

Devolution and Local Government Reorganisation

Update March 2025

Leader of Hampshire County Council, Cllr Nick Adams-King

Thank you for your questions

This presentation addresses these topics:

- Possibility of boundary changes
- Costs and financial benefits of making these changes – and impact of existing financial issues
- Engagement with stakeholders
- Possible options for the number of unitary authorities
- Timeline for changes

You can read detailed information about these topics:

- Intended benefits and impacts of devolution for residents
- Powers that will be devolved
- Why elections have been postponed

See www.hants.gov.uk/devolution and www.gov.uk/hampshire-and-the-solent-devolution

We hope to have more clarity on these issues later in the process:

- The transition process
- Clarity on the future of assets, such as buildings and land, owned by local authorities
- Specific impacts on the work of parish councils, or on specific services, specific contracts, or local plans

Proudly serving 1.4 million residents

Our services



Children's social care – Supporting **11,425 children** with social care.



Adults' health and care – Providing long-term support to **20,400 residents** and supporting carers and adults in care.



Public health – Promoting and protecting the population's health.



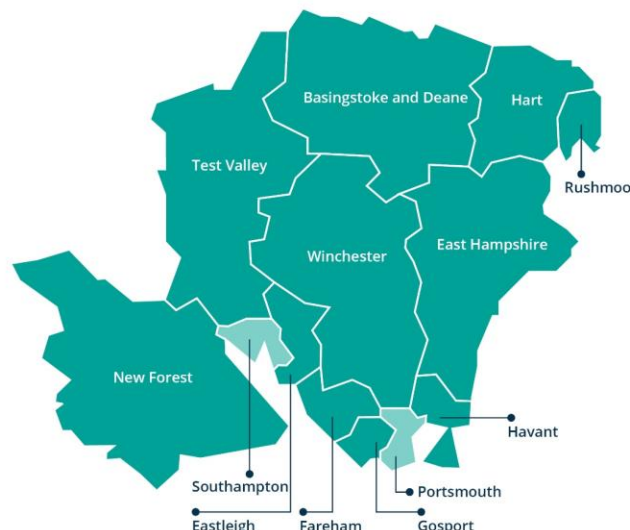
Waste disposal – Encouraging recycling, diverting **94.1%** of our waste from landfill.



Education – Teaching **135,000 pupils** in Hampshire's **458 schools**.



Economic development and skills – Supporting our **62,000 businesses** and enabling further growth in Hampshire's **£44.4bn economy**.



Transport infrastructure – Managing **5,500 miles of roads** and **1,750 bridges/structures**.

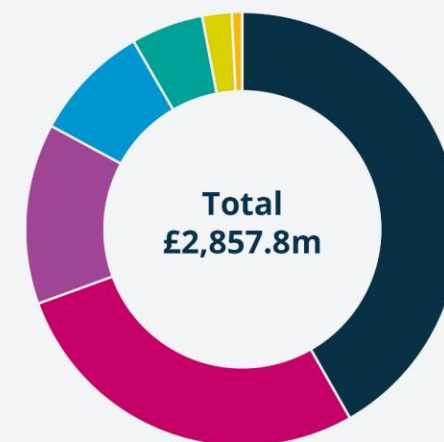


Countryside – Managing **3,600 hectares** of land for people and nature.



Registration – Registering **21,500 births and deaths** and **12,000 ceremonies and preliminaries**.

How our 2024-25 budget was spent



- **£1,192.9m**
Schools and Early Years: Funding is provided by Government and ringfenced
- **£791.8m**
Looking after vulnerable adults and public health
- **£384m**
Looking after vulnerable children and families
- **£250.3m**
Services for all (including £42.5m for highways and £65.6m for waste)
- **£153.8m**
Running the County Council and other costs
- **£62.8m**
Capital financing
- **£22.2m**
Hampshire's economy and future

Financial backdrop:

The current model of Local Government is not sustainable

- Current funding models mean that funding cannot keep pace with rising costs
- Efficiency improvements and structural changes are important
- Wider reform is also required to redefine how services are funded and delivered



The number of **care home residents** needing financial support is currently **increasing by 360 people each year**, with a **cost-increase of £18.7 million per year**.



In the last decade, the cost of **school transport for SEN children** has **increased from £8 million to £75 million**, and is still increasing.

The 5% council tax increase this year will add £40.1 million

Financial backdrop:

LGR alone cannot solve the financial challenges that face our services

- The Government will provide some funds towards taking LGR forward, but expects that over time, the costs of transition will be met from Councils' existing budgets
- The Minister notes the potential for capital receipts we can generate (such as the sale of buildings that will no longer be needed when there are fewer councils)
- Current budget deficits will continue to be locally managed



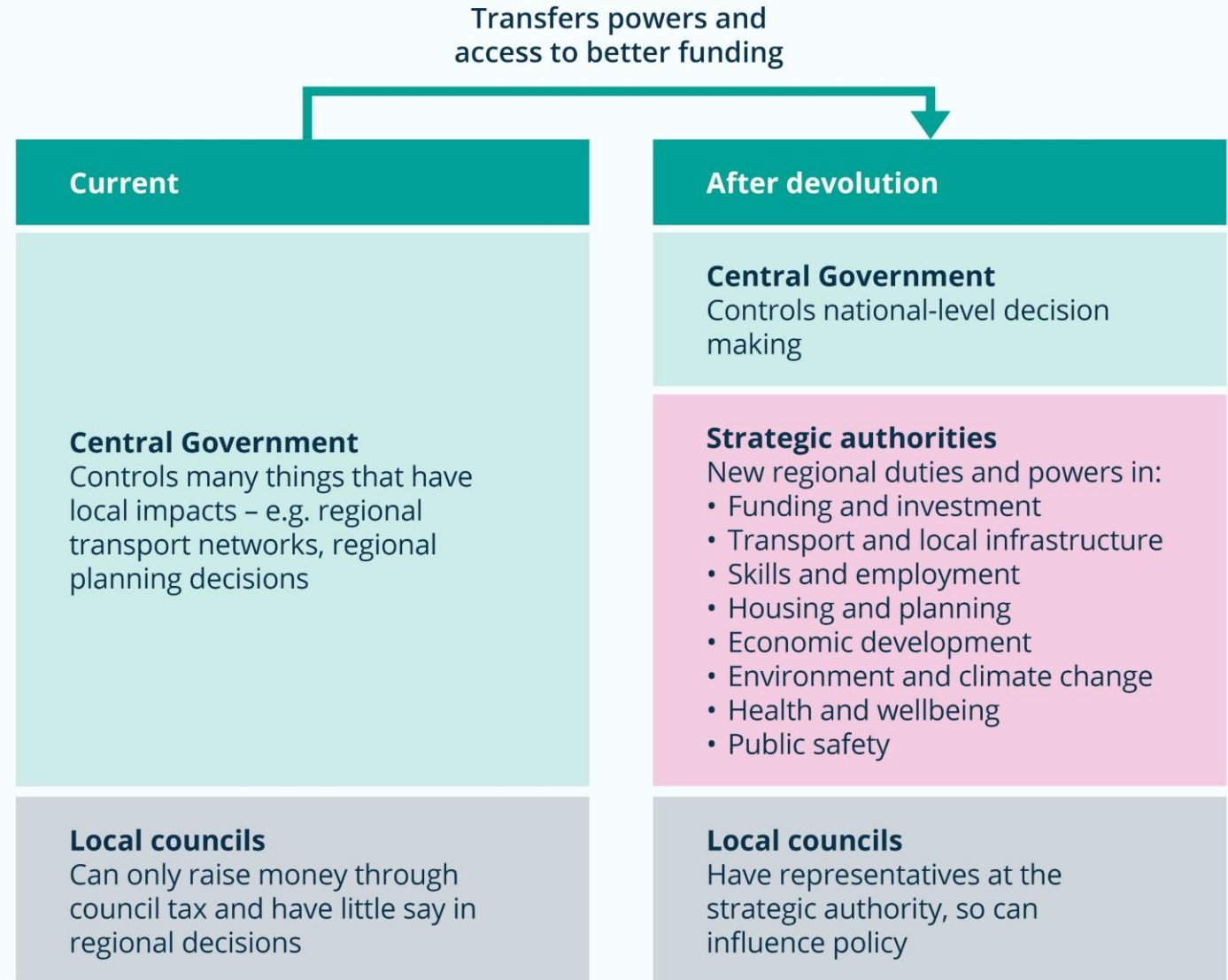
Devolution: Recap and update

Hampshire and the Solent has joined the Government's Devolution Priority Programme (DPP)



What is a Mayoral Combined County Authority?

- The Combined Authority will not deliver services.
- Service delivery will remain the responsibility of the existing county, district and unitary councils (and the new unitary councils in the future). This includes high-risk, high-cost services that are currently delivered at upper-tier level.



Benefits of Devolution

- A seat at the national table
- New powers and flexibilities – local taxation, Post-16 Skills
- New funding and investment – regional regeneration and growth priorities
- Simplification and consolidation of settlements – e.g. local transport funding
- Wider grant funding to support regeneration and housing delivery
- Local energy planning to support development of regional network energy infrastructure
- Significant opportunity for wider public service reform and join up



The Government's Devolution Consultation

- All (individuals and organisations) are welcome to respond
- Visit **www.gov.uk/hampshire-and-the-solent-devolution**
- Consultation closes 13 April

Consultation seeks views on seven key areas



Proposed
geography



Governance
arrangements



Supporting
the economy



Improving
social outcomes



Local Government
services







Improving the
local natural
environment



Supporting the needs
of local communities
to reflect local identity

Hampshire County Council's response

Consultation area			What the County Council say
	1	Proposed geography	The MCCA will bring significant benefits to the area as a whole
			It will mean greater local control and influence over funding, strategy and delivery at a local level
			It will have the resource and mandate to focus on the wider and longer-term needs for the area, resulting in a place with a strong economy, excellent infrastructure, well planned homes and communities and excellent skills and training
	2	Governance arrangements	The proposed allocation of two members for HCC on the MCCA doesn't fully reflect its size relative to the other members
			Governance should be based on the agreed strategic priorities of the MCCA, rather than geography
			It should also include safeguards to reflect the interests of constituent authorities, where decisions of the Mayor affect their areas
			HCC is supportive of the composition and voting rights of the MCCA, but notes it doesn't fully reflect the proportional sizes of constituent authorities
	3	Supporting the economy	The lack of strategic join-up currently limits growth and investment
			Four authorities and two Growth Boards means a significant level of fragmentation
			There's a need to join up transport networks, skills and training, and housing, across a wider area
	4	Improving social outcomes	Devolved powers and funding will address local issues, focusing on adult education to provide skills needed by businesses and transport improvements like cycling and walking infrastructure
			A focus on reducing health inequalities means more support for initiatives in deprived areas
			Investment in decarbonisation, clean energy, and environmental protection will create a cleaner, healthier, and more sustainable Hampshire

Hampshire County Council's response

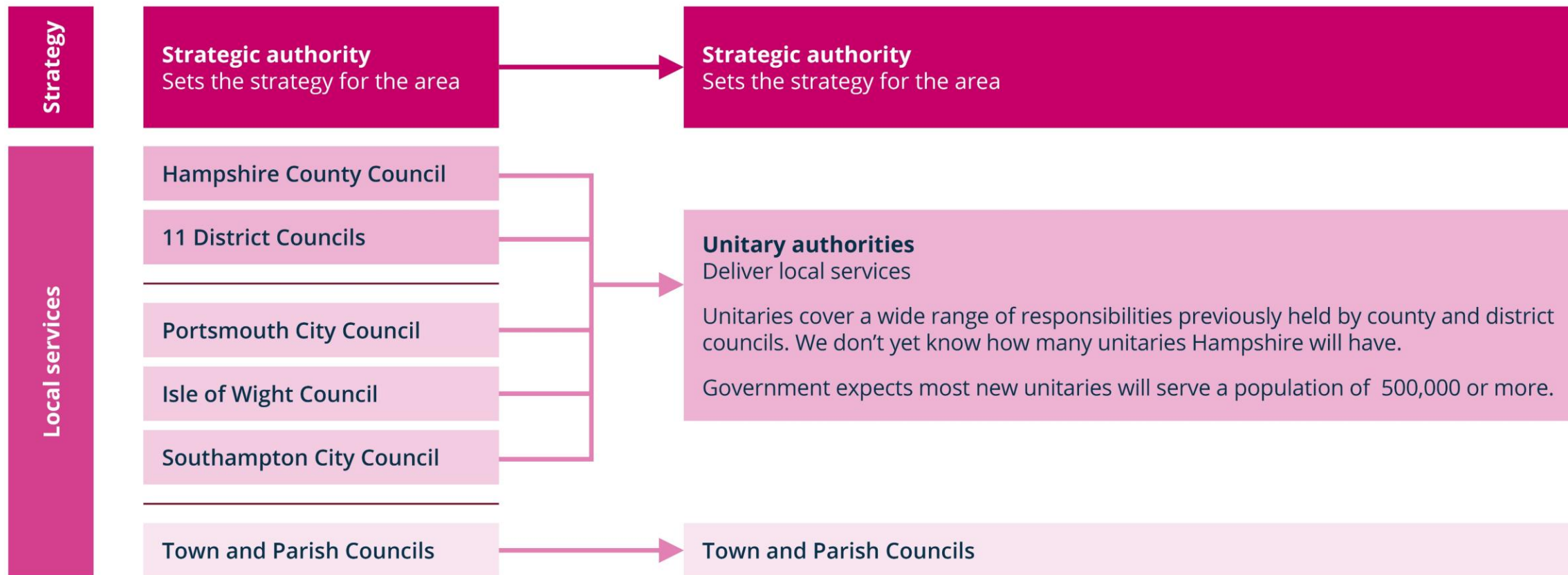
Consultation area			What the County Council say
	5	Local government services	The MCCA and a Mayor will improve coordination across local authorities and sectors, leading to greater efficiency and reduced duplication
			The Mayor can allocate devolved funding to local authorities for strategic priorities like transport, cultural activities, and economic development
			The MCCA's role in spatial planning and infrastructure investment could increase housing supply and reduce homelessness
			To maximise the benefits, local authorities need to be adequately funded to resource this work
	6	Improving the local natural environment	Collaborative protection efforts have improved the local environment
			Integrating Local Nature Recovery Strategies (LNRS) to guide growth, will highlight the value of natural capital for the economy and residents' health. However, clear responsibilities, resources and funding are needed.
			Challenges include balancing competing demands, development constraints, and achieving equal benefits
			The National Parks play an important role and should be included
	7	Supporting the needs of local communities and reflect local identity	An elected Mayor would ensure better national representation for Hampshire and the Solent's residents
			Hampshire's communities would benefit from aligning local decision-making, removing barriers to collaboration, and reducing duplication
			Place identity can be strengthened through coordinated strategies and targeted investments in culture, heritage, and tourism, addressing urban and rural challenges

Timeline for devolution



Local Government Reorganisation: Interim Proposals

Recap on Local Government Reorganisation (LGR)



Government's criteria

Our new structure must:

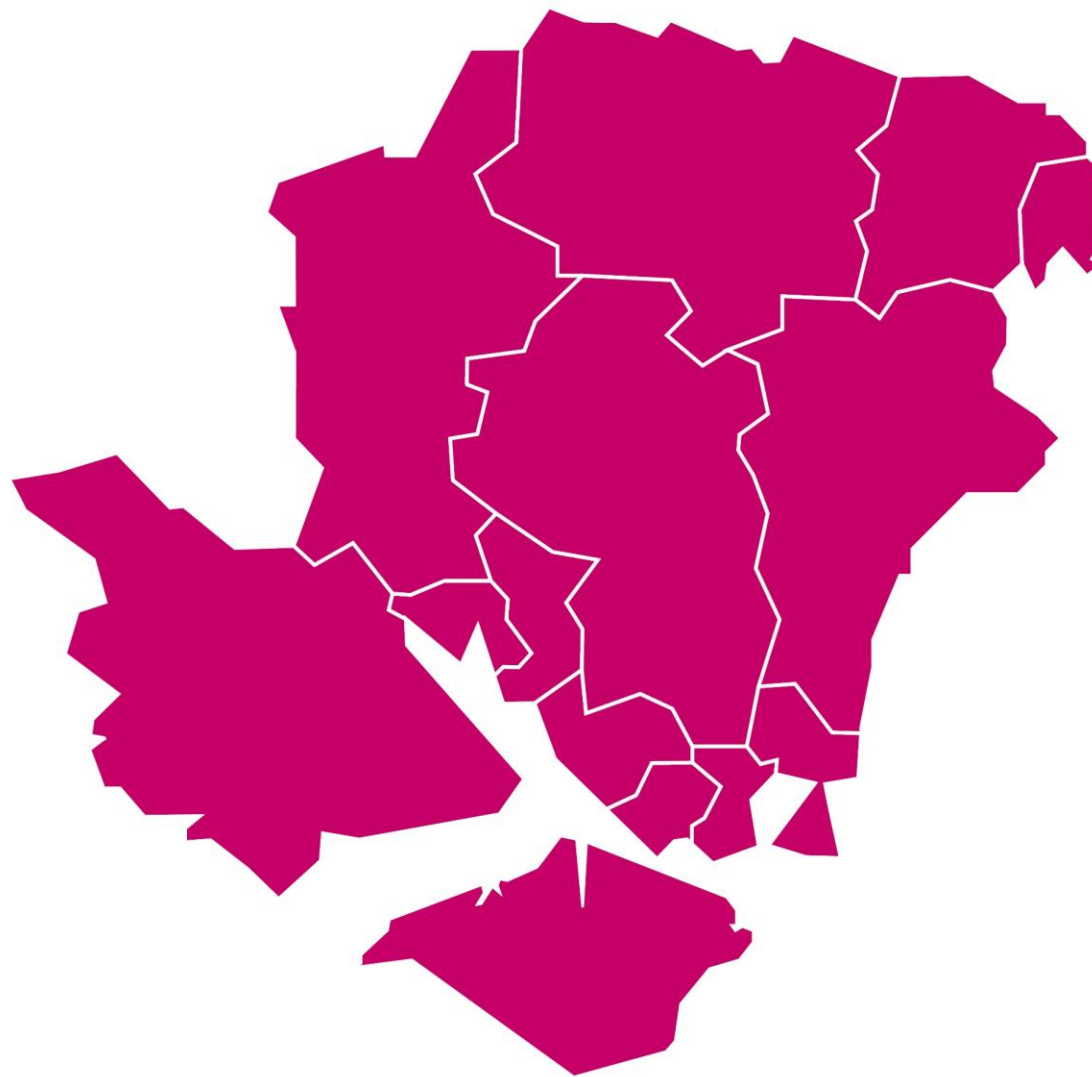
- Be a single tier of local government for the whole area
- Be the right size to improve efficiency and capacity, and withstand financial shocks
- Deliver high quality, sustainable public services
- Meet local needs, informed by local views
- Support devolution arrangements
- Enable stronger community engagement and neighbourhood empowerment



Working with our partners

We're working collaboratively with all our partner councils to find the solution that provides the best, most sustainable services. Initial steps agreed in our joint working:

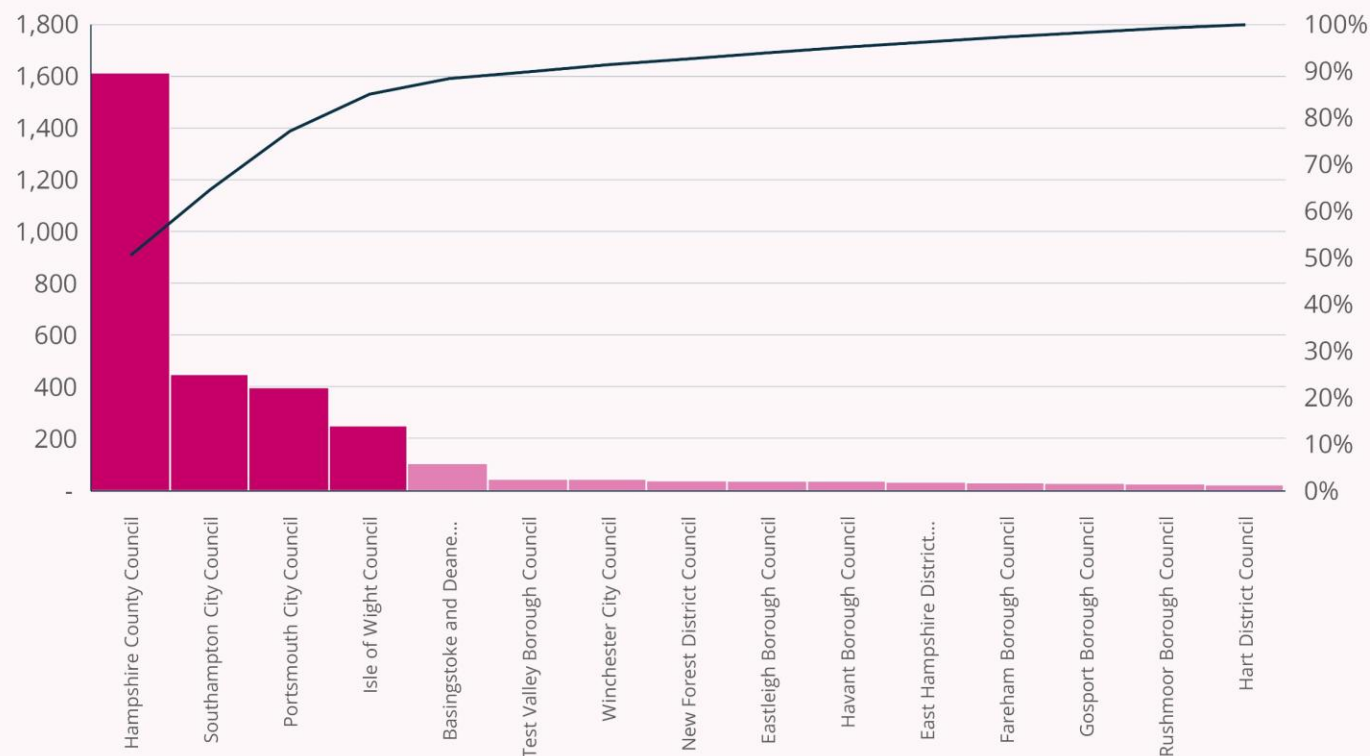
- A set of **agreed principles** that will guide the design of the new structure
- A proposal that **the Isle of Wight remains a separate unitary authority**
- A request for **clarity on the potential for changes to district boundaries** – we need to know whether such options would be acceptable and deliverable
- A request to **extend the deadline for final proposals**, allowing two extra months for completion of our submission
- A request for **further financial support** to implement the changes



Adding context: Public service expenditure

- Across Hampshire and the Solent, 85% of public service delivery is driven by upper tier authorities
- 15% of service delivery (£478 million) is delivered through the 11 district councils
- The County Council is responsible for the vast majority of public service delivery in the area (£3.1 billion revenue expenditure)
- County Council services are already provided at scale across a wide and diverse geography, and delivered locally, in communities and in people's homes

2023-24 Gross Public Service Expenditure across Hampshire and the Solent
(in millions of GBP and excluding Schools)



	Hampshire County Council	Unitary average	District average
Revenue budget per member (£'000)	20,685	8,368	1,086

Adding context: The services that are at stake

- The highest-risk services are provided at the largest scale
- They are delivered locally, in communities, and in people's houses
- Proposals must account for the risk of fragmenting SEN, social care and other critical services
- Hampshire's most vulnerable people are our biggest responsibility



Evidencing the emerging options

Given the size and gravity of the County Council's responsibilities, Councillors require additional analysis, informed by current data derived nationally and locally, to underpin any submission to Government.

Data has therefore been gathered to determine:

- The optimal population size of any new unitary councils
- The savings that could be achieved from LGR overall, in a variety of models
- An accurate picture of the varied thriving economic centres in Hampshire, that will ensure a financially sustainable solution is found for the region's largest services

Factors considered include:

- Demographic indicators such as population and deprivation
- Economic indicators such as employment levels
- Financial indicators such as annual savings, transition costs and payback period
- Service delivery indicators such as service quality, risks to delivery
- Local indicators such as identities, local engagement and neighbourhood empowerment

Guiding principles for meeting Hampshire's biggest responsibilities

Emerging options must ensure the County Council is meeting its specific accountabilities. Principles include:



Prioritising quality



Minimising risk



Developing financially sustainable,
resilient organisations



Leveraging anchor institutions
as the basis for new structures



Enabling local identity



Ensuring equity

Keeping local government local

- The County Council delivers local services every day, in people's homes and streets
- We know our local communities – and our services are designed for them
- LGR options must support localism of services
- Unitary councils of the future will be bigger than districts – so Parish Councils, and other methods of local representation, will be vitally important



Options development

Three options are being developed for further consideration, refinement and testing against the criteria:



Two mainland unitary councils

Three Upper Tier Authorities
reduce to two

Average population per Council:
940,000



Three mainland unitary councils

Three Upper Tier Authorities
are maintained

Average population per Council:
625,000



Four mainland unitary councils

Requires creaion of a new
Upper Tier Authority

Average population per Council:
470,000

Comparing the options against Government criteria

Criteria		Key factors	Two authorities rating	Three authorities rating	Four authorities rating
1	Sensible single tier of local government	Establishes a single tier of Local Government for the whole of the area concerned	High	High	High
		Sensible economic breakdown: with a tax base which does not create undue inequalities	High	Medium	High
		Sensible geographic breakdown: which will help increase housing supply and meet local needs	Medium	Medium	Medium
2	'Right-sized' local government	A population of 500,000 or more (unless specific scenarios make this unreasonable)	High	High	Medium
		Supports efficiencies and value for money for council taxpayers	High	High	Medium
		Improves capacity and supports the council to withstand financial shocks	High	Medium	Low
		Managable transition costs	Medium	Medium	Low
3	High quality, sustainable services	Improves local government and service delivery, avoiding unnecessary service fragmentation	High	High	Low
		Opportunity for public sector service reform, including where this will lead to improved value for money	High	High	Low
		Improves delivery of, or mitigates risk to negative impact on, crucial services	High	High	Low
4	Meets local needs	Meets local needs and is informed by local views	Low	High	High
		Improves and mitigates risk to issues of local identity, cultural and historic importance	Low	High	High
		Address local concerns	Medium	Medium	High
5	Supports devolution arrangements*	Helps to support devolution arrangements and unlock devolution	N/A	N/A	N/A
		Sensible population size ratios between local authorities and any strategic authority	N/A	N/A	N/A
6	Local engagement and empowerment	Enables stronger community engagement	Medium	Medium	High
		Delivers genuine opportunities for neighbourhood empowerment	Medium	Medium	High

*Indicative analysis has been included in this appraisal against criterion five, but an assessment cannot be made at this time as devolution plans are not yet defined.

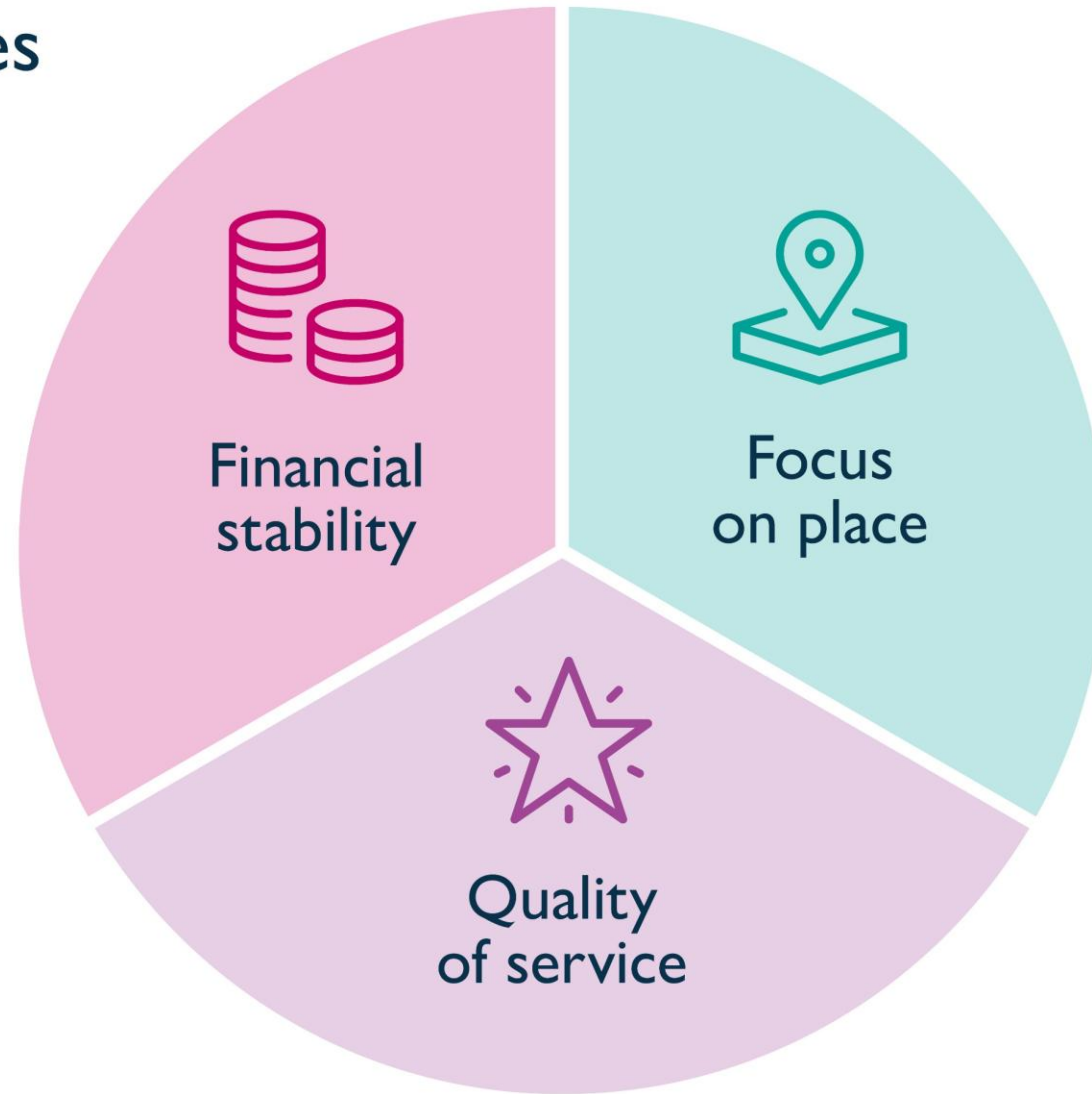
Financial comparison of options

Option	Potential net benefit/cost after five years (Cumulative)	Payback period	Notes
Two Mainland Unitary Authorities	Between £91m – £112m	Two to three years	<ul style="list-style-type: none"> • Avoids most of the costs of separating services • Short payback time
Three Mainland Unitary Authorities	Between £7m – £9m	Four to five years	<ul style="list-style-type: none"> • Slightly higher transition costs, slightly longer payback period • Still avoids most of the costs of separating services
Four Mainland Unitary Authorities	Between £134m – £163m	N/A	<ul style="list-style-type: none"> • No financial benefit – net effect is a cost, year-on-year • Significant costs from separating current upper-tier services • Population, tax bases and service-demand data suggest this is unsustainable

No specific option is being proposed to Government at this stage.

However, it is evident that the data does not support a system of more than three mainland authorities.

Balancing priorities



Engagement with our partners and customers

Segment	Key activities
Businesses	<ul style="list-style-type: none">• Keeping the Hampshire Prosperity Partnership Board updated• Invitation to cross sector briefing on 19 March• Use of existing newsletters and partnership meetings
Partners and stakeholders	<ul style="list-style-type: none">• Discussion at critical partnership meetings• Newsletters and briefings• Discussion with key public institutions like hospitals• We will continue to work with Parishes and seek clarity on their specific role
Members of Parliament	<ul style="list-style-type: none">• Individual correspondence with MPs• Dedicated briefing this week
Residents	<ul style="list-style-type: none">• Awareness raising: dedicated webpages, video explainers, social media and residents enewsletter
Staff	<ul style="list-style-type: none">• Chief Executive Blogs• Management led briefings and staff discussion• All staff briefings with Q&A

Timeline for Local Government Reorganisation



Thank you