

REPORT TITLE: LOCAL GOVERNMENT RE-ORGANISATION IN HAMPSHIRE
AND THE SOLENT – AGREEMENT TO JOINT INTERIM PLAN

20 MARCH 2025

REPORT OF CABINET MEMBER: Cllr Martin Tod, Leader of the Council

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WARD(S): ALL

PURPOSE

On February 5, 2025, the Government selected Hampshire and the Solent to be part of its Devolution Priority Programme (DPP) to create a Strategic Authority and elected Mayor in 2026.

On the same day, the Secretary of State for Housing, Communities and Local Government wrote to request that all principal councils in Hampshire – districts, county and unitaries - bring forward proposals for Local Government re-organisation (LGR) with an interim plan for LGR required by 21 March 2025 and final proposals to be submitted by 26 September 2025 (Appendix 1).

Following the final business case submission, Ministers will decide their preferred option for LGR in Hampshire, and lay legislation in Parliament with the most ambitious timetable leading to the new Unitary Councils taking legal effect from 1 April 2028.

This report:

- Presents the interim LGR plan that has been developed for Hampshire and Solent (Appendix 2).
- Seeks approval to submit the interim LGR plan to Government by 21 March;
- Agrees that if any minor amendments to the proposed interim LGR plan are agreed by the 15 Councils, the Leader of the Council in consultation with the Chief Executive has authority to approve the updated report on behalf of Winchester City Council.
- Seeks delegated authority for the Leader and Chief Executive to negotiate the final proposal, prior to approval by Council and submission to Government later in 2025.

RECOMMENDATIONS:

It is recommended that Cabinet:

1. Approves the submission of the joint interim plan for Local Government re-organisation in Hampshire and the Solent dated 21 March 2025 as requested by the Government (Appendix 2)
2. Agrees that if any minor amendments to the proposed interim plan are agreed by the 15 Councils, the Leader of the Council in consultation with the Chief Executive has authority to approve the updated report on behalf of Winchester City Council.
3. Delegates authority to the Leader and Chief Executive to negotiate the final business case for local government reorganisation, prior to approval by Council and submission to Government later in 2025.

IMPLICATIONS:

1 COUNCIL PLAN OUTCOME

- 1.1 Winchester City Council adopted a five-year council plan in January 2025 and this will continue to provide the strategic framework for delivery in our area. However, it is likely a number of the Council's published strategic ambitions and the Service Plans underpinning them will have to be carried forward to the new Unitary Council for consideration. Nevertheless, the City Council is organising itself to be able to realise its ambitions as far as possible before responsibility for the area is transferred to the new Unitary Council.
- 1.2 Local government reorganisation to a unitary style of local government will have significant impacts as, in the most ambitious timeline, it envisages the transfer of the City Council's powers, duties, staff, assets etc to a new Unitary Council by April 2028, following which the City Council will no longer exist.
- 1.3 While in many respects Council services will continue unaffected both in the short term and, in many cases, long into the future, at some point the responsibility for making decisions will transfer from this Council to a new set of Councillors representing residents from the larger unitary area. Until those new Councillors are elected, it is not possible to be certain what their political composition will be, what resources they will have available to them and what priorities they will set out.

2 FINANCIAL IMPLICATIONS

- 2.1 While the Government believes that the LGR programme will be self-funding over the long term due to efficiencies achieved, there are

immediate direct costs to the Council of supporting the LGR process in the form of contributions to consultancy work, programme management and other costs shared with other Hampshire councils. To date expenditure against this work has been in the order of £8,000

- 2.2 It is likely to be necessary to appoint additional staff and/ or procure specific resources to support the work of LGR and budget will be allocated from the Transition Reserve where necessary.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 The Secretary of State for Housing, Communities and Local Government has exercised her powers under Part 1 of the Local Government and Public Involvement in Health Act 2007, which allow her to invite any principal authority to submit a proposal for a single tier of local government.
- 3.2 A letter to this effect, stipulating the criteria to be met, was received by the Leader and Chief Executive on 5 February 2025 (Appendix 1).
- 3.3 In preparing its proposal the Council must have regard to the Secretary of State's guidance which is set out in the schedule to the letter and included in this, against which the proposal will be evaluated.

4 WORKFORCE IMPLICATIONS

- 4.1 At this stage in the programme, responsibilities of the Director team have been adjusted to support work to prepare the interim proposal. These arrangements will continue into final business case preparation through to September 2025 and at that point when the new unitary council is defined, considerable effort will have to be deployed from across the council to create the new authority including service reconfiguration, staffing arrangements, policy framework and governance arrangements.
- 4.2 An inevitable consequence of local government reorganisation is uncertainty for Council staff. This will need to be carefully managed to avoid the risk of loss of colleagues or the inability to recruit and consequent disruption of normal service delivery. The creation of a new unitary council and dissolution of existing authorities will result in the transfer of functions and reorganisation of existing staffing structures and will require formal staff consultation and engagement.
- 4.3 Under Regulation 3 of the Local Government (Structural and Boundary Changes) (Staffing) Regulations 2008 (Employee Regulations) the transfer of functions to a single tier authority are treated as a 'relevant transfer' to which TUPE Regulations will apply.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 As an authority subject to a reorganisation order, the Council will be expected to deal with its property, rights and liabilities in accordance with S16 of the Local Government and Public Involvement in Health Act 2007 which provides for mutually agreed transfers to any other party to the reorganisation order.
- 5.2 The transfer of functions and assets to a new unitary council are governed by the provisions of the Local Government (Structural Changes) (Transfer of Functions, Property, Rights and Liabilities) Regulations 2008/2176.
- 5.3 In most cases the Regulations provide that the functions, property, rights and liabilities of abolished authorities will automatically transfer to the successor unitary authority on their dissolution.

A comprehensive assessment will be required to identify all interests held by the Council and this work is already underway.

6 CONSULTATION AND COMMUNICATION

- 6.1 The Government asked for an interim LGR plan in a very short time period of broadly six weeks, which is followed by a lengthier period to develop a final business case proposal by 26 September 2025. It is understood that the interim plan should be used to seek initial feedback from the Government that will enable councils to provide a focussed proposal in September that can be supported by Ministers later in the year.
- 6.2 Bearing this timetable in mind, work began informally amongst councils across Hampshire and Isle of Wight as soon as the Hampshire Devolution Priority Program proposal was submitted, and the consultants KPMG were subsequently commissioned by all 15 councils to support preparation of the interim plan. All councils are paying an equal share of this cost on the basis that they are equal partners.
- 6.3 The Leader and Chief Executive have been directly involved in the preparation of the interim plan, and a number of other staff have supported the process by supplying financial data and other information. The Leader is the current Chair of the Local Authority Leaders' Group which is coordinating this work.
- 6.4 In preparing for the submission to Government, the Leader and Chief Executive have held a number of initial discussions with local partners and stakeholders

Parish and Town Councils. An online meeting which set out the proposals for change across devolution and LGR was held with Local Councils in the Winchester district on 5 February 2025. The role of local

councils in a unitary landscape is critically important to maintain a sense of community and recognised as such in the White Paper. Building on the existing positive relationship between local councils and the City Council; parish and town councils were urged to give early consideration as to whether they believed any services could be better provided at their very local level or whether there was capacity to manage local property and assets that are important to local communities.

Further work will continue with local councils with respect to transfer of assets or local service delivery as LGR proceeds

The Winchester Town Forum has requested the City Council to consider a corporate governance review to create a Town Council for Winchester and also to take all necessary steps to preserve the Winchester Mayoralty. A further report will be provided on this matter in due course, but it is anticipated that that a new local council would be in place by 1 April 2027.

Local Business: the Leader and Chief Executive attended the January Winchester Improvement District Board meeting.

The Leader is a member of the Hampshire Prosperity Board which received a briefing in Feb 2025. In addition to local government representatives, members of the Board include representatives of business/enterprise and higher education along with the Freeport, Hampshire Chamber of Commerce and the Federation of Small Business

The Leader briefed representatives of Business South on 26 Feb in London.

Local Voluntary and Community Partners: The Leader briefed representatives of the Hampshire Leadership Forum of voluntary and community sector organisations on 11 March

Local Education partners: The Chief Executive has held an initial discussion with the University of Southampton, the University of Winchester and Sparsholt College with a meeting scheduled with Peter Symonds Sixth Form College

South Downs National Park: a meeting is scheduled between the Chief Executive and the Director

Royal Hampshire County Hospital: The Chief Executive has held an initial discussion with the Chief Executive

Members of Parliament; the Leader has discussed the implications of Devolution and LGR with Danny Chambers, MP and Suella Braverman, MP and a meeting with Paul Holmes, MP is being arranged

Cross geography partners: KPMG held a session with the New Forest National Park, South Down National Park, Police and Crime Commissioner, the Integrated Care Partnerships and the Fire and Rescue Service on 10 March 2025

6.5 Public Briefing: 3 March 2025

The Leader and Chief Executive hosted an online public briefing on 3 March 2025 with 140 attendees.

Key issues raised included

- How will LGR affect the council's ambitions for Winchester district – particularly climate change?
- What are the financial impacts, for instance how will Council Tax change, how will debt be treated, how will social care be funded?
- What is the impact on Local Plans and future housing numbers
- Will decision making change, will councillors change?
- What is the impact on parish councils?

Further public briefing and engagement will be undertaken as the process of LGR moves forward.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 Although of itself there are no direct climate change implications arising from this report, future ambition in this area will be determined by the strategic priorities of the new Unitary Council.

8 PUBLIC SECTOR EQUALITY DUTY

- 8.1 The Equality Act is not relevant to the decision in this report because it concerns the corporate future of the City Council and applies equally to all residents, Councillors, staff and partners. Therefore, it is considered that for this decision the Equality Duty does not need to be addressed and an Equality Impact Assessment (EqIA) has not been carried out.

9 DATA PROTECTION IMPACT ASSESSMENT

- 9.1 There are no immediate data implications although this will be a considerable area for attention in the creation of a new Unitary Council.

10 RISK MANAGEMENT

- 10.1 As has been set out in the report to Audit and Governance Committee on 25 February 2025 there has been no adjustment to the Council's

Corporate Risk Register or Risk Appetite at this stage of the work to create Unitary Councils in Hampshire and Solent.

- 10.2 However, the principal risk connected with this decision would be if the City Council does not agree to submit the attached interim plan. In that case there is near certainty that it would be submitted by other Hampshire and Solent councils, which could ultimately lead to an LGR outcome that the City Council does not support, and/or over which it has no influence.
- 10.3 There is also a longer-term risk that if the City Council does not support the full business case in September 2025 that the Government nevertheless decides to implement that option, or indeed a different option.
- 10.4 Neither of these risks is fully controllable, but the best mitigation is for the City Council to play an active role in discussions, influence and support the submissions to Government and argue the case for what it sees as the option(s) that work best for the residents and services for Winchester and district, and those that do most to support local democracy.

This is best achieved by submitting proposals in March 2025 and September 2025 as requested by Ministers.

- 10.5 Once Ministers have made their decision, there will be a number of project risks to address including continuity of services, retention of staff, completion of projects etc in the run-up to merger. As the LGR programme develops, a specific risk register will be developed.

11 SUPPORTING INFORMATION:

- 11.1 Since 1974 local government in Hampshire has consisted of three levels:
 - (a) Hampshire County Council, with responsibility for services and infrastructure such as social care, education and highways across the whole of the administrative county.
 - (b) Winchester City Council and 10 district and borough councils, with responsibility for a mix of services including waste collection, planning and homelessness support within each district.
 - (c) In parts of the county, parish and town councils, with responsibility for ultra-local services including allotments, play areas and litter bins
- 11.2 From time to time, Government has invited proposals to merge 'two tier' areas of county and district/borough councils into unitary authorities that combine all their powers in one council. For example, both Southampton and Portsmouth City Councils were originally Hampshire districts, but in 1997 became unitary councils in response to such an invitation. More

recently, Wiltshire, Dorset and Bournemouth Christchurch and Poole Councils were all created as new unitary councils.

- 11.3 The letter received from the Secretary of State on 5 February 2025 was essentially the same as these councils received in the past and has the same legal force.
- 11.4 In common with its predecessors, the current Government believes that moving from two-tier to unitary local government will achieve a number of benefits including better financial resilience, greater ability to deliver economic growth and clearer local accountability.

The City Council does not necessarily share this view due to our strong record of delivery, commitment to partnership, recognised strengths in service delivery and financial stability, underpinned by a proud cultural heritage as highlighted in our 2024 Corporate Peer Review. A key challenge for the Unitary Council, beyond effective service delivery and financial stability will be 'to be local', to recognise and harness the distinctiveness of local places and engage a large number of stakeholders and residents in decision making for their place.

- 11.5 The English Devolution White Paper also sets out the Government's ambition for devolution, under which powers and funding would be transferred from central government to a completely new 'Strategic Authority' covering Hampshire and the Isle of Wight, led by a directly elected Mayor.

District councils do not have a constituent role in the governance structures of a Strategic Authority, but collaboration is expected

In areas with two tiers of local government, before moving to a single tier, the government will establish Combined County Authorities but not Combined Authorities. In those cases, while districts will not be constituent members, the government expects effective levels of collaboration to be demonstrated between constituent members and district councils, especially where the district council covers the primary city or economy in that county

English Devolution White Paper: 2:2:2

However, along with the partners from Police, Fire and Health, district councils can be awarded non constituent and also, potentially, voting membership of the Strategic Authority. For Hampshire and the Isle of Wight, the Unitary Authorities and County Council will form the constituent members of the Strategic Authority with five voting seats; along with five non constituent members. While this report does not directly concern devolution, it is important for Cabinet to be aware of both elements. When new Unitary Councils are formed, the 'Cabinet' of the Strategic Authority will have to change accordingly as all Unitary Councils in the area join the 'Cabinet' of the Strategic Authority.

- 11.6 Once the Mayoral Strategic Authority (known as a Mayoral Combined County Authority or MCCA) is established, the Government's vision for local government in Hampshire will still have three tiers, but different tiers from the present arrangement:
- (a) An MCCA covering Hampshire and the Isle of Wight (HIOW) controlling powers and funding passed down from central Government (with potential for some powers including strategic planning to be drawn up from councils).
 - (b) A number of new unitary councils covering areas within Hampshire and the Isle of Wight and exercising all current county and district powers.
 - (c) Parish and town councils (no change).

The net effect of this change is to create fewer, larger and more strategic local government bodies in Hampshire and the Isle of Wight.

Devolution Priority Programme (DPP)

- 11.7 In order to make progress on both devolution and LGR, the Government established a 'fast-track' programme under which councils could expect the rapid establishment of a Mayoral Strategic Authority. This would be followed by preparations for reorganisation with the most ambitious timetable encouraged for new Unitary Councils to form by 2028. This opportunity formally linked the two issues of devolution and LGR. Only county and unitary councils were eligible to join the Devolution Priority Programme (DPP), and as part of their application were asked to request the postponement of any elections planned for 2025.
- 11.8 Hampshire County Council, Southampton City Council, Portsmouth City Council and Isle of Wight Council applied to the DPP on 10 January 2025. The application was accepted, and this was announced to Parliament by the Secretary of State on 5 February 2025. As a result, the planned County Council elections due on 1 May 2025 have been postponed for 12 months. It is not known whether this postponement will be repeated next year, and whether planned City Council elections in 2026 will similarly be postponed.
- 11.9 The Government has already begun the process of consulting residents on the establishment of an MCCA - <https://www.gov.uk/government/consultations/hampshire-and-the-solent-devolution/hampshire-and-the-solent-devolution-consultation> . Assuming it decides to proceed, it is expected that the MCCA would be legally established later in 2025, with Mayoral elections taking place in May 2026. This process will be led by the county and unitary councils, with limited opportunity for involvement for district councils.

- 11.10 For the City Council, the main consequence of Hampshire and the Isle of Wight being accepted into the DPP is the requirement to submit proposals for LGR by 21 March 2025 and final proposals by 26 September 2025. For areas not in the DPP, final proposals have a longer timescale of November 2025, but elections in those areas have not been postponed. Due to the significant amount of complex work to create a Mayoral Strategic Priority by May 2026 and fully prepare a LGR proposal for our area, the Interim Plan also includes a request to delay the timing for the Hampshire and the Solent final submission to November 2025.

Local Government Re-organisation

- 11.12 Along with other areas across England, a formal invitation was received on 5 February 2025 which set out a number of criteria for LGR proposals (Appendix 2).

For ease, the criteria are provided below;

1. ***A proposal should seek to achieve for the whole of the area concerned the establishment of a single tier of local government.***
 - a) *Proposals should be for sensible economic areas, with an appropriate tax base which does not create an undue advantage or disadvantage for one part of the area.*
 - b) *Proposals should be for a sensible geography which will help to increase housing supply and meet local needs.*
 - c) *Proposals should be supported by robust evidence and analysis and include an explanation of the outcomes it is expected to achieve, including evidence of estimated costs/benefits and local engagement.*
 - d) *Proposals should describe clearly the single tier local government structures it is putting forward for the whole of the area, and explain how, if implemented, these are expected to achieve the outcomes described.*
2. ***Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks.***
 - a) *As a guiding principle, new councils should aim for a population of 500,000 or more.*
 - b) *There may be certain scenarios in which these 500,000 figure does not make sense for an area, including on devolution, and this rationale should be set out in a proposal.*

- c) *Efficiencies should be identified to help improve councils' finances and make sure that council taxpayers are getting the best possible value for their money.*
- d) *Proposals should set out how an area will seek to manage transition costs, including planning for future service transformation opportunities from existing budgets, including from the flexible use of capital receipts that can support authorities in taking forward transformation and invest-to-save projects.*
- e) *For areas covering councils that are in Best Value intervention and/or in receipt of Exceptional Financial Support, proposals must additionally demonstrate how reorganisation may contribute to putting local government in the area as a whole on a firmer footing and what area-specific arrangements may be necessary to make new structures viable.*
- f) *In general, as with previous restructures, there is no proposal for council debt to be addressed centrally or written off as part of reorganisation. For areas where there are exceptional circumstances where there has been failure linked to capital practices, proposals should reflect the extent to which the implications of this can be managed locally, including as part of efficiencies possible through reorganisation.*

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

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

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

- a) *It is for councils to decide how best to engage locally in a meaningful and constructive way and this engagement activity should be evidenced in your proposal.*
- b) *Proposals should consider issues of local identity and cultural and historic importance.*

- c) *Proposals should include evidence of local engagement, an explanation of the views that have been put forward and how concerns will be addressed.*

5. New unitary structures must support devolution arrangements.

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

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

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

11.13 The letter also sets out additional matters should be taken into account

Boundary Changes

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

Engagement and consultation on reorganisation

- a) *We expect local leaders to work collaboratively and proactively, including by sharing information, to develop robust and sustainable unitary proposals that are in the best interests of the whole area to which this invitation is issued, rather than developing competing proposals.*

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

11.14 And in addition, further guidance is provided to be included in the interim plan to be provided to Government on 21 March 2025

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

- a) *identify any barriers or challenges where further clarity or support would be helpful.*
- b) *identify the likely options for the size and boundaries of new councils that will offer the best structures for delivery of high-quality and sustainable public services across the area, along with indicative efficiency saving opportunities.*
- c) *include indicative costs and arrangements in relation to any options including planning for future service transformation opportunities.*

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

12 KEY ISSUES WITHIN THE SUBMISSION

12.1 The interim plan has been prepared and collectively reviewed by Leaders across Hampshire and Isle of Wight, but it is for each council to consider whether they wish to support the proposal. In the timescale provided, it was not possible achieve consensus on detailed specific unitary options and so, this has not been included in this interim plan, with the exception that the Isle of Wight Council which should continue to remain as a separate authority. However, the Interim Plan includes a set of strategic principles to drive the joint programme to create new sustainable local government structures, as follows:

- a) Analysis will be based on economic geographies (principally Basingstoke, Winchester, Southampton, Portsmouth) that inform a sense of place, community, and economic growth. No decision has been made on the number of unitaries.
- b) Sense of place and coherent identity, structure and local connections will shape geographies.
- c) To support the other principles, options considered will include those which have boundary changes, and those which do not have boundary changes.
- d) Community engagement will be used to help shape final boundaries, prior to final submission.

- e) Proposals will ensure there are sensible population ratios between local authorities and any strategic authority, with options retaining equitable representation and voting rights.
- f) Consideration will be given to the impact on crucial services.
- g) Proposals will show how new structures will improve local government, service delivery and outcomes.
- h) New proposed authorities must also be able to form a platform for financial sustainability, and resilience to withstand financial shocks.

12.2 The Leaders also identified five barriers or challenges where the joint submission asks for clarity or support.

- a) **Principle of boundary changes:** There is not consensus between authorities on the proposal of boundary changes, but Leaders have agreed a principle that, in order to support the other principles, options considered will include those which have boundary changes, and those which do not have boundary changes. To enable this analysis to proceed with accuracy and confidence, the Interim Plan requests:
 - (i) Clarity on the 500,000 minimum unitary population figure and what justification would be needed in instances where this makes no practical or economic sense for an area; and
 - (ii) confirmation whether boundary changes are acceptable to MHCLG and confirmation of the statutory mechanism, such as a Secretary of State power in the Devolution Bill, to deliver this; and
 - (iii) support to establish a timeline to deliver these structures.
- b) **Isle of Wight exceptional circumstances:** The Interim Plan proposes that the Isle of Wight should remain as a separate unitary authority. In order to be able to develop effective options for the mainland, it requests early confirmation from the Government regarding the Isle of Wight as an exceptional circumstance and to remain a single unitary authority: any delay in this confirmation will have an impact on the authorities' ability to deliver an accurate and timely options appraisal.
- c) **Critical service demand:** There are immediate challenges to address around the significant demand and associated financial pressures of Adult Social Care, Children's services, (particularly in SEND) and Homelessness. In addition, Hampshire authorities face significant longer-term impacts such as climate change and associated coastal flooding.

- d) **Support for implementation and ongoing financial sustainability:** Local government in Hampshire and the Solent is under significant financial pressure. The Extraordinary Financial Support (EFS) support for Southampton to fund the council's transformation programme, restructuring costs and equal pay, and the request from Hampshire County Council for EFS shows the scale of the challenge faced. To help fill some of the budget gap post-LGR, Hampshire authorities require support to fund transformation opportunities and the autonomy to be flexible around council tax.

The Interim Plan also requests financial support to fund costs relating to the implementation of LGR and a request to the government to agree multi-year financial arrangements to effectively support transition post vesting day.

- e) **Timeline:** It remains challenging to deliver appropriate local engagement and decision-making in this period, alongside devolution. The Interim Plan therefore requests an extension for the full proposal to 28th November 2025. If after a detailed options appraisal has been undertaken, the preferred option requires the need for boundary changes, then the plan requests an extension to the implementation timeline to allow sufficient time for the appropriate statutory mechanism to be delivered.

12.3 In respect of boundary changes, the position of the Leader has been that we should remain open to boundary changes in the Winchester district where supported by the local community – and, in briefings, has asked parishes and ward members for their views on that basis.

12.4 In Hampshire and Solent Leaders' meetings, in line with input from parishes and members, he has supported the view that, in order to have authorities that maintain a local link and community identity, options with populations below 500,000 must be evaluated.

12.5 In addition, the evidence base for the financial resilience of larger authorities is weak – and there are other solutions used by other sub-500,000 unitary authorities to avoid disaggregation costs and maintain high performance such as social care trusts covering several councils, or partnership delivery – and these should also be evaluated in our proposals.

13 PREPARING FOR CHANGE

13.1 The Government decision for change has limited immediate impact on Council services or on residents. However, the prospect of change to a unitary framework is now overwhelmingly likely, and it is therefore important that the Council begins to organise itself to achieve as much as possible and ensures that staff, services and assets that are being

transferred are in the best possible position to be integrated into the new authority.

- 13.2 The strategic priorities of the council are set by the Council Plan agreed in January 2025 and these remain the cornerstones of service delivery.



Within this strategic plan, the following areas of focus have been identified for the Council for the period prior to establishment of a new Unitary Council:

- a) **Support our staff team.** It is critically important that our staff team are well-informed about the process and receive good employer support and clear advice on what creation of a Unitary Council means for them. Trade unions are involved in this discussion and there are regular management updates by the Chief Executive to ensure staff questions can be answered.
- b) **Complete programmes that set longer-term policy for our area and which will carry over to the new authority,** such as the Local Plan, Air Quality Action Plan and Local Area energy planning.

- c) **Prioritise delivery of projects that can be completed, embed necessary change, or achieve critical milestones – before April 2028.** As far as possible, projects that are already under way will be completed. Nationally required projects will also be delivered. Where the project has very long timescales, has a higher level of risk or is dependent on decisions that would have to be taken by the new unitary authority, there may be a case for pausing the project.
- d) **Deprioritise projects which risk proving redundant when unitaries are formed** – for example, any IT programmes where there is a risk that newly installed technology may need early replacement by another system. Where appropriate, we will use joint planning with other authorities so that we can continue to progress digital transformation.
- e) **Deliver the Council Plan priorities to strengthen parish and town councils,** including a Community Governance Review to maintain and develop a strong network of parish and town councils across the district and a review of options to further devolve City Council functions and assets. We will also take steps to secure the Winchester City Status and protect the historic position of the Mayor of Winchester.
- f) **In line with the Council Plan, seek opportunities to accelerate projects that can benefit from devolution** – particularly regeneration of the Central Winchester Regeneration area
- g) **Continue to deliver Housing Revenue Account (HRA) improvement programmes at pace** – we expect LGR to have least impact on HRA functions in the short to medium term – since its activities are not constrained by authority boundaries.
- h) **Protect services for safe transfer into the new unitary.** Residents will expect services to continue to be properly provided before and after the creation of the new Unitary Council. At all times during the transition, the Council will ensure that all necessary statutory functions are undertaken.
- i) **Review our transformation programme (TC25) to help ensure a sustainable financial position.** Work on TC25 will continue but activity will be reviewed to ensure that efficiencies are sought which will not compromise the establishment of a unitary council whilst ensuring Winchester City Council continues to operate with a balanced budget.
- j) **Work for a strong shared LGR process that delivers a sustainable outcome and protects our local interests.** Residents, staff and Councillors will all expect that their interests are strongly represented in discussions about future local

government arrangements. The Leader and Chief Executive will take an active part in these discussions and keep Cabinet, councillors, staff and the public updated.

14 LEADERSHIP ARRANGEMENTS FOR THE LGR PROGRAMME

- 14.1 The Chief Executive will lead the work on LGR and Devolution supported by the Director (Finance). The Council has a well-established Transformation programme, established to address service transformation, improving our digital offer and meet future financial challenges. This work will continue and will be essential for the new Unitary Council to start well and deliver well, but this team will now also support the LGR work. There may be secondment opportunities for staff or additional staff may be required. This will be managed through existing procedures and funded from the Transition Reserve.
- 14.2 However, in addition to service transformation, working on LGR requires additional capabilities and the Policy and HR team will now be incorporated in this team. There is also considerable work required in advance of vesting day with respect to financial matters and it is proposed to appoint an additional senior post in the team in order to provide capacity to the Director (Finance). This will be managed through existing procedures and funded from the Transition Reserve.

15 OTHER OPTIONS CONSIDERED AND REJECTED

- 15.1 The City Council does have a choice whether to endorse the interim submission for Local Government re-organisation, but if it does not, it is likely that the submission will be made in any case.

16 CONCLUSION

- 16.1 The Government has required the Council, along with all other councils in Hampshire, to submit an initial proposal for local government reorganisation by 21 March 2025. Cabinet is asked to agree the proposal that has been prepared and delegate authority for the next stage of the process to the Leader and Chief Executive, with the final business case to come to Council later in 2025.

BACKGROUND DOCUMENTS:-

Previous Committee Reports:- none

Other Background Documents:-

English Devolution White Paper: 16 December 2024: Secretary of State for Housing, Communities and Local Government
<https://www.gov.uk/government/publications/english-devolution-white-paper-power-and-partnership-foundations-for-growth/english-devolution-white-paper>

Hampshire and the Solent devolution consultation: 17 February 2025:
<https://www.gov.uk/government/consultations/hampshire-and-the-solent-devolution/hampshire-and-the-solent-devolution-consultation>

APPENDICES:

Appendix 1: Invitation Letter

Appendix 2: Interim proposal 21 March 2025