



Ministry of Housing,
Communities &
Local Government

4 April 2025

LOCAL GOVERNMENT REORGANISATION

INTERIM PLAN FEEDBACK: SURREY

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

Overview:

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

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

The feedback provided relates to the following interim plans submitted by Surrey councils:

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

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

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

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

Summary of feedback:

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

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

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

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

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

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

3. The criteria sets out that if a 500,000 population figure does not make sense for an area, the rationale should be provided (see criterion 2). **More detail on those rationales would be helpful, and you may wish to support existing narratives with data.**
4. We welcome the steps you have taken to come together to prepare proposals as per criterion 4.
 - a. **Effective collaboration between all councils will be crucial; we would encourage you to continue to build strong relationships and agree ways of working, including around effective data sharing. This will support the development of a robust shared evidence base to underpin final proposals.**
 - b. **In particular, it would be helpful for final proposals to use the same assumptions and data sets, or be clear where and why there is a difference.**
 - c. **It would be helpful if your final proposal set out how the data and evidence supports all the outcomes you have included, and how well they meet the assessment criteria in the invitation letter.**
 - d. **You may wish to consider an options appraisal that will help demonstrate why your proposed approach, overall, best meets the assessment criteria in the invitation letter compared to any alternatives, and a counterfactual of a single unitary.**

Response to specific barriers and challenges raised

1. Joint solution to managing Surrey's debt

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

2. Preparations for a Mayoral Strategic Authority (MSA)

New unitary structures must support devolution arrangements.

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

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

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

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

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

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

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

3. Swift and smooth transition for LGR

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

4. Timely and constructive feedback on our proposals

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

5. Capacity funding support

£7.6 million will be made available in the form of local government reorganisation proposal development contributions, to be split across the 21 areas. Further information will be provided on this funding, and we recognise that your area's share may come after your final proposal have been submitted.

In terms of transitional costs, as per the invitation letter, we expect that areas will be able to meet transition costs over time from existing budgets, including from the flexible use of capital receipts that can support authorities in taking forward transformation and invest-to-save projects. We note the estimate of your transition costs and comment further on this in the table below.

6. Engagement with Leaders and officers

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

7. Co-terminosity of public sector services

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

8. Impacts from government funding reforms

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

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

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

9. Service delivery risks

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

10. Consultation

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

ANNEX: Detailed feedback on criteria for interim plan

Overview	Detailed feedback
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. Relevant criteria: 1 c) Proposals should be supported by robust evidence and analysis and include an explanation of the outcomes it is expected to achieve, including evidence of estimated costs/benefits and local engagement & 2 a-f) - Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks & 3 a-c) Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens	We will assess final proposals against the criteria in the invitation letter. Referencing criterion 2, it would be helpful to provide: • Breakdowns that are as detailed as possible for where efficiency savings will be made, with clarity of assumptions on how estimates have been reached and the data sources used, including differences in assumptions between proposals. • Information on the counterfactual against which efficiency savings are estimated, with values provided for current levels of spending. • The inclusion of a single unitary option as a benchmark against which to consider the potential net savings from two and three unitary options would be useful. • A clear statement of what assumptions have been made, and if the impacts of inflation are taken into account. • A summary covering sources of uncertainty or risks with modelling, as well as predicted magnitude and impact of any unquantifiable costs or benefits. • Where possible quantified impacts on service provision, as well as wider impacts. We recognise that the interim plans set out the financial assessment is subject to further work. The bullets below indicate where further information would be helpful across all options. The level of financial appraisal varied, and we would welcome significantly more for the Reigate and Banstead and Crawley plan. As per criterion 2 it could be helpful to see: • additional data and evidence to set out how your final proposal would enable financially viable councils, including identifying which option best delivers value for money for council tax payers (see criterion 2e). • further detail on potential finances of new unitaries, for example, funding, operational budgets, potential budget surpluses/shortfalls, total borrowing (General Fund), and debt servicing costs (interest and MRP); and what options may be available for rationalisation of potentially saleable assets. • clarity on the underlying assumptions underpinning any modelling e.g. assumptions of future funding, demographic growth and pressures, interest costs, Council Tax, savings earmarked in existing councils' MTFs. • financial sustainability both through the period to the creation of new unitary councils as well as afterwards. • as per criterion 2f proposals should reflect the extent to which the implications of how debt can be managed locally, including as part of efficiencies possible through reorganisation. We would welcome a greater understanding of the proposals for managing debt in each of the options, and demonstration of

	which option will best support the management of local debt. As above this could include appraisal of total borrowing and debt servicing costs within new structures (and assessment of affordability against funding/operational costs), and the potential for rationalisation of saleable assets. - Given the scale of the financial challenges facing Surrey, we would welcome further detail on how the ability to manage debt compares in each of the different options. As the long-term financial sustainability of the three unitary option seems most challenging in this context, it would be helpful to have more information on how you will manage the risks of disaggregation to meet the financial sustainability criteria as well as the approach to debt management. Relevant commissioners should be engaged on these discussions. As set out in criterion 2b proposals for all options not aiming for a population of 500k it would be helpful to demonstrate why their preferred population approach makes sense for the area. We would welcome further details on how services can be maintained where there is disaggregation, such as social care, children's services, SEND, homelessness, and for wider public services including for public safety. Under criterion 3c) you may wish to consider: - What are the potential impacts on services in the plan outlined by Reigate and Banstead and Crawley: for example, how will police and fire governance be addressed. - What would the different options mean for local services provision, for example: - do different options have a different impact on SEND services and distribution of funding and sufficiency planning to ensure children can access appropriate support, and how will services be maintained? - What is the impact on adults and children's care services? Is there a differential impact on the number of care users and infrastructure to support them from the different options? - What options have you considered for partnership for joint working across the new unitaries for the delivery of social care services? - Do different options have variable impacts as you transition to the new unitaries, and how will risks to safeguarding to be managed? - Do different options have variable impacts on schools, support and funding allocation, and sufficiency of places, and how will impacts on school be managed? - Highway services, across the area under the different approaches suggested?
Include indicative costs and arrangements in	We would welcome further clarity on how the assumptions and data for how the transition costs and efficiencies were

relation to any options including planning for future service transformation opportunities. Relevant criteria - 2d) Proposals should set out how an area will seek to manage transition costs, including planning for future service transformation opportunities from existing budgets, including from the flexible use of capital receipts that can support authorities in taking forward transformation and invest-to-save projects.	calculated. (see criterion 2d) • We recommend that all options and proposals should use the same assumptions and data sets or be clear where and why there is a difference. (linked to criterion 1c) • The estimates for savings are indicative; it would be helpful if final proposals could provide further details on the methodology used to aid understanding of the reasons for the differing savings outcomes between two and three unitary models. (see criterion 2d) • In response to criterion 2d further detail would also be helpful on the potential service transformation opportunities and invest-to-save projects from unitarisation across a range of services - e.g. consolidation of waste collection and disposal services or in relation to fire governance, and will different options provide different opportunities for back-office efficiency savings?
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. Relevant criteria: 6) New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment.	As per criterion 6 in the invitation letter, • new unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment. • Additional details on how the community will be engaged, specifically how the governance, participation and local voice will be addressed to strengthen local engagement and democratic decision-making would be helpful. • In final proposal(s) we would welcome detail on your plans for neighbourhood-based governance, impact on parish councils, and thoughts about formal neighbourhood partnerships and area committees. • We welcome the early view you have provided of councillor numbers, which we will be sharing with the LGBCE.
Include early views on how new structures will support devolution ambitions.	• As the co-authored plan notes, under a single unitary model, unlocking devolution would mean partnering up with neighbouring authorities or joining a neighbouring mayoral authority. If considering this route, under criterion 5, the area

Relevant Criteria: 5) New unitary structures must support devolution arrangements. Specifically 5b) Where no CA or CCA is already established or agreed then the proposal should set out how it will help unlock devolution.	should ensure the proposed geography meets the criteria set out in the English Devolution White Paper • Under both the two or three unitary proposals, devolution could also be explored on a Surrey only footprint, subject to achieving sensible population ratios between unitaries as potential constituent members of a future MSA and what that may mean for governance options. We would welcome more details on how the proposals would ensure these sensible ratios. • The Reigate and Banstead and Crawley proposal does not outline a proposed devolution geography for the new proposed unitary. Under criterion 5, we would ask for information on how the proposal would unlock devolution for the wider area, particularly in the context of the proposed Sussex and Brighton MSA. • Timing-wise, we would look to explore delivering devolution alongside reorganisation as far as possible and subject to the outcome of the upcoming Spending Review. For the creation of a new MSA, mayoral elections could potentially take place in the same year as the new unitary go-live dates. For joining an existing MSA, we would typically look to align with the MSA's election cycle. • Subject to the above and timings aligning, the functions for which a future MSA would be responsible with would not require disaggregation. This would include many of the functions highlighted, including strategic planning, economic development, regeneration and skills, and employment support. • While we cannot pre-judge devolution decisions, we are happy to discuss further any eventual transition period between establishing the new unitary authorities and a potential MSA taking effect. • Across all proposals, looking towards a potential future MSA, it would be beneficial to go beyond the unlocking of devolution and provide an assessment that outlines if there are benefits and disadvantages in how each option would interact with a strategic authority and best benefit the local community. • You may also wish to include how any proposal considers the new housing and regeneration and adult skills powers being conferred by upcoming legislation to Surrey County Council as part of the recently confirmed non-mayoral agreement, and on how the area will exercise devolved functions once new unitaries are formed.
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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. Relevant criteria: 6a&b) new unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment	• We welcome your interim update against criterion 6, and the engagement undertaken so far and your plans for the future. It is for you to decide how best to engage locally in a meaningful and constructive way with residents, voluntary sector, local community groups and councils, public sector provider such health policy and fire, and business to inform your proposal. • You may wish to engage in particular with those who may be affected by disaggregation of services. It would be helpful to see detail that demonstrates how local ideas and views have been incorporated into any final proposal.
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. Relevant criteria: Linked to 2d) Proposals should set out how an area will seek to manage transition costs, including planning for future service transformation opportunities from existing budgets, including from the flexible use of capital receipts that can support authorities in taking forward transformation and invest-to-save projects.	• We would welcome further detail in any final proposal over the level of cost and the extent to which the costs are for delivery of the unitary structures or for transformation activity that delivers benefits – noting the interim plan indicates the implementation cost covers both (see criterion 2d)
Set out any voluntary arrangements that have been agreed to keep all councils involved in discussions as this work moves forward and to help balance the decisions needed now to maintain service delivery and ensure value for money for council taxpayers, with those key	• We welcome the ways of working together you have outlined in the interim plan (see criterion 4). Effective collaboration between all councils will be crucial; areas will need to build strong relationships and agree ways of working, including around effective data sharing. • This will enable you to develop a robust shared evidence base to underpin final proposals (see criterion 1c). We recommend that final proposals should use the same assumptions and data sets or be clear where and why there is a difference.

decisions that will affect the future success of any new councils in the area.	
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Relevant criteria: 4 a-c) Proposals should show how councils in the area have sought to work together in coming to a view that meets local needs and is informed by local views.	
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