

SHAPING SURREY'S FUTURE

Devolution and
Local Government
Reorganisation

Interim Plan – Part A

March 2025



Our shared plan

1. Leaders of all 12 councils in Surrey are united in their view that now is the time to seize the opportunity for greater devolution to enable our communities to take more control of their destinies, and for a new, simpler system of local government. One that provides better value for money and improved outcomes for our residents.
2. Our county is vibrant, packed full of innovation in business and education, creativity in the arts, beautiful countryside and compassion in our community. We work at pace, with high energy and a mindset of continual improvement. 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 here. After many years of hard work, widescale transformation and bold thinking, Surrey is ready and well prepared to tackle reorganisation in order to deliver better outcomes for our residents, especially those who need us most
3. We are committed to continuing and strengthening our localised approach to delivering the right services for the right communities, alongside partners, which is delivering targeted, preventative services. But there are limitations to what we can achieve, and reorganisation and devolution can help us do so much more.
4. We welcome the government's invitation for Surrey to join the accelerated pathway for local government reorganisation (LGR), paving the way to unlock further devolution and create more sustainable, effective local government for the county. This is a key moment in Surrey's history to enable public service transformation in the county, supporting a journey towards unified services for the benefit of all who live, work and learn here.
5. Our 12 councils have collaborated to put this plan together. Presently, local government in Surrey is split into two tiers:
 - Surrey County Council delivers county wide services such as education, social care and highways. There is only one county council operating on the county footprint with no unitary authorities currently in the area.
 - 11 district and borough councils deliver services including the provision of social housing, local business support, homelessness, provision of temporary accommodation and waste collection: Elmbridge, Epsom and Ewell, Guildford, Mole Valley, Reigate and Banstead, Runnymede, Spelthorne, Surrey



Heath, Tandridge, Waverley and Woking.

6. Moving to unitary local authorities from the current two-tier system will create more effective and sustainable local government in Surrey, strengthening the confidence and trust residents have in the county's public services:
 - Unitary local government will offer residents that need council services a more streamlined and seamless experience compared with the current two-tier arrangements. With fewer councils, there will be more clarity on how they can access council services close to where they live.
 - The new arrangements will ensure better value for money and be more financially resilient compared to the current 12 councils. They will support economies of scale, directing more resources to support Surrey's residents, while minimising bureaucracy.
 - Unitary local government in Surrey would build on current good examples of community engagement and involvement and work ever closer with communities to tackle the specific challenges in the towns and villages they cherish.
 - Partnerships will be more straightforward, less fragmented and more cost effective. Having fewer councils will help enable more transparent, quicker and effective partnership decision-making.
 - Unitary councils are key to unlocking further devolution for Surrey. A County Devolution Deal was put in place with the previous government and implemented by the current government and will bring more powers and decisions closer to communities. To build on the foundations laid by this agreement, unitary councils will make local government in Surrey fit for purpose so we can take the next steps towards more powers, freedoms and flexibilities to benefit Surrey's residents and businesses.
7. LGR offers major opportunities to bring services closer together to improve the lives of the people who live, work and learn in Surrey. We need a new system that is more effective at channelling scarce resources into quality services and outcomes and lowers the running costs of local government.
8. Leaders in Surrey are also committed to strong and effective governance that drives innovation to deliver improved service delivery and value for money. This includes continuing to implement and build on existing improvement plans in place that address recommendations from external regulatory reviews.



9. Creating unitary local government in Surrey will be a catalyst for creating a Mayoral Strategic Authority (MSA) for the area. This change will bring additional powers and funding in local transport, infrastructure, housing, planning, skills, economic growth and climate change to Surrey, and will enable more unification across public services in the county. By bringing the police, fire and rescue, and health services closer together on a strategic and delivery footprint, a Mayor representing the area, together with the unitary councils, will be able to oversee more coordinated and effective public service delivery, thereby streamlining operations and improving the overall efficiency of these essential services.
10. The establishment of an MSA with a directly elected Mayor will strengthen local governance by providing robust and accountable leadership with a direct electoral link to residents. With the Mayoral mandate to convene key local partners, public services in Surrey will be better able to address the needs of the community, ensuring that decisions are made with a comprehensive understanding of the county's unique challenges and opportunities. This in turn will lead to more strategic planning and implementation, benefiting all residents in Surrey.
11. This interim plan sets out proposals for change that will respond to the Government's criteria for LGR, namely:
 - Likely options for the boundaries and structures of the new councils that will best enable delivery of high quality and sustainable public services and would deliver efficiency savings.
 - Indicative costs and arrangements for these options, including future service transformation opportunities.
 - Early indications of councillor numbers to ensure effective democratic representation across the area, and the governance and decision-making arrangements, which will balance unique needs across Surrey's communities.
 - How this proposal will support our ambitions for devolution.
 - A summary of engagement undertaken, as well as plans for future engagement leading up to the final proposals.
 - Indicative costs of preparing proposals, standing up implementation and arrangements to coordinate capacity funding across the area.
 - Arrangements for keeping all of Surrey's current 12 local authorities and key partners involved as work moves forward to balance decisions required for maintaining service delivery and value for money, while also taking decisions affecting future unitary arrangements.



12. The structure of this plan is divided into two parts – Parts A and B:

- Part A sets out the joint challenges and opportunities facing residents and businesses across the county, and outlines how the county, district and borough councils are working together as Surrey progresses on its LGR and devolution journey.

It also raises some key issues that we would welcome further discussion with government on to support the new arrangements to have the greatest chance of success from day one.

- Part B sets out the 12 councils' proposals for future unitary local government arrangements in Surrey, including the relative advantages and disadvantages of different options, approaches to implementation and engagement, and steps needed to finalise proposals by the government's deadline of 9 May 2025. Part B is further split into two, with one part authored by the County Council and one part authored by the District and Borough Councils, reflecting the different options that are under consideration at this point in the process.

The County of Surrey

Our shared ambitions

13. 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](#).

14. By 2030, we want Surrey to be a uniquely special 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 no-one is left behind.

15. We have clear ambitions 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.

16. We want Surrey's economy 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.

17. 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, that grow sustainably.

18. 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.



Surrey's population

19. 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 households¹.

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 declining	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

¹ More information about the population of Surrey can be found in [the Joint Strategic Needs Assessment \(JSNA\)](#).



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%)
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20. 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 of Surrey which contributes to population growth. In 2020 net migration was 3,758.
21. 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 increase, with increased likelihood of impacts on health and care services due to increased prevalence of long-term health conditions.
22. 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.
23. 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 (1.2).
24. 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

25. 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. We are home to some of the world's leading hi-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, and we are one of the biggest net-contributing areas to the UK's economy.
26. 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 (AONB), 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 paths to enjoy them.
27. 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 of countryside where people can walk and, on some sites, cycle and ride horses. Popular sites include Newlands Corner, Chobham Common and Norbury Park.
28. 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 agreed in 1215.
29. 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.
30. 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 (September 2024).



Our ambitions for devolution

31. Unlocking devolution is a key objective for local leaders. Deeper devolution into Surrey, building on the County Deal already agreed, will allow for better alignment of our public services, greater funding and powers brought closer to our residents and robust, accountable and visible local leadership.
32. Government have indicated that they wish to see all of England covered by further devolution, which necessitates the formation of Strategic Authorities across the country. One of the criteria for this is that two or more upper-tier local authorities would need to combine to form a Strategic Authority. We want to grasp the opportunity to reorganise to enable the formation of a Strategic Authority on a Surrey footprint, whilst our neighbours in Hampshire and East and West Sussex pursue their devolution ambitions, avoiding Surrey becoming a 'devolution island'. Whilst we explore the opportunity for a Mayoral Strategic Authority on a Surrey footprint, we also remain open to conversations with our neighbours about devolution on a wider footprint.
33. We welcome government's commitment to hardwiring devolution into central government. To do so they have established a number of new forums to bring local decision makers and central government together. 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 would also be possible, on issues such as water, energy supply or emergency response coordination.
34. Government has signalled that the powers and funding earmarked for MSAs is the floor, not the ceiling, of ambition around devolution. We see an MSA covering the Surrey area leading to both short and long-term benefits for our residents and partners as it embeds and matures. Our ambition is for the Surrey area to benefit from an Established Mayoral Authority (ESA), and a Mayor with greater responsibilities and increasing funding flexibility in the form of an Integrated Settlement, and greater influence over the direction future devolution could take, bringing more powers, decision-making and funding closer to local communities.
35. 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 Police and Crime Commissioner



and the Fire and Rescue Service (which already operates on a county-wide footprint) will move into the Strategic Authority under the Mayor. In addition, the Mayor will have a seat on the Integrated Care Partnership Board and will be considered for the role of Chair or Co-Chair. This will build on the existing foundations of local join up and delivery across Surrey's blue light services and the health system, as well as with the Mayoral functions set out in the devolution framework.

36. Initially, a strategic authority for the Surrey area would bring enhanced powers and responsibilities for local transport, infrastructure, housing, planning, skills, economic growth and climate change, as well as control of devolved funding streams and income generation levers. The below sections set out how these powers could be utilised to address some of the key challenges Surrey is facing.

Economy and skills

37. Surrey is an area with many economic strengths and the second largest net-contributor to the economy in the country. The county is exceptionally well connected and has more than 110,000 businesses. There are a number of key economic opportunities within Surrey such as specialist emerging sectors, a highly skilled local workforce, strong performance in innovation, and access to key infrastructure assets. These put the county in a strong position to continue growing a sustainable economy so everyone can benefit, however we must also continue to tackle the economic inequalities faced by many communities across the county.
38. With enhanced powers and funding in employment support, adult skills and innovation, a strategic authority covering the Surrey area will be well placed to facilitate the delivery of economic growth, more local jobs and the right skills provision to meet local demand and tackle economic inequality. Economic growth plays a vital role in improving health and wellbeing for residents. Embracing their role as a system convenor and with enhanced responsibilities for both the local economy and health, a Mayor representing our area will be able to take a holistic approach to a joined-up employment, skills and health offer.

Climate change

39. Residents across Surrey are already facing, and will continue to face, the impacts of climate change, particularly the increased occurrence of flooding issues. As such, we must continue to work towards becoming a net zero county, ensuring we are



building on existing measures to strengthen resilience and climate-proofing services and infrastructure.

40. A Mayor will be able to work collaboratively with local partners, including the newly formed unitary authorities, to deliver on the ambitions to be a Net Zero county as well as delivering the Local Nature Recovery Strategy, coordinating local energy planning and collaborating with government on net zero delivery. Furthermore, the Mayors devolved responsibilities around transport, infrastructure and planning will allow for a joined up strategic approach to delivering local transport, housing and economic growth, whilst continuing to work towards net zero.

Health inequalities

41. Health inequalities in Surrey can be found across life expectancy, access to healthcare, and socioeconomic factors. Wider determinants of health such as 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 at the right level are crucial to ensure that all residents have the opportunity to lead healthy lives in Surrey.
42. An MSA, alongside the unitary councils, will play an important role in addressing the social determinants of health. By leveraging their functions in areas like transport, housing, and planning, and collaborating with other local leaders, they can shift from traditional service delivery methods to a holistic, resident-centred approach. A Mayor representing our area will become an active 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 for them and their anticipated role in the Integrated Care Partnership, giving them a clear stake in improving local health outcomes.

Housing, planning and homelessness

43. Housing plays a fundamental role in people's wellbeing, employment and health and Surrey's local authorities play a vital role in delivering and managing vital social housing and tackling homelessness. However, 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. In order to deliver on Surrey's ambition for



everyone to have access to appropriate housing, and the government's ambitious housing targets for the area, Surrey needs a more strategic and joined-up approach to planning and housing delivery.

44. An MSA for our area will have a range of enhanced powers and responsibilities for local planning and housing to help enable the delivery of more housing across Surrey. This will be achieved through devolved functions such as greater control over grant funding, a Mayoral duty to produce a Spatial Development Strategy, strategic development powers and a strategic place partnership with Homes England. This ability to strategically accelerate the delivery of suitable housing will support economic growth by aligning housing and planning with regional economic strategies, stimulating local economies, attracting investment, and creating jobs.

Transport and local infrastructure

45. High-quality local transport infrastructure is vital for supporting growth and opportunity in Surrey. 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 through a local Mayor, ensuring transport decisions align with climate change, housing, and health ambitions.
46. 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, a Mayor will take on powers and responsibilities for public transport provision, including rail and buses, facilitating the integration of railway with other transport forms and the decarbonisation of buses to reduce environmental and health impacts.

Community engagement and partnership working

47. As the MSA will have a democratically elected Mayor, alongside unitary councils, residents will be able to hold them to account for their role in overseeing and



delivering key strategic functions across our area. The MSA will receive devolved functions and funding that have previously been held at a regional or national level, providing a vital opportunity to bring key decision making levers closer to residents and localities.

48. Through their seat on the Council of Nations and Regions and the Mayoral Council, a Mayor representing our area will be able to advocate for the needs and priorities of Surrey residents on a national level, ensuring challenges difficult to influence locally are escalated appropriately. In order to inform this advocacy, as well as any local strategies, any MSA will need to put in place effective co-design and resident engagement mechanisms, complementing those of local partners, to ensure resident needs and views are captured.
49. The formation of a Strategic Authority representing the Surrey area will move the area closer to the geographical alignment of public services. Below this aligned strategic footprint, delivery footprints of local authorities, police and health services are transforming, presenting a critical opportunity to ensure both the strategic oversight and delivery footprint across key public services are aligned.
50. This alignment in turn allows partners to deliver more joined up and effective services at the local scale of towns and villages that residents recognise, guided by an agreed strategic direction. This approach is made possible by both public service reform and an enhanced alignment of local partners in blue light services, health, business, local authorities and the voluntary, community and social sector to support more sustainable service delivery for residents.

How all of Surrey's current councils are working together

51. Surrey's 12 councils are working together to make sure the opportunities around devolution and LGR lead to better outcomes and value for residents and businesses. Whilst a number of options are currently being explored, we are committed to open dialogue and transparency in developing proposals for unitary local government in Surrey.



52. Leaders and chief executives from the 12 councils are meeting regularly to discuss different structural options, drawing on the latest, most relevant evidence and insight. To shape proposals, we have set up shared data repositories so all councils are using consistent data and insights. We will continue to work collaboratively through to final submission stage.
53. We are also actively exploring each council's roles and responsibilities for ensuring a smooth implementation to the new unitary councils. This includes reviewing funding, staffing and activities required to make sure unitary local government in Surrey is safe and legal from Vesting Day.
54. Governance mechanisms will also be established to support preparation for implementation, and to oversee implementation and transition phases of the work.

Challenges facing Surrey's councils

55. As we seek optimal arrangements for a single tier of local government in Surrey, there are several challenges that need addressing through the transition and implementation phases of the work.
56. A move to multiple unitary councils will see services currently provided by Surrey councils merged or split across the new councils. Emerging risks that will require mitigation and management will include ensuring that the unpicking of arrangements in critical service areas, such as adult social care and children's services, does not destabilise safeguarding and support arrangements for residents who rely on these services. We will also need to attract the best senior leadership talent to the new organisations in what is already a fiercely competitive market place, whilst navigating increased competition for third party service providers. We will set out more detail on how we plan to mitigate these in our final proposals.
57. Supporting the new councils to set sustainable budgets and medium-term financial strategies from day one will be critical. By 2027/28, the combined forecast budget gap of Surrey's 12 current authorities, with the exception of Woking², is in excess of

² Woking Borough Council have been awarded Exceptional Financial Support from the government of £74.6m million in 2025/26 to set a balanced budget, due to significant budget gaps. They are also requesting the deferral of over £90 million of Minimum Revenue Provision costs.



£130 million, rising to approximately £300 million by 2029/30³. The scale of this, combined with a working assumption that the collective gross debt across the councils is £5.5 billion, means it will be challenging to set balanced budgets for the new unitary authorities without creative solutions, agreed with central government.

58. Workforce recruitment and retention challenges are likely to continue following LGR. Many councils are struggling to compete for talent in a tight labour market, as well as being unable to match higher salaries offered by other industries and changing expectations within the workforce of what they are looking for from employers. For Surrey, the high cost of housing adds another barrier to attracting employees, particularly in lower paid roles, such as social care.
59. The housing crisis in our county carries a very particular set of challenges. This is due to extremely high land values across a large geography, very low rates of housing affordability, and very high proportion of Green Belt designations and other protected land types. Alongside this is an ageing population with reducing proportions of younger professionals and close proximity to London, Heathrow and Gatwick airports. As we transition to the unitary and strategic authority geographies, these organisations will need to work together to urgently coordinate a strategic response to deliver more affordable housing, boosting the chances of recruiting to hard-to-fill job vacancies.
60. We know that demand for key services will continue to increase during and after the transition period for the new authorities, and service delivery will need to be maintained to a high standard. For example, the number of children in Surrey with an active Education, Health and Care Plan (EHCP) has been rising in recent years. Between 2014/15 and 2023/24, the number of children and young people with an EHCP in Surrey increased by 162% from 5,443 to 14,245. The growth rate was around 10% year-on-year between 2021 and 2023. We will continue to support people who need our services most as we make the transition.
61. As our population grows and changes, we will also need to plan for the infrastructure to support increasing numbers of homes and households. For example, Surrey experiences significant demands on its road network due to it being a key part of national and international transport links, as well as the location for nationally

³ The 2029/30 figure currently only includes the position of those authorities that forecast that far ahead and so is likely understated. Differing approaches are taken to budget forecasting across the councils, with differing assumptions on key factors such as the level of council tax increases, the impact on of upcoming funding reforms and the use of reserves to balance budgets.



important roads such as the M25, M23, M3 and A3.

62. Major expansion of international travel hubs, such as the introduction of a third runway at Heathrow airport and potentially a second runway at Gatwick, will add further pressures for Surrey. While it will offer many benefits such as employment opportunities for residents, investment in the economy and will attract and retain businesses, a clear and agreed framework for the necessary infrastructure and plan for dealing with environmental impacts will need to be in place. Surrey's new unitary local authorities, as well as a new Strategic Authority for the area, will need to be key stakeholders in this development and other major projects of similar scope and scale.
63. Some of these issues will need addressing as part of the implementation planning and delivery process, as well as having strategies in place for the new authorities to respond to them. Others will need to be considered as part of establishing a new Strategic Authority for the area, and some will require joint solutions with government to give the new organisations the best chances of shaping outcomes for residents and for enhancing economic growth.

Key issues to explore further with government

64. As we develop final proposals for LGR in Surrey, we wish to discuss the following topics with government that could affect the chances of successful implementation:
- i) Joint solution to managing Surrey's debt
The level of gross debt across Surrey's current 12 councils stands at over £5.5 billion. For 2025/26, Woking Borough Council aside, Surrey councils have set balanced budgets that finances this debt, albeit with varying degrees of associated risk. However, the level of debt the new unitary authorities are to inherit will be exceptional, and potentially for one, servicing this debt would take up over a quarter of their net revenue budget and likely require ongoing exceptional financial support from government. This will have knock-on impacts to the quality of service delivery and reduce the ability to respond to any external financial shocks and rising service demand. It is also unlikely that the efficiencies from LGR alone will be enough to significantly reduce the liabilities, or rather the financing of debt, that the new councils would have to take on.



We therefore would welcome a development of a joint solution with government, given the unique circumstances Surrey faces, and to ensure any new council is not set up to fail.

Our preferred option is that the irrecoverable debt, currently estimated at £1.5 billion, is written off by government immediately but we recognise that government may wish to discuss other solutions.

ii) Preparations for an MSA

On the current timetable, and reflecting government's preferred model, LGR in Surrey would need to be completed before a new MSA can be established. In the period between Vesting Day for the new councils and Mayoral elections there will be some services and functions that have been directed by Government to be, or are better suited to be, part of an MSA, that need to be considered. These services currently sit primarily with Surrey County Council across the county footprint and for many of them it would be disruptive and costly to split them across a new unitary footprint, whilst anticipating that they will transfer to a new MSA once it has been formed. Based on the government's Devolution Framework in the English Devolution White Paper, these services and functions include fire and rescue, economic development functions, strategic transport, strategic planning and services that provide business support.

We would welcome a discussion with government on how those services should prepare ahead of LGR and for the transition period between establishing the new unitary authorities and any new MSA, if this is a year (or more) later.

iii) Swift and smooth transition

For the transition to unitary local government to be as swift and smooth as possible, we expect the government may wish to appoint a lead authority.

We would welcome clarity from the government as to whether they are minded to appoint one of the existing councils as a lead authority for the transition process.

iv) Timely and constructive feedback on our proposals

We have drafted our submission with government's criteria in mind. Whilst government are reviewing our interim submission we will be focusing on preparing our final submission, due on 9 May 2025.



We request prompt feedback to ensure we can focus our efforts on a final proposal that best meets government's expectations and local ambitions. We are open to working with government to refine our proposals and provide additional information if required.

v) Capacity funding support

The costs of undertaking the preparatory work to support local government reorganisation in a large and complex two-tier area like Surrey will be considerable. We estimate the total one-off costs across the system of moving to a unitary option to be around £75m. These costs will be on top of existing service pressures and do not take into account leadership time and other opportunity costs we are absorbing.

Given Surrey is on a fast track LGR timetable, we are seeking support from government to fully fund those costs up to the expected vesting day of 1 April 2027. The ask from government amounts to around £35m, with around £40m of remaining cost to be factored into the final business case submission which will be met by the new unitaries.

vi) Engagement with Leaders and officers

Government engagement with Surrey in the early stages of this process has been welcomed. It has also built on the good engagement we have had with officials on implementing Surrey's current County Deal. As we progress through the next phase of our devolution and LGR timetable, we wish to work constructively with MHCLG and other departments, including DfE, DHSC and the Home Office, to achieve our shared ambitions and build on this partnership working.

We are seeking ongoing Ministerial engagement with Leaders to enable a swift and smooth transition to the new arrangements. We would also welcome a single, senior point of contact at MHCLG who can work closely with us, and support engagement with other department officials, to ensure we are all working effectively to common goals.

vii) Coterminality of public sector services

As we transform local government in Surrey and move towards the creation of a new strategic authority representing the area we want to maximise the opportunity to reform public services. We share the government's ambitions to see coterminous public services.



We would like to pursue a conversation with government alongside local health partners to explore the potential for greater coterminosity of health and wellbeing services with local government.

viii) Impacts from government funding reforms

Whilst we focus on the creation of new authorities in Surrey, and smoothing the transition of services for residents, we would welcome government's support in stabilising our collective funding base. During this transition period our ability to accommodate negative financial adjustments arising from any new distribution methodology will be limited.

We request that funding reductions are waived during the period of transition and would like early clarification on the amount of government grant each council would receive from day one to assist with financial planning.

65. We look forward to continuing to work with government during the next phase of this work, shaping Surrey's future together, so it remains a uniquely special 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 no one is left behind.



SHAPING SURREY'S FUTURE

**Devolution and
Local Government
Reorganisation**

Interim Plan – Part B

March 2025



Emerging reorganisation proposals

1. In this part we set out Surrey County Council's emerging proposals for LGR. This includes a high-level appraisal of the options for LGR in Surrey, using a qualitative assessment of the relative advantages and disadvantages of each option against the government's criteria for LGR and principles for reorganisation. We also set out an early financial appraisal of the costs and benefits for each option.
2. Based on our assessment, we believe that **reorganising the current 12 councils into two new unitary authorities** is the best direction for Surrey to unlock devolution, realise improved local government services, create more financially sustainable local government and to lay the foundations for future public service reform. A shortlist of potential geographical configurations being considered for these unitaries has been included.
3. This part of the interim plan also sets out initial thinking for implementation, including indicative costs, as well as stakeholder engagement carried out so far and further planned engagement.



High-level options appraisal

4. We have reviewed potential options for future unitary local government structures in Surrey. In selecting options for review we considered the likelihood of them meeting the government's criteria for LGR, as well as our own principles of the need for them to be coterminous – contained within the existing Surrey county boundary and 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.
5. A further key principle is that no new council should be set up to fail. This is particularly important if multiple unitary councils are the outcome of the LGR process as the new organisations should have relative equity and parity of financial resilience and sustainability, service demand levels and economic prospects from day one.
6. We have combined qualitative and quantitative data sources to support our appraisal against the criteria [set by MHCLG](#):
 - 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.
7. To complement these, we have also looked at additional criteria which capture the issues that matter to our residents and businesses. These are:
 - Impact on service delivery – transitioning to the new arrangements must minimise disruption to service delivery, the potential demand for services new unitary authorities may



experience, opportunities to transform services and impacts on partnership working.

- Growth – assessing the economic health and resilience inherited by the new arrangements, extent to which residents benefit from the proceeds of growth, moving to a future that encourages clean, green growth and infrastructure, and enables establishment of a Strategic Authority.
- Democratic representation – ensuring local democratic representation is maintained, and where possible, enhanced under the new structures. The new authorities will reflect local identities recognisable to residents and give regard to alignment with functional economic areas.
- Financial resilience and sustainability – establishing structures that lead to services delivered at lower cost, funding required for re-organisation, including potential for service disaggregation costs in multiple unitary arrangements, potential for generating income and overall financial resilience.

Reviewing the options

8. 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 of between 500,000 and 600,000 people each.
 - Three unitary authorities, covering populations of upwards of 370,000 people each.

Overview of our assessment

9. Below is a summary of our options appraisal, highlighting how each unitary arrangement performs against the government's LGR criteria and our additional criteria. This incorporates the results of the financial assessment, which are described in detail later in this plan. Democratic governance arrangements have not been scored as part of this exercise, but we have proposed councillor numbers for the new unitaries in later sections.
10. Early on, we ruled out pursuing a single unitary authority option as it will not unlock the benefits of further devolution for Surrey residents. Government criteria mean that a single unitary council and Mayoral Strategic Authority cannot be established on the same geographical footprint. However, it is acknowledged that this arrangement would

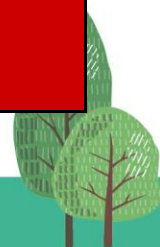


have supported greater financial efficiencies and minimised disruption to county-wide services from disaggregation.

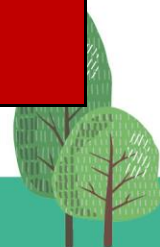
11. We have scored the criteria for the remaining options between one and three – one meaning it meets very few or none of the criterion's requirements, two meaning it meets some of the requirements and three meaning alignment to most or all of the criterion. Each of the criteria have then been weighted linked to the desired outcomes from LGR. Weightings range from one, which is considered a relatively less important outcome from LGR, to five which is a crucial outcome to achieve from the process.

12. We think the extent to which each option meets criteria on whether the new arrangements would unlock devolution and if they meet the government's population criteria are crucial. They underpin the rationale for LGR and the degree to which they are likely to be acceptable to government.

Criteria	Two unitaries		Three unitaries	
	Highlights	Score	Highlights	Score
Unlocks devolution (weighting = 5)	<ul style="list-style-type: none"> Two unitary authorities would enable setting up a Strategic Authority across the county footprint 	3	<ul style="list-style-type: none"> Three unitary authorities would enable setting up a Strategic Authority across the county footprint 	3
Population = 500,000 or more (weighting = 5)	<ul style="list-style-type: none"> Estimated populations for the new authorities will be between 500,000 and 600,000 	3	<ul style="list-style-type: none"> Estimated populations for the new authorities will be between 350,000 and 450,000 	1
Resilience and ability to withstand financial shocks (weighting = 5)	<ul style="list-style-type: none"> Offers more financial resilience than three unitary authorities Delivers some financial efficiencies Risk of one authority requiring immediate Exceptional Financial Support due to inherited debt (unless solution agreed with government) 	2	<ul style="list-style-type: none"> 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 debt (unless solution agreed with government) 	1



Criteria	Two unitaries		Three unitaries	
	Highlights	Score	Highlights	Score
Delivers high quality, sustainable public services (weighting = 5)	<ul style="list-style-type: none"> Multiple council touch points, but fewer than current 12 councils Fragmented district and borough services can be combined to create scale Disaggregation and disruption to crucial services including social care and children's services Offers more resilience than three unitaries 	2	<ul style="list-style-type: none"> Multiple council touchpoints, but fewer than current 12 councils Fragmented district and borough services can be combined to create scale Greater disaggregation and disruption compared to two unitary authorities Duplication of effort for former county-wide public services 	1
Local identities and community empowerment † (weighting = 5)	<ul style="list-style-type: none"> Two unitaries could be perceived as more remote compared to three unitary councils – mitigations are detailed in democracy and governance section Right scale to build on existing work to strengthen participation and engagement across Surrey's towns and villages with the formalisation of non-precepting community boards 	2	<ul style="list-style-type: none"> Less scale to provide support and resources to convene and deliver local improvements in partnership with communities Adoption of the community board model should mitigate the scale issue 	2
Impact on service delivery (weighting = 4)	<ul style="list-style-type: none"> Disaggregation of crucial services including social care and children's services required Enhanced partnership working if delivery footprints aligned Risk of disparity in service provision due to uneven distribution of staff with the right knowledge, skills and experience 	2	<ul style="list-style-type: none"> Disaggregation of crucial services including 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 	1
Growth (weighting = 3)	<ul style="list-style-type: none"> Greater depth of understanding of economic challenges and opportunities in each unitary area compared to a single unitary Risk a more prosperous area of Surrey reinvests within its own area, leaving the less prosperous area behind Risk of uneven asset split, such as employment centres and innovation clusters 	2	<ul style="list-style-type: none"> Greater depth of understanding of economic challenges and opportunities in each unitary area compared to single and two unitaries Greater risk of more prosperous unitary authorities reinvesting within their own areas, leaving less prosperous places behind Greater risk of uneven asset split, such as employment centres and innovation clusters 	1



Criteria	Two unitaries		Three unitaries	
	Highlights	Score	Highlights	Score
			<ul style="list-style-type: none"> Income split across councils means fewer resources for local government to support investment in the East of the county, which has historically underperformed against the West. 	
Financial resilience and sustainability (weighting = 5)	<ul style="list-style-type: none"> Less costly to reorganise and transform compared to three unitaries, but more than single unitary Implementation costs lower than three unitaries Will be disaggregation costs 	2	<ul style="list-style-type: none"> Most costly to reorganise and transform Disaggregation costs will be greater compared to two unitaries Highest implementation costs 	1
Total raw scores		18		11
Total weighted scores (Scores x weighting – maximum score possible = 111)		84		52
CONCLUSION	Preferred option – likely to meet government requirements		Unlikely to meet government requirements	

13. Further detail on the qualitative and financial appraisals for each unitary option are set out below, starting with our preferred option.

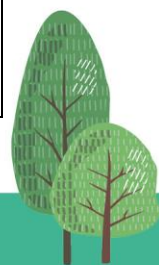
Two unitary authorities

14. This would lead to the creation of two new unitary authorities with either an east/west divide or a north/south divide, both with populations exceeding 500,000. These boundaries would be collectively coterminous with the current county boundaries, using district and borough council areas as building blocks for the geographies of the new authorities.

15. We set out advantages and disadvantages of two unitary authorities below. Most of these apply irrespective of geographical arrangement.



Advantages	Disadvantages
<ul style="list-style-type: none"> • Devolution – a new Strategic Authority for Surrey could be established which would be coterminous with the current county boundaries. • Services would be simplified and improved compared to arrangements under the current 12 councils in Surrey. • Services that are fragmented could be combined to create scale, such as waste collection and disposal services. • Partnership working with other public service partners, such as police and health, could be enhanced if delivery footprints are aligned. • Right scale to build on existing work to strengthen participation and engagement across Surrey's towns and villages • The new authorities would be able to direct and tailor use of resources to the specific needs of the communities living in each authority's area. • Greater depth of understanding of economic challenges and opportunities in each unitary area compared to a single unitary. • There would be enhanced financial sustainability with two unitary authorities compared to three unitary authorities and the current system of 12 councils. • All geographies under consideration for two unitaries will meet the government's criteria of a population of 500,000 and over. Size offers greater potential for 	<ul style="list-style-type: none"> • Establishing two new councils would create multiple touchpoints for some services currently accessed by a single front door, adding complexity to the system and potential for inconsistency of outcomes, though this complexity would be less compared to the 12 councils currently operating. • Disaggregating county-wide services would impact on the cost, consistency and quality of those services, such as creating a need for two Directors of Adult and Children's Social Care and management teams for both areas. • There is a risk of disparity in service provision due to uneven distribution of staff with the right knowledge, skills and experience. • Two unitaries may be perceived by residents as more remote from the places they live – we set out mitigations for this in the democracy and governance section. • Risk a more economically prosperous authority reinvests proceeds of growth, e.g. business rates, within its own area, leaving the less prosperous authority behind. • Risk of uneven economic asset split, such as employment centres and innovation clusters. • Given the level of existing debt across Surrey's 12 councils, there is a risk that at least one of the new authorities would need Exceptional Financial Support from inheriting this debt if an

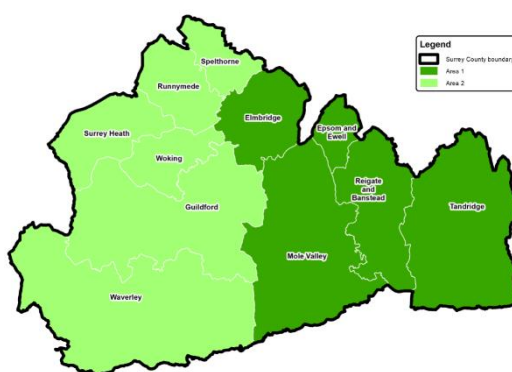


Advantages	Disadvantages
enhanced organisational resilience.	alternative solution was not found.

16. Four potential geographical arrangements for two unitaries are under consideration. Other arrangements were reviewed but were discounted as they did not meet either the government's or our own criteria.

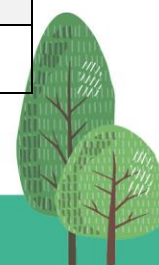
17. For each two-unitary geography being considered, tables have been included to show how the areas would split across key financial and socio-economic indicators, using a snapshot of the latest available data for each indicator. Further analysis will be done to assess interplay across these indicators and should not be taken as measures of absolute costs or needs.

Option 2.1: East/West

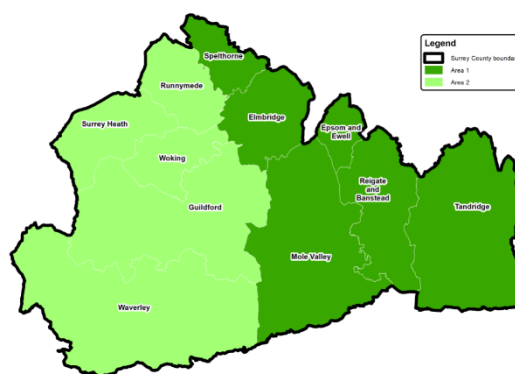


East	West
Elmbridge, Epsom and Ewell, Mole Valley, Reigate and Banstead, Tandridge	Guildford, Runnymede, Spelthorne, Surrey Heath, Waverley, Woking
Population: 545,798	Population: 657,309
Proposed number of councillors: 72	Proposed number of councillors: 90

Key metrics (area split as percentage)		
	East	West
Adult social care users being supported	9,720 (43%)	12,986 (57%)
Children in need	2,085 (44%)	2,687 (56%)
Children with Education, Health and Care Plans	7,214 (45%)	8,792 (55%)
Pupils in school	72,835 (45%)	88,585 (55%)



Key metrics (area split as percentage)		
	East	West
Eligible for home to school travel assistance	3,545 (43%)	4,685 (57%)
Road miles	1,355 (45%)	1,666 (55%)
Anticipated council tax income	£518.23 million (47%)	£579.66 million (53%)
Gross value added	£22.8 billion (44%)	£28.5 billion (56%)



Option 2.2: East/West

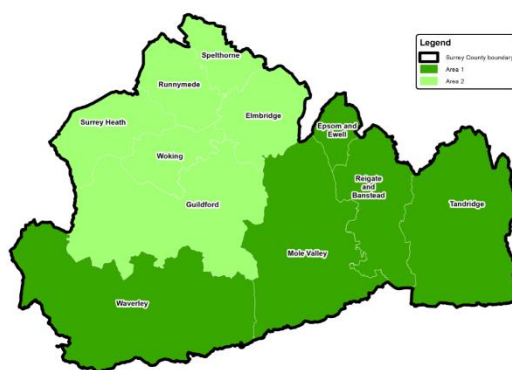
East	West
Elmbridge, Epsom and Ewell, Mole Valley, Reigate and Banstead, Spelthorne, Tandridge	Guildford, Runnymede, Surrey Heath, Waverley, Woking
Population: 648,754	Population: 554,353
Proposed number of councillors: 86	Proposed number of councillors: 76

Key metrics (area split as percentage)		
	East	West
Adult social care users being supported	11,778 (52%)	10,928 (48%)
Children in need	2,644 (55%)	2,128 (45%)
Children with Education, Health and Care Plans	8,791 (55%)	7,215 (45%)
Pupils in school	87,616 (54%)	73,804 (46%)
Eligible for home to school travel assistance	4,038 (49%)	4,192 (51%)
Road miles	1,530 (51%)	1,491 (49%)
Anticipated council tax income	£605.32 million (55%)	£492.57 million (45%)



Key metrics (area split as percentage)		
	East	West
Gross value added	£26.8 billion (52%)	£24.5 billion (48%)

Option 2.3: North/South

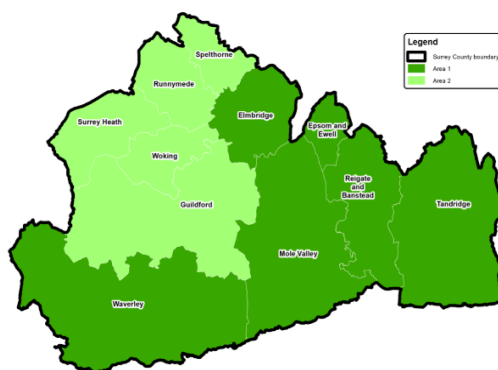


North	South
Elmbridge, Guildford, Runnymede, Spelthorne, Surrey Heath, Woking	Epsom and Ewell, Mole Valley, Reigate and Banstead, Tandridge, Waverley
Population: 667,834	Population: 535,273
Proposed number of councillors: 90	Proposed number of councillors: 72

Key metrics (area split as percentage)		
	North	South
Adult social care users being supported	12,383 (55%)	10,323 (45%)
Children in need	2,854 (60%)	1,918 (40%)
Children with Education, Health and Care Plans	8,790 (55%)	7,216 (45%)
Pupils in school	87,971 (54%)	73,449 (46%)
Eligible for home to school travel assistance	4,211 (51%)	4,019 (49%)
Road miles	1,449 (48%)	1,572 (52%)
Anticipated council tax income	£603.83 million (55%)	£494.07 million (45%)
Gross value added	£31.5 billion (61%)	£19.8 billion (39%)



Option 2.4: North/South



North	South
Guildford, Runnymede, Spelthorne, Surrey Heath, Woking	Elmbridge, Epsom and Ewell, Mole Valley, Reigate and Banstead, Tandridge, Waverley
Population: 529,080	Population: 674,027
Proposed number of councillors: 72	Proposed number of councillors: 90

Key metrics (area split as percentage)		
	North	South
Adult social care users being supported	10,190 (45%)	12,516 (55%)
Children in need	2,296 (48%)	2,476 (52%)
Children with Education, Health and Care Plans	7,087 (44%)	8,919 (56%)
Pupils in school	70,633 (44%)	90,787 (56%)
Eligible for home to school travel assistance	3,493 (42%)	4,737 (58%)
Road miles	1,200 (40%)	1,821 (60%)
Anticipated council tax income	£460.07 million (42%)	£637.82 million (58%)
Gross value added	£24.7 billion (48%)	£26.6 billion (52%)

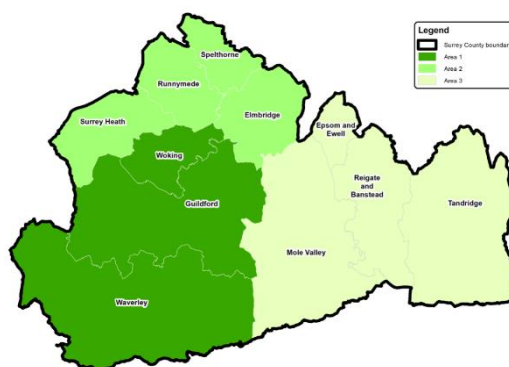
Three unitary authorities

18. This would lead to the creation of three unitary authorities, each with populations exceeding 370,000. Their boundaries would be coterminous with the current county boundaries. An example of the three unitary model is shown below.

19. We are not proposing to pursue three unitary authorities because:



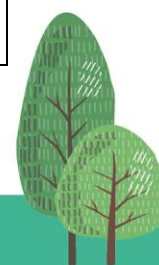
- The additional complexity and costs of disaggregating into three unitary authorities compared to two.
- Potential impact to Surrey's economy with greater risks to less prosperous areas unable to benefit from wider investment and have smaller council tax bases to draw on.
- They would not meet the government's population criteria of 500,000 or more for new unitary authorities.
- Three unitary authorities would lead to greater costs for Surrey residents over the long term and less financially sustainable local authorities. It would also be the most expensive option to implement.



West	North	East
Guildford, Waverley, Woking	Elmbridge, Runnymede, Spelthorne, Surrey Heath	Epsom and Ewell, Mole Valley, Reigate and Banstead, Tandridge
Population: 375,821	Population: 420,242	Population: 407,044
Proposed number of councillors: 52	Proposed number of councillors: 56	Proposed number of councillors: 54

20. The table below shows how the area would split across key financial and socio-economic indicators, using a snapshot of the latest available data for each indicator:

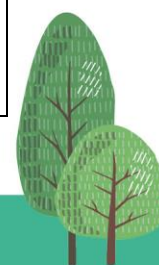
Key metrics (area split as percentage)	West	North	East
Adult social care users being supported	7,170 (32%)	8,009 (35%)	7,527 (33%)
Children in need	1,384 (29%)	1,861 (39%)	1,527 (32%)
Children with Education, Health and Care Plans	5,006 (31%)	5,489 (34%)	5,511 (34%)
Pupils in school	50,009 (31%)	55,914 (35%)	55,497 (34%)



Key metrics (area split as percentage)	West	North	East
Eligible for home to school travel assistance	2,843 (35%)	2,560 (31%)	2,827 (34%)
Road miles	1,082 (35%)	833 (28%)	1,106 (36%)
Anticipated council tax income	£339.2 million (31%)	£384.2 million (35%)	£374.5 million (34%)
Gross value added	£13.3 billion (26%)	£22 billion (43%)	£16 billion (31%)

21. We set out the advantages and disadvantages of three unitary authorities below:

Advantages	Disadvantages
<ul style="list-style-type: none"> • Devolution – a new Strategic Authority for Surrey could be established which would be coterminous with the current county boundaries. • Services would be simplified and improved compared to arrangements under the current 12 councils in Surrey. • Services that are fragmented could be combined to create scale, such as waste collection and disposal services. • The new authorities would be able to direct and tailor use of resources to the specific needs of the communities living in each authority's area. • Greater depth of understanding of economic challenges and opportunities in each unitary area compared to a single and two unitary authorities. • There would be enhanced financial sustainability with three unitary authorities compared to the current system of 12 councils. 	<ul style="list-style-type: none"> • Establishing three new councils would create multiple touchpoints for some services currently accessed by a single front door, adding complexity to the system and potential for inconsistency of outcomes, though this complexity would be less compared to the 12 councils currently operating. • Disaggregation of county-wide services have an even greater impact on the cost and quality of those services than splitting into two unitary authorities, such as creating a need for three Directors of Adult and Children's Social Care and management teams for both areas. It would also further decrease financial benefits that could be realised compared to one or two unitaries. • There is a risk of disparity in service provision due to more uneven distribution of staff with the right knowledge, skills and experience compared to two unitary authorities. • Greater risk than in a two unitary scenario that a more



Advantages	Disadvantages
	<p>economically prosperous authority, or authorities, reinvests proceeds of growth, e.g. business rates, within its own area, leaving the less prosperous authority, or authorities, behind.</p> <ul style="list-style-type: none"> • Less scale to provide support and resources to convene and deliver local improvements in partnership with communities. • Greater risk of uneven economic asset split, such as employment centres and innovation clusters compared to two unitary authorities. • Split of council income across the county will mean fewer resources from local government to invest in supporting growth in the East of Surrey, which has historically underperformed compared to the West and needs further investment¹. • Net costs will significantly outweigh any benefits from reorganisation and transformation, adding to the new councils' financial pressures from day one. This model is unlikely to lead to financial efficiencies. • Given the level of existing debt across Surrey's 12 councils, there is a risk that at least one of the new authorities would need Exceptional Financial Support from inheriting this debt if an alternative solution was not found. • Population – the population sizes in each authority would be below 500,000. This does not meet the government's population criteria. In addition, there could be

¹ University of Surrey – Charting Surrey's Post-Covid Rescue, Recovery and Growth



Advantages	Disadvantages
	operational resilience challenges.

Financial appraisal

22. An initial financial appraisal has been undertaken of creating unitary councils to enable the unlocking of further devolution via a Surrey-wide Strategic Authority. Benefits and costs have been 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 for the modelling assumptions to be applied to.

23. The following have been appraised:

- Reorganisation benefits – savings assessed as achievable in the short-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, reduction in debt servicing costs and a modest increase proposed for sales, fees & charges income.
- Disaggregation costs – these apply to scenarios where two or three new unitary authorities are established. 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. It is assumed that additional management costs below leadership and senior management level (already captured in full in the net reorganisation benefits) will be required, as well as additional costs for some specialist roles that will be needed in each authority. While costs will be minimised wherever possible, splitting county services over different geographies will also have a degree of additional cost impact for current County Council non-staffing service delivery expenditure.
- 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 of this interim plan.

24. All the above 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 level of implementation costs estimated as being required.
 - 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 implementation costs being required based on taking action to limit costs where possible.
 - Mid-point – these represent the mid-point between the base and stretch scenarios and are considered a reasonable estimate balancing prudence and ambition.
25. Modelling for each unitary option is set out in the tables below. We have modelled a single unitary as a benchmark. These show the estimated ongoing annual net benefits or costs five years after the creation of the new authorities when it is anticipated a new steady state should be reached. Positive figures in black represent benefits, while negative figures in red represent costs.
26. A summary of the cumulative net cash flows for each option and scenario is provided, covering the base year (2025/26) up to five years post-implementation (2031/32). The payback period is an estimate of the number of years required for total cumulative benefits to surpass cumulative costs. Where this is displayed as “N/A” this means an option has been modelled as not paying back by the end of the fifth year following Vesting Day of the new authorities.



1 Unitary summary modelling (for benchmarking)

	Base	Stretch	Mid
Annual reorganisation benefits	£26m	£31m	£28m
Annual transformation benefits	£48m	£75m	£62m
Total ongoing annual net benefits/(costs) after five years	£74m	£106m	£90m
Total implementation costs	-£75m	-£63m	-£69m
Cumulative net cash benefits/(costs) after five years of new organisation(s) including implementation costs	£212m	£334m	£273m
Payback period within five years post go live	1.5 years	1.1 years	1.3 years

2 Unitaries summary modelling

	Base	Stretch	Mid
Annual reorganisation benefits	£16m	£21m	£19m
Annual transformation benefits	£35m	£54m	£44m
Annual disaggregation costs	-£43m	-£29m	-£36m
Total ongoing annual net benefits/(costs) after five years	£8m	£47m	£27m
Total implementation costs	-£85m	-£66m	-£75m
Cumulative net cash benefits/(costs) after five years of new organisation(s) including implementation costs	-£74m	£92m	£9m
Payback period within five years post go live	N/A	2.7 years	4.7 years

3 Unitaries summary modelling

	Base	Stretch	Mid
Annual reorganisation benefits	£8m	£13m	£10m
Annual transformation benefits	£27m	£43m	£35m
Annual disaggregation costs	-£64m	-£43m	-£53m
Total ongoing annual net benefits/(costs) after five years	-£29m	£13m	-£8m
Total implementation costs	-£91m	-£68m	-£79m
Cumulative net cash benefits/(costs) after five years of new organisation(s) including implementation costs	-£240m	-£51m	-£146m
Payback period within five years post go live	N/A	N/A	N/A

27. Two unitaries are estimated to deliver ongoing net annual benefits of between £8 million to £47 million and a cumulative net cash position after five years ranging from a net additional cost £74 million in the base



scenario to a net benefit of £92 million in the stretch scenario.

28. The three unitaries option is the least favourable financially with modelling estimating an ongoing annual net additional cost of £29 million in the base scenario up to an ongoing annual net benefit of £13 million in the stretch scenario. Due to the lower savings and higher costs estimated for the creation of three unitaries, the base and stretch scenarios both estimate a significant cumulative net additional cost by the end of five years after creation of the new authorities, ranging from £51 million to £240 million.

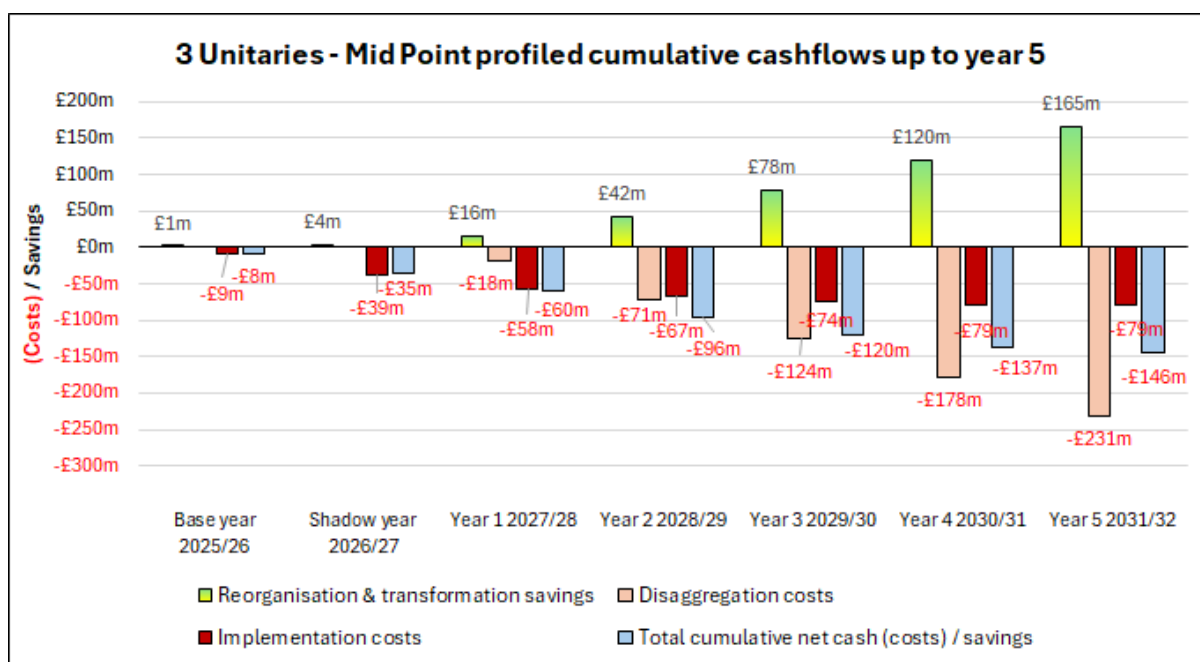
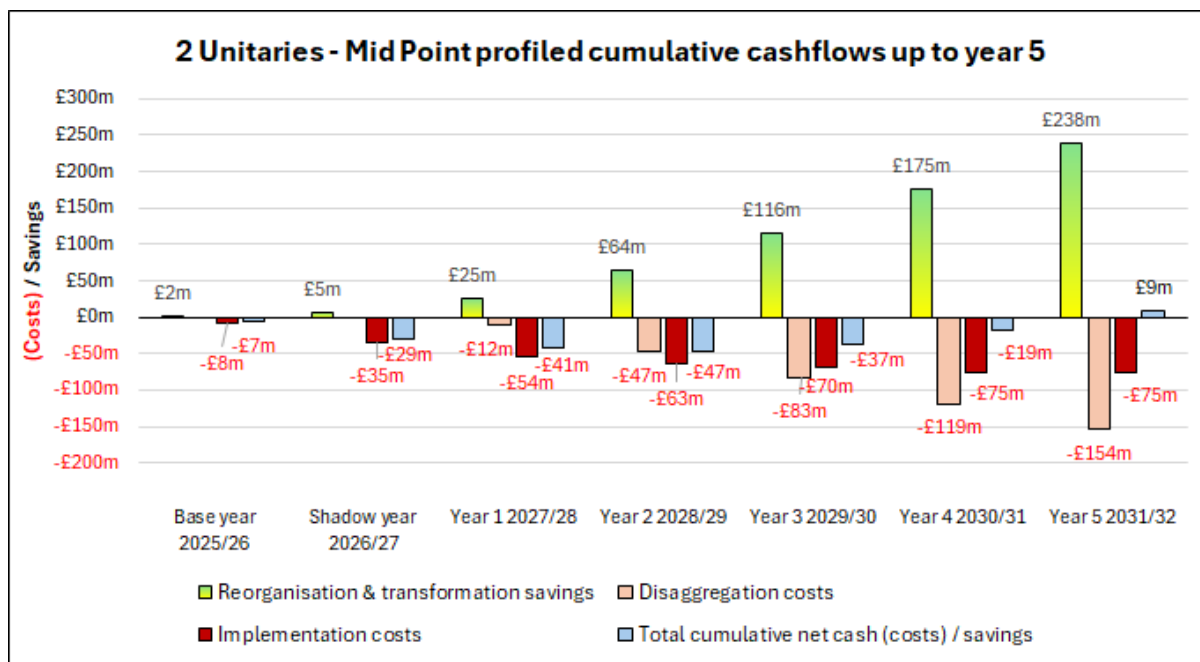
29. The mid-point position for each option is summarised in table below to demonstrate the scale of difference between the three options:

	1U	2Us	3Us
	Mid	Mid	Mid
Annual reorganisation benefits	£28m	£19m	£10m
Annual transformation benefits	£62m	£44m	£35m
Annual disaggregation costs		-£36m	-£53m
Total ongoing annual net benefits/(costs) after five years	£90m	£27m	-£8m
Total implementation costs	-£69m	-£75m	-£79m
Cumulative net cash benefit/(costs) after five years of new organisation(s) including implementation costs	£273m	£9m	-£146m
Payback period within five years post go live	1.3 years	4.7 years	N/A

30. 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 five years following the launch of the new authorities for the mid-point of each option.

31. 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.





32. It is important to note that the financial appraisal at this stage 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. This will be reviewed when greater clarity is provided by government about the benefits and costs associated with the creation of a Mayoral Strategic Authority for Surrey.

33. In summary:

- Two unitaries are estimated to deliver ongoing net annual benefits of between £8 million to £47 million and a cumulative net cash position



after five years ranging from a net additional cost £74 million in the base scenario to a net benefit of £92 million in the stretch scenario.

- In creating two unitaries we will need to minimise disaggregation costs as far as possible and seek to get as close to the delivery of the stretch benefits.
- It is anticipated that Surrey will face funding reductions when the local government funding system is reformed. 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.

34. Work will continue to refine the financial appraisal of the different options, including close collaboration across Surrey's 12 councils. An updated assessment will be included in the final proposal.

Options appraisal conclusion

35. 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.

36. Two unitary authorities would also be more efficient and provide greater scale compared to the status quo of 12 councils and a three unitary option. Two unitaries would balance local knowledge and understanding of the residents they serve so they can prioritise resources more effectively, enabling better outcomes.

37. If, following government's consultation on LGR options for Surrey, they are minded to accept our proposition for two new unitary authorities, careful planning will be required to mitigate risks and disruption from the disaggregation of county-wide services, particularly considering the needs of vulnerable residents that depend on them. We cover this in more detail in the implementation section.





Democracy and governance

Strengthening local democracy

38. Under our proposals for LGR, local democracy for Surrey will be strengthened, giving residents more clarity on who their local councillors are and supporting Members in their roles to effectively 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.
39. 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 Surrey², 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.
40. 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.
41. At present, there are 81 county councillors and 464 district and borough councillors across Surrey. To enable strengthened democratic representation for the new unitary councils, we propose two councillors per division. Countywide, this would lead to, on average, 5,542 electors per councillor based on current 2025 data from the electoral roll, and an average of 5,956 electors per councillor, based on 2029 projections. Proposed councillor numbers were included against each option in the options appraisal and were based on councillor-electorate ratios of around 1:5,500, which is in line with other unitary authorities.
42. 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

² Surrey LGBCE Review 2024: https://www.lgbce.org.uk/sites/default/files/2024-05/surrey_fr_long_report_-_final.pdf



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.

Empowering Surrey's towns and villages

43. The governance models for the two new unitaries will complement the work we are already doing to strengthen participation and engagement across our towns and villages. We know people value being able to influence the decisions that impact them and their local area. LGR can create concerns that community governance, participation and voice may be reduced. We won't let this happen.
44. In line with the government's criteria, we are committed to using LGR to establish even stronger arrangements for local community engagement and neighbourhood empowerment, using a wide range of inclusive approaches that build on current good practices across the county. 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.
45. LGR will enable us to further develop stronger models of joint partnership working at local levels. 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.
46. 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

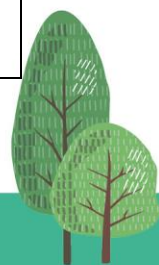


already in Surrey with nationally recognised examples of good practice.

47. 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 aligned in how they work and are effective in prioritising and delivering the outcomes that matter most to people, such as economic growth or reducing health inequalities. This will include alternative delivery models that further incentivise collaboration and formalise these arrangements as part of a wider framework for community governance in Surrey.
48. We will develop this further through the implementation stage, drawing on national examples, learning from work in Surrey to date, and insights from local councillors. We will review options including considering a consistent set of non-precepting community boards or area partnerships at each town and village area scale, supported by themed networks for strategic priorities (eg Health and Wellbeing), bringing together the full range of organisations and community groups, including Town and Parish Councils, with councillors to drive local improvements and surface key insights to inform decision-making at the unitary and Strategic Authority levels.
49. Thanks to the commitment and efforts of all partners in Surrey we do have a strong platform to build from and LGR 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.

Case example: 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 (SCC), 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's economy and growth team, a wide range of local groups were convened,



including the 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 was followed by a range of strategic investments into practical projects that: improved the public realm; created a town centre offer for young people; opened up a new commercial space; provided better active travel options; and created more community spaces and hubs, green spaces, play spaces, and local events and markets. Crucially this joined-up approach ensured investments from different agencies in Horley were strategically coordinated and could be effectively augmented by third party funding, bringing together a total investment of circa £5.5 million into the town.

50. In summary, our proposed democracy and governance models will:

- Provide an appropriate level of capacity for councillors to lead effective, accountable local services and represent their communities successfully.
- Create a clear point of contact for residents.
- Streamline councillor support services across the county and reduce the number of elections, ensuring this funding can be directed towards improving services for our residents.
- Strengthen local democracy, and make it more inclusive, by integrating councillor representation into our local partnerships through our towns and villages work.



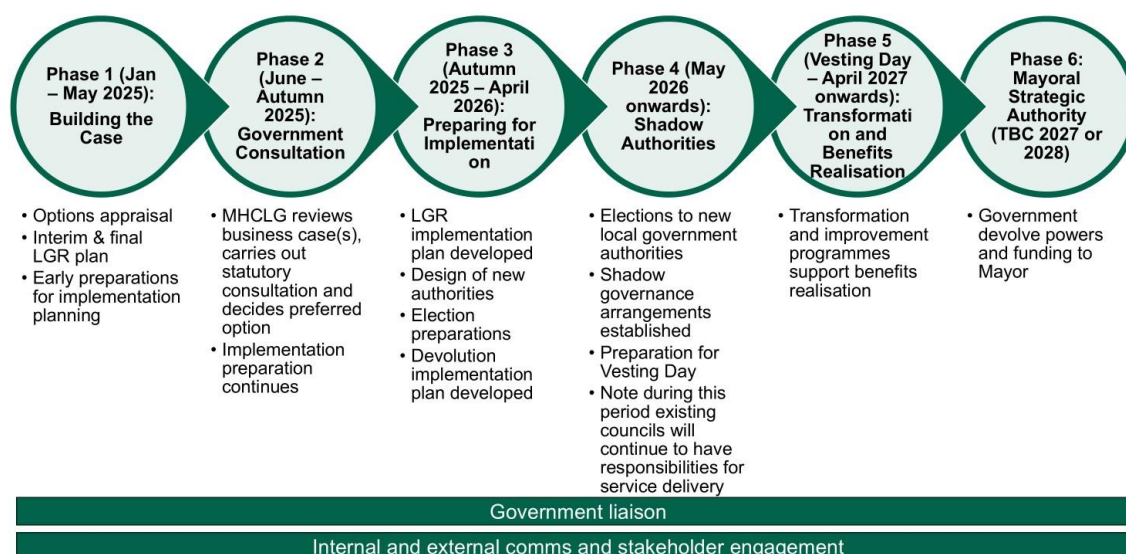
51. In the next section, we set out our high-level approach to implementing our proposals, including the phasing, implementation costings and broad approach we will take to disaggregation and service integration.



Implementation

Phasing

52. We plan to take a phased approach to creating and implement the new unitary councils.
53. Our emerging implementation plan will consist of six main phases, some of which will run concurrently:
- Business case development and mobilisation
 - Government consultation
 - Preparing for implementation
 - Elections and establishment of Shadow Authorities
 - Vesting Day, transformation and benefits realisation
 - Mayoral Strategic Authority establishment



54. The timing of the phases above is subject to change. Each phase will require specific skills and resources. The capacity required will depend on how many unitary councils are created, with implementation costs increasing for each additional council.



Implementation and programme team costs

55. We propose one programme to oversee and deliver the changes. This will ensure the most efficient use of resources and keep costs to a minimum. The primary approach will be to identify work that can be paused or stopped within all existing councils to repurpose roles that are already in the establishment, but it is recognised that additional capacity may be required at certain points during the programme. Costings are based on internal delivery, but the future authorities may decide to invest in external support.
56. It is expected that investment and resourcing for implementation will be a collaborative approach between all Surrey councils, with a multi-disciplinary change team being set up with representatives from all 12 councils.
57. 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.

Cost category	1 unitary		2 unitaries		3 unitaries		Mid-point Base & Stretch		
	Base	Stretch	Base	Stretch	Base	Stretch	1U	2Us	3Us
Redundancy and early retirement	-£17.6m	-£23.4m	-£11.0m	-£15.6m	-£5.7m	-£9.4m	-£20.5m	-£13.3m	-£7.5m
Implementation and programme delivery team	-£20.5m	-£15.4m	-£26.1m	-£19.6m	-£30.6m	-£23.0m	-£17.9m	-£22.8m	-£26.8m
IT consolidation and change	-£22.1m	-£13.0m	-£28.7m	-£16.9m	-£32.0m	-£18.9m	-£17.6m	-£22.8m	-£25.4m
Branding and communications	-£2.0m	-£1.5m	-£2.0m	-£1.5m	-£2.0m	-£1.5m	-£1.7m	-£1.7m	-£1.7m
Shadow authority(ies)	-£0.7m	-£0.7m	-£1.3m	-£1.3m	-£2.0m	-£2.0m	-£0.7m	-£1.3m	-£2.0m
Creation of new council(s)	-£1.0m	-£1.0m	-£2.0m	-£1.5m	-£3.0m	-£2.3m	-£1.0m	-£1.8m	-£2.6m
Closedown of old councils	-£1.4m	-£1.1m	-£1.4m	-£1.1m	-£1.4m	-£1.1m	-£1.2m	-£1.2m	-£1.2m
Contingency	-£9.5m	-£6.5m	-£12.3m	-£8.4m	-£14.2m	-£9.7m	-£8.0m	-£10.3m	-£12.0m
TOTAL IMPLEMENTATION COSTS	-£74.6m	-£62.5m	-£84.8m	-£65.9m	-£90.8m	-£67.7m	-£68.6m	-£75.3m	-£79.3m



58. 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 20% 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.
59. Initial estimated costs are highest for three unitaries primarily due to the need for additional implementation and programme delivery team resource and higher anticipated costs for IT consolidation and change costs, for instance to establish three sets of new systems for many service areas.

Aggregation, disaggregation, and integration

60. Creating multiple unitary councils will require the disaggregation of county services to split between the new unitaries. This will include designing new leadership structures within those service areas along with wider team structures and operating models. This brings with it significant risks, especially in areas such as social care services where there cannot be any disruption or degradation of service quality.
61. Regardless of the number of unitary councils, district and borough services will need to be aggregated to realise economies of scale. This includes consolidating management positions, systems, and teams to provide a more efficient and cost-effective model.
62. Where there are common services across county, district and borough councils, there is an opportunity to integrate these services to create high quality and more cost-effective models. Some of the services that could be in scope are IT, HR, Procurement, Legal, Democratic Services & Internal Audit. We will consider this further in the final plan.



Transformation

63. Where possible we will seek to transform services through the implementation process, but it is highly likely that the majority of transformation will take place from day two onwards, so we can ensure a safe and legal position on Vesting Day.
64. Moving to unitary local government in Surrey provides significant opportunities to improve the quality, cost, and consistency of service delivery across the county. The approach set out in this interim plan will continue to be developed and refined, taking the learning from other councils that have already been through the process of LGR.

Supporting a swift and smooth transition

65. For the transition to unitary local government to proceed as smoothly as possible, we wish to explore with government the appointment of a lead authority in regards to transitional processes and arrangements.
66. There is precedent under section 24 of the Local Government and Public Involvement in Health Act 2007 where a body with general transitional duties should have a say on agreements entered into, to ensure those are in the best interests of residents in the area, and do not undermine or diminish the benefits and savings or have a material impact on the financial position of the new council.



Engagement

Working with stakeholders, partners and residents

67. A range of partners in Surrey from local government and the wider public sector have been engaged in the development of this interim plan and will continue to be engaged as we develop our final LGR proposals and subsequent implementation.
68. We have engaged commissioners for Woking Borough Council in the discussions and analysis of LGR options for the county, ensuring the financial complexities are taken into account.
69. All of Surrey's Members of Parliament have been engaged through existing touch points with members and regular one-to-one meetings between the Leader of the County Council and local MPs.
70. The primary mechanism for engagement with wider public sector partners has been through the Combined Health and Wellbeing and Integrated Care Partnership Board meetings which involve partners from Surrey Heartlands Integrated Care System (ICS), Frimley ICS, Surrey Police, Surrey Fire and Rescue, District and Boroughs and representatives from the Voluntary, Community and Social Enterprise sector. The group has been regularly updated on the development of the interim plan for LGR in Surrey.
71. Furthermore, an initial briefing was arranged in February to brief partners from Further Education, Higher Education, Surrey Businesses, the NHS, Police and Crime Commissioner, Surrey Police, the Voluntary Sector, and Surrey Fire and Rescue. At this meeting partners discussed the importance of community engagement, health and wellbeing, and skills in the new arrangements, and how LGR and devolution can strengthen our already strong working relationships.
72. There are active conversations with the Chief Constable and Police and Crime Commissioner as well as with the Chairs and Chief Executives of Surrey Heartlands and Frimley ICS around reorganising



their operational footprint to align with the county proposal set out above.

73. Existing partner engagement mechanisms such as the [Surrey Forum](#), a county-wide, multi-agency partnership of system leaders set up by the Leader of Surrey County Council to provide aligned strong and visible leadership for Surrey, the [Surrey Charities Forum](#), a monthly meeting bringing together representatives from the county's voluntary sector, and regular meetings with the [Surrey Association for Local Councils](#), who represent the interests of Surrey's parish and town councils, have also been utilised to brief and engage partners in the development of the interim plan. These wide-ranging engagement mechanisms have allowed local partners to discuss and feed into the drafting of the interim plan and will shape the content of the final proposal submitted for Surrey.
74. To engage with, and understand the views of, Surrey residents, we are keeping them regularly updated and undertaking some initial research with a representative sample of residents via our online panel to understand what outcomes they would most like to see resulting from LGR. This is a tool we will continue to use to engage with residents throughout the process, and will complement wider, open engagement activities and events.
75. Surrey County Council staff are also being regularly updated and engaged with, to understand their views, answer questions and ensure they are prepared. A range of communication methods are being adopted to ensure both staff working in offices and in frontline roles are informed and engaged.
76. Within Surrey County Council, an LGR Member Reference Group (MRG) has been established to bring together Select Committee Chairs, Vice Chairs, other senior backbench Members including Group Leaders, the Chair and Vice-Chair of the Council and Chairs of the Regulatory Committees. The Leader of the County Council meets with them to discuss and scrutinise the analysis of LGR options being explored for inclusion in the interim and final LGR proposals. The group has met



three times ahead of the interim plan deadline and will meet at least once more ahead of the 9 May deadline for the final proposal.

77. All county councillors were invited to an All-Member Briefing on 25 February which briefed Members on the English Devolution White Paper, the government's LGR submission criteria, and the approach to meeting the government's timetable. Members were also briefed on the approach officers had taken for the analysis and options appraisal. In a further meeting on 10 March all Members were briefed on the contents of the draft interim submission ahead of the Cabinet and Council meetings on the 18 March.
78. An item on Devolution and LGR was also presented to Surrey County Council's Full Council meeting on 18 March and a Cabinet meeting was held on the same day. Members of Surrey County Council and Cabinet were asked to review and discuss the drafted submission for the interim plan ahead of Cabinet agreeing to submit this plan to government.

Further planned engagement

79. Further engagement is planned ahead of the 9 May deadline. The MRG will hold further meetings to discuss and scrutinise content of the final proposal ahead of this being considered the Full Council and Cabinet meetings scheduled for 7 May. All County Council Members have also been invited to a further briefing on 28 April, ahead of the final proposal deadline.
80. MPs and wider partners will be engaged through aforementioned mechanisms including the Health and Wellbeing Board and Integrated Care Partnership Board meetings, the Surrey Forum, the Charities Forum, briefings and existing meetings with the Leader and senior officers.
81. The planned engagement will help us to ensure that partners, residents and staff continue to discuss their views and feed into the shaping of the final proposal submitted for Surrey.





Conclusion and next steps

82. **Our preference is for two new unitary councils as the best way forward for unlocking further devolution for Surrey in line with the government's criteria.** It sets the stage for longer term public service reform in Surrey, with an aim of unifying public services to achieve the best value for money and improved outcomes for residents.
83. Two unitary authorities for Surrey will also strike the right balance between operating at greater scale for more efficient and financially sustainable local government while enabling scarce resources to be directed into the unique needs and priorities of the communities they serve.
84. As we finalise our proposals, we will continue to engage local partners and other key stakeholders to support their development. We



recognise the importance of working with our partners so we can better understand the impact of LGR for them and how we can work together as Surrey transitions to a new model of local government to minimise disruption for residents and build on successful partnership working under the current two-tier system.

85. We will also continue to refine our analysis as we work through further risks and issues to be explored in the planning and implementation for the new authorities. Further detail will be presented in our final proposals in May.
86. Our final LGR proposals will be presented to Surrey County Council's full Council and Cabinet meetings on 7 May 2025. In parallel, we will continue to work with government and the district and borough councils on finding solutions to the barriers and challenges referred to earlier in this plan.
87. We look forward to engaging government, and other stakeholders, on this plan and helping us to shape these proposals further. We are confident that with the right support, our proposals can help deliver a new era of local government for Surrey, and unlock a new Mayoral Strategic Authority, that supports the ambitions of the county's residents and businesses to give everyone the same chances to thrive in the county, supports further economic growth and ensures that no-one is left behind.



Shaping Surrey's Future

**Interim plan for local government reorganisation in
Surrey**

March 2025

Foreword

Since receiving the ministerial letter inviting reorganisation proposals in February, Surrey's local authorities have worked together to consider the options for change. All authorities agree that local government reorganisation is essential to maximising devolution opportunities and driving economic growth. We also recognise that the current system of local government has been in place for 50 years. This is a once in a generation opportunity to get the structure of local government right for Surrey.

We all firmly believe in the necessity for change. The current two-tier system is not working, and we see local government reorganisation as a critical opportunity to improve this system and the outcomes for residents, maximise value for money and make Surrey a brilliant place to live, work, and do business.

Devolution is our aim, and we want to play our part in bringing the Government's devolution vision to life. We see a key role for a new elected Mayor, working alongside the unitary authorities to support a strategic and coordinated vision across the county.

We intend to work with Government to take advantage of the new devolution powers announced and would like to work to the fastest possible timetable.

This document sets out our shared vision for the future of local government in Surrey.





Our priority is to create the conditions to maximise local economic growth, supporting Government's growth mission for the UK, and enabling a thriving economy for our residents and businesses.

We want to support the government's ambitions to build more and better homes, and to provide public services in a holistic, joined up way that improves outcomes for all our residents and businesses and drives the best value for money.

Our interim plan for reorganisation is the result of close collaboration among local authorities in Surrey and engagement with stakeholders. We have worked together, across the county and the political spectrum, to develop an interim proposal that delivers the best outcome for the residents and businesses of Surrey.

Reorganisation will enhance efficiency and help place local government on a sound financial footing, giving us the opportunity to work together to address Surrey's notable debt challenges.

We are keenly aware, however, that local government is more than numbers on a balance sheet – we deliver vital services that residents and businesses rely on, and we play a unique role in local place shaping.

It is vital that local authorities are demonstratively rooted in, serve the needs of, and are accountable to local people. By building up a structure for local government around our county's communities, we can ensure that, from day one, local government in Surrey is geared towards achieving the best outcomes for residents and fostering inclusive economic growth.



While not all authorities have expressed a clear preference at this stage of the process, of the majority that have, all strongly support and recommend a three unitary model. The analysis is clear that three unitary authorities best balance financial considerations with those of local accountability and connection. Three unitary authorities will create financially sustainable local government that aligns with Surrey's human and economic geography, giving us the best opportunity to maximise economic growth and provide the best service to our citizens as we move forward with devolution and the establishment of a Mayoral Strategic Authority.

While we have made strong progress, there is more work to do. We have outlined our current position and where additional support is required from the government in this interim proposal.

We look forward to continuing to work together to improve local government in Surrey.

Executive summary

This document details the progress in developing a proposal for local government reorganisation in Surrey.

In reaching this point, we have considered the financial and non-financial case for change and have identified **two options for reorganisation**: a two unitary model or a three unitary authority model. A one unitary authority model for Surrey does not meet the criteria set out in the English Devolution White Paper, nor the specification set out by the Minister in his invitation for proposals.

Due to time constraints, our financial modelling is preliminary. However, our work suggests that **both options are financially viable and would result in significant financial benefits and improved value for money** by reducing duplication and improving service delivery. Short term benefits are expected from both options, and longer-term opportunities for transformation have also been identified. These include leveraging economies of scale and integrating upper and lower tier services to deliver holistic, needs-based services and improved outcomes. This includes, for instance, joining up decisions on investment in local infrastructure and local planning in unitary authorities covering functional geographic areas, helping to improve housing delivery and encouraging economic growth.

While the financial case is important, we have also considered the non-financial benefits of reorganisation. Our work highlights the importance of **maintaining strong local connections and accountability** between local government and the communities we serve. Doing so will ensure that the structures and services of local government reflect local identity, and the challenges and opportunities faced, making sure that we are best placed to do all we can to improve outcomes for the people who rely on our services





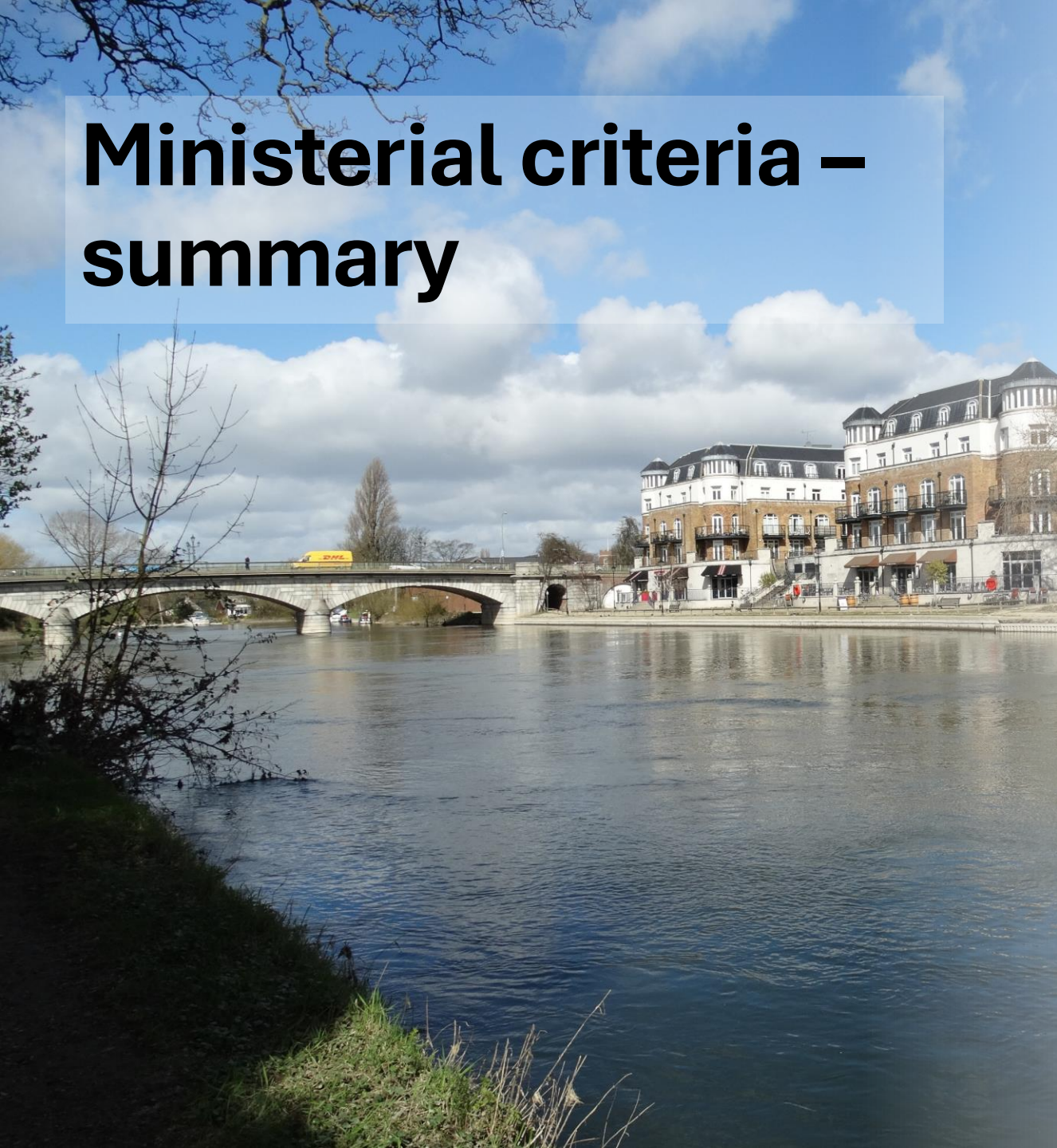
Getting unitary boundaries right is crucial to maximise the **opportunities of devolution for economic growth**. Ensuring that unitaries reflect coherent economic geographies will enable each authority to have an economic strategy focused on its specific strengths. It will maximise the opportunity for inward investment and growth – supported by enhanced strategic planning, improved local infrastructure and housing delivery. All of which contributes to growing Surrey's economy in support of the government's growth mission for the UK.

For all of us who have expressed a view, the three unitary authority option strikes the best balance between efficiency and maintaining a strong local connection, as well as maximising local economic growth by ensuring that unitary authorities reflect the economic geography of Surrey.

The current system of local government has stood for 50 years, and this is a once in a generation opportunity to change and improve. We have therefore tried to think in a strategic, long-term way. But this means that we need to separately resolve **the local authority debt position** in Surrey, especially unsecured debt. As our interim plan sets out, we have identified options for dealing with debt and would welcome conversations with MHCLG to progress this further, alongside Woking Borough Council's Commissioners. Other challenges identified include **service delivery risks** and the need for **capacity funding to deliver this ambitious change** and associated local engagement in the timeframes.

This proposal is the product of considerable engagement and coordination between Surrey's local authorities. Each district and borough council in Surrey has received and debated this proposal at a meeting of its Full Council. We have also engaged with other public sector partners, including Woking's Commissioners. This engagement will continue and ramp up as we finalise the plan due in May.

We look forward to continuing to work together to improve local government in Surrey, realising the opportunities of devolution and unlocking economic growth.



Ministerial criteria – summary

Ministerial criteria for the interim plan	Summary	Page
a) Identify any barriers or challenges where further clarity or support would be helpful.	We have identified the following areas: debt, capacity funding, service delivery risks, consultation and engagement as further clarity and support would be helpful.	Page 10
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.	<p>In this pack, we have considered options for two or three unitary councils in Surrey.</p> <p>All of us who have expressed a view agree that three unitary councils is the best model for Surrey.</p>	Page 12
c) Include indicative costs and arrangements in relation to any options including planning for future service transformation opportunities.	We expect that there will be many opportunities for greater efficiencies and improved outcomes from transforming services and we propose to establish a two-year transformation programme. Though we haven't yet confirmed our assumptions, we expect the potential for ongoing savings to be significant.	Page 34

Ministerial criteria for the interim plan	Summary	Page
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.	<p>We propose using the new Surrey County Council boundaries, with up to 3 members per division as the basis for democratic representation in Surrey. This would result in a reduction from 534 to 243 councillors across Surrey, which is in line with the Local Government Boundary Commission guidance.</p> <p>We feel this best balances local representation with effective governance and decision-making.</p>	Page 36
e) Include early views on how new structures will support devolution ambitions	The new unitary authorities will support devolution ambitions by aligning local authority boundaries with Surrey's distinct economic clusters, enhancing strategic planning, and creating a more attractive investment climate for businesses.	Page 40
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.	<p>We have been working collaboratively together, across districts and boroughs, to develop this interim plan. We have also engaged with elected members, local partners and some stakeholders.</p> <p>Following the submission of this interim plan, we will develop a comprehensive consultation and engagement plan to make sure that the voice of residents and stakeholders informs our final submission – as it should.</p>	Page 42
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.	We have estimated that costs of implementation will be in the region of £60m, though this does not include the considerable officer time and loss of capacity involved in developing and moving the proposal forward. We are keen to explore how the government can support us with this, particularly as capacity is limited given other key priorities.	Page 44



Our theory of change

In developing our proposals for two or three unitary authorities in Surrey, we have considered the key benefits and outcomes any future model needs to meet. The theory of change for local government reorganisation (LGR) is well established and we have used previous examples of change to set our criteria, listed on the right of this page.

We have used financial and non-financial analysis to develop and evaluate the options for two and three unitary authorities, using data from previous experience of reorganisation; published reports and accounts; detailed accounts from all authorities; and previous analysis commissioned by PwC into local government reorganisation in Surrey.

The financial benefits and potential costs have been applied to both options and show that both are financially viable and create efficiencies and the potential to improve services. There are some differences in the anticipated benefits:

- Financial savings – two unitary authorities create greater potential for savings, but both options offer significant savings. Due to the topography of Surrey, property and service delivery will still need to be spread across the large unitary areas, minimising differences in benefits.
- Non-financial benefits – three unitary authorities better reflect local identities and the reality of Surrey's economic geography – which means more potential to deliver services aligned to local needs and maximise the growth of local economies.

The detailed assessment of these options against the benefits on the right are explained later in this report. This work has been carried out by district and borough councils working together, engaging County colleagues, with regular meetings between Leaders, Chief Executives, Section 151 Officers and Monitoring Officers throughout the process. We have also engaged key public sector organisations including the police, MPs and universities. A more detailed resident engagement plan is under development.

Financial benefits

- **Reduced duplication**
- **Fewer councillors, elections & senior officers**
- **Economies of scale**
- **Asset rationalisation**
- **Opportunities for transformation & service improvement**

Non-financial benefits

- **High quality & sustainable public services – more holistic delivery**
- **Recognises and meets local needs**
- **Supports devolution**
- **Enable local engagement & economic growth**



Barriers and challenges

Our view on areas where further clarity or support from Government would be helpful

Barriers and challenges

We have identified the following areas that would benefit from further discussion between MHCLG and councils in Surrey:

Debt – The significant levels of debt across Surrey’s local authorities are well recognised and widely publicised. Ongoing discussions between local and national government, along with Commissioners and Best Value inspectors (where applicable), are focused on the best strategies for managing this debt. Whilst we have ideas to address the issue, we would welcome clarity on Government’s position, so that we can engage positively on a solution, to avoid debt coming across to a successor body.

Capacity funding – While we share the government’s ambitions on devolution and reorganisation, we are concerned that the inherent complexity involved in moving to new structures for unitary local government is a considerable undertaking in highly ambitious timescales. We have estimated that costs of implementation will be in the region of £60m, though this does not include the considerable officer time and loss of capacity involved in moving the proposal forward. We are keen to explore how the government can support us with this, particularly as capacity in local government is limited given other key priorities.

Service delivery risks – The period of implementation will result in risk associated with transition, particularly with reference to maintaining the delivery of core services. While we will seek to minimise these locally, we would also be keen to discuss government support in this area.

Consultation – We agree with Government's keenness to ensure that all proposals reflect full democratic consultation. We have ensured that all 11 district and borough councils have been part of the process, alongside Surrey County Council and other public sector organisations and MPs. We are keen to discuss how we ensure wider consultation is part of the process moving forward.

Engagement - This proposition reflects considerable analysis and work. We would welcome the opportunity to discuss this with officials and Ministers. We would also welcome a **named official** with whom we can work, to ensure that the proposition we bring for 9 May addresses Government priorities.



The size and boundaries of unitary authorities

Our interim analysis of the options for unitary local government in Surrey that will offer the best structure for delivery of high-quality and sustainable public services, and provide significant efficiency savings compared to the *status quo*



Our proposal

Our proposal is driven by a deep analysis of both financial and non-financial factors and considerations. It is guided by the belief that, given the current system has been in place for 50 years, this is a once in a generation opportunity for Surrey. It is vital that we get the structure of local government right to stand the test of time.

Our work has identified two viable options for the reorganisation of local government in Surrey: a move to a two or three unitary model. Together, Surrey's district, borough and county leaders agree that one unitary council for the entire county would not meet the government's criteria for reorganisation and devolution. We also believe that an authority of that size and scale will not be able to meet the diverse needs of the county. It has therefore been discounted as an option.

Both considered options create financially viable new unitary authorities with population ranges of approximately 600k for two, and 400k for three authorities. Existing district and borough boundaries will serve as the building blocks of the new unitary authorities, enabling LGR at pace.



Overall, our conclusion is that a model with either two or three unitary authorities in Surrey would be financially resilient, robust and able to deliver substantial efficiency savings compared to the current two-tier model of local government.

Our analysis shows that a three unitary model best recognises the social and economic reality of Surrey, enabling each new unitary to have a more coherent and stronger local grounding in the places it serves. This model will ensure that each new council is well placed to provide place leadership and deliver high quality services. It will give residents reasons to be proud of the place they live and to be ambitious for its, and their, future.

Crucially, a three unitary structure would also enable us to maximise economic growth, supporting the government's central growth mission and creating jobs and opportunities for residents and businesses.

The shape and location of proposed new unitary authorities therefore reflect this. We have developed options for the boundaries and would like to discuss these with Government as part of the next stage of development.

Options for reorganisation

Despite the diversity in human and physical geography, the evidence suggests that Surrey's population and economic output is divided relatively evenly across the county.

Two unitary authorities

- To form two unitary authorities, the most logical option would be to split the county down the middle, with an east and west unitary.
- This would create two large authorities, each containing economic hubs and a mixture of suburban areas, towns and villages – though an economic hub in the north would be fragmented between both.
- The authorities would serve a variety of different places which don't necessarily share a common local identity and have distinct needs and challenges

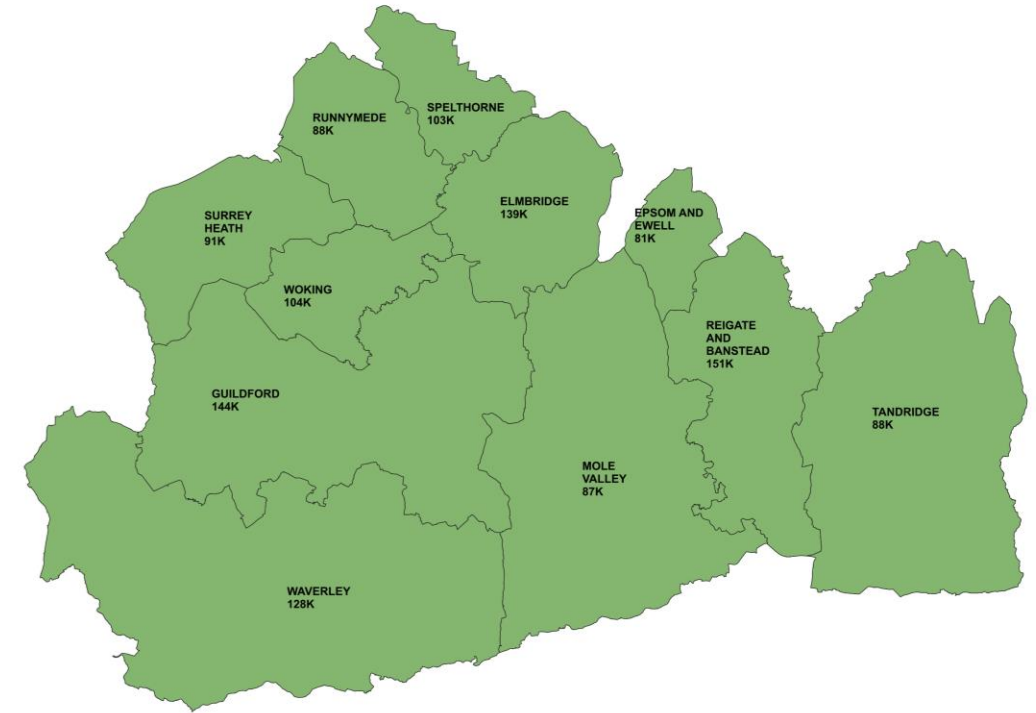
Three unitary authorities

- To create three authorities, the proposal is to create a northwest Surrey unitary, then split the south-west and east into unitary authorities.
- This would create three coherent authorities, each with a distinct economic hub and character. The north-west would cover more urbanised, suburban London areas, while the southwest and east would mostly serve smaller, though still strategically significant, towns and villages.
- The authorities would have a clearer sense of local identity and a coherent pitch for economic growth.

Our evidence shows that **both two and three unitary configurations would create financially sustainable local authorities**, improving services for residents. While two unitaries offer slightly greater savings, both options deliver significant savings against the current model. Non-financially, three unitaries are preferable as they better reflect Surrey's diverse places, identities, and communities.

Both options produce positive finances, and given the much stronger alignment between three unitaries and Surrey's economic geography, all of us who have expressed an opinion agree three unitary authorities is the best option for Surrey.

Districts and their population



Population

According to the latest Office for National Statistics population data, Surrey has a population of approximately 1.2 million.

Estimates for future population growth (from 2020), forecast that population growth will remain flat over the 25-year forecast period. However, these growth estimates were made before the pandemic as well as the recent increase in housing targets as part of the new National Planning Policy Framework.

Updated population projections are due in May 2025, though it is reasonable to expect that Surrey's population will increase following post-pandemic trends (such as the "race for space") and the increased housing targets.

Population sizes for each model – on current numbers – would roughly be:

- **600k each for two unitary authorities**
- **400k each for three unitary authorities**





The picture in Surrey

The following slides set out the contextual factors of Surrey needed to understand the proposed models.

Strategically located

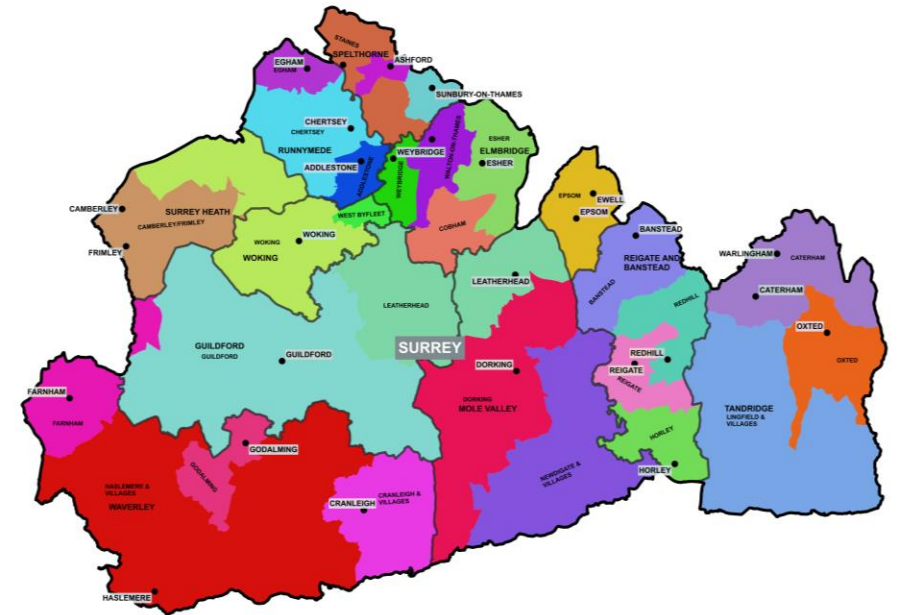
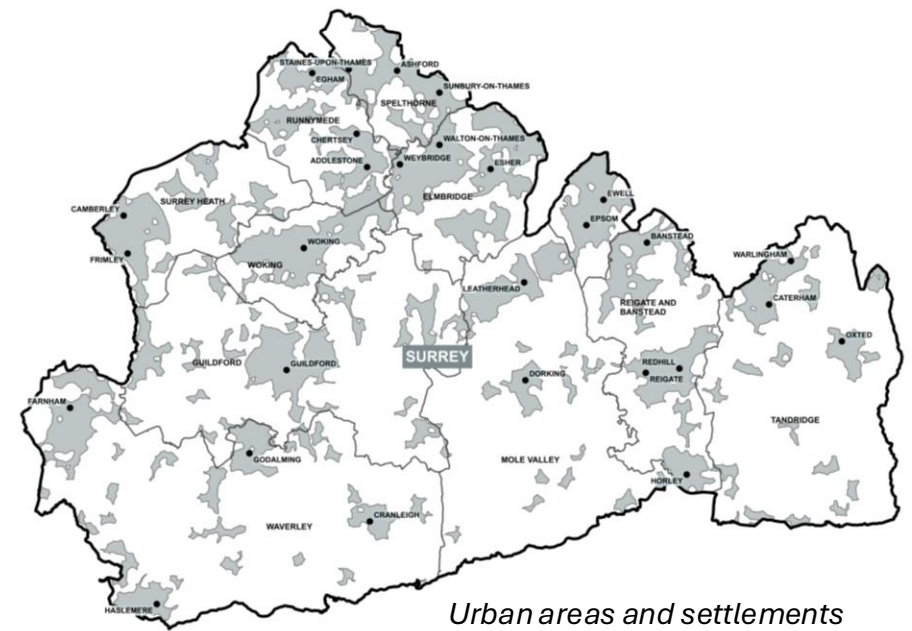
Surrey benefits from a **strategic position in the south-east** of England. It has strong relationships with surrounding areas and **plays a crucial role in the economic success and future growth potential of London and the greater south-east area.**

Close to London, Heathrow and Gatwick, the county has strong connectivity to the wider south-east, predominantly on a north-south basis with the capital being a significant centre of gravity.

With a population of 1.2m, **Surrey is one of England's most densely populated counties.** It is characterised by a **polycentric settlement pattern focused around local town and village centre footprints**, with no one area dominating.

Bordering Greater London to the north, the population density in Surrey's north and north-west share many characteristics and settlement patterns with the suburban outer London boroughs.

In contrast to this, the south of the county is predominantly rural, with communities centring upon towns such as Woking, Guildford, Dorking, Redhill and Reigate, as well as many other smaller settlements.



Surrey's town footprints - spatial boundaries taken from Surrey County Council's Towns Programme.

Strong local economies

Surrey has a highly skilled workforce, strong business base and three universities.

The county enjoys a strong local economy that sustains local employment, contributing over £51 billion per year in GVA.

Surrey is home to several of the UK's leading businesses as well as nationally important innovation and research and development assets that cluster in local areas. These hubs are focused in the county's south-west, north-west and east.

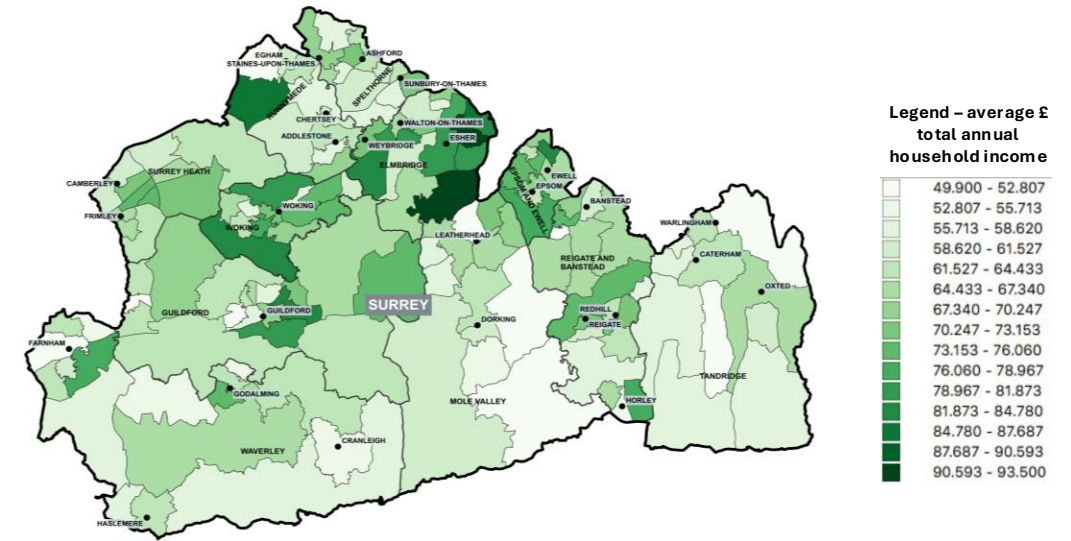
There is a strong local economy that is not reliant on one dominant sector or area but rather, it has strengths across the board in several high-value, knowledge-based sectors.

There are, however, areas of significant relative deprivation.

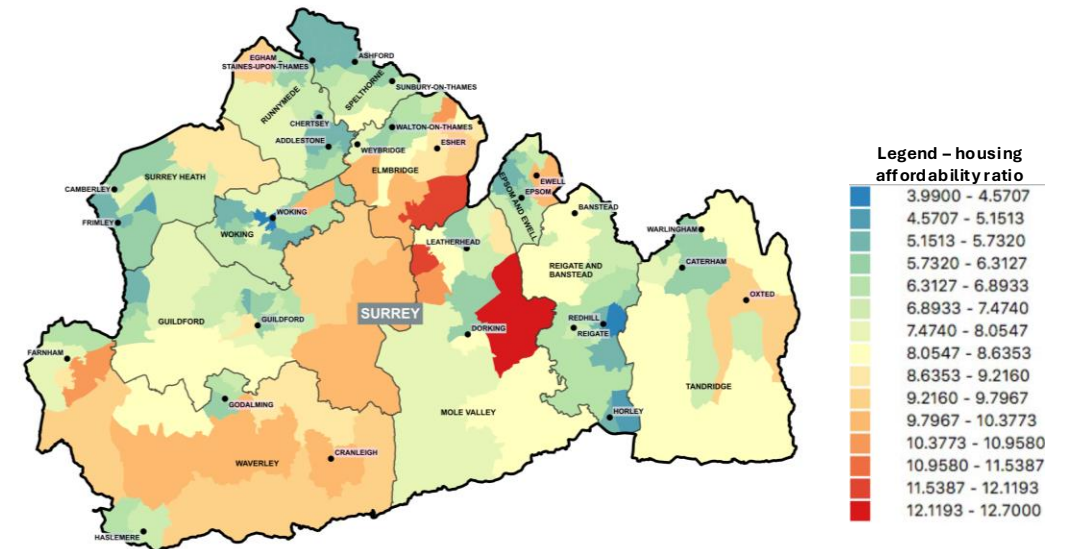
The affordability of housing is considerably more challenging in many areas compared to the broader national average, though pockets of relative affordability exist.

Area	No qualifications	Level 1 and entry level qualifications	Level 2 qualifications or Apprenticeship	Level 3 qualifications	Level 4 qualifications or above	Other qualifications
South East England	18.1%	9.7%	18.6%	16.9%	33.9%	2.8%
England	15.4%	9.8%	19.0%	17.4%	35.8%	2.7%
2 Unitaries						
East Surrey	13.2%	8.7%	17.8%	15.6%	42.2%	2.6%
West Surrey	12.5%	8.1%	16.8%	17.5%	42.6%	2.5%
3 Unitaries						
East Surrey	13.0%	8.8%	18.3%	16.2%	41.1%	2.5%
North-west Surrey	13.6%	8.8%	17.4%	16.5%	41.1%	2.6%
South-west Surrey	11.9%	7.6%	16.2%	16.8%	45.1%	2.4%

Educational attainment (2021 Census)



Average household income (ONS 2020)



Housing affordability as a ratio of income (ONS 2024)

Economic clusters

While Surrey's economy is strong, there are distinct geographic clusters of economic activity and industry that drive its strength and dynamism.

Guildford is the centre of economic activity in the south-west, with the borough contributing 12.3% of Surrey's GVA and 14.5% of jobs. Key areas of employment in the south-west include scientific and technical activities, manufacturing, research and education, as well as human health activities. Innovative and high-growth activities cluster around the University of Surrey.

Elmbridge leads in north-west, with 13.2% of Surrey's GVA and 11.6% of jobs. With close connectivity to London, the capital and its outer fringe – including Heathrow Airport – is a significant destination for employment and leisure activity. Key employment sectors include wholesale retail and trade, administrative and support services and transportation and storage. Runnymede has a notable financial and insurance activities sector, while Spelthorne has notable construction and manufacturing sectors.

In the east, economic activity is centred on Reigate and Banstead, which contributes 13.7% of Surrey's GVA and is host to 11.4% of the county's jobs. Key employment sectors in the east include human health and social work activities, construction, as well as a notable clustering of financial and insurance activities in Reigate and Banstead and Mole Valley. Further, a notable percentage of jobs in Epsom and Ewell and Tandridge are in the education sector.

2024 UK small area gross value added estimates, ONS;
2023 Business Register and Employment Survey



Economic clusters – economic geography

The map to the right plots the major road network (in red) alongside the rail network (hatched lines) and the motorway (purple). This connectivity has been overlaid with a map of Surrey's urban areas and settlements.

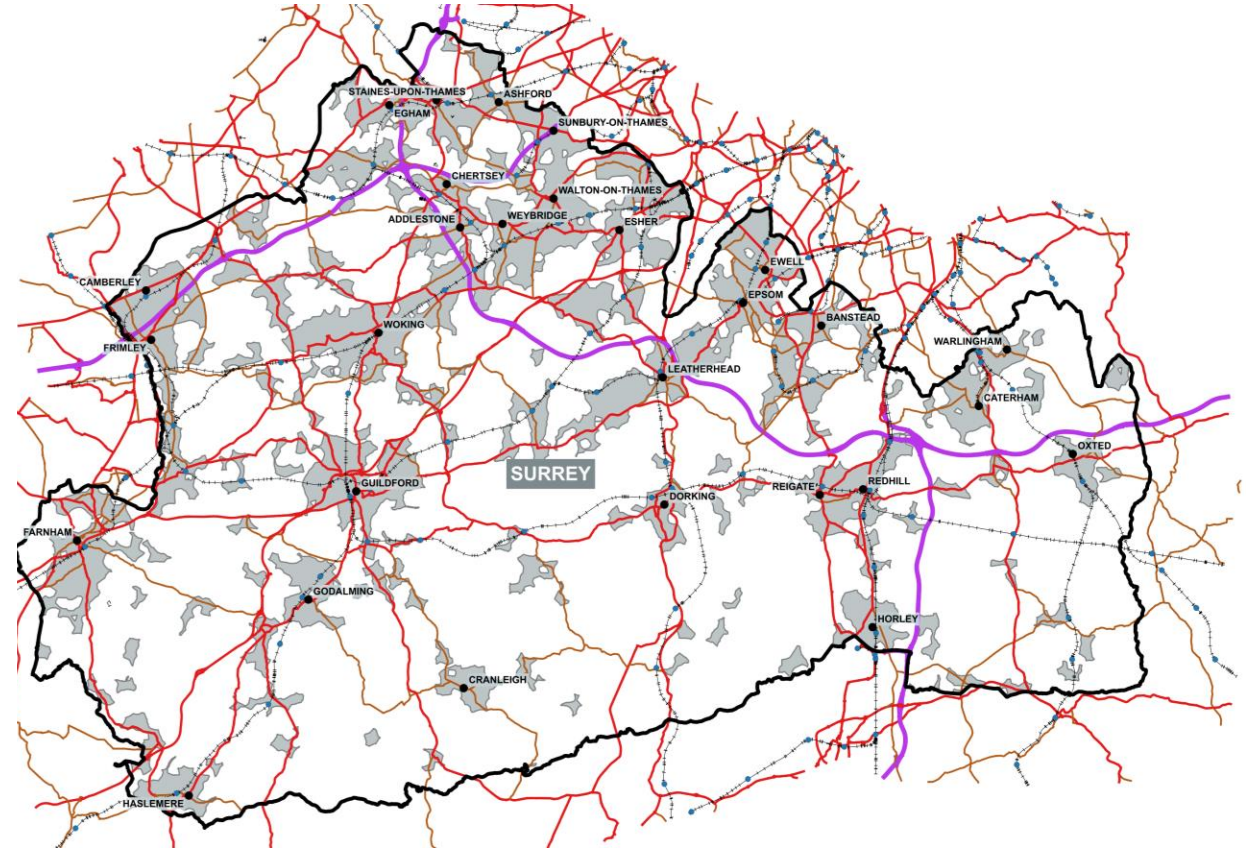
This shows the distinctive features of Surrey that drive the three clusters of economic activity and identity.

As the map shows, the road and rail networks are particularly strong on a North-South basis, creating strong connections on that axis – such as between Godalming, Guildford and Woking. The connectivity is much weaker East-West, creating separation between communities and economic activity.

The North-West of Surrey reflects characteristics and settlement patterns of the suburban outer London boroughs. As noted, it is much more densely connected, and draws its economic drivers from London and Hounslow, as well as neighbouring boroughs.

South-West Surrey's economy is driven particularly by Guildford, with commuting data reflecting the connections between Waverley, Woking and Guildford in particular.

East Surrey is distinct again, with districts and boroughs well connected to each other, but also drawing economic strength from its connection to Gatwick and London, and its place in the Gatwick Diamond.



Settlements and travel infrastructure

Economic clusters – commuting patterns

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

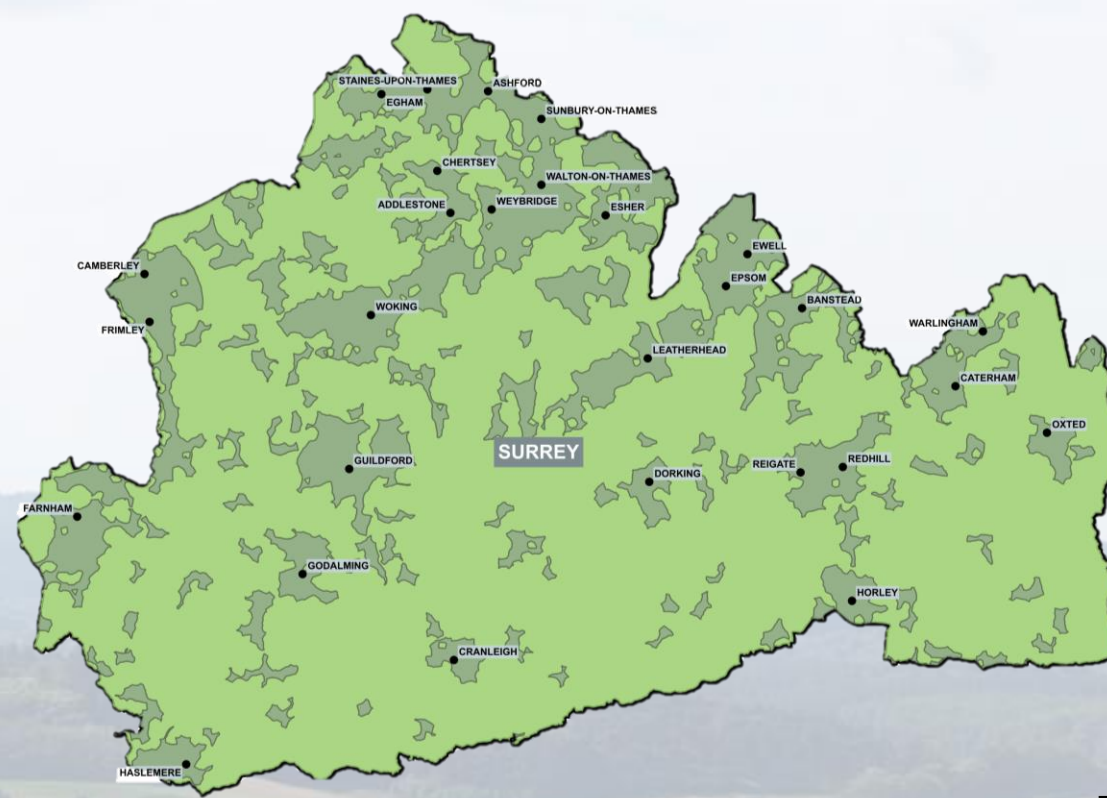
Districts have been ordered on an east-west basis which illustrates the county’s three economic clusters, each of which has their own transport priorities, patterns and identities.

- East Surrey: Residents largely work locally or commute to London or Gatwick. There is a strong connection to Crawley.
- South-west Surrey: Residents commute within these districts, with the main employment centre being in and around Guildford.
- North-west Surrey: Most stay local or commute into London boroughs, particularly Hounslow and Heathrow – which drives a lot of economic activity.

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

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

Surrey - Local Identity Pen Pictures



North-West Surrey

The character and pattern of communities in North-West Surrey is distinct. Instead of large destination towns seen in the South-West and East, communities in North-West Surrey have a similar pattern and characteristics to an outer London borough, with dense settlement patterns ribboned by the strategic road and rail network as well as the metropolitan green belt. Communities in North-West Surrey have a distinct identity and sense of place, shaped by these geographical features and how residents move between these settlements for work, leisure and to access services. Development and infrastructure delivery will need to reflect this more urban character.

London is a significant centre of commuting activity, particularly Heathrow, as well as Blackwater and Thames Valley. The area benefits from its proximity to London, as well as Heathrow Airport and other key national transport infrastructure such as the M25 and M3 motorways, boosting local business and investment. The area is generally affluent, though pockets of relative deprivation exist.

South-West Surrey

South-West Surrey is a dynamic and economically diverse area that plays a significant role in the economic prosperity of the wider region. Consisting of large towns, like Guildford and Woking, as well as many smaller, rural communities, the area benefits from excellent transport connectivity to London, the south-east and beyond. This connectivity makes it a highly attractive area for businesses to be based and as a place to live.

The University of Surrey, in Guildford, hosts a strong cluster of innovation and research activity, particularly in fields such as cybersecurity, artificial intelligence, 5G connectivity, video games and space technology. The area is also home to a number of large employers as well as a thriving small and medium sized business sector, in both rural and urban areas. Key industry areas include technology, finance, healthcare and education.

East Surrey

The East Surrey authorities all have proximity to London, Brighton and the coast, and to Gatwick airport. They have rail connections to London and share a cohesive road network linking them together, including the M25 and M23. All these links, along with a strong local jobs market and quality natural environment, make this area a desirable place to live and work.

The connections and complementarity between East Surrey's towns create a clear local identity and natural fit which, combined with a buoyant local economy and future growth potential as part of the Gatwick Diamond economy, makes the East Surrey area a coherent and robust geography for any new unitary authority. The area already benefits from a shared footprint for adult and social care.

The area is part of the well-recognised and long-established Gatwick Diamond economic area, with Gatwick Airport at its heart. The Diamond is home to large international corporations and vibrant and innovative small and medium sized enterprises.

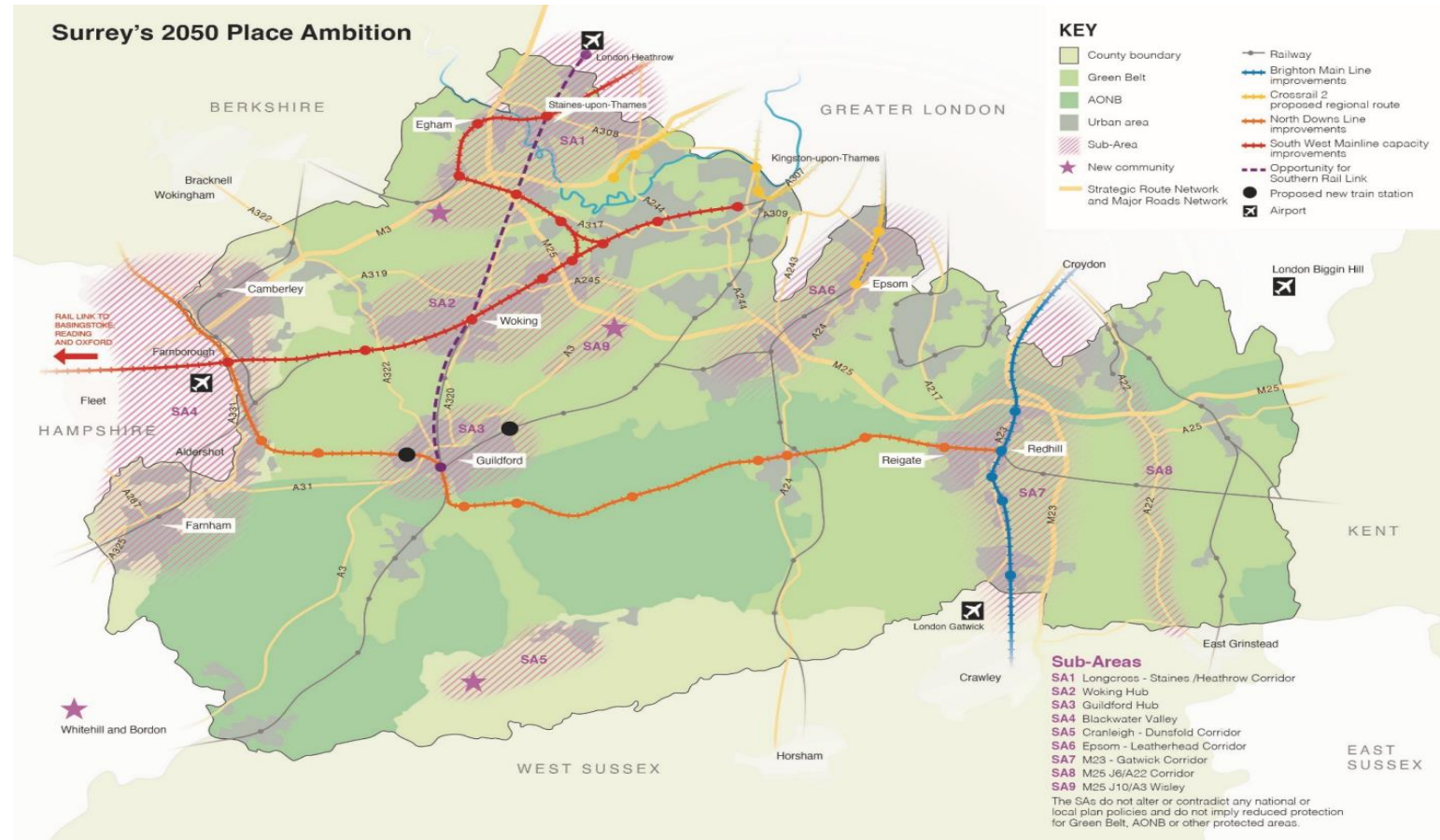
Future growth areas

Surrey's *2050 Place Ambition* (published in 2023) is a comprehensive vision of good growth for Surrey across the next 30 years. It was agreed through a collaborative process that involved Surrey's local authorities, strategic partners and stakeholders, and aims to address long-term challenges and opportunities.

It identified nine key strategic sub-areas within Surrey and neighbouring areas, such as Blackwater and Thames Valley. These are areas where significant new housing and/or employment development is proposed in adopted and/or emerging local plans, as well as where new strategic infrastructure and investment to address existing infrastructure deficiencies is needed.

The vision noted that the opportunities within the sub-areas, illustrated in the image to the right, require consideration on a wider geographical basis.

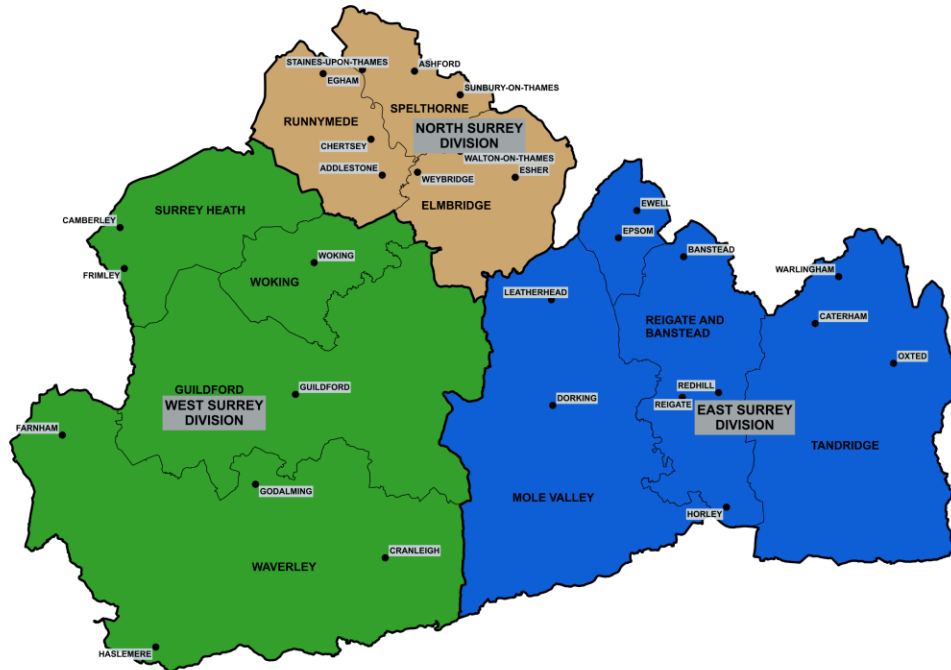
They closely correlate with Surrey's places and distinct economic clusters, as well as the proposed three unitary geography of Surrey.



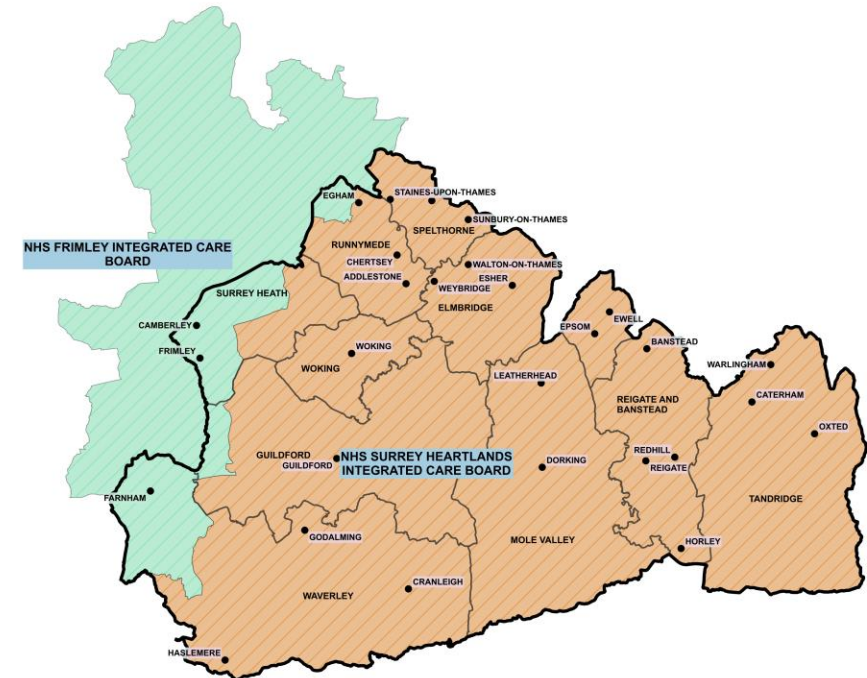
Alignment with other public sector boundaries

Given Surrey's population size and topography, other public services split Surrey into particular localities, which generally align with the proposed model, causing minimal disruption to service delivery with local government reorganisation. The examples of the police and NHS Integrated Care Systems are provided below.

Surrey Police divisions



Integrated Care Systems



A scenic landscape featuring rolling green hills and dense forests. In the distance, a small village with a church spire is visible. The foreground shows a grassy field with a few trees and a small structure. The sky is clear and blue.

Efficiency saving opportunities



Our methodology

To evaluate the financial viability of both options, we have considered the savings from transitioning to unitary authorities.

These savings come from fewer elections, councillors and senior managers, and eliminating duplication to find efficiencies in service delivery. We've offset these savings against the costs of disaggregating upper-tier services, and the costs of implementing the change, such as redundancies, new digital infrastructure, running a shadow authority, and project management. This gives us a net cost/benefit for implementing the proposals.

Our modelling has been based upon assessing and analysing the 11 examples of LGR that have taken place across England since 2009, together with the analysis made by PwC in their report investigating the options for reorganisation for Surrey in 2020. The business case for each previous case of LGR was built upon a series of assumptions as to costs and savings.

The two-tier system in its current form has existed since 1974. To ensure reorganisation and devolution unlock lasting and sustainable economic growth and prosperity, it is important that what we create now is built to last. With the benefit of hindsight, we have been able to assess whether the assumptions made in the recent cases of LGR were borne out in reality, and to alter our modelling accordingly.

The assumptions we've developed have been discussed with all Section 151 Officers from Surrey's 11 districts and boroughs. This work is ongoing, and we will refine and update the costs and benefits as more data becomes available.

As the coming pages show, both options are financially sound, with assumptions for ongoing transformation indicating potential for even greater savings over time.

Transformation opportunities and costs are considered later in the proposal, as ongoing transformation will be key to improving service delivery and driving local economic growth.

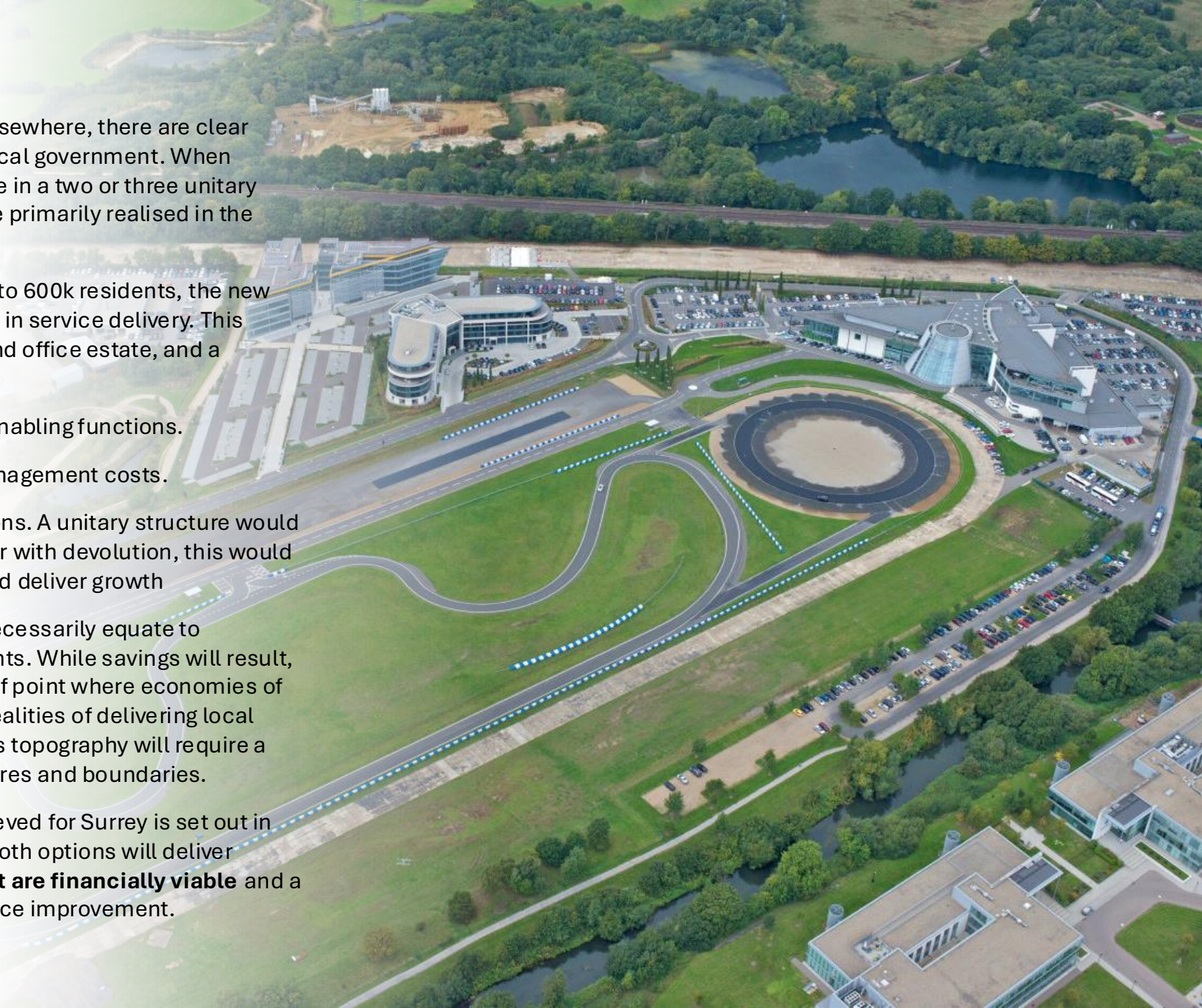
Efficiencies

As demonstrated in local government reorganisation elsewhere, there are clear financial benefits to moving to a unitary structure for local government. When compared to the status quo, the efficiencies achievable in a two or three unitary configuration would be sizable. These savings would be primarily realised in the following areas:

- Significant economies of scale. With between 400k to 600k residents, the new councils would be able to achieve greater efficiency in service delivery. This would be complemented by a rationalisation of IT and office estate, and a reduction in third party spend.
- Reduced duplication and streamlined back-office enabling functions.
- A reduction in the number of senior leaders and management costs.
- A reduction in the number of councillors and elections. A unitary structure would provide clarity to residents and businesses. Together with devolution, this would empower local leaders to deliver for local people and deliver growth

There are limitations to this, however. Larger doesn't necessarily equate to improved efficiency of services or outcomes for residents. While savings will result, experience elsewhere has shown that there is a drop off point where economies of scale and other financial benefits diminish, given the realities of delivering local government services across large geographies. Surrey's topography will require a level of cost regardless of the local government structures and boundaries.

Our initial analysis of where efficiencies would be achieved for Surrey is set out in more detail in the coming pages. It is noteworthy that both options will deliver financial benefits and **result in unitary authorities that are financially viable** and a greater opportunity for further transformation and service improvement.



Indicative savings

Our interim analysis shows that there are savings to be made across both two and three unitary models. Further savings may also be found from greater bargaining power on contracts and reducing the number of offices and buildings required. These factors are yet to be fully calculated and will be considered in our final proposal in May.

As set out in the coming pages, the costs of reorganisation are approximately £60m, resulting in a reorganisation cost benefits that current evidence indicates would be paid off by 2029/30 for two unitaries and 2030/31 for three unitaries. The benefit is roughly £15m per annum greater for two unitaries than for three.

Based on our interim calculations, potential benefits for transformation range from £95m to £105m, with substantial transformation savings being unlocked after two years of implementation. This is early analysis and is not yet reflected below.

2 Unitaries

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Savings	£m	£m	£m	£m	£m	£m	£m
Councillors			2.033	2.033	2.033	2.033	2.033
Elections			1.665	1.665	1.665	1.665	1.665
Senior Staff			5.433	10.867	10.867	10.867	10.867
Removing Duplication			13.257	26.514	26.514	26.514	26.514
Extra Council Tax			2.503	2.503	2.503	2.503	2.503
Disaggregation			-8.140	-8.140	-8.140	-8.140	-8.140
Total Savings	0.000	0.000	16.752	35.442	35.442	35.442	35.442
<i>Cumulative</i>	<i>0.000</i>	<i>0.000</i>	<i>16.752</i>	<i>52.193</i>	<i>87.635</i>	<i>123.077</i>	<i>158.519</i>

3 Unitaries

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Savings	£m	£m	£m	£m	£m	£m	£m
Councillors			1.803	1.803	1.803	1.803	1.803
Elections			1.643	1.643	1.643	1.643	1.643
Senior Staff			3.812	7.624	7.624	7.624	7.624
Removing Duplication			9.280	18.560	18.560	18.560	18.560
Extra Council Tax			2.503	2.503	2.503	2.503	2.503
Disaggregation			-12.210	-12.210	-12.210	-12.210	-12.210
	0.000	0.000	6.831	19.923	19.923	19.923	19.923
<i>Cumulative</i>	<i>0.000</i>	<i>0.000</i>	<i>6.831</i>	<i>26.753</i>	<i>46.676</i>	<i>66.599</i>	<i>86.521</i>

Ahead of the submission of our full proposal, we will be undertaking a fuller analysis of the costs and benefits that can be achieved through reorganisation.

Disaggregation costs

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

The main costs of disaggregation arise from:

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

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

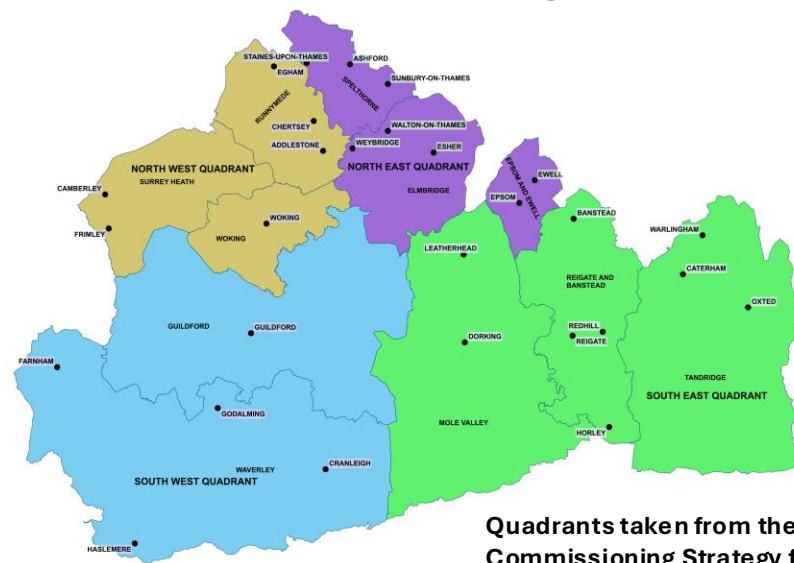
We have taken account of the other two forms of disaggregation costs within our modelling, which result in an additional £8m or £12m per year of costs for two and three unitaries respectively. As can be seen on the maps to the right, Surrey County Council's operational social care functions are already operationally configured to be delivered in a localised way, rather than on a county-wide basis, which supports disaggregation.

We know that these services are a crucial lifeline many of Surrey's most vulnerable residents, and they rightly expect us to be providing high quality services. For this reason our modelling assumes there would be **no net reduction in frontline spend or staffing levels for these functions**.

The question of future demand is a critical one. Initially, we assume that the same level of demand exists, requiring similar numbers of frontline staff. Demand will clearly change over time, though a focus on early intervention and prevention, delivered by new unitaries with a solid understanding of their local areas, can help off-set and agilely respond to these pressures.

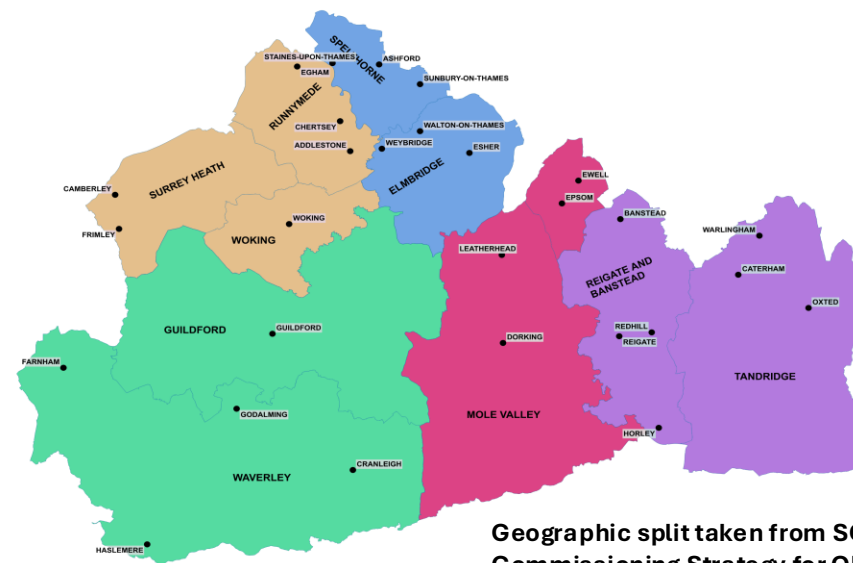
Given the proportion of the county council's budget that is spent on social care, ensuring that these costs are split according to demand is crucial to creating new councils that are financially resilient and robust. Modelling future demand is an area where we will need to do further analysis in the next stage, supported by County data.

Children's social care quadrants



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

Adults social care – five areas



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

Indicative transition costs

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

- Planning and pre-planning: the period until April 2026 where authorities will collaborate and consult on proposals
- Shadow: where we prepare for change, align systems and processes and establish the new shadow authorities
- Implementation: where we will fully implement the proposals and move to unitary authorities.

The figures in the table on the right are indicative costs, based on assumptions in the Surrey CC PwC report and examples of LGR from elsewhere, with some inflationary adjustments and adjustments to reflect Surrey-specific circumstances.

Our calculations also assume:

- Redundancy costs assume 5%/3.5% reduction for 2/3 unitaries respectively
- Shadow costs includes all member basic allowances, additional cabinet allowances and Head of Paid Service costs
- Comms and engagement costs rely heavily on use of internal resource rather than external
- Reorganisation ICT costs excludes staffing

These are indicative costs, subject to change and verification. Implementation costs and timings will continue to be reviewed and refined up to the publication of the final business case.

Category	2 Unitaries	3 Unitaries
	Central assumption	Central assumption
Unitary elections	£6.2m	£6.4m
Redundancy	£10.6m	£8m
Programme management	£9.5m	£12.9m
IT / systems	£23.2m	£24.8m
Shadow authority costs	£3m	£3.2m
Creation of new councils	£2.8m	£3.4m
Closedown of old councils	£1.9m	£1.9m
Communications and engagement; branding	£1.28m	£1.88m
Total	£58.48m	£62.48m

The calculations indicate a slight increase in cost in moving to three unitary authorities, due to increased investment in digital solutions and programme management to deliver the change.

As we continue to develop the proposal, we will further refine these cost assumptions based on real plans to implement the changes.

Net costs and benefits of reorganisation

Comparing the savings with the implementation costs we have calculated so far shows that both models are financially viable and will create savings.

Two unitaries will save roughly £15m more per year than three unitaries. Costs will be repaid and savings achieved from 2029-30 for 2 unitaries and by 2030-31 for 3 unitaries.

2 Unitaries

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
<u>Savings</u>	£m	£m	£m	£m	£m	£m	£m
Councillors			2.033	2.033	2.033	2.033	2.033
Elections			1.665	1.665	1.665	1.665	1.665
Senior Staff			5.433	10.867	10.867	10.867	10.867
Removing Duplication			13.257	26.514	26.514	26.514	26.514
Extra Council Tax			2.503	2.503	2.503	2.503	2.503
Disaggregation			-8.140	-8.140	-8.140	-8.140	-8.140
Total Savings	0.000	0.000	16.752	35.442	35.442	35.442	35.442
<i>Cumulative</i>	<i>0.000</i>	<i>0.000</i>	<i>16.752</i>	<i>52.193</i>	<i>87.635</i>	<i>123.077</i>	<i>158.519</i>
Transition Costs	8.180	33.400	16.900				
<i>Cumulative</i>	<i>8.180</i>	<i>41.580</i>	<i>58.480</i>	<i>58.480</i>	<i>58.480</i>	<i>58.480</i>	<i>58.480</i>
Net cost /(saving)	8.180	41.580	41.728	6.287	(29.155)	(64.597)	(100.039)

3 Unitaries

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
<u>Savings</u>	£m	£m	£m	£m	£m	£m	£m
Councillors			1.803	1.803	1.803	1.803	1.803
Elections			1.643	1.643	1.643	1.643	1.643
Senior Staff			3.812	7.624	7.624	7.624	7.624
Removing Duplication			9.280	18.560	18.560	18.560	18.560
Extra Council Tax			2.503	2.503	2.503	2.503	2.503
Disaggregation			-12.210	-12.210	-12.210	-12.210	-12.210
Total Savings	0.000	0.000	6.831	19.923	19.923	19.923	19.923
<i>Cumulative</i>	<i>0.000</i>	<i>0.000</i>	<i>6.831</i>	<i>26.753</i>	<i>46.676</i>	<i>66.599</i>	<i>86.521</i>
Transition Costs	9.080	37.000	16.400				
<i>Cumulative</i>	<i>9.080</i>	<i>46.080</i>	<i>62.480</i>	<i>62.480</i>	<i>62.480</i>	<i>62.480</i>	<i>62.480</i>
Net cost /(saving)	9.080	46.080	55.649	35.727	15.804	(4.119)	(24.041)

Ahead of the submission of our full proposal, we will be undertaking a fuller analysis of the costs and benefits that can be achieved through reorganisation.

The local tax base

Council Tax

When compared to similar sized unitary councils, **Surrey's local taxation base is one of the strongest in England** with collectable Council Tax per capita spread equitably across the county.

Levels of council tax rates amongst the existing districts are of a similar level (the exception being Woking, which has been in receipt of exceptional financial support). This will significantly simplify the harmonisation process.

Per capita, more Council Tax is collectable than any other council area of a similar size - around £100 per person more than any other existing large unitary (except for Dorset).

Reorganisation means that an additional 2% could be raised on the district and borough's precepts - this equates to an extra £2.5m per year.

NNDR

Per capita, the county also sees the collection of high levels of NNDR. Compared to local authorities of a similar size, only a handful of London boroughs surpass the potential unitaries for Surrey.

However, presently only a portion of this is retained locally and there are more pronounced local variations across the county, ranging from £744 per capita (Runnymede) to £207 per capita (Tandridge).

It is proposed that an independent analysis is commissioned to review and inform NNDR retention before the final proposal is submitted.

Council	Population	Total	Per capita
East Surrey (2 unitary)	648,765	£664m	£1,024
East Surrey (3 unitary)	407,055	£414m	£1,018
North-west Surrey (3 unitary)	420,255	£426m	£1,013
South-west Surrey (3 unitary)	375,817	£376m	£1,000
West Surrey (2 unitary)	554,362	£552m	£995
Dorset	379,600	£374m	£984
Buckinghamshire	553,100	£499m	£901
Northumberland	320,567	£288m	£900
Cheshire East	398,800	£337m	£846
Cornwall	570,300	£479m	£840
Croydon (LB)	390,800	£324m	£829
Cheshire West and Chester	357,150	£295m	£825
Wiltshire	510,400	£417m	£817
Bournemouth, Christchurch and Poole	400,300	£320m	£800
Bristol, City of	472,400	£372m	£789
East Riding of Yorkshire	342,215	£266m	£776
Liverpool	486,100	£374m	£770
Shropshire	323,606	£244m	£753
Wirral	320,199	£240m	£750

A scenic landscape with rolling green hills, fields, and trees under a bright sky. The foreground shows a mix of green and yellowish-brown fields, with some trees scattered throughout. In the distance, more hills are visible under a clear, bright sky.

Future service transformation opportunities

Our interim analysis of future service transformation opportunities that can follow reorganisation.

Future transformation – costs and benefits

In addition to the efficiencies found from aligning our services, we expect that there will be many opportunities for greater efficiencies and improved outcomes from transforming services. Transformation will give us the opportunity to learn lessons from differing approaches, maximise opportunities for aligning county and district services, and to take advantage of new digital approaches.

In order to minimise risks to service delivery throughout the transition period, we envision that services will continue to be delivered under their current operating models. The real opportunity to transform the way we operate and deliver a set of cohesive services with modern systems and working practices will come after vesting day.

We propose to establish a two-year transformation programme. We will prepare for change by undertaking a comprehensive review of the operating models of each service, then transitioning to a single set of policies, processes, systems, organisation structures and external contracts once the new authorities are established. We will also focus on organisation development and shaping the culture and identity for each authority, with delivery of modern and world class services at the heart of what they do.

We expect investment in this programme to be around £95m over four years, to cover the costs of redundancies, digital systems, business analysis and project management.

Though we haven't yet firmed up our assumptions, we expect the potential for ongoing savings to be significant, ranging from 6%-25% of current costs for frontline services, customer contact and back-office support, and there is potential for building to around £100m/year. We also expect that outcomes and customer experience will be much improved as a result of simpler, aligned processes.

Capacity funding from MHCLG and support from the LGA and its networks will enable this transformation.





Councillor numbers and governance considerations

Our early views on the governance structures and councillor numbers to provide effective governance and leadership for Surrey, in line with Local Government Boundary Commission for England guidance

Councillor numbers and governance

Maintaining and improving local democratic representation is crucial in maximising the benefits of reorganisation and devolution. Government’s aspirations for devolution are rooted in letting communities take back control from Westminster, and empowering elected Members to shape decisions affecting their local community.

A move to unitary local government would create clearer lines of accountability, allowing residents, businesses and stakeholders to clearly understand who is accountable for service delivery in each new council area.

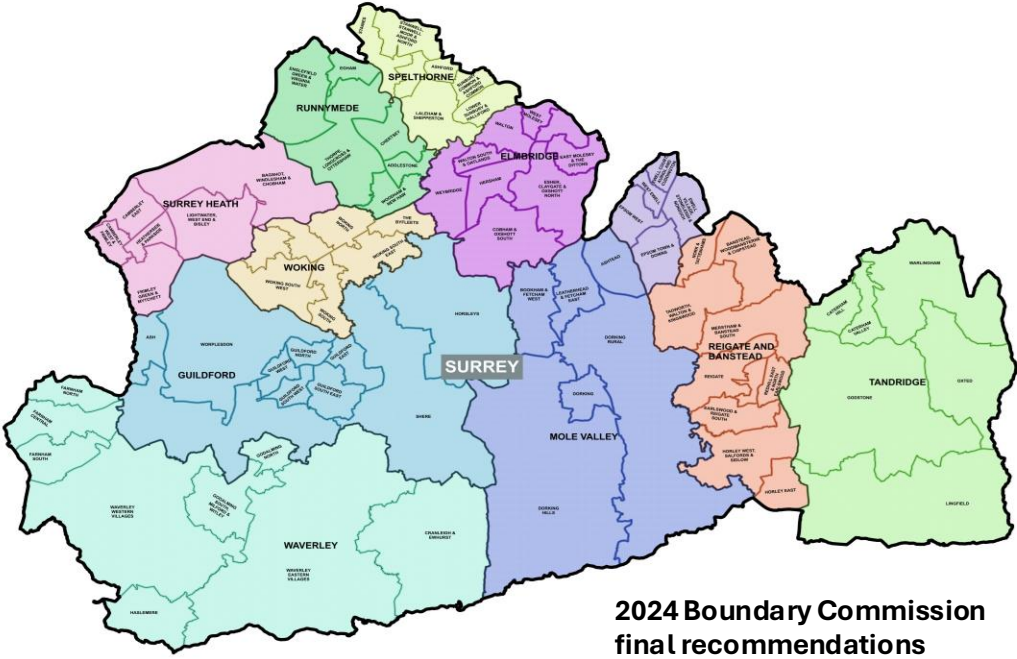
There are currently 534 elected councillors in Surrey, with 81 at the county and 453 across the districts and boroughs. Many of these are “double hatters” meaning they are both district and county councillors, though often not of coterminous areas. We have identified that reorganisation could reduce councillor numbers to 243 under both a two or three unitary model.

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

To reflect the increased responsibility of the new councils, and the demands upon its members, it is expected there would be up to three members per division. This would also ensure that the ratio of members to electors is in line with Boundary Commission guidance and the ratios of existing authorities of a similar size.

Two members per division could also be considered. The ratio of electors per councillor would be around 5,500. This would be higher than most other councils of a similar size and, in rural areas especially, councillors would need to cover large geographical areas, increasing their workload and diluting their ability to act effectively as the democratically elected leaders within their community.

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



Council	Number of divisions	Number of registered electors	Members per division	Number of Members	Electors per member (rounded)	Allowance cost
2 unitaries						£2.4m
E Surrey	43	472K	3	129	3,700	£1.3m
W Surrey	38	404k	3	114	3,500	£1.1m
3 unitaries						£2.4m
E Surrey	27	299k	3	81	3,700	£810k
SW Surrey	26	301k	3	78	3,900	£780k
NW Surrey	28	276k	3	84	3,300	£840k

Elections

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

The current electoral cycle in Surrey sees a mix of authorities electing in thirds as well as those that hold all-out elections.

Our figures assume that the new unitary authorities would elect on an all-out basis. This would reduce overall cost of elections by two thirds, saving almost £7m over the course of a four-year cycle.

While it would be most efficient for elections for the directly elected Mayor to take place at the same time as those for the new unitary authorities, this is not currently anticipated in the timescales shared by government.

The current and future electoral cycle in Surrey

		Year 1	Year 2	Year 3	Year 4
Prior to LGR	Districts that elect in thirds	County	District (1/3)	District (1/3)	PCC and district (1/3)
	Districts that elect all-out	County	None	District (all-out)	PCC
Post-LGR	Unitary councils	None	Unitary councils (all-out)	Strategic authority (Mayor)	None

Estimated costs of elections

Option	Electorate*	Approx. cost per elector**	Approx. cost per election***	Scheduled local elections per cycle	Approx. cost per 4-year cycle
Current arrangements	879k	£3.50	£3.08m	<i>Varies by district – see above</i>	£9.8m
2 Unitary			£3.14m	<i>1 – based on assumed cycle above with Strategic</i>	£3.14m
3 Unitary			£3.23m	<i>Authority taking over functions of PCC and covering cost of their elections.</i>	£3.23m

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

** MHCLG data on cost of 2019 General Election, uprated to 2025 prices by CPI.

*** To reflect the additional costs of more councils, an assumed 2% additional cost for 2 unitaries and a 5% additional cost for 3 unitaries has been applied.

Comparators and savings

We have reviewed data on the number of members for similar sized authorities, which supports our assumption that three members per division is correct for the area and in line with a national approach.

While our priority has been strengthening local democracy through these changes, reducing the number of members and the frequency of election will result in savings.

Using actual costs from across the county, the new unitary models will result in:

- a reduction in the cost of basic allowances as we reduce the number of members
- a similar reduction in the cost of Special Responsibility Allowances (SRAs) as the new councils will mean there is less duplication of positions that carry significant additional responsibilities
- savings from fewer elections and moving to all-out elections across the county

The difference in savings between two and three unitary authorities is minimal.

Authority	Electors	Number of councillors	Electors per councillor
Birmingham	751k	101	7,438
Leeds	563k	99	5,691
Northumberland	506k	134	3,773
North Yorkshire	484k	90	5,374
Somerset	444k	110	4,037
Cornwall	434k	87	4,994
Buckinghamshire	415k	147	2,824
County Durham	388k	126	3,080
Sheffield	388k	84	4,620
Wiltshire	382k	98	3,901
Manchester	381k	96	3,968
Bradford	371k	90	4,119
Liverpool	330k	85	3,880
Bristol	324k	70	4,623
Kirklees	315k	69	4,561
Cheshire East	313k	82	3,814
West Northamptonshire	299k	93	3,214
Bournemouth, Christchurch and Poole	297k	76	3,912
Dorset	295k	82	3,599
Croydon	280k	70	3,994
East Riding of Yorkshire	270k	67	4,026
North Northamptonshire	269k	78	3,444
Barnet	265k	63	4,208
Cheshire West and Chester	264k	70	3,767
Wakefield	263k	63	4,179

Savings

	Basic Allowances	SRAs	Elections (assuming 4-year spend is evenly distributed)	Total	Annual Saving
Current arrangements	£3.8m	£1.1m	£2.45m	£7.35m	
2 unitaries	£2.4m	£0.46m	£1.67m	£4.53m	£2.82m
3 unitaries	£2.4m	£0.69m	£1.64m	£4.73m	£2.62m



How unitary local government will support devolution ambitions

How our proposals will pave the way for devolution in Surrey

Supporting devolution

The English Devolution White Paper made clear the government's aspiration to shift power away from Whitehall and Westminster and to empower local leaders who understand their areas best. We strongly support this objective.

A reorganisation of local government is key to achieving the opportunities of devolution, where new unitary authorities, with a clear focus on delivery, will make local government fit for purpose and reflective of Surrey's local identities, enabling us to seize the opportunities of more powers, freedoms and flexibilities.

Devolution will bring significant benefits for residents and businesses of Surrey by enhancing arrangements for strategic planning, supporting and growing the already substantial economic contribution that Surrey makes to the exchequer. It will also enable joined up infrastructure and transport planning, facilitating housing delivery and enhancing national and regional transport corridors that are essential to future economic growth.

Specifically, we see reorganisation as enabling and supporting devolution in the following areas:

- Unitaries that better reflect their local areas can support the Mayor in ensuring that investment decisions would **recognise the differing characteristics of Surrey's local areas**, as articulated by the new unitary authorities.
- Decisions would be made across a **larger, strategic geography**, removing obstacles to major project and infrastructure delivery, including unlocking housing delivery.
- A three unitary model would **align local authority boundaries with Surrey's distinct economic clusters, thereby supporting devolution and local growth ambitions**.
- The **creation of a more attractive investment climate for business**.





Local engagement

How we have worked collaboratively to develop our interim proposals

Local engagement

Surrey's local authorities have been collaborating closely in developing this interim plan.

Collectively we have ensured that elected members across the county are well-informed of progress. We have also engaged informally with local partners, stakeholders, Business Improvement Districts.

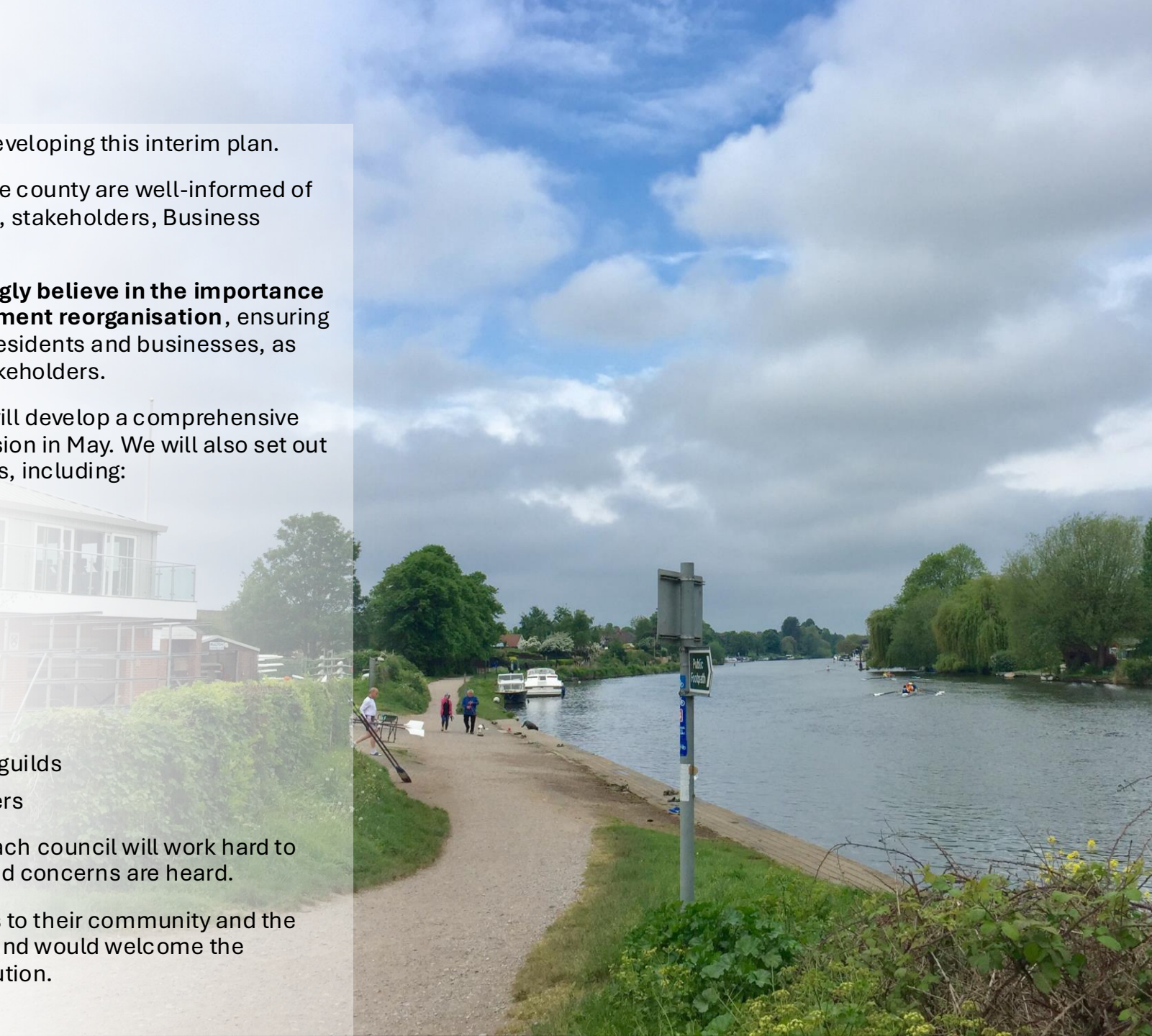
While we know our places and their challenges well, **we strongly believe in the importance of hearing the resident voice in the process of local government reorganisation**, ensuring that we get this once in a generation opportunity right for our residents and businesses, as well as the voluntary and community sector and other key stakeholders.

That's why, following the submission of this interim plan, we will develop a comprehensive consultation and engagement plan to inform our final submission in May. We will also set out our plans for strategic engagement with other key stakeholders, including:

- Residents and residents' groups
- Surrey Police
- Surrey Fire and Rescue Service
- Integrated Care Boards
- Universities and further education colleges
- MPs
- Town and Parish Councils
- Business Improvement Districts and local business guilds
- Professional bodies such as ADCS, ADASS, and others

Our staff are crucial to the delivery of our vital services, and each council will work hard to ensure staff are engaged with this work and that their views and concerns are heard.

Place based advocacy is the heart of connecting our residents to their community and the councils that serve them. We want to retain our civic mayors and would welcome the Minister's support and advocacy for this important civic institution.





Costs and implementation

How our proposals can be delivered at pace, in such a way that maintains service delivery and ensures value for money for council taxpayers

Indicative costs of implementing this proposal and coordination arrangements

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

- **Planning and pre-planning:** the period until April 2026 where authorities will collaborate and consult on proposals.
- **Shadow:** where we prepare for change, align systems and processes and establish a shadow authority.
- **Implementation:** where we will fully implement the proposals and move to unitary authorities.

A high-level implementation plan is summarised on the next page, though it is important to note that close, collaborative working will be required through establishing a shared project team and associated resources across Surrey's existing authorities. Capacity funding from government will help us in moving forward to May's submission and beyond.



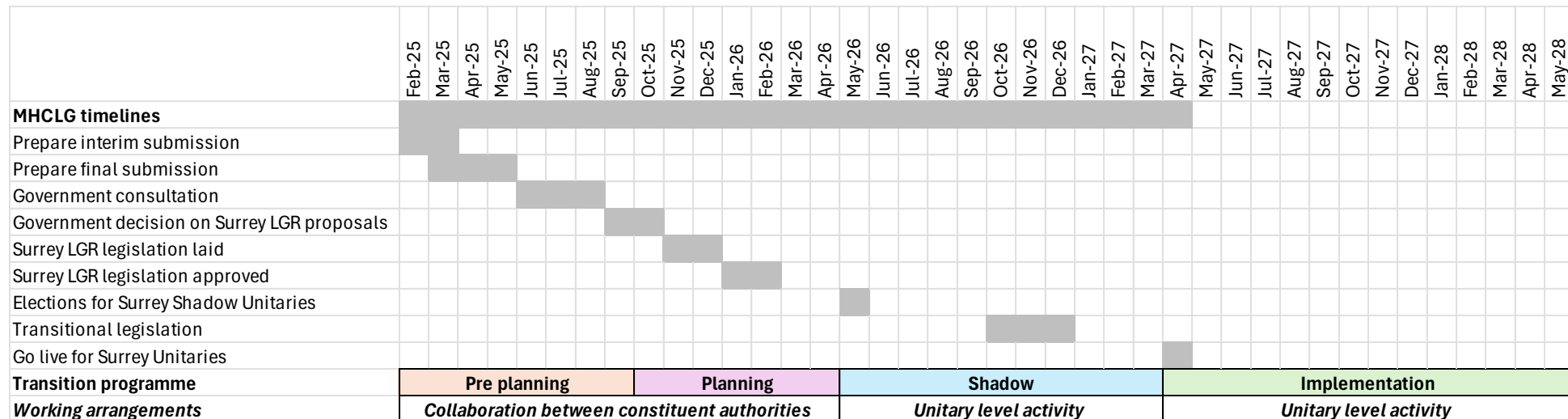
High-level implementation plan

We have begun working across all local authorities in Surrey to prepare for implementation, with regular Leaders, Chief Executives, Section 151 Officers and Monitoring Officer meetings.

As we progress, we will establish a shared programme of work with appropriate governance to effectively oversee the transition and maintain existing service delivery.

To the right and below, we set out the timeline for change and indicative activities at each stage.

Pre-planning	Planning	Shadow	Implementation
May – Sept 2025	Sept 2025 – May 2026	May 2026-April 2027	2027/2028 and beyond
Develop working relationships; pursue informal alignment opportunities	Appoint programme teams; agree programme implementation plan; establish programme governance	Election of shadow members and establishment of shadow Executive Committees/Cabinets	Develop new corporate plan / objectives
Initial work on programme management arrangements – define workstreams, identify existing capacity	Establish joint committees as needed	Appointment of senior leadership teams	Continue alignment, consolidation and rationalisation activities
	Agree high level thematic transition plans	Organisation and operating model design; Branding	Transformation programme
Draft transition engagement plan –comms and engagement will then run throughout subsequent phases	Collate and review baseline information (contracts, systems, HR, assets, finance)	Detailed planning and service transition (governance, staffing, organisational culture, IT systems, financial harmonisation and consolidation, budget setting, performance metrics)	Service evaluation and public feedback
Ongoing comms, staff and unions engagement			



Conclusion

This document has outlined our interim proposal for local government reorganisation in Surrey. It is the product of significant analysis and consultation between all local authorities.

With one unitary authority not meeting the criteria for devolution, our work and analysis shows that there are two viable options for local government reorganisation in Surrey – a move to two or three unitary authorities.

Our preliminary financial modelling suggests that both options are financially viable – subject to resolving the debt issues - offering significant benefits by reducing duplication, realising economies of scale and improving service delivery. Both options present opportunities for service transformation, maximising the opportunities that reorganisation affords.

While the financial case is important, maintaining strong local connection and accountability is similarly crucial to ensuring effective, relevant and accountable local government that is designed to meet the needs and challenges of the communities we serve. This is essential for realising the benefits of devolution, including improved strategic planning, local infrastructure and housing delivery, all of which contributes to the government's central growth mission.

This is a once in a generation opportunity to create a structure of local government that stands the test of time. Given the scale of this opportunity, it is vital that any new structure of local government is established on a sound footing. This means also considering the very reason for local government's existence – to serve the interests of our communities.

Our work to date strongly suggests that, for all of us who have expressed a view, a three unitary authority option strikes the best balance between efficiency and maintaining a strong local connection, as well as maximising local economic growth by ensuring that unitary authorities reflect the economic geography of Surrey, both now and in the future.

We look forward to continuing to work together to improve local government in Surrey, ensuring its resilience and efficiency, responsiveness and strong local connection in realising the opportunities of devolution and unlocking economic growth.



