tailored based on questions residents and staff have asked, including via 'explainer videos' which simply explain the process and answer frequently asked questions. The videos have been viewed over 80,000 times as of 17 April.

Staff are vital to the success of change, so extensive work has been undertaken to ensure they understand any impact to their particular area of work, particularly around the disaggregation of services. Following regular updates and a webinar for over 2,700 staff, 87% of attendees felt more informed about devolution and LGR. At this event, senior leaders in Social Care talked about the disaggregation of services and relevant colleagues have been part of a working group to shape this proposal. Over 50 questions from staff have been logged, answered and used to shape proposals. Over 65% of our staff in Surrey are residents, and have good relationships with partners and their networks, so they also helped to engage and cascade information.

Accessible content – Accessibility remains a priority of all engagement to ensure those who are digitally excluded or require tailored communications have been thoughtfully included throughout. Surrey has 52 libraries across the county and staff are equipped to answer questions and posters have been shared in community spaces to signpost residents to offline information sources. The 'explainer' videos were shared with British Sign Language interpretation alongside them and an easy-to-read final proposal summary leaflet will arrive in every Surrey household in summer 2025. Engagement with media has resulted in leading local media outlets covering Surrey's LGR story in radio, online and print news to ensure harder to access and offline residents had access to updates. We've also shared a series of videos specifically for young people, created by young people to ensure they receive content relevant to them.



Partner and key stakeholder engagement programme

The engagement of partners in the development of this proposal has been critical. The primary mechanisms for engagement has been through the Combined Health and Wellbeing and Integrated Care Partnership Board who have met regularly to discuss the development of proposals. Membership includes the NHS, voluntary sector, Surrey Police, Surrey Fire and Rescue Service, district and boroughs and town and parish councils.

A number of dedicated partner briefings were led by the Leader of Surrey County Council, updating key partners on the implications of the English Devolution White Paper, the opportunities presented by the two unitary model, and the model for community engagement through local community boards.

In addition, items have been taken to existing or focused partner meetings, presenting on the developments of this work and the potential implications on specific partners. Dedicated sessions with Surrey Association for Local Councils, Surrey Heartlands, voluntary sector infrastructure organisations and the Surrey Charities Forum have taken place.

Surrey County Council elected members were regularly engaged through All Member Briefings which updated members on the development of the Interim and Final Plan and the community engagement model.

The Select Committees Chairs and Vice Chairs group was engaged throughout the development of the Final Plan, enabling scrutiny of the analysis informing the final proposal.

Both the Interim and Final Plan were taken to full Council, and to Cabinet for the executive decision to submit the plans to government.

District and borough Leaders and Chief Executives were engaged as part of the joint submission for the interim proposal. Following the Interim Plan submission the county council and some district and borough councils focused on the development of their respective preferred options. However, communication between local authorities in Surrey continued during this period through existing forums such as communications meetings, monitoring officer meetings, and financial officer meetings.



18,386 VIEWS
OF LGR WEBPAGES



EXPLAINER VIDEOS VIEWED
OVER 80K TIMES



REGULAR BRIEFINGS FOR
81 COUNCILLORS



87% OF STAFF
MORE INFORMED
AFTER STAFF WEBINAR



75% OF
MEDIA ARTICLES
POSITIVE SENTIMENT



REACHED
86,000 PEOPLE
ON SOCIAL MEDIA



481,000
LEAFLETS
THROUGH HOUSEHOLD
MAILBOXES IN SUMMER



RESPONDED TO
OVER 200
SOCIAL MEDIA
COMMENTS



404 COMMENTS
AND QUESTIONS
SUBMITTED VIA
THE WEBSITE



REGULAR PARTNER
BRIEFINGS AND RESIDENT
DROP-IN EVENTS
AT LIBRARIES AND
ONLINE SCHEDULED



REACHED MANY AUDIENCES,
INCLUDING YOUNG PEOPLE
OVER 222,000 PEOPLE
RECEIVE MONTHLY SURREY
MATTERS NEWSLETTER



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Design and more detailed planning work will begin once the government has decided on the future structure of local government in Surrey by the autumn of 2025

IMPLEMENTATION

High Level Plan

The diagram below sets out the key phases and milestones for local government reorganisation and establishing a new Mayoral Strategic Authority.

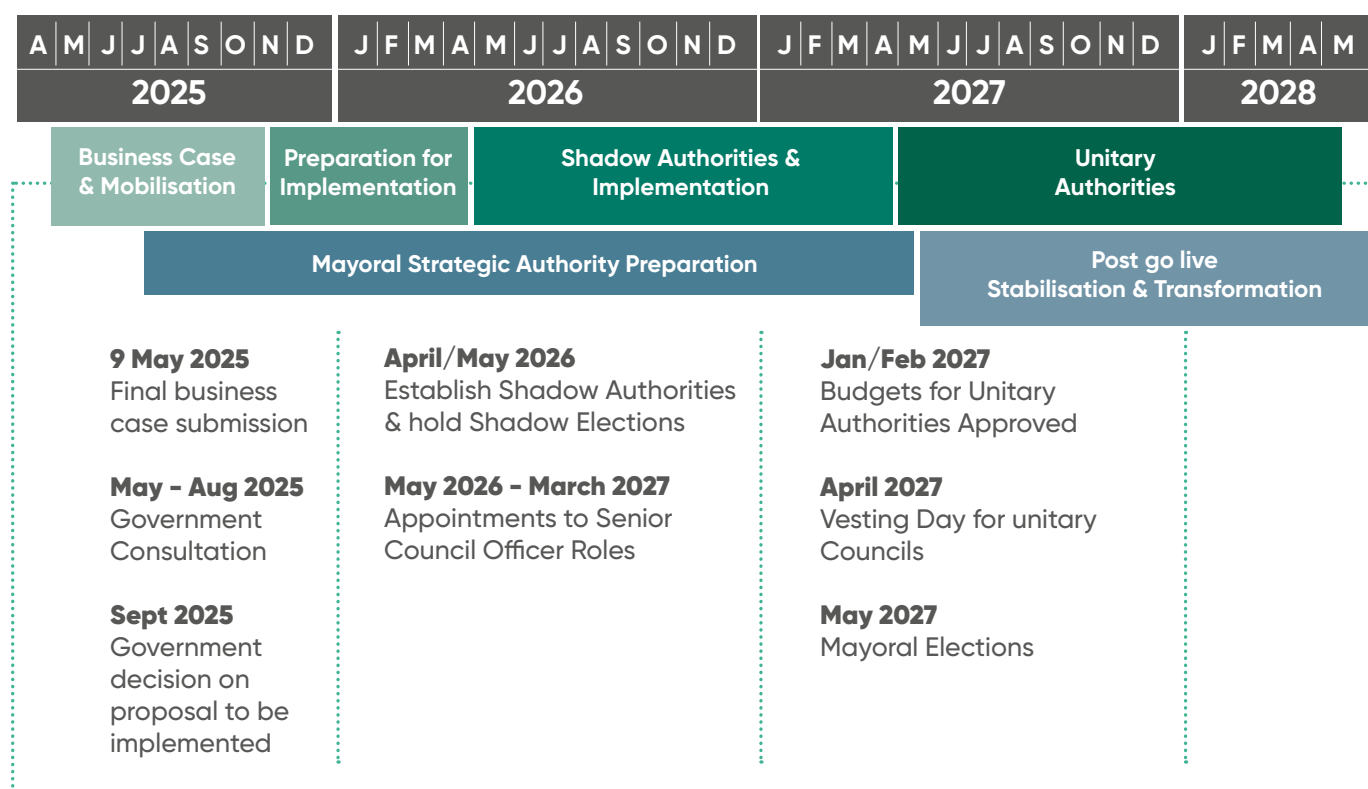


Image 3: Implementation Timeline

Implementation plan – detailed phases

Phase 1 – Business case and mobilisation

During this phase:

- This Final Plan will be submitted to government by the 9 May deadline.
- Government will then consider all proposals received from the area before taking decisions on how to proceed. This will likely involve government running a consultation over the summer of 2025 on this proposal and any alternative proposals put forward.
- The Devolution & Local Government Reorganisation (D&LGR) programme structure and Programme Management Office (PMO) will be established to oversee and drive delivery and provide oversight of the entire programme. This only relates to Surrey County Council at this stage, but we would expect it to combine with district and borough programme arrangements.
- Information gathering on key data will progress on areas such as budgets, staffing numbers, contracts and IT systems.

We will engage with stakeholders on an ongoing basis in this phase, to raise awareness of the coming change, and to build cooperation and consensus between key stakeholders across central and local government.



Phase 2 – Preparation for Implementation

Design and more detailed planning work will begin once the government has decided on the future structure of local government in Surrey by the autumn of 2025. New governance arrangements will be put in place under a proposed Surrey Leaders' Implementation Oversight Group to ensure each council is represented and to reflect the political makeup of the area.

Activities will begin to focus on establishing the unitary authorities, with cross-council coordination and delivery across all twelve current authorities.

Activities that will take place during this phase include:

- Establishing formal governance and programme management arrangements to be taken forward into new shadow authorities
- Developing and agreeing a detailed programme of implementation plans
- Confirming future service requirements and target operating models, work will start on detailed service transition planning. This will include planning for the disaggregation of county services for example, designing new leadership and wider team structures and operating models. Planning will also be undertaken for the aggregation of services where they will come together.
- Aligning existing change activity across constituent authorities
- Reviewing baseline IT architecture and planning for operational issues, such as new email addresses and access to building WIFI & systems for day 1
- Baselining property portfolio and commencing planning
- Agreeing an external communications strategy, as well as ongoing staff and trade union communications and engagement
- Agreeing high level HR transition plans



Phase 3 – Shadow Authorities

Shadow authorities are set up to support a smooth transition when local government structures are changed. They are responsible for preparing for the new unitary authorities to take on full local government functions for Surrey by Vesting Day in April 2027. It is expected these authorities will be in place one year prior to the vesting date. This will include elections to shadow councils.

The shadow authorities will be made up of councillors and appointed officers who will oversee key activities, such as:

- Detailed integration planning and transition of services to the new unitary authorities. This includes consideration of disaggregation of county services, aggregation of district and borough services and common services where they exist in all councils
- Organisation and operating model design, refining initial structures for the new authorities set out in the previous phase
- Appointment of Chief Executives and other senior leadership roles
- Staff transition processes, focused on the need to retain a skilled workforce with the right culture and planning for TUPE of staff to new authorities
- Ongoing staff and trade union engagement and communications
- Budget setting for the new authorities, including consolidation of funding arrangements such as council tax harmonisation and business rates collection
- Establishment of payroll arrangements
- Management of data as part of initial IT systems transition
- Ongoing stakeholder engagement, including reinforcing current partnerships and formation of new partnerships, where appropriate



Phase 4 – Launch of the new councils

At the point that new authorities formally come into existence on vesting day in April 2027, greater focus can be placed on the long-term strategy for the future authorities.

Authorities will need to determine likely activities that could include:

- Establishing a transformation programme, within each unitary, with responsibility for confirming and implementing a target operating model for the new authorities. This is likely to include detailed transformation of:
 - Resident contact
 - Service delivery
 - Back office/enabling services
- IT and data strategies
- People, organisational development and culture
- Estates
- Optimisation of aggregated services
- Implementation of new Enterprise Resource Planning /Customer Relationship Management systems, or further consolidation of current systems
- Detailed review of existing contracts and third party spend, consolidating and rationalising spend whilst seeking to take advantage of economies of scale
- Consolidation of fees and charges
- Alignment of pay, terms and conditions
- Ongoing change management and communications



Phase 5 – Mayoral Strategic Authority

While the process is separate, starting work on the Mayoral Strategic Authority will commence on a similar timeline to LGR, before the new unitaries are vested. Our preference is for Mayoral elections to take place by May 2027 to support a swift and smooth transition.

Activities include:

- Confirmation of services that form part of the Strategic Authority
- Organisation and operating model design, and initial structures for the new authorities
- Appointment to senior roles
- Staff transition processes, focused on the need to retain a skilled workforce with the right culture, and planning for TUPE of staff to the Shadow Authority
- Ongoing stakeholder engagement, including reinforcing current partnerships and formation of new partnerships, where appropriate
- Budget setting for the new Strategic Authority.



Implementation Programme and Workstreams

We propose setting up a programme to oversee and deliver the changes across both unitary councils to ensure the most efficient use of resources and keep costs to a minimum. We will identify work that can be paused or stopped within existing authorities to repurpose resources that are already in the establishment. It is recognised that additional capacity may be required at certain points during the programme. Implementation costs assume delivery will take place mainly using internal resources, but the future authorities may decide to invest some of the cost in external support.

A Programme Management Office (PMO) will be setup to oversee and manage the transition programme for a minimum of two years. This will consist of a team of change and transformation experts such as Programme Director, Programme Managers, Business Analysts, PMO specialists and Change Managers. Whilst there will be a core PMO team, other subject matter experts and specialist resources will be seconded to the programme at appropriate times, as not all resources will be required for the full length of the programme. Where possible it is expected that the capacity required will be created by redeploying existing resources onto the Programme and stopping or pausing other change

and transformation activities, although it is possible that some additional capacity maybe required over and above this.

Surrey County Council has a strong track record of delivering large scale, impactful, efficiency related transformation with both significant improvements made to service quality and performance together with driving multiple millions of savings and cost avoidance. The Council has a dedicated and hugely experienced transformation team which is recognised by peers as one of the leading services of this type in the country with strong links to the LGA and other nationwide organisations.

Subject Matter Experts (SMEs) will also work with the programme team to ensure the appropriate level of capacity and expertise within specific workstreams. They will be seconded and backfilled where necessary, with a likely need for external capacity and recruitment throughout the lifecycle of the programme.

As part of initial planning, several workstreams have been identified to support detailed planning. These workstreams are described below. During Phase 1 and 2 activities will be delivered by the current councils. At the start of Phase 3, when shadow authorities form, most activities will take place within and between unitaries and the workstreams will be adjusted as necessary.

Table 9: Proposed Implementation Workstreams

Workstream	Workstream Scope
Service Delivery / Operating Model	<p>By far the largest and most complex area of focus is on the resident facing services such as Adult Social Care, Children's Social Care, Education and Place Services (Environment, Trading Standards, Planning, Assets etc) from a county perspective, and district and borough services such as Waste Collection, Housing and Planning, Leisure and Revenue and Benefits.</p> <p>In a two unitary model, the county council's services will need to be disaggregated while the district and borough services will need to be aggregated across the new unitary footprints.</p> <p>In both instances, it is important that all existing services are aligned to new policies and processes.</p>
Legal, Democratic and Governance	<p>Establish the constitutions of the new authorities. Manage all changes required to deliver elections under the new structure. Supporting the development of strong Overview and Scrutiny functions in both unitaries. Ensure that effective governance structures are established in the new unitary authorities.</p>
Finance and Commercial	<p>Manage the financial transition to the new authorities, including setting the first budget for each of the new authorities. Develop and deliver a financial strategy for each of the new authorities.</p>
Resident, Communications and Engagement	<p>Develop and deliver a communications strategy. Engage with staff, Members, communities, parishes, towns and businesses. Plan, design and deliver the new approach to resident engagement in each authority across all services.</p>
Workforce (operating model and HR)	<p>Plan and manage the HR process and overall people and cultural change for each of the new authorities. Carry out staff and trade union engagement.</p>
IT, Digital, Systems and Data	<p>Review the existing IT assets, systems and architecture before designing and implementing the IT solutions for the new authorities, linked to the target operating model. Ensure that data is transferred and managed effectively during the transition, setting the authorities up to become data driven organisations.</p>

Table 7: Proposed Implementation Workstreams

Workstream	Workstream Scope
Procurement and Contracts	Manage the contractual changes required and ensure that the two new authorities are set up to take advantage of commercial opportunities.
Property and Estates	Analyse the estate portfolio of the constituent authorities and determine the appropriate estate strategy for each of the new authorities.
Mayoral Strategic Authority and Devolution	Plan for the creation of the Mayoral Strategic Authority, disaggregating required functions from the county council (e.g. Surrey Fire and Rescue Service), district and borough councils and supporting the transition of the Office of the Police and Crime Commissioner.



Implementation costs

We anticipate that investment and resourcing for implementation will be a collaborative approach between all Surrey councils, with a multi-disciplinary change team being setup with representatives from all 12 councils.

A summary of estimated implementation costs is set out in the table below. Our modelling covers all potential costs (such as branding, creating the new councils, closing down old councils and IT) along with a programme delivery team. These estimated costs cover early planning through to delivery of planned transformation benefits which are likely to be realised over several years following the creation of the new unitary authorities.

Cost category	1U		2Us		3Us		Mid-point Base & Stretch		
	Base	Stretch	Base	Stretch	Base	Stretch	1U	2Us	3Us
Costs estimated in the period 2025/26 - 2026/27	-£28m	-£24m	-£35m	-£28m	-£40m	-£32m	-£26m	-£32m	-£36m
Costs estimated from 2027/28 onwards	-£45m	-£43m	-£58m	-£48m	-£65m	-£53m	-£44m	-£53m	-£59m
Total estimated implementation costs	-£74m	-£67m	-£94m	-£76m	-£105m	-£85m	-£70m	-£85m	-£95m

Table 10: Implementation Costs

Costings for the base scenarios represent the higher end of estimates on a more prudent basis and costings for the stretch scenarios represent the extent it is considered it may be possible to contain costs. The contingency is set at 10% of all costs excluding redundancy and early retirement, which is costed based on the average cost of redundancies for Surrey County Council and directly linked to the level of modelled workforce savings for each option. At this point, implementation costs for a Mayoral Strategic Authority have not been included.

A further breakdown of the estimated implementation costs can be found in Appendix 1. Subject to any funding provided by government, costs in the period 2025/26 – 2026/27 will need to be funded by Surrey's twelve existing local authorities out of reserves or other one-off resources and costs from 2027/28 onwards will need to be funded by the new unitary authorities.

Managing disaggregation and transition of services

Disaggregation and transition of county council services, including social care, will require careful handling to minimise any disruption for residents and enable service quality to be maintained. It is vital that the transition is undertaken effectively and with positive resident outcomes at the forefront of the changes. Three key enablers to achieving a successful transformation will be:

1. Teams within services requiring disaggregation will lead the design, planning and change implementation, supported by the wider LGR Programme team. This ensures the right skills and capabilities are in place while recognising that those with the most knowledge and experience are best placed to shape the future operating model.
2. Effective governance boards providing robust challenge and oversight, aided by additional expertise as needed.
3. Resident and stakeholder engagement with clear communications to those that might or will be affected by the transition.

We envisage the key activities for managing disaggregation of services will include:

- Reviewing the current locality structure and workforce to identify appropriate allocation to future authorities
- Agreeing future organisation design and delivery structures with service providers and shadow authorities
- Refining functional operating models and services, aligned to new geographies
- Reviewing and refining service policies, systems, processes and procedures

- Restructuring membership of boards and reviewing local representation
- Detailed transition planning development to ensure continuity of services
- The disaggregation of social care services for Children and Adults comes with some significant potential risks and we remain open to exploring models that mitigate any negative impacts

However, through early exploration we have found that a shared service model is unlikely to be the right solution for Surrey. Examples from shared service models for social care across the country do not show clear benefits, with many shared service arrangements breaking down or generating additional complexity, leaving them ineffective, burdensome and costly.

Within this there is some nuance, especially for highly specialist services, such as Emergency Duty and Approved Mental Health Professionals in Adult Social Care, where special arrangements may need to be explored for Day 1 to ensure there is time to recruit and establish a safe and legal operation in each new unitary.

Risks have also been noted in the disaggregation of the county's social care and learners single point of access contact centres. These teams, who are specially trained to be the first point of contact for Surrey's most vulnerable residents, will need to be carefully disaggregated. Until sufficient capacity is built up within the new authorities there is a risk around uneven geographical demand distribution which could lead to operational backlogs and safeguarding issues if not mitigated against.

First point of contact arrangements will need to be designed into the new social care service delivery models for the unitary authorities to ensure demand is managed and social care teams do not become overwhelmed.

Culture is a vital part of our community infrastructure and disaggregation of Cultural services, such as Libraries, will need to be managed carefully. There are a number of specific cultural offerings that are funded on a county footprint, or where infrastructure has been built with a county-wide footprint in mind. As such, careful consideration will need to be given as to how disaggregation should be managed, exploring the possible role of a lead authority or alternative models.

Our Highways services, which will be disaggregated across the new unitary councils, currently has vital assets across the county which do not neatly align

with any unitary split. Assets include the Laboratory, the Network Management Centre and the Emergency Control Hub which cannot possibly be duplicated ahead of vesting day given the costs and timeframes involved in building these assets.

Waste services are also designed around infrastructure that is unequally distributed around the county, such as community recycling centres. The existing assets make the disaggregation of these services across any new geographical configuration difficult. Models including 'pay to use' or shared services for authorities to use assets that cannot be replicated ahead of vesting day, such as the Highways Network Management Centre, will need to be explored for the initial implementation period. This is to ensure service delivery isn't disrupted whilst the new unitary councils decide how to navigate this long term.



Key risks

We will adopt and apply the principles of effective risk management to support the transition to the new unitary authorities and Strategic Authority. This approach follows the council's risk management framework which reviews risks at a corporate, directorate and service level while also ensuring that cross-cutting risks are captured to ensure appropriate assessment, mitigation, review and scrutiny.

Table 11: Key Risks	
Key Risk	Mitigation
Scale, complexity and pace of change There will be a significant amount of change in a relatively short period of time which will have ramifications for the way services are integrated and disaggregated.	Our proposal lays the foundations for a swift and smooth transition as soon as a decision is made. This will require robust programme management to ensure the right skills, capabilities and governance are in place to deliver the complexity of the change. Surrey County Council is well placed to lead the transition given our successful track record on large, impactful transformation and service improvement programmes that have also delivered significant efficiency savings.
Stakeholder support There are a number of stakeholders who may have differing goals and priorities while involved in Devolution and LGR. This may lead to disagreements in approach and preferred solution(s).	We will work closely with stakeholders both internally and externally to build consensus and trust, identifying where there are different targets and agreeing approaches to resolve. A communications strategy will be established to further support clear and consistent messaging.
Decision making and governance There needs to be clarity on who takes responsibility for making decisions and that they are taken with the appropriate authority and consideration. This may otherwise lead to potential delays in implementing Devolution and LGR and confusion on the way forward.	A framework will be established setting out the governance including roles and responsibilities (terms of reference for Boards, Committees etc.). Learning from other authorities that have been through this process will be support planning and development of a safe and legal setup for day 1.

Table 11: Key Risks

<p>Performance</p> <p>A large number of services will be impacted by the changes from Devolution and LGR. During implementation there is a risk that some areas may see a dip in service performance levels.</p>	<p>Additional performance and monitoring controls will be put in place to track service performance levels and to quickly identify any areas that may be dropping with a follow up to resolve the underlying causes.</p>
<p>Staffing</p> <p>There will be implications for staff from Devolution and LGR. This may cause anxiety, lower morale and higher levels of staff turnover due to these changes. Moreover, it is vital that the right skills and experience are in place to support the new authorities.</p>	<p>Staff across all future authorities will need to be involved in informing and designing the new authorities. The HR process will be designed to support managers and staff both with frequent and consistent messages as well as supporting specific individuals who may have concerns or worries. Recruitment will be undertaken in any areas where staff turnover means additional skills and experience are needed, and retention activity increased in areas where high turnover is anticipated.</p>
<p>Finance</p> <p>While a budget is set to implement LGR there is a risk that this may be insufficient especially if there are unforeseen activities required. Moreover, there are significant debt levels within some authorities which require addressing in preparation for the new structure.</p>	<p>There will be close monitoring of costs of LGR implementation to quickly identify any potential shortfalls or funding gaps. In addition, a request has been made to government to provide support in resolving debt levels.</p>





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In our joint interim submission to government, we put forward a number of key issues to explore further with government

KEY ISSUES TO EXPLORE FURTHER WITH GOVERNMENT

In our joint Interim Plan, we put forward a number of key issues to explore further with government. These have been revised based on further analysis and feedback from government to date. We would welcome further discussion with government on these key issues after our submission.

Avoiding the need for immediate Exceptional Financial Support – debt and funding

Based on the detailed financial sustainability analysis completed we would welcome further discussions with government to ensure that the new councils will not immediately require Exceptional Financial Support. This must include consideration of the following options for at least one of the new unitary councils:

- Write off the existing stranded debt related to historic commercial activities as the only viable option to ensure the financial sustainability of new unitary authorities and avoid ongoing exceptional financial support. This conclusion is in line with the conclusion of the commissioners for Woking Borough Council.

- Provide funding to cover a material level of Surrey's LGR implementation costs, modelled at £85 million for two unitaries as set out in the implementation section below, to limit the need for reserves across Surrey's local authorities to be used to fund these costs so reserves can be maintained to support future sustainability.

Aligned to the above we would welcome further consideration of the impact of the government's funding reforms including the Fair Funding Review and the SEND (Special Educational Needs and Disabilities) High Needs Block (HNB) Safety Valve agreement currently in place with Surrey County Council.

Swift and smooth transition – harnessing Surrey County Council's track record of improvement and delivery

For the transition to unitary local government to be as swift and smooth as possible, in our Interim Plan we asked government whether they had intentions to appoint a lead authority. In their feedback document, they said they will discuss the best approach for the transition following the final decision on proposals, which could include a lead SRO (senior responsible officer) at a council.

Surrey County Council has delivered significant financial efficiencies and service improvements over a number of years. Between 2018/19 and 2024/25 we delivered financial efficiencies of £316 million, whilst improving Adults, Children's, Fire and Rescue and other services for residents, and our track record positions us well to lead the signification transformation required to transition the 12 current councils through LGR. We would welcome clarity from government on the timelines for

discussing the lead authority or SRO role and what the associated joint working arrangements will look like as preparations for implementation need to begin prior to a final decision on geography being made.

Community governance reviews

In lieu of the publication of the government's Communities White Paper, we would welcome clarity on the preferred position in relation to establishing any new town and parish councils through Community Governance Reviews – and their ability, or not, to raise an additional local precept. This clarity will help all partners and local communities in Surrey to focus limited time and resources effectively as we develop an enhanced model for community engagement.

Impact of Health System Reforms on devolution and LGR

We would welcome clarity from government on the future direction of health system reforms in Surrey and what implications this may have for the direction of devolution and LGR across the area.



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**Financial
sustainability
must be a crucial
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CONCLUSION

Our Plan for LGR in Surrey represents a transformative vision for the future across the area. By transitioning from the current two-tier system to two new unitary authorities, this proposal aims to streamline operations, enhance service delivery and unlock financial efficiencies.

The process of LGR should, as a priority, unlock devolution for the county, enabling the transition of significant powers and funding from central government to the local level to deliver more effectively in line with local priorities. To create a Mayoral Strategic Authority on a Surrey footprint, we have had to explore the creation of two or more unitary councils, ruling out a single unitary authority for Surrey.

With the two unitary model standing up favourably against the government criteria and our priorities for a robust and sustainable local government structure, our proposed geography is for two new councils: East Surrey and West Surrey.

East Surrey and West Surrey will be equipped to provide enhanced service delivery achieved through the integration of services currently divided between county and district & borough councils, leading to more cohesive and efficient operations. This integration will particularly benefit critical areas such as Housing, and Waste Management.

Financial sustainability is an important consideration in this process. A two unitary model is projected to deliver financial savings through economies of scale, reduced duplication, and more effective use of resources. These savings will be crucial in addressing existing budget gaps and ensuring long-term financial health.

However, the significant cumulative debt position of Surrey local authorities and the potential impacts of the Fair Funding Review mean that the financial benefits of LGR would likely not be fully realised without tailored support from government, to ensure the new unitaries are on stable financial footing.

Our proposed approach to stronger community engagement emphasises the importance of local engagement and empowerment. By establishing community boards and enhancing local partnership working, residents will have a clearer voice in decision-making processes, fostering greater accountability and responsiveness.

The transition to the new unitary authorities will need to be carefully managed to minimise disruption and ensure continuity of services. A phased approach, supported by robust governance and stakeholder engagement, will guide the implementation process.

Our LGR Plan is a bold, forward-thinking, and evidence-led plan that seeks to modernise local government, improve service delivery, and create a more sustainable and resilient future for Surrey. By embracing this reorganisation, Surrey will be better positioned to meet the evolving needs of its residents, drive economic prosperity, and enhance the quality of life for all.

