

## **DEVOLUTION AND LOCAL GOVERNMENT REORGANISATION IN SURREY - UPDATE**

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<b>Wards affected:</b>	(All Wards);
<b>Appendices (attached):</b>	<b>Appendix 1</b> - Terms of Reference – East Surrey Joint Committee <b>Appendix 2</b> - Letter from MHCLG to Chief Executives of Surrey Councils, 28 October 2025

### **Summary**

This report outlines the latest developments and updates on Devolution and Local Government Reorganisation (LGR) following the decision from the Ministry of Housing, Communities and Local Government (MHCLG) on 28 October 2025 to implement the 2 unitary proposal for Surrey.

### **Recommendation (s)**

#### **The Council is asked to:**

- (1) Note the updates for LGR in Surrey, particularly the decision and relevant information from MHCLG;**
- (2) Agree to the establishment of the East Surrey Joint Committee on a voluntary basis, effective immediately, that shall be constituted and be established under the provisions of section 101(5) (arrangements for discharge of functions by local authorities) of the Local Government 1972 Act and pursuant to the requirements of the draft Surrey (Structural Changes) Order 2026.**
- (3) Note that upon enactment of the Surrey (Structural Changes) Order 2026, the voluntary East Surrey Joint Committee shall become the Joint Committee required to be established under the provisions of that legislation and that this will be constituted and established under the provisions as set out above in Recommendation 2.**
- (4) Agree and adopt the Terms of Reference and Terms of Procedure set out within Appendix 1 for all forms of an East Surrey Joint Committee.**
- (5) Approve Cllr Dalton as the appointed representative for Epsom & Ewell Borough Council on any relevant LGR Joint Committee;**

- (6) Delegate to the Chief Executive, Directors and Head of Legal any necessary authority to support the establishment, operation and decision making required by and in support of any relevant LGR Joint Committees (to include any informal working groups).**

## **1 Reason for Recommendation**

- 1.1 To support the establishment of working practices (a formal joint committee) in advance of the enactment of the Surrey Structural Changes Order and thereafter pending the establishment of the proposed Shadow East Surrey Unitary.

## **2 Background**

- 2.1 In May 2025, this Council along with a number of other districts and boroughs proposed that 3 unitary authorities would be best for Surrey, which would have positioned Epsom and Ewell with Mole Valley District Council, Reigate & Banstead Borough Council, Tandridge District Council within a new unitary to the east of Surrey.
- 2.2 Surrey County Council, Elmbridge Borough Council and Mole Valley District Council submitted a joint proposal on a 2 Unitary approach for Surrey. This approach had no direct impact upon this council, save that this positioned Elmbridge with Mole Valley District Council, Reigate & Banstead Borough Council, Tandridge District Council and Epsom & Ewell Borough Council in the east of Surrey.
- 2.3 Reigate & Banstead Borough Council and Crawley Borough Council submitted a separate proposal. It was confirmed by government that this proposal would not be taken further, ahead of the central government consultation stage.
- 2.4 Since these actions, the LGR process in Surrey has followed the below timetable:

### Indicative government timeline for LGR in Surrey



- 2.5 Between submission of proposals and a decision on LGR, this Council has undertaken a range of readiness activities to prepare during this time, maintaining our responsibility to ensure that services remain consistent, our residents supported, and that our organisation is ready for what comes next.
- 2.6 Internally, we have continued our programme management approach, with a range of operational workstreams, providing corporate oversight to LGR activities.
- 2.7 In addition to our internal planning, this Council supported the establishment of an external programme management approach which has been put in place for all Districts and Borough Councils (D&Bs) and Surrey County Council, with both PMOs having worked together to provide updates into Surrey Chief Executives and Surrey Council Leaders.
- 2.8 This Council, along with other D&Bs have facilitated a wider range of data requests and information gathering in order to support the discovery stage ahead of a decision. Going forward this data will play a key role in bringing services together across both unitary areas before and after vesting day.
- 2.9 This report has been produced with reference to those published by Elmbridge Borough Council and Mole Vallet District Council to their respective Cabinets on the same topic.

#### **MHCLG decision**

- 2.10 On 28 October the Government announced its decision to implement the 2 unitary options for Surrey, as well as an initial £500 million repayment in principle towards the Woking Borough Council debt in 2026/2027. MHCLG also circulated a draft Structural Changes Order (SCO) as well as a draft direction under Section 24 of the Local Government and Public Involvement in Health Act 2007 to all Surrey Councils.

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- 2.11 A draft SCO has been provided to the Council's statutory officers on an embargoed basis, which means that it cannot be attached to this report. The following seeks to summarise the following key aspects for LGR whilst respecting the wishes of MHCLG.

## **Draft Structural Changes Order – joint committees and implementation teams**

- 2.12 It is proposed that there shall be an equal allocation of seats on Joint Committees, with an East Surrey Joint Committee comprising of 10 members, 5 from Surrey County Council and 5 from the East Surrey D&Bs, with one representative from each D&B council.
- 2.13 Joint Committee functions are the development and agreement of an implementation plan, as well as a proposed Code of Conduct for the Shadow Authority, having also considered the relevant timetables for action and budgets.
- 2.14 As the functions to be exercised by the Joint Committee under the SCO (and any voluntary predecessor) are to be executive functions, under the constitution of neighbouring councils operating under a Cabinet model, their Leader can make the arrangements for such and make the nomination of who will be appointed to it. Those Councils' operating under a Committee model – such as this Council – require the approval of Full Council to both nominate who will be appointed to a Joint Committee (and any voluntary predecessor). Furthermore, there will be additional decisions required that have yet to be identified, hence the above recommendation to delegate any necessary decision making to this Council's senior and statutory officers, so that any decisions affecting the work of the Joint Committee can be taken at the same pace across each constituent council without being impacted by current governance structures.
- 2.15 Alongside this, the draft SCO confirms a single implementation team, with the Chief Executive of Surrey County Council (SCC) as the named Leader of that team, supported by two Deputies – one an officer from an East Surrey council, with another from a West Surrey council – those appointments shall be considered in due course.
- 2.16 In the letter from the Secretary of State to Council Leaders, MHCLG have encouraged Surrey to establish voluntary joint committees on a similar basis to those that will be created under the SCO on a voluntary basis ahead of the draft SCO being laid in Parliament.
- 2.17 With this in mind, Council leaders and senior officers across Surrey have indicated a wish to establish voluntary Joint Committees at the earliest opportunity. To that end, a draft Terms of Reference and Terms of Procedure have been prepared in consultation with each Monitoring Officer across Surrey – as attached at **Appendix 1**.

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- 2.18 As the proposed Terms of Reference are common across each constituent council, practically, it will not be possible to propose amendments to the draft Terms that bind the other councils. It is a simple matter of either agreeing to the recommendation to create a Joint Committee and its Terms or voting against this Council joining the voluntary Joint Committee prior to the statutory Joint Committee due to come into effect as of March 2026.

## **Draft Structural Changes Order – elections and vesting day activities**

- 2.19 The draft SCO confirms the cancellation of existing D&B and County elections for May 2026, and establishes that both unitary authorities will see whole council elections in 2026 and then 2031, with whole Council elections taking place every 4 years thereafter. To note, there were no elections due to be held in 2026 for this Council, the next borough election is due in May 2027.
- 2.20 The new authorities will be using existing SCC divisions as established under the Surrey (Electoral Changes) Order 2024 with 2 Councillors per division (72 Councillors for East Surrey across 36 wards) in the 2026 elections. The Ministerial letter outlines the expectation for the Local Government Boundary Commission to conduct a review ahead of the 2031 elections. This will see 5 divisions within the existing Epsom & Ewell geography.
- 2.21 The draft order also confirms two Returning Officers, the Reigate & Banstead Head of Paid Service for East Surrey, with the Runnymede Head of Paid Service as the Returning Officer for West Surrey.
- 2.22 Costs for the elections in 2026 are to be divided by the existing Surrey County Council and the D&Bs, as agreed by those councils.
- 2.23 Shadow Authorities come into effect following the elections. At its first meeting, the Shadow Authorities must:
- 2.23.1 Establish a leader and cabinet model of governance
  - 2.23.2 Adopt a code of conduct (as developed by the Joint Committee)
  - 2.23.3 Designate an interim Monitoring Officer
  - 2.23.4 Designate an interim s151 Officer
  - 2.23.5 Designate an interim Head of Paid Service
- 2.24 Each Shadow Authority must make permanent appointments to these roles by 31 December 2026.
- 2.25 In addition, it must:

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- 2.25.1 Formulate proposals for, prepare and adopt a scheme for members allowances
  - 2.25.2 Review and revise where necessary the Implementation Plan prepared by the relevant Joint Committee
  - 2.25.3 Prepare any budgets or plans required by the unitary councils.
  - 2.25.4 Work with the existing councils to ensure delivery of public services
- 2.26 Costs for the Shadow Authorities are to be divided by the existing Surrey County Council and D&Bs, as agreed by those councils.
- 2.27 On 7 November 2025, Surrey County Council and D&Bs fed back factual amendments and points of clarification arising from the draft SCO to MHCLG.

### **Draft section 24 direction and explanatory note**

- 2.28 The government also provided a draft section 24 (s24) direction, under the Local Government and Public Involvement in Health Act 2007 alongside the confirmation that the 2 unitary proposal was successful, subject to parliamentary approval. The draft s24 and explanatory note has also been provided to the Council's statutory officers on an embargoed basis, which means that it cannot be attached to this report. The following seeks to summarise the following key aspects whilst respecting the wishes of MHCLG.
- 2.29 The draft s24 direction requires existing councils to seek and gain consent from the relevant Shadow Authority for financial transactions over a certain value. Woking and Spelthorne are excluded as they are currently in best value intervention.
- 2.30 Specifically:
- 2.30.1(a) Disposal of any land if the consideration for the disposal exceeds £100,000
  - 2.30.2(b) Entering into any capital contract:
    - i. under which the consideration payable by the authority exceeds £1,000,000, or
    - ii. which includes a term allowing the consideration payable by the authority to be varied
  - 2.30.3(c) Entering into any non-capital contract under which the consideration payable by the relevant authority exceeds £100,000, where:

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- i. the period of the contract extends beyond 1 April 2027, or
- ii. under the terms of the contract, that period may be extended beyond that date.

- 2.31 MHCLG is seeking views on when the s24 Direction should come into force, with a suggested date of 30 June 2026. The draft s24 only refers to consent being required from the Shadow Authority, so it would not be expected to come into force until the Shadow Authorities are operational.
- 2.32 A draft explanatory note is also provided. This explains that a Shadow Authority may grant general consent in respect of particular contracts or types of contracts (for example regular and routine contracts).
- 2.33 It also provides further explanation that the capital and non-capital value thresholds are cumulative where multiple contracts are entered into with the same organisation or individual or of a similar description. The cost is based on the expected value over the life of the contract.
- 2.34 On 21 November 2025, Surrey County Council and D&Bs fed back feedback and points of clarification arising from the draft s24 direction to MHCLG.

### **Next steps**

- 2.35 As outlined in the letter from MHCLG to Chief Executives of Surrey Councils on 28 October 2025 (**Appendix 2**), this is a draft order and draft direction that still need to undergo internal review processes. Subject to these, and any factual amendments from Surrey Councils, the intention is for Ministers to formally lay the draft order before Parliament in early January.
- 2.36 At this point, the order will go through the Parliamentary process, including formal consideration by the Joint Committee on Statutory Instruments and Secondary Legislation Scrutiny Committee for the House of Lords, debates by a Committee in each House and the obtainment of approval motions in each House.
- 2.37 Work is already underway to ensure that we are able to support the development of the relevant voluntary structures in order to support a smooth transition and effective representation of Epsom and Ewell and its interests in this time, and we will continue to provide updated on our action throughout the transition.

## **3 Risk Assessment**

Legal or other duties

- 3.1 Equality Impact Assessment

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3.1.1 An Equality Impact Assessment was undertaken as part of the development of the 2 Unitary LGR proposal. At that stage, mitigation measures were outlined in general terms and will be refined as implementation plans for LGR progress now we have an outcome. As detailed workstreams begin, we will work with Surrey County Council and East Surrey councils to minimise negative impacts and maximise opportunities to promote fairness. Understanding current inequalities is essential to ensure they are addressed from the outset of the new authorities. Efforts will focus on aligning policies and service delivery across the new unitary areas, closing existing disparities, and preventing new ones. Key principles include statutory and meaningful resident engagement, ensuring smooth service transitions, and embedding equality considerations from day one. Dependencies with ongoing transformation programmes and existing local priorities will also be mapped to avoid unintended consequences. Any unmitigated impacts will be documented in future Equality Impact Assessments (EIAs).

## 3.2 Crime & Disorder

3.2.1 LGR implementation impacts all service delivery matters, including Community Safety. Engagement with Community Safety partners will be considered as part of the wider LGR work.

## 3.3 Safeguarding

3.3.1 Not applicable.

## 3.4 Dependencies

3.4.1 Not applicable.

## 3.5 Other

3.5.1 LGR comes with a number of high-level risks of implementation, especially around ensuring services considered safe and legal are appropriately delivered on day 1 of the new unitary authorities. It is expected that all councils have or are in the process of compiling a list and related risk register related to these services to be subject to regular reviews and considered as part of their internal programme management. It is expected that this approach shall also take place at Implementation Team level to support a smooth transition of critical services at both D&B and County level.

## 4 Financial Implications

4.1 Devolution and LGR will require additional one-off costs, approx. £400k which we have already committed / put aside as part of the strategic priorities reserve. Further financial implications for Epsom and Ewell are set out in the body of this report.



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4.2 **Section 151 Officer's comments:** None arising from the content of this report.

## 5 Legal Implications

5.1 **Legal Officer's comments:** The legal implications have been addressed in the body of this report.

## 6 Policies, Plans & Partnerships

6.1 **Council's Key Priorities:** The following Key Priorities are engaged:

- Effective Council

6.2 **Service Plans:** The matter is included within the current Service Delivery Plan.

6.3 **Climate & Environmental Impact of recommendations:** LGR implementation impacts all service delivery matters, including environmental and sustainability matters. We expect this to be considered as part of the wider LGR work.

6.4 **Sustainability Policy & Community Safety Implications:** LGR implementation impacts all service delivery matters, including environmental and sustainability matters. We expect this to be considered as part of the wider LGR work.

6.5 **Partnerships:** LGR implementation impacts all service delivery matters, including environmental and sustainability matters. We expect this to be considered as part of the wider LGR work.

6.6 **Local Government Reorganisation Implications:** They are addressed in the body of this report.

## 7 Background papers

7.1 The documents referred to in compiling this report are as follows:

### **Previous reports:**

- None

### **Other papers:**

7.2 **Appendix 1 – Draft Terms of Reference and Terms of Procedure**

7.3 **Appendix 2 - Letter from MHCLG to Chief executives of Surrey Councils, 28 October 2025**