

Guildford Borough Council

Report to:	Executive
Date:	19 March 2025
Ward(s) affected:	'All'
Report of:	The Chief Executive
Report Author:	Pedro Wrobel, Chief Executive
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Lead Executive Member:	Cllr Julia McShane
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Status:	Open
Key decision:	Yes

Local Government Reorganisation

1. Executive Summary

- 1.1 On 16 December 2024 the Government published its English Devolution White Paper. This outlined a very clear ambition for every area in England to move towards setting up a strategic authority, led by an elected mayor.
- 1.2 The Government also set a clear expectation that in two-tier areas, such as Surrey, local government be reorganised (Local Government Reorganisation "LGR") with new unitary councils established to replace district, borough and county councils. It was explained that the intention was that this would be carried out in a phased way, taking into account where LGR could unlock devolution, where areas were keen to proceed at pace or where it could help address wider failings.
- 1.3 Where County Councils concluded that postponing their elections (due to be held in May 2025) would help the area to deliver both LGR and devolution to the most ambitious timeframe, they were invited to ask the Minister for Local Government and English Devolution to consider exercising his ministerial powers to lay the necessary legislation to postpone the elections.
- 1.4 Surrey County Council responded to this invitation and, while the leaders of all district and borough councils across Surrey raised

objections to the postponement of the County Council elections, the Minister subsequently confirmed that he supported LGR across Surrey to the most ambitious timetable and that the forthcoming County Council elections would not proceed. All leaders of local authorities across Surrey were invited to work together to develop a proposal for LGR and submit an Interim Plan by 21 March 2025, followed by a full plan by 9 May 2025. Working to this timetable would enable elections for shadow unitary councils to be held in May 2026, with new unitary councils going live on 1 April 2027. Surrey County Council and each of the eleven districts and boroughs would continue to operate until the go live date for the new unitary authorities.

1.5 This paper provides information on the guidance local authorities are expected to have regard to when formulating proposals and the criteria against which the Minister will assess any proposals. It outlines the way in which local authorities across Surrey are working together to consider options with the hope of preparing a single Interim Plan for submission to the Ministry of Housing, Communities and Local Government (MHCLG) by 21 March 2025.

1.6 A copy of the proposed Interim Plan, recommended for consideration by Guildford Borough Council, is attached at Appendix 1 (to follow).

2. Recommendation to the Executive

2.1 Subject to the recommendation of the Council on 19 March 2025, that the Executive approves the joint Interim Local Government Reorganisation Plan (Appendix 1) and resolves that it be submitted by the Leader of the Council to the Ministry of Housing, Communities and Local Government by 21 March 2025.

3. Reason for Recommendations

3.1 It is considered that the joint Interim Local Government Reorganisation Plan, attached at Appendix 1 to this report, provides the best opportunity to achieve better outcomes for residents, save significant money and improve accountability as well as unlocking the potential powers and funding to be devolved to strategic authorities in due course.

4. Status of Report

4.1 The report is open and does not contain any exempt information.

5. Strategic Priorities

- 5.1 Guildford Borough Council has a strategic priority of “achieving a resilient and well managed Council”. The Government has stated that LGR, whereby new unitary councils will replace county and district/ borough councils in two-tier areas such as Surrey, will be more efficient and effective, in addition to improving customer satisfaction.

6. Background

- 6.1 On 16 December 2024 the Government published its English Devolution White Paper. This outlined a very clear ambition for every area in England to move towards setting up a strategic authority, formed when two or more upper-tier authorities work together, led by an elected mayor. The White Paper outlined the powers and funding which could be devolved to such authorities, including those relating to transport, strategic planning, skills and employment, business support, environment and energy, health and public safety.
- 6.2 The Government also set a clear expectation that in two-tier areas, such as Surrey, local government be reorganised with new unitary councils established to replace district, borough and county councils. They stated that this would lead to better outcomes for residents, save significant money and improve accountability.
- 6.3 The White Paper explained that the Government intended to facilitate a phased programme of LGR for all two-tier areas, taking into account where this could unlock devolution, where areas were keen to proceed at pace or where it could help address wider failings.
- 6.4 As Surrey only has one upper-tier authority, and neighbouring areas made it clear that their current devolution ambitions did not include Surrey, LGR is essential to unlock devolution and prevent Surrey from becoming a “devolution island.”
- 6.5 Following the publication of the White Paper, leaders of county councils received a letter from the Minister for Local Government and English Devolution. This noted a concern that the timing of the May 2025 elections could affect planning for devolution, particularly where this was happening alongside LGR. The Minister stated that, to help manage these demands, he was minded to lay secondary legislation to postpone local council elections (County).

- 6.6 However, it was made clear that this would only be done where it would help the area to deliver both LGR and devolution to the most ambitious timeframe. On 10 January 2025, Surrey County Council (SCC) submitted a request to the Minister asking that he exercise his ministerial powers to lay the necessary legislation to postpone the County Council elections in Surrey. It was explained that this would give time for the Leader of SCC to work with the leaders of Surrey's district and borough councils to put together proposals for local government reform that are necessary to unlock further devolution for Surrey.
- 6.7 In response, Leaders of the districts and boroughs jointly wrote to the Minister objecting to the proposal to cancel the elections. They explained that they believed the elections were necessary to give clear electoral mandates to take this process forward during this transition period and that, given the consensus across the political spectrum to bring forward proposals for change, they did not believe that this needed to affect the pace of change.
- 6.8 On 5 February 2025, the Minister confirmed that he supported LGR across Surrey to the most ambitious timetable and that the forthcoming elections would not proceed. All leaders of local authorities across Surrey were invited to work together to develop a proposal for LGR.
- 6.9 Authorities across Surrey were asked to submit an Interim Plan by 21 March 2025 and a full plan by 9 May 2025. This is with a view to elections for shadow unitary councils being held in May 2026, with new unitary councils going live on 1 April 2027. Surrey County Council and each of the eleven districts and boroughs across Surrey would continue to operate until the go live date for the new unitary authorities.

Guidance and Criteria

- 6.10 The White Paper explained that new unitary councils must be the right size to achieve efficiencies, improve capacity and withstand financial shocks. It stated that for most areas this will mean creating councils with a population of 500,000 or more but recognised that there may be exceptions to ensure that new structures make sense for an area, recognising the importance of local identities and coherent local economies, including for devolution, and decisions will be on a case-by-case basis.

- 6.11 It was made clear in the White Paper that the delivery of high quality and sustainable public services to citizens and communities will be prioritised above all other issues. In addition, new councils are expected to take a proactive and innovative approach to neighbourhood involvement and community governance so that citizens are empowered.
- 6.12 It was recognised that all levels of local government have a part to play in bringing improved structures to their area through reorganisation, including by sharing information and working proactively to enable robust and sustainable options to be developed and considered. It was stated that there is an expectation that all councils in an area will work together to develop unitary proposals that are in the best interests of the whole area, rather than developing competing proposals. In addition, there is an expectation that all councils in an area will work with relevant government departments to bring about these changes as swiftly as possible.
- 6.13 Further guidance was provided in a letter from the Minister of Local Government and English Devolution to all council leaders across Surrey on 5 February 2025. This also outlined the criteria against which proposals will be assessed. A copy of the letter is attached at Appendix 2 (to follow).

Preparing an Interim Plan

- 6.14 The letter of 5 February 2025 identified the need for an Interim Plan to be provided to MHCLG on or before 21 March 2025. The expectation is that this will set out the progress being made on developing proposals in line with the criteria and guidance contained within the letter. While it was recognised that the level of detail provided may vary from place to place, the expectation is that one Interim Plan is jointly submitted by all councils in the area. Guidance is clear that the Interim Plan may reference more than one proposal, if there is more than one option under consideration.

Working together across Surrey

- 6.15 Surrey's twelve councils have been working together to make sure the opportunities around devolution and LGR lead to better outcomes and value for residents and businesses. This has involved weekly meetings

of all council Leaders to explore the number and structure of potential unitary authorities and consider potential governance structures and geography involving a directly elected mayor, including partners beyond Surrey.

6.16 They have been assisted in this work by the Chief Executives of the local authorities who have been meeting together regularly. Section 151 Officers and Monitoring Officers have also provided input.

6.17 In approaching this work, it was recognised that the option of a single unitary authority across Surrey could not be pursued as this would not unlock devolution. It was also acknowledged that any proposals for more than three unitary authorities across Surrey should not be pursued due to their population sizes.

6.18 In shaping options, Leaders identified the importance of drawing on the latest, most relevant data and insight. To enable this, data repositories have been set up to ensure that councils are using consistent data and insights. This will help ensure that decisions are evidence based.

6.19 A copy of the Interim Plan for Surrey is attached at Appendix 1 (to follow). This consists of two parts -

- 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 authorities would welcome further discussion with government on to support the new arrangements to have the greatest chance.
- Part B sets out 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.

7. Options

7.1 Council may recommend to the Executive, the joint interim Local Government Reorganisation Plan, attached at Appendix 1 to this report.

Alternatively, it could resolve not to recommend the Plan or to recommend an alternative Plan to the Executive.

8. Consultation

- 8.1 As outlined above, weekly meetings of all council leaders across Surrey have been taking place. This is in addition to regular meetings of chief executives and other key officers, for example, Chief Finance Officers and Monitoring Officers.
- 8.2 SCC facilitated a briefing for partners on 25 February 2025. This provided information on devolution and reorganisation. Those present stressed the importance of working together to strengthen already strong working relationships and put forward their thoughts on the importance of community engagement, health and wellbeing, and skills in this work. It was noted that, as the 9 May deadline for final proposals to be submitted gets closer, there is a need and enthusiasm for continued stakeholder engagement.
- 8.3 The Leader has been consulting with the Executive and Senior Officers on a regular basis through the Executive Briefing Meetings.
- 8.4 The Chief Executive is holding a briefing session with all Guildford Borough Councillors.

9. Key Risks

- 9.1 There is a risk that not all twelve authorities in Surrey will agree to submit the Interim Plan as attached at Appendix 1 (to follow). This risk has been negated as far as possible by close working between leaders and chief executives and by recognising that the Plan can reference more than one proposal, where there is more than one under consideration. The proposals contained within an Interim Plan are not binding on a local authority.
- 9.2 If all twelve authorities are not able to agree a joint interim plan, MHCLG has accepted that there may be multiple submissions.
- 9.3 There is a risk that the Interim Plan may not provide detail on all the areas suggested by the guidance (contained within the letter at Appendix 2). There is no prescribed content for the Interim Plan, and it is recognised that the level of detail provided may vary from area to area.

10. Legal and Governance Implications

10.1 The English Devolution White Paper sets out an expectation that all two-tier areas such as Surrey will develop proposals for reorganisation.

10.2 In his letter to council leaders of 5 February 2025, the Minister for Local Government and English Devolution outlined that the Secretary of State for Housing, Communities and Local Government, in exercise of his powers under Part 1 of the Local Government and Public Involvement in Health Act 2007 ('the 2007 Act'), invited any principal authority in the area of the county of Surrey, to submit a proposal for a single tier of local government. This may be one of the following types of proposal as set out in the 2007 Act:

- Type A – a single tier of local authority covering the whole of the county concerned;
- Type B – a single tier of local authority covering an area that is currently a district, or two or more districts;
- Type C – a single tier of local authority covering the whole of the county concerned, or one or more districts in the county, and one or more relevant adjoining areas; or
- Combined proposal – a proposal that consists of two or more Type B proposals, two or more Type C proposals, or one or more Type B proposals and one or more Type C proposals.

10.3 Proposals must be submitted in accordance with paragraphs 1 to 3:

1. Any proposal must be made by 9 May 2025.
2. In responding to this invitation an authority must have regard to the guidance from the Secretary of State set out in the Schedule to his letter of 5 February 2025 (Appendix 2) and to any further guidance on responding to this invitation received from the Secretary of State.
3. An authority responding to this invitation may either make its own proposal or make a proposal jointly with any of the other authorities invited to respond.

- 10.4 In support of this formal invitation, local authorities are asked to submit an Interim Plan on or before 21 March 2025, in line with the guidance in the annexe attached to the letter of 5 February 2025 (Appendix 2).
- 10.5 Following submission of the final plan (by 9 May 2025), should the Minister decide to implement any proposal, legislation will have to be agreed by Parliament prior to moving to elections to new “shadow” unitary authorities. At this stage it is envisaged that these elections would be held in May 2026.
- 10.6 A shadow authority is one that is elected to carry out the preparatory functions of a new unitary council until the day that it formally comes into effect. This is commonly called “vesting day.” At this stage it is envisaged that vesting day would be 1 April 2027. All existing councils across Surrey would continue to operate and deliver services until vesting day.

11. Financial Implications

- 11.1 Part B of Appendix 1 outlines the financial assumptions and high-level financial modelling for each of the proposals being considered. The modelling is still under development and is subject to on-going refinement. As such, it should not be taken as final. Ultimately LGR and devolution will have significant financial implications for the operation of local government across Surrey. The full plan, to be submitted in May 2025, will require a full business case which will set out detailed analysis of the financial and non-financial impacts of the final proposal, including confirmation of the costs of implementation.
- 11.2 There are costs associated with preparing a proposal for a single tier of local government. These costs will be on top of existing service pressures and do not take into account leadership time and other opportunity costs which are being absorbed. The joint interim plan makes it clear that authorities across Surrey are seeking support from the Government to fully fund those costs.
- 11.3 Part A of the joint interim plan (Appendix 1) identifies the challenges posed by moving forward with local government funding reform at the same time as LGR. It explains that whilst local authorities focus on the creation of new unitaries in Surrey, and smoothing the transition of services for residents, authorities would welcome the Government’s support in stabilising the collective funding base. The Plan explains that, during this transition period, the ability to accommodate negative

financial adjustments arising from implementation of a new distribution methodology will be limited and asks that funding reductions are waived during the period of transition. Alternatively, the costs of LGR could be taken into account in any transitional arrangements. Part A also seeks early clarification on the amount of government grant each council would receive from day one to assist with financial planning.

12. Human Resources Implications

12.1 Preparing a proposal(s) for a single tier of local government in Surrey and transitioning towards it will have resourcing implications for all local authorities in Surrey. Further details on this are included in the Interim Plan (Appendix 1).

12.2 Local Government reorganisation will undoubtedly have significant employment implications for staff across all councils in Surrey. While the exact nature and scale of the employment implications is unclear at this stage, these will be considered in detail as part of any detailed proposal for a single tier of local government in Surrey.

13. Equality and Diversity Implications

13.1 While there are no equality implications arising as a direct result of this report, the impact on vulnerable and protected characteristic groups will be an important consideration as proposals continue to be designed.

14. Climate Change and Sustainability Implications

14.1 There are no direct implications as a result of preparing and agreeing a joint Interim Plan.

15. Monitoring Officer Commentary

15.1 The Monitoring Officer confirms that all relevant legal implications have been taken into account.

15.2 The request for an interim plan by 21 March 2025 is an executive function, in accordance with Part 3: Responsibility for Functions as out in the Council's Constitution. The report and recommendation from Full Council to Executive complies with the provisions of the Local Government Act 2000 and the Local Authorities (Functions and Responsibilities) (England) Regulations ("the Functions Regulations").

16. Chief Finance Officer commentary

16.1 The interim plan at Appendix 1 B sets out the high-level assumptions and financial modelling that has been undertaken to support the submission. At present, the financial assumptions are not consistently agreed across all Councils and need further refinement. The financial modelling is incomplete, and the benefits and costs shown should be treated with caution. The assumptions and financial modelling will continue to be refined as part of the development of the business case which will be presented to Government by 9 May 2025.

17. Next Steps

17.1 The recommendations from Council will be considered at a meeting of the Guildford Borough Council Executive on 19 March 2025, following the Council meeting.

17.2 Subject to the resolution of Guildford Borough Council's Executive, the Leader will submit the joint interim Local Government Reorganisation Plan to the Ministry of Housing, Communities and Local Government by the deadline of 21 March 2025.

18. Communication

18.1 Regular communications have been sent out by local authorities across Surrey to ensure that residents and businesses are kept informed. Where possible, the communication is issued jointly. Like other local authorities, Guildford Borough Council has created an information page on devolution, outlining Guildford Borough Council's position and providing some helpful [Frequently Asked Questions](#).

19. Background Papers

[Guildford Borough Council Constitution](#)
[English Devolution White Paper](#)

20. Appendices

Appendix 1: Joint Interim Local Government Reorganisation Plan

Appendix 2: Letter from the Minister of Local Government and English Devolution to all council leaders across Surrey dated 5 February 2025.

Report clearance progress:

Finance	Richard Bates	10 March 2025
Legal & Governance	Susan Sale	10 March 2025
CLB		
Chief Executive	Pedro Wrobel	10 March 2025
Strategic Director	Susan Sale	10 March 2025