

# SHAPING SURREY'S FUTURE

Devolution and  
Local Government  
Reorganisation

## Final Plan

May 2025



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# FOREWORD

Our story in Surrey is one of ambition, talent and innovation. A place of thriving communities and businesses, creative heritage in the arts and, of course, beautiful countryside. As we launch our proposal for a new system of local government, we set out a vision for our next chapter with a clear plan to make it happen.

Surrey is undeniably a brilliant place to live, work, learn and visit but, for some, life can be challenging. That is why we want better local government for the people of Surrey. We want to simplify the system, save money and, most importantly, strengthen connections between local communities and public services.

The need for transformation has become all the more apparent in recent years; a period that has seen rapid increases in demand, challenges for the national economy and worrying changes to our climate, alongside a significant squeeze to public finances. Even with these challenges, Surrey County Council provides good quality services, and our finances are stable due to our focus on service improvement and transformation over a number of years.

I welcome the opportunity the government has given us to be on an accelerated pathway of reorganisation to unlock devolution for Surrey. Our strong leadership and management of countywide services positions us well to lead a swift and smooth transition that will enable further service improvements.

This proposal will create stronger, simpler and more sustainable councils, and will give Surrey an even brighter future. The evidence is clear, that two unitary councils, in partnership with a new Mayor for Surrey, would bring the most benefits. Two unitary councils will bring together and simplify services currently delivered by the district and borough councils. Combined with the current county council services, and with lower disaggregation risks, our proposal will deliver more efficient services, better partnership working, millions of pounds in reduced costs year on year and clarity for residents when accessing services.

Most importantly, this proposal strengthens local community engagement. Connections within, and between, communities must be meaningful and tailored to the towns and villages residents relate to. We're proposing the creation of community level boards across Surrey to include representation from councillors, health, police, voluntary groups, town and parish councils, residents associations and other stakeholders. They will focus on the things that matter most and have an impact in the places they serve.



We stand prepared for reorganisation, and we've already set the foundations. I can think of no better place to be. In Surrey, we make it happen.

**Councillor Tim Oliver OBE**  
**Leader of Surrey**  
**County Council**



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**We are proud of our creative heritage in the arts, our beautiful countryside and the depth of compassion in our communities.**

# EXECUTIVE SUMMARY

**Surrey County Council's Final Plan sets out our vision to shape Surrey's future through local government reorganisation (LGR) and devolution. Our proposal is a robust and evidence-based case for two new unitary councils: East and West Surrey, which will unlock devolution on a Surrey footprint. This significant transformation will build on, and enhance, Surrey's strengths as a county.**

Surrey is a vibrant and dynamic county, packed with innovative businesses and inspiring educational opportunities. We are proud of our creative heritage in the arts, our beautiful countryside and the depth of compassion in our communities.

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. After many years of hard work, widescale transformation and bold thinking, Surrey County Council is ready and well prepared to tackle reorganisation with the goal of delivering better outcomes for our residents, especially those who need us most.

At present Surrey local government is split across two tiers. Surrey County Council delivers countywide services including Education, Adults and Children's Social

Care, Waste Disposal and Highways. There are 11 district and borough councils, Elmbridge, Epsom and Ewell, Guildford, Mole Valley, Reigate and Banstead, Runnymede, Spelthorne, Surrey Heath, Tandridge, Waverley and Woking, whose services include Social Housing, Homelessness services, Leisure and Waste Collection.

The government's invitation for Surrey to join an accelerated LGR pathway that will lead to further devolution is a significant opportunity for the county, enabling us to create more effective and sustainable local government fit for the future.

We recognise the significant opportunities of devolving more funding and powers down to the local level where decisions can be better made for the benefit of our communities. Although we remain open to a Mayoral Strategic Authority (MSA) beyond Surrey's borders, with no current opportunities for this, a Surrey MSA is the best option to bring further devolution to the county. This will strengthen the ability to deliver key strategic services such as Transport, Economic Growth and Strategic Planning. It will also enable greater partnership working with countywide services, like Health and Blue Light services.

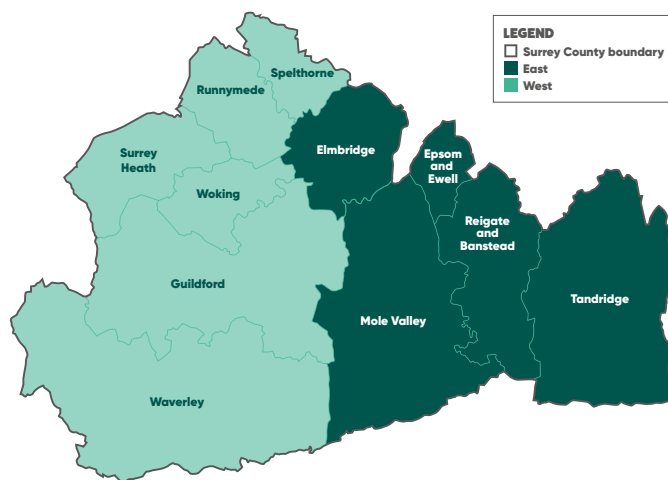
This historic moment will be a catalyst for necessary public service reform across the area, enabling us to achieve more aligned services for the benefit of everyone who lives, works and learns here.

Moving to unitary local authorities from the current two-tier system will create more effective and sustainable local government. It is a significant opportunity to bring services closer together. We need a new system that is more efficient at channelling scarce resources into quality services and outcomes, and that lowers local government running costs.

Our options appraisal, guided by the criteria set by government, shows that a two unitary model is the most viable option to unlock devolution on a Surrey footprint.

**Our preferred option is for an East/West model, titled 2.1 West/East throughout the report.** This option delivers a strong correlation between Adult Social Care and Children Social Services budgets and key funding sources, indicating that the geography will create authorities that are the best placed to deliver high quality services to residents

The new councils will also experience comparable levels of population, land area, total household numbers, homelessness, house building targets, waste collection, business activity, pupil distribution, number of birth and death registrations, and total miles of public highways.



Any model of unitary local authorities will need an effective community-level layer of governance and engagement to connect the unitary councils, and the Mayoral Strategic Authority, to their local areas. Our proposal sets out a Community Engagement Model which will be tested and developed over the coming months in parallel with the LGR implementation process, ensuring the new unitary councils will have a strong link into local communities from day one.

To deliver against the ambitious timescales, preparations have begun for the implementation of the LGR programme. The Final Plan focuses on our proposed approach to implementation, to ensure the new unitary councils are safe and legal on vesting day, and we expect this to combine with district and borough council programme arrangements as the transition progresses.

Area	Area 2: East Surrey	Area 1: West Surrey
<b>District and Borough areas covered</b>	Elmbridge, Epsom and Ewell, Mole Valley, Reigate and Banstead, Tandridge	Guildford, Runnymede, Spelthorne, Surrey Heath, Waverley, Woking
<b>Population<sup>1</sup></b>	545,798	657,309

<sup>1</sup> Census 2021 data

Surrey County Council has an excellent track record of financial management and sustained improvements to critical services such as Adult and Children's Social Care services. This is down to a relentless focus on putting outcomes for residents first, using transformative and innovative approaches to make the county's services better. We work at pace, with high energy and a mindset of continual improvement. We also have strong partner relationships within Surrey and across the South East, such as the South East 7 partnership including Hampshire, Sussex and Kent councils. Reorganising local government is an opportunity to apply the same principles to the design and implementation of the new unitary councils, with Surrey County Council well placed to take a leading role in this.

**Surrey County Council has the following key asks of government which are essential to enabling the success of local government reorganisation in Surrey:**

- 1** - Write off stranded debt related to historic commercial activities, in particular for Woking Borough Council, as the only viable option to ensure the financial sustainability of new unitary authorities and avoid ongoing Exceptional Financial Support being required.
- 2** - Provide funding to cover a material level of Surrey's LGR implementation costs, modelled at £85 million at mid-point for two unitaries, to limit the need for reserves across Surrey's local authorities to be used to fund these costs so reserves can be maintained to support future sustainability.

- 3** - Clarify the timelines for discussing the lead authority or Senior Responsible Officer (SRO) role and what the associated joint working arrangements will look like as preparations for implementation need to begin prior to a final decision on geography for the new unitaries. Surrey County Council has the track record to position us well to lead the transformation required.
- 4** - Clarify their preferred position in relation to establishing any new town and parish councils through Community Governance Reviews – and their ability, or not, to raise an additional local precept.
- 5** - Clarify the future direction of health system reforms in Surrey and what implications this may have for the direction of devolution and LGR across the area.

This is an historic moment for Surrey. Our vision is a future where East and West Surrey unitary authorities deliver quality, cost effective public services to residents. The Mayoral Strategic Authority will work closely with local and regional partners to deliver strategic priorities, and communities will thrive with an engagement model that strengthens preventative activity. Local neighbourhoods will remain at the core of public services, empowered and informed within this new, enhanced structure.

The new unitary councils will have the opportunity to build on the strong foundations we have created, to deliver our county-wide vision and ambition that no one is left behind.

An aerial photograph of a suburban town in Surrey, England, during autumn. The foreground shows a large green football pitch with white markings. The middle ground is filled with rows of brick houses and terraced buildings, interspersed with trees showing vibrant autumn foliage in shades of orange, yellow, and red. The background shows a hazy horizon under a sky with soft, wispy clouds. A white rectangular box with a thin green border is positioned in the upper center, containing a quote.

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**We want Surrey's  
economy to continue  
to thrive, to be strong,  
vibrant and successful  
and for the county to  
be a great place to  
live, work and learn**

# THE COUNTY OF SURREY

## Our shared ambitions

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](#).

By 2030, we want Surrey to be a 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 an ambition that no one is left behind.

This means that 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.

We want Surrey's economy to continue to thrive, 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.

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, grow sustainably.

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.



## CASE STUDY: Civic Agreement for Surrey

The Civic Agreement for Surrey was signed in September 2024 by Surrey County Council and the county's three leading universities – the University of Surrey, University for the Creative Arts and Royal Holloway, University of London.

The Civic Agreement is an existing county-wide shared public commitment to working together to bring about real and positive change to the people who live, learn and work in our communities across Surrey.

It furthers dialogue and deepens the collaboration between these anchor institutions, along with other strategic regional partners. It also leverages the combined strength of the organisations, maximising impact to benefit residents, communities and businesses, and the environment across Surrey.

By pooling resources and expertise, partners are better placed to address local needs, drive innovation, and create a more inclusive and resilient Surrey.

## Surrey's population

Surrey is a county to the south-west of London, with an area of 1,663 km<sup>2</sup> or 642 square miles. The population is 1,203,108 people with 481,819 households<sup>2</sup>.

<b>Table 1: Surrey's population (2021 Census) – key facts</b>	
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"> <li>• Surrey: 731 residents per km<sup>2</sup></li> <li>• South East: 492 residents per km<sup>2</sup></li> <li>• England: 438 residents per km<sup>2</sup></li> </ul>
Projected population by 2043	1,227,467
Largest populations by age	<ul style="list-style-type: none"> <li>• 45 to 49 year-olds</li> <li>• 50 to 54 year-olds</li> </ul>
Birth rate decline	13,542 (2015) to 11,474 (2023) -15.2% decrease
Life expectancy at birth declining	<ul style="list-style-type: none"> <li>• Male: 81.7 years (2016-20) to 81.1 years (2020-22)</li> <li>• Female: 85.0 (2016-20) to 84.7 (2020-22)</li> </ul>
Highest vs lowest life expectancy by ward	<ul style="list-style-type: none"> <li>• Male <ul style="list-style-type: none"> <li>- Lowest: Portley ward, Tandridge – 77.6 years</li> <li>- Highest: Warlingham West ward, Tandridge – 88.0 years</li> </ul> </li> <li>• Female <ul style="list-style-type: none"> <li>- Lowest: Ashford North and Stanwell South and Stanwell North wards, Spelthorne – 81.2 years</li> <li>- Highest: Woldingham ward, Tandridge – 93.5 years</li> </ul> </li> </ul>
Leading causes of mortality	<ul style="list-style-type: none"> <li>• Cancer (23.9%)</li> <li>• Dementia and Alzheimer's disease (14.4%)</li> <li>• Ischaemic heart diseases (also called coronary heart/artery disease) (8.6%)</li> <li>• Influenza and pneumonia (5.7%)</li> <li>• Cerebrovascular diseases (e.g. stroke) (5.4%)</li> </ul>

<sup>2</sup> More information about the population of Surrey can be found in the [Joint Strategic Needs Assessment \(JSNA\)](#).

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 which contributes to population growth. A further factor in growth will be a requirement for Surrey to deliver increased annual housing numbers under National Planning Policy Framework reforms, rising from 6,346 per year under the methodology pre-December 2024 to 10,981 per year under the new methodology.

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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 rise, with increased likelihood of impacts on health and care services due to increased prevalence of long-term health conditions.

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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.

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.

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.

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## Surrey as a place to live, work and learn

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 with a Gross Value Added (GVA) in excess of £50 billion. We are home to some of the world's leading high-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.

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 (National Landscapes), 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 rights of way to enjoy them.

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 (or just over 10 square miles) of countryside where people can walk and, on some sites, cycle and ride horses. Popular sites include Newlands Corner, Chobham Common and Norbury Park.

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 sealed by King John in 1215.

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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.

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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 as of September 2024.

## Challenges facing local authorities

LGR in Surrey is taking place during testing times for councils across the country.

The national economic outlook is challenging and influences the level of funding available to local authorities. Local government funding remains highly uncertain and insufficient to address increasing demand for vital services.

The government is undertaking a multi-year Spending Review, due to conclude in Spring 2025. They intend to re-introduce multi-year funding settlements for local government, with potential changes to the formula for how councils are funded. There are indications this will be weighted more towards deprivation, which means Surrey authorities would be more reliant on council tax to fund services, with less coming from government grants. This is why moving to more financially sustainable local government structures is a key objective of the reorganisation process.

Demand for services is also unrelenting. Surrey County Council is continuing to see exponential increases in key areas such as Adult and Children's Social Care, Mental Health Support and Home to School Travel Assistance. This means achieving a balanced budget while delivering high quality services to all residents that need them is increasingly more challenging. Bringing together services through reorganisation means there will be better chances of designing and delivering solutions that emphasise prevention and early intervention.

The current councils, and new authorities once they go live, will also need to navigate major government policy changes as LGR progresses. For example, changes to national planning policies to accelerate housing delivery, education reforms affecting local authorities and changes to employment legislation are a small snapshot of the strategic context facing councils. Our partners are also experiencing changes, such as changes to NHS England and integrated care boards, adding complexity to an already turbulent environment.





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**Our ambition is for  
Surrey to benefit  
from an Established  
Mayoral Strategic  
Authority (ESA)**

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# HOW DEVOLUTION WILL BENEFIT SURREY

Government have indicated that they wish to see all of England covered by further devolution, which requires the formation of Strategic Authorities across the country. Two or more upper-tier local authorities need to combine to form a Mayoral Strategic Authority (MSA).

Unlocking devolution is a key objective for local leaders. Deeper devolution into Surrey, building on the County Deal already agreed with government, will allow for better alignment of our public services and greater funding and powers brought closer to residents.

We want to grasp the opportunity presented to us through the accelerated pathway, to reorganise local government to enable the formation of an MSA on a Surrey footprint, whilst our neighbours and strategic partners in Hampshire, Kent and Sussex pursue their devolution ambitions. This will avoid Surrey becoming a 'devolution island'. Whilst we explore the opportunity for an MSA on a Surrey footprint, we remain open to conversations with our neighbours about devolution on a wider footprint and how we can maintain our strong working relationships for the benefit of the wider South East.

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 on issues such as water, energy supply or emergency response coordination, would then be possible.

Our ambition is for Surrey to benefit from an Established Mayoral Strategic Authority (ESA). A Mayor with greater responsibilities and increasing funding flexibility in the form of an Integrated Settlement, and greater influence over the direction of future devolution will bring more powers, decision-making and funding closer to Surrey's local communities.

## The Case for a Surrey Mayoral Strategic Authority

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 Mayor will take responsibility for services under the Police and Crime Commissioner and Fire and Rescue services (which already operate on a county-wide footprint). In addition, the Mayor will have a seat on the Integrated Care Partnership and will be considered for the role of Chair or Co-Chair. This will build on the existing foundations of joint delivery across Surrey's Blue Light services and the health system, alongside the Mayoral functions set out in the devolution framework.

Surrey is a robust economic area with a Gross Value Added of just over £51 billion (2022). With a population of 1.2 million, Surrey is average among existing Combined Authority<sup>3</sup> (CA) sizes with the smallest, Tees Valley CA at 688,000 population, and the largest West Midlands CA at 2.9 million population. However, even with an average population size, our strong economy will mean that a Surrey MSA ranks number one amongst existing CAs in GDP per capita at £46,600.

Underpinned by our proposed geography of two unitary councils covering a population of 657,309 (West Surrey) and 545,798 (East Surrey)<sup>4</sup> respectively, this model will deliver the strongest and most sensible configuration. It will enable unlocking devolution on the existing economic footprint of the county, whilst ensuring the future unitary councils are an appropriate size to remain sustainable and robust.

The MSA will have three key elements: the directly elected Mayor, the MSA executive formed of the two unitary council leaders, and the MSA Overview and Scrutiny Committee. This will enable close collaboration between the Mayor and the two councils, ensuring that strategic decision making at MSA level is informed by the mandate and priorities of the two unitary councils, working alongside other key partners.

Initially, a Strategic Authority for Surrey would bring enhanced powers and responsibilities for local transport, infrastructure, housing, planning, skills, economic growth and climate change, in addition to control of devolved funding streams and income generation levers. The sections below set out how these powers could be utilised locally to benefit partners and residents, with specific reference to areas where the creation of an MSA across Surrey offers opportunities to address local challenges.

<sup>3</sup> A combined authority (CA) is a legal body set up using national legislation that enables a group of two or more councils to collaborate and take collective decisions across council boundaries. The English Devolution White Paper says future CAs will be called Strategic Authorities.

<sup>4</sup> Census 2021 population data

## Economy and Skills

Surrey is already an area with many economic strengths and one of the largest net-contributors to the UK economy. There are key local economic opportunities within Surrey including specialist emerging sectors, a highly skilled local workforce, strong performance in innovation, and access to key infrastructure assets.

Surrey's economy is driven by high growth sub-sectors such as automotive, cyber security, and space, alongside strong foundational sectors including finance, retail, and construction. A Strategic Authority with a single coherent economic vision offers the greatest potential to maximise opportunities while directing interventions to the areas where demand is highest.

Surrey County Council has enhanced the delivery of economic responsibilities on a Surrey footprint. For years Surrey was split between two Local Enterprise Partnerships rooted in adjoining counties, leading to inequalities between the West and East of the county. In 2020, the Surrey Future Economy Commission, chaired by former Chancellor of the Exchequer, Lord Philip Hammond, recommended that action was needed on a whole Surrey basis to promote the county as the powerhouse of the wider UK economy. Surrey's County Deal and devolved responsibilities for growth delivered on a single Surrey footprint has helped rectify this, with a single focus now aligned to the strengths, priorities, and challenges of the county as a whole.

The Surrey Economic Growth Strategy and supporting funding framework provides clear direction and investment

opportunities to promote inclusive economic growth now provides direct and streamline growth-related funding, focusing on inclusive economic growth.

A countywide focus on targeted employment and skills interventions that helps address challenges around retention of talent and inactivity rates has been developed. This includes the Surrey Careers Hub, which supports Surrey schools and colleges with careers education, and government-funded skills programmes like Multiply and Skills Bootcamps enrolling more than 5,000 residents in 2024/5.

The Adult Skills Fund, part of the County Deal, will align training to employer needs across the county. The Local Skills Improvement Plan will enable closer working between the Employer Representative Body and the Strategic Authority, aligning the plan with the Mayor's skills and economy functions.

A Strategic Authority with enhanced powers and funding in employment support, adult skills, and innovation will further help facilitate economic growth, local jobs, and skills provision to tackle economic inequality.





## **CASE STUDY:** Developing a Countywide Business Support Offer

Surrey has a strong track record of delivering key economic and skills activity on a county footprint, led by the countywide strategic direction. This delivery has included the establishment of a single gateway 'Business Surrey' offer to replace the previously fragmented and confusing landscape caused by the Local Enterprise Partnerships split.

Business Surrey incorporates all business to business services in the county with a quick and simple customer journey. It includes a directory of support services, gated resources and acts as the gateway to the Surrey Growth Hub service. Less than a year after launching, Business Surrey has had more than 23,000 users and supported nearly 2,000 businesses via the Growth Hub.



## Housing, planning and homelessness

Establishing an MSA will directly enable housing delivery across the county. 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. To deliver on Surrey's ambition for everyone to have access to appropriate housing, and the government's significant housing targets for the area, we need a more strategic and joined-up approach to planning and housing delivery.

A Mayor across the area will have control over grant funding for housing delivery and regeneration. This means Surrey can allocate resources more effectively to meet local housing needs, ensuring that funding is directed towards projects that will have the most impact. Additionally, the Mayor will oversee the creation of a Spatial Development Strategy, which will guide development across Surrey. The newly formed unitary councils will need to develop Local Plans that conform to this countywide strategy, ensuring a cohesive approach to housing development. This strategic oversight will be helpful in streamlining planning and ensuring that housing projects align with broader regional goals.

As part of the County Deal, the Homes England Compulsory Purchase Power is currently being implemented which could provide greater flexibility to the county council to assemble land to deliver county-led programmes such as Right Home, Right Support and Surrey Homes for Surrey Children. With the introduction of the MSA, the Homes England

Compulsory Purchase Power held by the Mayor could help to unlock key housing programmes across the county, in line with the Mayors strategic housing remit.

The MSA will also steer and monitor affordable housing programmes. Surrey's housing affordability (which is measured as a ratio of house prices to income) was 11.9 in 2023, with median gross annual residence-based earnings in Surrey at £42,882 and median house price at £510,000. This ratio is the highest ratio outside of London, significantly above the England ratio of 8.2. A Strategic Authority across Surrey with a focused approach to delivering affordable housing in a joined-up way, presents an opportunity to address these stark housing affordability challenges more effectively, ensuring that new developments include a mix of housing options to meet the diverse needs of our residents.

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Once the MSA becomes established it will receive an integrated funding settlement that covers housing, regeneration, local growth, transport, skills, and more. This will better enable the development of sustainable communities, as funding can be used in a coordinated manner to address multiple aspects of community development simultaneously.

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## Transport and local infrastructure

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, ensuring transport decisions align with climate change, housing, and health ambitions.

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, the Strategic Authority will hold powers and responsibilities for public transport provision, including rail and buses at a strategic county level, facilitating the integration of railway with other transport forms and continue the current decarbonisation of buses to reduce environmental and health impacts.





## **CASE STUDY:** Enhancing the rail offer across the county

Surrey has already established a strong and collaborative relationship with the rail industry to enhance services across the county. Unique among its neighbouring counties, Surrey has a high density of rail stations radiating out from London, with significant commuter traffic flowing into the capital. These services not only support local commuting within Surrey but also offer long distance connections to other parts of the South East and South West.

In recent years, the County Council has actively shaped planning and investment decisions concerning radial rail infrastructure and services, particularly along the South West Mainline, Brighton Mainline, and routes connecting key airports. The Surrey Rail Strategy has been central to this influence. A notable example of Surrey's leadership is its role in developing the North Downs

Line, a critical East-West orbital link in the South East, connecting Reading, Guildford, Dorking, Gatwick Airport, and surrounding towns and villages. The North Downs Line has significant potential to drive economic growth and contribute to transport decarbonisation. Local partners are committed to developing this growth corridor, working in close collaboration to deliver benefits for both residents and passengers.

The enhanced rail powers the mayor will bring into the county will enable even stronger partnership working to deliver a joined up and accessible rail service within the wider ecosystem of transport across the county. For example, working with government and other agencies, southern rail access will be required from Guildford if expansion of London Heathrow progresses.

## Climate change and the environment

Residents across Surrey are already facing, and will continue to face, the impacts of climate change. This is seen in the increased occurrence of flooding and wildfires and the decline in biodiversity across the county. We must continue to work towards becoming a net zero county, ensuring we are building on existing measures to strengthen resilience, increase nature recovery, climate-proof services and infrastructure, and support the development of a more streamlined planning system.

It is essential that all tiers of government, partners, and communities work together if we are to make the progress that is needed. A Mayor will work collaboratively with local, regional and national partners, including the newly formed unitary authorities, to

deliver on the ambitions to be a net zero county. This includes a clear mandate to take a leadership role on delivery of the Local Nature Recovery Strategy, as well as wider environmental issues such as flooding, climate adaptation and air quality.

The Strategic Authority will develop a Local Environment Improvement Plan, currently part of the Council's County Deal. This plan is a strategic framework that builds on the Local Nature Recovery Strategy and will support the local delivery of the government's Environmental Improvement Plan.

The Mayor's seat on the Council of Nations and Regions and the Mayoral Council, as well as regional partnerships with other Mayors in the South East, will be key in enabling the necessary cross-border work towards sustainable growth and net zero for the region and England.



## Health inequalities

Health inequalities in Surrey can be found across life expectancy, access to healthcare, and socioeconomic factors. Wider determinants of health such as quality of 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, building on the existing towns and villages work, are crucial to ensure that all residents have the opportunity to lead healthy lives in Surrey.

An MSA, alongside the unitary councils, will play an important role in addressing the social determinants of health. By leveraging the Mayor's functions and collaborating with other local leaders, Surrey can shift from traditional service delivery methods to a more holistic, resident-centred approach. This means taking co-ordinated action across multiple factors, personal, community and infrastructure. Those elements influence people's ability to be independent, to thrive, to pursue new skills and to work.

A Mayor representing our area will be a key 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 and their anticipated role in the Integrated Care Partnership, giving them a clear stake in driving local health outcomes.





“

**The two new unitary councils, along with the creation of an MSA, will be a catalyst for wider public service reform across Surrey**

”

# OPTIONS APPRAISAL

In this part we set out our options appraisal for LGR in Surrey, assessing the relative advantages and disadvantages of each option against the government's criteria and principles for reorganisation. We also set out a financial appraisal of the costs and benefits for each option.

Based on our assessment, we believe that **reorganising the current 12 councils into two new unitary authorities** is the best option for Surrey to unlock devolution, realise improved services, create more financially sustainable local government and to lay the foundations for future public service reform.

## Options appraisal criteria

We have combined qualitative and quantitative data sources to support our appraisal against the [criteria](#) set by government. Each criteria has between two and six sub criteria (found in the link above) which have also been considered:

- 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.

We also assessed these options against our own principles, of the need for them to be coterminous – contained within the existing Surrey County boundary with 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.

A further key principle is that no new council should be set up to fail. The new organisations should have relative equity and parity of financial resilience and sustainability, service demand levels and economic prospects from day one.

## Reviewing the options

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 in excess of 500,000 people in each. In our [Interim Plan](#), we put forward four potential geographies. We have refined our analysis since then and our preferred geography is titled 2.1 West/East. Our rationale for this is set out further in this section.
- Three unitary authorities, covering populations of upwards of 370,000 people each. We consider the preferred geography that Surrey's district and borough councils are advocating for in their alternative proposal.

## Why we are ruling out a single unitary authority

Early on, we ruled out pursuing a single unitary authority option as it will not unlock the benefits of further devolution for Surrey residents.

The financial analysis in Appendix 1 benchmarks a single unitary model covering the Surrey footprint alongside two and three unitary scenarios.

A single unitary authority would have offered consistency of services across the whole county footprint and created a foundation for a 'one public sector' response. This would align closely with Police and Fire and Rescue services and with the Surrey Heartlands Integrated Care System, as well as averting the need to separate services already provided across the county footprint, such as Adult and Children's Social Care.

One unitary would also have built on Surrey County Council's strong track record of delivery. In recent years, the council has built a reputation for sound financial management, innovation and continued improvements in critical services, such as social care. Bringing district and borough services together with county services across the existing Surrey County Council footprint would have supported integration of services countywide, enabling improved outcomes and streamlined service delivery.

However, government criteria mean that a single unitary council and Mayoral Strategic Authority cannot be established on the same geographical footprint. With opportunities for MSAs with neighbouring authorities currently not an option for Surrey, to access the many opportunities of further devolution set out earlier, reorganising local government into multiple unitary authorities is the only viable option to unlock devolution.

## Overview of our assessment

Below is a summary of our options appraisal for two and three unitary models, highlighting how each arrangement performs against the criteria. Where possible the assessment looks at the performance of our preferred 2 unitary geography (East/West) and the 3 unitary geography we have used for benchmarking and analysis. This assessment incorporates the results of the financial assessment, which are described in detail later in this proposal.

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. In the interim proposal we weighted the criteria based on perceived relevance to the success of LGR. Following government's feedback on Surrey's interim plans we have aligned the options appraisal more closely with the government's criteria and removed the weighting.

The government criteria include a number of sub-criteria, some of which are addressed in more detail elsewhere in this document:

- Criteria 1c – evidence underpinning our proposals is attached as Appendix 2, costs and benefits are further detailed in the financial appraisal, and we set out further detail on how we have engaged local stakeholders later in this proposal and in Appendix 5.
- Criteria 1d – our section on a vision for unitary local government in Surrey discusses how local outcomes for residents will be improved.
- Criteria 2b – our proposals are for unitaries with over 500,000 people in each, so this criteria does not apply.
- Criteria 2e and 2f – we address these issues of financial sustainability, including debt management, in the financial sustainability section.
- Criteria 4a – detail on how Surrey's councils have been working together are outlined in our partner and stakeholder engagement section.
- Criteria 5a – Surrey is not part of, or has, a Combined Authority so this does not apply.
- Criteria 5c – population size as it relates to the MSA is discussed in the devolution section.



## Two Unitary Councils (2.1 West/East)



Criteria	Overview	Score (1-3)
<p>(1) A proposal should seek to achieve for the whole of the area concerned the establishment of a single tier of local government (sub-criteria a and b)</p>	<p><b>Strengths:</b></p> <ul style="list-style-type: none"> <li>• Creates sensible economic areas, with growth potential across both unitary footprints, similarity in business survival rates and similar size Council Tax bases. Two authorities encourage more balanced growth across the county</li> <li>• Will deliver economies of scale and financial efficiencies through the consolidation of existing service arrangements that are currently duplicated across the districts and boroughs</li> <li>• Will provide clarity for residents and make it easier for them to access services</li> <li>• Unitary councils operating on a larger scale are better positioned to identify suitable sites for future housing development and to overcome delivery challenges, including area restrictions, natural landscapes, and flood zones. Both councils cover similar land areas, with 46% in the East and 54% in the West</li> <li>• Will benefit from closer working between services that are currently divided between the two tiers</li> <li>• Resident data will be consolidated which would be more secure, enable predictive service delivery and improved insight to commission and deliver services aligned to local need</li> </ul> <p><b>Weakness:</b></p> <ul style="list-style-type: none"> <li>• Risk that West Surrey's economy continues to be disproportionately more productive than the East. This is explained largely by innovation assets and connections to our universities (University of Surrey, Royal Holloway and UCA)</li> </ul>	<p><b>3</b></p>

Continued >

Criteria	Overview	Score (1-3)
<p>(2) Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks (sub-criteria a, c and d)</p>	<p><b>Strengths:</b></p> <ul style="list-style-type: none"> <li>• Estimated populations for the new authorities will be between 500,000 and 700,000 and will offer the most equitable population split (45% in the East and 55% in the West)</li> <li>• Delivers some financial efficiencies</li> <li>• Less costly to reorganise and transform compared to three unitaries</li> <li>• Implementation costs lower than three unitaries</li> <li>• Larger unitary councils would have increased contract buying power and a more pronounced say in shaping the market compared to a three unitary model</li> </ul> <p><b>Weaknesses:</b></p> <ul style="list-style-type: none"> <li>• Risk of one authority requiring immediate Exceptional Financial Support due to inherited debt from Woking Borough Council (unless solution agreed with government)</li> <li>• Costs of disaggregating countywide services</li> <li>• Inequity in business rates income between authorities (39% in the East, 61% in the West)</li> </ul>	<p><b>2</b></p>

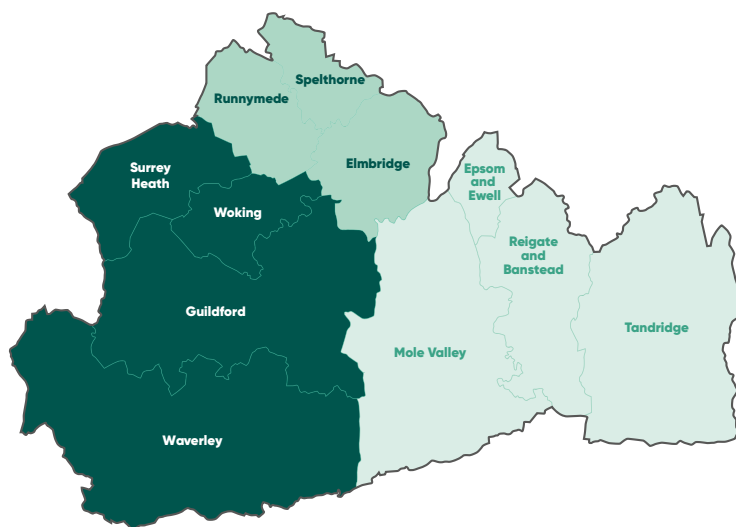
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Criteria	Overview	Score (1-3)
<p>(3) Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens (sub-criteria a – c)</p>	<p><b>Strengths:</b></p> <ul style="list-style-type: none"> <li>• Multiple council touch points, but fewer than current 12 councils</li> <li>• Offers more resilience than three unitaries</li> <li>• Enhanced partnership working if delivery footprints align, such as coterminosity (ability to be contained within the existing Surrey County boundary with potential to align with the footprints of other public sector partners) with local police and health service footprints</li> <li>• Offers the most equitable split between population demographics and future population projections which could impact on future service demand</li> <li>• Offers an equitable split of households (45.6% in the East and 54.4% in the West) as well as having the closest similarity for owned or shared ownership households</li> <li>• Offers the most equitable split of demand for homelessness services between both authorities (50.1% in the East and 49.9% in the West)</li> <li>• Offers similar split in total pupil numbers between both authorities (45.1% in the East and 54.9% in the West)</li> </ul> <p><b>Weaknesses:</b></p> <ul style="list-style-type: none"> <li>• Disaggregation of, and disruption to, crucial services including Adults Social Care and Children’s Services</li> <li>• Risk of disparity in service provision due to uneven distribution of staff with the right knowledge, skills and experience</li> <li>• Risk that two unitary councils may take very different approaches to service delivery, which may create inconsistencies in residents’ experiences living in different parts of the county</li> </ul>	<p><b>2</b></p>

Continued >

Criteria	Overview	Score (1-3)
<p>(4) 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 (sub-criteria b and c)</p>	<p><b>Strengths:</b></p> <ul style="list-style-type: none"> <li>• Scale of new unitaries supports flexible deployment of resources to support partners and communities to work together to bring improvements and change to towns and villages residents identify with</li> <li>• An East and West unitary cover places local stakeholders identify as functional economic geographies, using towns and villages as the focal points for a strengthened community engagement approach</li> <li>• Engagement with residents, partners and staff in the available time has underlined the value people place on efficient and effective services for their local area – and a willingness to be part of establishing improved approaches to engagement and involvement</li> </ul> <p><b>Weakness:</b></p> <ul style="list-style-type: none"> <li>• Tight timescales have limited the amount of engagement at this stage of the process, but further engagement is planned</li> </ul>	<p><b>2</b></p>
<p>(5) New unitary structures must support devolution arrangements (sub-criteria b)</p>	<p><b>Strength:</b></p> <ul style="list-style-type: none"> <li>• Two unitary authorities would enable a Strategic Authority across the county footprint</li> </ul>	<p><b>3</b></p>
<p>(6) New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment (sub-criteria a – b)</p>	<p><b>Strengths:</b></p> <ul style="list-style-type: none"> <li>• Since 2023, towns and villages have been the scale that the county council, health and other partners have recognised as optimum to address local priorities</li> <li>• Two unitaries, underpinned by a strengthened community engagement model using the towns and villages approach, will build on existing work to grow participation and engagement with the formalisation of non-precepting community boards</li> </ul> <p><b>Weakness:</b></p> <ul style="list-style-type: none"> <li>• Two unitaries could be perceived as more remote compared to three unitary councils – mitigations are detailed in the community engagement section</li> </ul>	<p><b>2</b></p>
<p><b>Total score</b></p>	<p><b>14</b></p>	
<p><b>CONCLUSION</b></p>	<p><b>Preferred option – most likely to meet government requirements</b></p>	

## Three Unitary Councils



Criteria	Overview	Score (1-3)
<p>(1) A proposal should seek to achieve for the whole of the area concerned the establishment of a single tier of local government (sub-criteria a and b)</p>	<p><b>Weaknesses:</b></p> <ul style="list-style-type: none"> <li>• Polycentric nature of Surrey means centres of employment are more dispersed – three unitary councils may become overdependent on single economic drivers, for example East Surrey reliant on Gatwick</li> <li>• Risk of furthering economic disparities across Surrey, with at least one authority disadvantaged from having a lower council tax base relative to the other two</li> <li>• Greater risk of uneven asset split, such as employment centres and innovation clusters</li> <li>• Income split across councils means fewer resources for local government to support investment in the East of the county, which has historically underperformed economically against the West</li> <li>• Three unitary councils operating within smaller geographical areas would face greater difficulties in identifying suitable sites for future housing development and in overcoming delivery constraints. The proposed northern unitary would encompass just 14% of Surrey's total land area, while the western unitary would cover 46%. This would put Surrey's contribution to delivery of national housing targets at risk</li> <li>• Smaller authorities based on currently 'dominant' business sectors would reinforce the current productivity within those areas, but also significantly limit opportunities to drive growth on a larger scale across several sub-sectors</li> </ul>	<p>1</p>

Continued >

Criteria	Overview	Score (1-3)
<p>(2) Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks (sub-criteria a, c and d)</p>	<p><b>Weaknesses:</b></p> <ul style="list-style-type: none"> <li>• Estimated populations for new authorities will be between 350,000 and 450,000 which will be split unevenly (39% in the West, 27% in the North and 34% in the East)</li> <li>• Offers less financial resilience compared to two unitary authorities</li> <li>• High risk reorganisation would lead to net costs long term and unlikely to lead to financial efficiencies</li> <li>• Risk of at least one authority requiring immediate Exceptional Financial Support due to inherited Woking Borough Council debt (unless solution agreed with government)</li> <li>• More costly to reorganise and transform than two unitaries</li> <li>• Disaggregation costs will be greater compared to two unitaries</li> <li>• Higher implementation costs than two unitaries</li> <li>• Operational delivery contracts will need to be duplicated/ multiplied. Less likely to achieve volume and delivery efficiencies and reduced ability to provide resilience and provide additional delivery linked to council priorities</li> <li>• Smaller unitary councils may lack the purchasing power to negotiate competitive prices for services, materials and contracts which could lead to higher costs for both the council and taxpayer</li> <li>• Results in an unequal split of business rate income across the proposed authorities (40% in the West, 33% in the North and 27% in the East)</li> </ul>	<p><b>1</b></p>

Continued >

Criteria	Overview	Score (1-3)
<p>(3) Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens (sub-criteria a – c)</p>	<p><b>Strengths:</b></p> <ul style="list-style-type: none"> <li>• Multiple council touchpoints, but fewer than current 12 councils</li> <li>• District and borough services can be combined to create scale</li> </ul> <p><b>Weaknesses:</b></p> <ul style="list-style-type: none"> <li>• Greater disaggregation and disruption compared to two unitary authorities</li> <li>• Duplication of effort for former countywide public services</li> <li>• Disaggregation of crucial services including Adults Social Care and Children’s services required – additional complexity compared to two unitary authorities</li> <li>• 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</li> <li>• Presents operational resilience challenges</li> <li>• The benefit from closer working between services that are currently divided between the two tiers would not be maximised compared to two unitary councils</li> <li>• Three unitary councils would benefit from resident data consolidation compared to a two-tier model, but this would be spread across three separate organisations which may create difficulties for partners in accessing data and insight across the Surrey footprint</li> <li>• Three unitary councils may take very different approaches to service delivery, which may create greater inconsistencies in residents’ experiences living in different parts of the county</li> <li>• Creates a more fragmented approach to transport systems, with bus and road infrastructure varying across council borders in terms of standards and resident experience, causing confusion for users and inefficiencies in travel</li> <li>• Risk that the uneven population age and demographic split between three unitaries will present increased future demand pressures</li> <li>• Results in the least equitable split of total households across the proposed authorities (38.5% in the West, 26.9% in the North and 35.2% in the East). This could impact on a variety of service demands, such as kerbside waste collection. There are also considerable variations in the percentage split of social rented households and privately rented households</li> </ul>	<p><b>1</b></p>

Continued >

Criteria	Overview	Score (1-3)
(3) Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens (sub-criteria a – c)	<ul style="list-style-type: none"> <li>• Results in a more unequal percentage split in homelessness across the proposed authorities (27.6% in the West, 38.6% in the North and 33.8% in the East)</li> <li>• Will face variations in the total number of pupils across the proposed authorities (38.5% in the West, 27.1% in the North and 34.4% in the East)</li> </ul>	1
(4) 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 (sub-criteria b and c)	<p><b>Strengths:</b></p> <ul style="list-style-type: none"> <li>• Ability to concentrate resources on the needs and priorities of the geographies they serve.</li> <li>• Unitary councils cover towns and villages that residents recognise as focal points, though there would be additional costs, and less flexibility in how resources can be used, to support community engagement across three unitaries.</li> <li>• Engagement with residents, partners and staff in the available time has underlined the value people place on efficient and effective services for their local area – and a willingness to be part of establishing improved approaches to engagement and involvement.</li> </ul> <p><b>Weakness:</b></p> <ul style="list-style-type: none"> <li>• Risk that Surrey’s voice on a national scale will be diluted by three unitary councils that may have opposing views</li> </ul>	2
(5) New unitary structures must support devolution arrangements (sub-criteria b)	<p><b>Strengths:</b></p> <ul style="list-style-type: none"> <li>• Three unitary authorities would enable a Strategic Authority across the county footprint</li> </ul>	3

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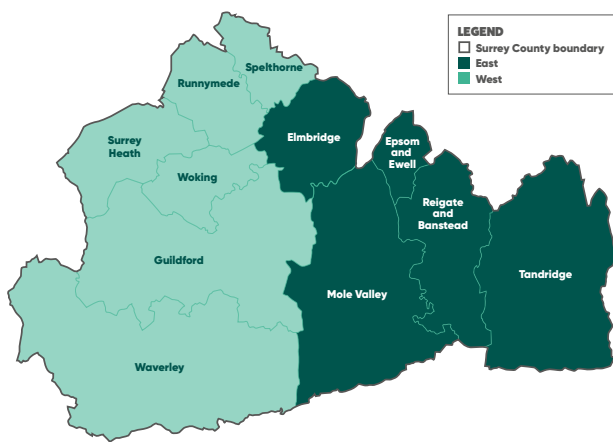
Criteria	Overview	Score (1-3)
(6) New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment (sub-criteria a – b)	<p><b>Strengths:</b></p> <ul style="list-style-type: none"> <li>• Opportunity to adopt the community board model to potentially mitigate the decreased scale of support and resources on offer to convene and deliver local improvements in partnership with communities</li> </ul> <p><b>Weaknesses:</b></p> <ul style="list-style-type: none"> <li>• Less scale to provide support and resources to convene and deliver local improvements in partnership with communities</li> </ul>	<b>2</b>
<b>Total score</b>	<b>10</b>	
<b>CONCLUSION</b>	<b>Not Viable - Least likely to meet government requirements</b>	

## Two unitary authorities

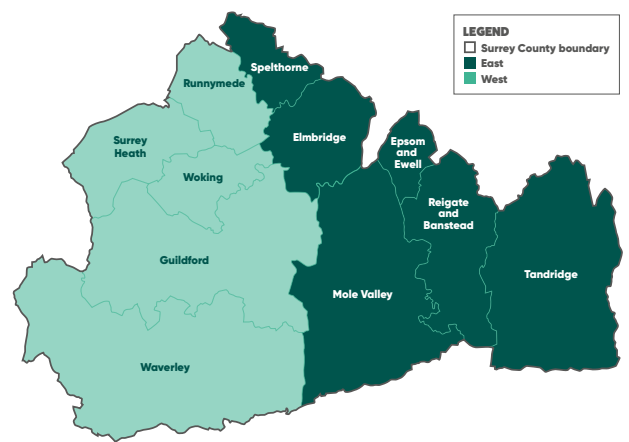
Our options appraisal demonstrates that the two unitary model stands up as consistently favourable against both the government’s criteria and our local priorities for LGR.

To inform our preferred model we assessed the shortlisted geographies for two unitaries set out in our Interim Plan.

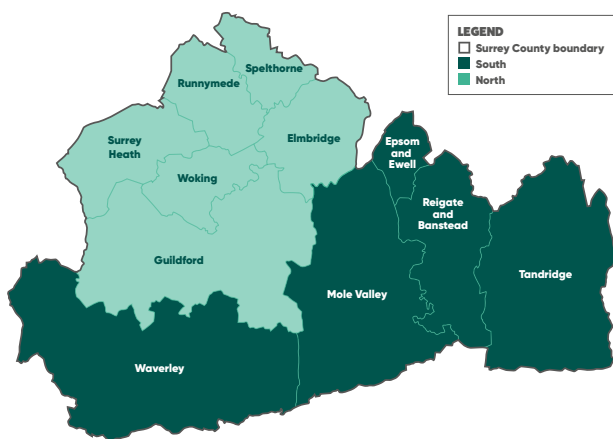
### Option 2.1: West/East



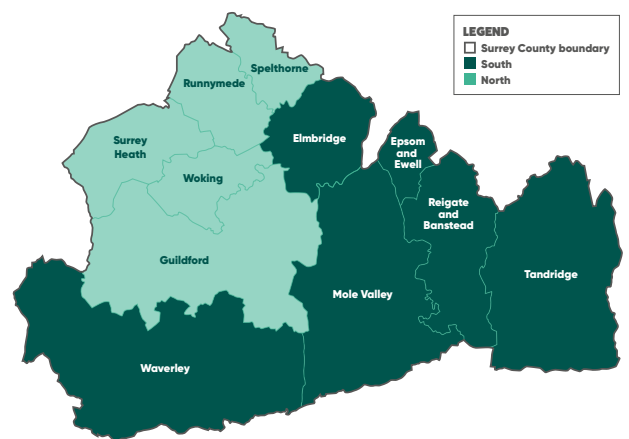
### Option 2.2: West/East



### Option 2.3: North/South



### Option 2.4: North/South

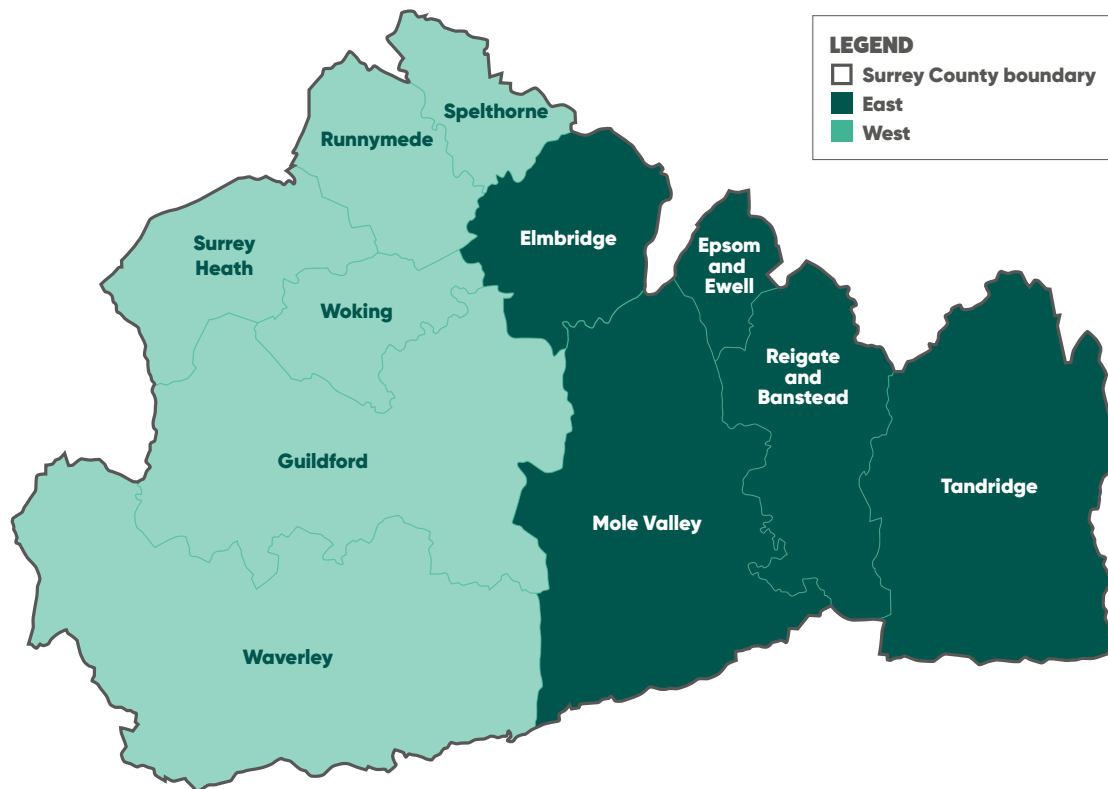


This analysis exercise (set out in Appendix 2) looked at the following factors:

- How the cost of providing key county services, such as Adults and Children’s Social Care, aligns with available funding in each unitary area.
- Projected housing delivery against National Planning Policy Framework targets, and implications for council tax growth.
- The prospects for economic growth across the different geographies, using indicators such as economic inactivity and the split of key economic assets, such as innovation clusters.
- Surrey’s debt, and the implications for each proposed unitary configuration.

The analysis of the scenarios found that the majority of evidence suggests the **2.1 West/East option** would create two unitary councils for Surrey that enable a combination of lower-tier functions and simpler disaggregation of upper-tier functions so that each new authority is well situated to deliver services effectively, safely and legally from vesting day onwards, and will be best placed to continue to adapt to the county’s needs going forward. The 2.2 West/East model shares many of the same benefits.

## Option 2:1 West/East – Preferred LGR Geography for Surrey



Analysis undertaken shows that the 2.1 West/East geography should create new councils that are set up with a broadly equitable distribution of key services and funding sources, while minimising the risks that would adversely affect a larger number of unitaries.

This East/West geography enables both unitaries to survive independently, to make use of the neighbouring economic powerhouses of London, Heathrow airport, and Gatwick airport, and to have a similar mix of the urban and rural landscape that makes our county a beautiful place to live and work. An MSA would then be well placed to coordinate strategic responsibilities on a county footprint to the benefit of both East and West Surrey.

## Population

Population size is a key determinant for the predictable demand for many local government services. Calculating the current (and projected future) volumes of potential need is important to ensure the appropriate allocation of budgets and other resources to each new unitary, and for each new unitary to understand the communities they will be serving.

Although the population is measured every 10 years through the census, mid-year population estimates give us a more up to date reflection of the current population. In terms of total population size across all ages, 2.1 West/East offers an equitable split, with population being split 55%/45% between the two unitary councils. Based on Census 2021 population data, this would see East Surrey with a population of

545,798 and West Surrey with a population of 657,309, both meeting the government's criteria that "new councils should aim for a population of 500,000 or more".

## Place

Land area and population density considerations are key determinants for the ability to develop land and to operate services that will be within easy reach of potential service users. 2.1 West/East showed the most equitable balance in population densities.

We can break down the land use of the total land area in each proposed geography by purpose, showing us the proportion of land used for things such as community, residential, industry and transport. With this metric, both East/West geographies show similar levels of variation between East and West – meaning each unitary would inherit a similar proportion of land used for community, residential, industry and transport.

The areas of Surrey most at risk of flooding lie primarily in the northwest of the county, along the rivers Thames, Wey and Mole. Flood risk is a significant challenge, especially for future land development for homes and businesses. To alleviate the flood risk in the northwest corner of the county, partners, including the county council, are working on the River Thames Scheme across an area that runs through Runnymede, Spelthorne and Elmbridge. This means under both East/West geographies, both unitaries, alongside the MSA, would have a role in coordinating and completing this national scheme.

## Housing

Government have set annual house building targets for each local authority, which will be adopted in aggregated form by the unitary authorities. Although it is important to understand how a geographical unitary split will impact the housing targets for the new councils, it should be noted that these are targets which can change based on the ability to deliver against those targets. In this analysis, 2.1 West/East is the most equitable split. For this metric 2.2 West/East has one of the larger inequity variations with East Surrey estimated to drive 56.7% of the annual delivery target and West Surrey 43.3%.

In the current two-tier system, lower-tier authorities assess people presenting as homeless and determine whether they are threatened with homelessness or already homeless. This duty would be assumed by the new unitary authorities who would be tasked with supporting these residents as appropriate for their circumstances. 2.1 West/East scored the most equitable with the lowest degree of variation between residents presenting as already homeless and at risk of homelessness, meaning both authorities may experience similar demands for services to support them.

## Economy and Skills

The economy of the new unitary authorities will be influenced by conditions both within and outside the county.

Internal influences include the skills and training of residents as well as internal business operations and sectors influenced by the landscape, urban development, and operating businesses. External influences include London, Heathrow airport and Gatwick airport.

The health of the business sector is critically important to the local economy, as employers, providers of services, and payers of Non-Domestic Rates. The health of the sector can be determined by the number of businesses started, ended and active. Using this metric, 2.1 West/East is the most equitable model with the lowest variation between the two unitaries.

Business rates are one of the funding streams used to fund local government. They are collected by lower-tier councils and are often a strong indication of the nature and size of businesses within each area. In our analysis of the division of business rates across the new unitaries, 2.1 performed better for overall business sector health, while 2.2 West/East had the most equitable split in sizes and strength of businesses.

## Service Delivery

Local authorities deliver a range of services which will be amalgamated from the district and boroughs and disaggregated from the county council to be delivered across the new geographies. The analysis looked at the geographic distribution of certain resident groups and service delivery volumes.

Adult Social Care and Children, Families & Lifelong Learning are Surrey County Council's two biggest areas of expenditure, representing 63% of Surrey County Council's 2025/26 net revenue general fund budget. The two biggest funding sources for this expenditure are council tax income and social care grant funding. Work has been undertaken with services to estimate how the most significant and volatile areas of general fund expenditure for these services, Adults Social Care package, Children's Social Care and Home to School Transport, are likely to split across potential new unitary geographies, so this can be compared to the split of Council Tax income and social care grant funding.

This analysis has found that across both East/West geographies, there are similar correlations between the estimated split of expenditure against the split of council tax income and social care funding. 2.1 shows a difference of 0.9% between total expenditure for all three service areas against Council Tax income, while 2.2 shows a difference of 0.7%.

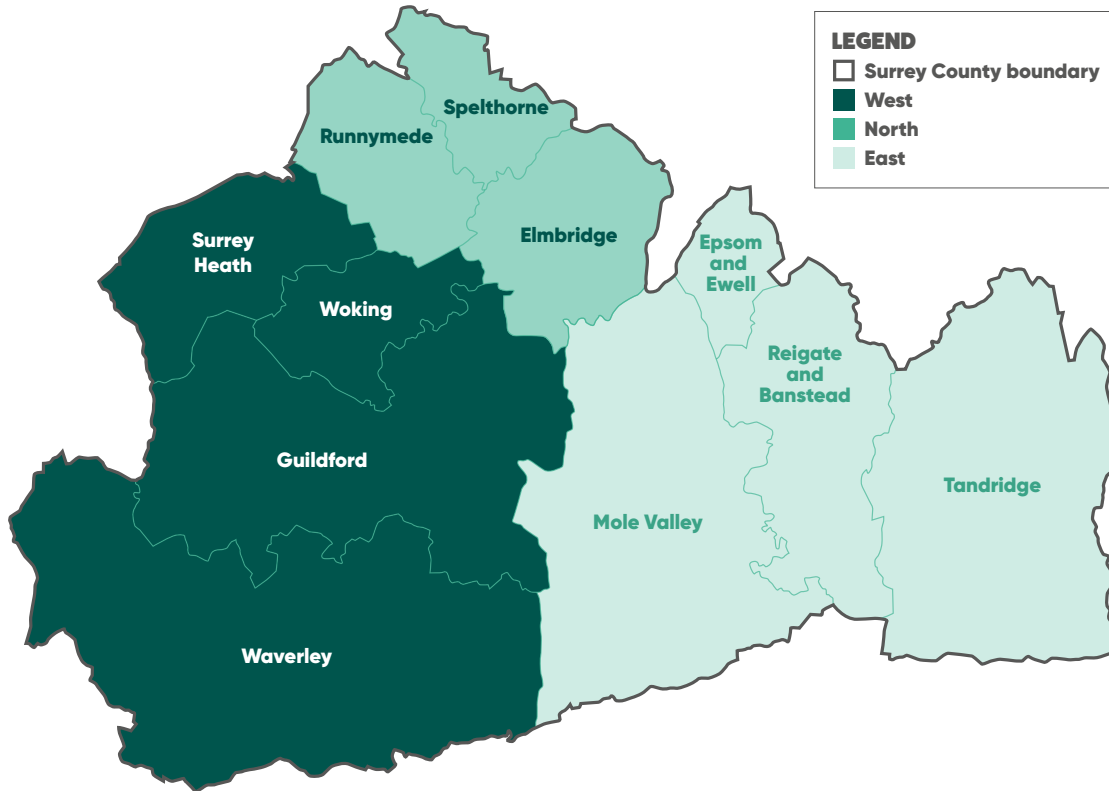
Waste collection (currently delivered by district and boroughs) and waste disposal (currently delivered by Surrey County Council) will be managed by each of the unitaries across their geography. Our analysis shows that the division of waste collected will be close to 46% of current levels in the East and 54% in the West.

The new unitary councils will take on the support of state-maintained schools across their geography. Both East and West geographies would be supporting similar pupil numbers taking current student population and geographical location of schools into account.

The analysis looked at the division between registration of deaths, births and ceremonies. When combining both birth and death registration each two unitary split would have at least two legacy register offices within their geography.

Lastly, the new unitaries will both be designated as Highways Authorities. They will inherit a share of over 3,000 miles of public highways that is currently managed by Surrey County Council. Under 2.1, East Surrey will inherit 1,355 miles and West Surrey will inherit 1,666 miles. While this does not factor in the current backlog of maintenance, it is a long term predictor of maintenance requirement.

## Three unitary authorities



As demonstrated in the options appraisal, a three unitary council model for Surrey does not sufficiently meet either the government's criteria or our own priorities for LGR.

Although three unitaries will still allow Surrey to unlock further devolution through the creation of an MSA, three unitary authorities both negate any potential savings from aggregating district and borough services and increase the costs of disaggregating countywide services.

This scenario is also unlikely to deliver well on efficiencies and cost savings and does not meet the government's targeted 500,000 population.

The three unitary model would create three very distinctive new communities with significant variations in key metrics and characteristics, setting the new councils off on unequal and unsustainable footings.

Under the three unitary model, imbalances in land size and density create challenges – smaller areas, such as the northern unitary, may struggle to find housing sites and meet national targets, while lower-density authorities face hurdles in delivering essential services like Home to School Transport, which is a significant budget pressure for the county council.

Flood risk and the River Thames Scheme under the three unitary model would see the proposed northern unitary face a disproportionately higher flood risk compared to the rest of the county, as well as sole local authority responsibility for contributing to the completion of the scheme, which would likely be financially unviable.

Three unitaries would also lead to uneven delivery requirements across the authorities for housing. For example, the northern authority would have double the housing target compared to the East and West authorities while contending with significant development constraints, including greenbelt and flood zones. It would also be more reliant on the Mayoral Strategic Authority to support delivery and infrastructure investment.

The three unitary structure also leads to greater disparities in homelessness rates across the proposed authorities with the variation in the total number of cases where Prevention and Relief Duty is owed is particularly pronounced, resulting in the least alignment amongst the three proposed authorities.

Regarding the health of the business sector, a three unitary scenario has notably higher variations in the sectors' health when compared to both East/West models. The three-unitary model also struggles with business rate income equity, with the western unitary projected to receive nearly £75 million more than the eastern unitary.

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The three-unitary model has a much less favourable correlation between total expenditure for Adults Social Care packages, Children's Social Care and Home to School Travel Assistance against Council Tax income.

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Although the correlation is close for the West authority (only a 0.6% difference), the North authority shows a position whereby relative Council Tax income is 4.5% higher than combined Adults Social Care, Children's Social Care and Home to School Travel Assistance expenditure, whereas collective expenditure for these services for the East authority is 5.1% higher than Council Tax income. This would mean that two of the new unitaries would be relatively under or over funded for the biggest areas of social care expenditure, adversely affecting the financial sustainability across all the new unitaries.

The three-unitary model also results in a disproportionately higher volume of waste collection in the western unitary compared to the northern and southern authorities. This disparity is evident in total tonnage collected, including both household and non-household waste, as well as waste sent for recycling and waste that is not recycled.

Finally, the three unitary model leads to substantial disparities in road miles inherited and maintenance backlog. Under this structure, the western and northern unitaries face a difference of £64 million in maintenance backlog, along with a 719-mile gap in road inheritance.

## Financial appraisal

A financial appraisal has been undertaken of creating unitary authorities in Surrey with benefits and costs 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.

Modelling has been refined from the Interim Plan including utilising updated budget information provided by district and borough councils and consultation with the county council's directorate leadership teams. A full breakdown of the updated modelling can be found in Appendix 1, including a summary of the changes from the Interim Plan.

The following have been appraised:

**Reorganisation benefits** – savings assessed as achievable in the shorter-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 and a modest increase proposed for sales, fees and charges income.

**Disaggregation costs** – these apply to scenarios where Surrey's local authorities are consolidated into two or three unitary authorities. 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.

- Directorate leadership teams have been consulted to understand the likely impacts of splitting services into two or three new unitaries and it is considered that even after mitigations it will be necessary to duplicate a relatively small proportion of current county council staffing roles, in particular for management below tiers 1-3, specialist statutory roles/teams and business partnering support functions.
- There will also be a small degree in proportionate terms of unavoidable non-staffing costs due to loss of economies of scale and additional costs of re-procurement, either initially or when contracts expire and need to be renewed or recommissioned. Further information about the areas where it is anticipated disaggregation costs will be incurred is set out in Appendix 1.

**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.

All the above areas 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 estimated level of implementation costs.
- **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 estimate of implementation costs based on taking action to limit these 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.

Modelling for each unitary option is set out in the tables below. A single unitary has been modelled as a benchmark, as requested by government. The tables show the estimated ongoing annual net benefits or costs seven years after the creation of the new authorities, by when it is anticipated a new steady state should be reached. Positive figures in black represent benefits, while negative figures in red represent costs. All of the base data used and modelling assumptions are set out in Appendix 1.

A summary of the cumulative net cash flows for each option and scenario is provided, covering the base year (2025/26) up to seven years post-implementation (2033/34). The payback period is an estimate of the number of years required for total cumulative benefits to surpass cumulative costs, including implementation costs. Where this is displayed as "N/A" this means an option has been modelled as not paying back by the end of the seventh year following vesting day of the new authorities.

**Table 2: 1 Unitary summary modelling (for benchmarking)**

	<b>BASE</b>	<b>STRETCH</b>	<b>MID</b>
Annual reorganisation benefits	£25m	£30m	£28m
Annual transformation benefits	£41m	£67m	£54m
Total ongoing annual steady state net benefits/costs after five years	£66m	£97m	£82m
<b>Total implementation costs</b>	<b>-£74m</b>	<b>-£67m</b>	<b>-£70m</b>
Cumulative net cash benefits/costs after seven years of new organisation(s) including implementation costs	£309m	£484m	£397m
Payback period within seven years post go live	1.6 years	1.1 years	1.3 years

**Table 3: 2 Unitaries summary modelling**

	<b>BASE</b>	<b>STRETCH</b>	<b>MID</b>
Annual reorganisation benefits	£16m	£22m	£19m
Annual transformation benefits	£32m	£53m	£42m
Annual disaggregation costs	<b>-£47m</b>	<b>-£29m</b>	<b>-£38m</b>
Total ongoing annual steady state net benefits/costs	£1m	£46m	£23m
<b>Total implementation costs</b>	<b>-£94m</b>	<b>-£76m</b>	<b>-£85m</b>
Cumulative net cash benefits/costs after seven years of new organisation(s) including implementation costs	<b>-£118m</b>	£162m	£22m
Payback period within seven years post go live	N/A	3.2 years	6.1 years

**Table 4: 3 Unitaries summary modelling**

	<b>BASE</b>	<b>STRETCH</b>	<b>MID</b>
Annual reorganisation benefits	£8m	£13m	£10m
Annual transformation benefits	£23m	£38m	£30m
Annual disaggregation costs	<b>-£71m</b>	<b>-£43m</b>	<b>-£57m</b>
Total ongoing annual steady state net benefits/costs	<b>-£41m</b>	£8m	<b>-£16m</b>
<b>Total implementation costs</b>	<b>-£105m</b>	<b>-£85m</b>	<b>-£95m</b>
Cumulative net cash benefits/costs after seven years of new organisation(s) including implementation costs	<b>-£385m</b>	<b>-£72m</b>	<b>-£229m</b>
Payback period within seven years post go live	N/A	N/A	N/A

Two unitaries are estimated to deliver ongoing net annual benefits of between £1 million to £46 million and a cumulative net cash position after seven years ranging from a net additional cost of £118 million in the base scenario, to a net benefit of £162 million in the stretch scenario.

The three unitaries option is the least favourable financially, with modelling estimating an ongoing annual net additional cost of £41 million in the base scenario, up to an ongoing annual net benefit of £8 million in the stretch scenario.

Due to the lower savings and higher costs estimated for the creation of three unitaries, the cumulative cashflow position is significantly less favourable, ranging from an additional cost of £72 million to £385 million after seven years.

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

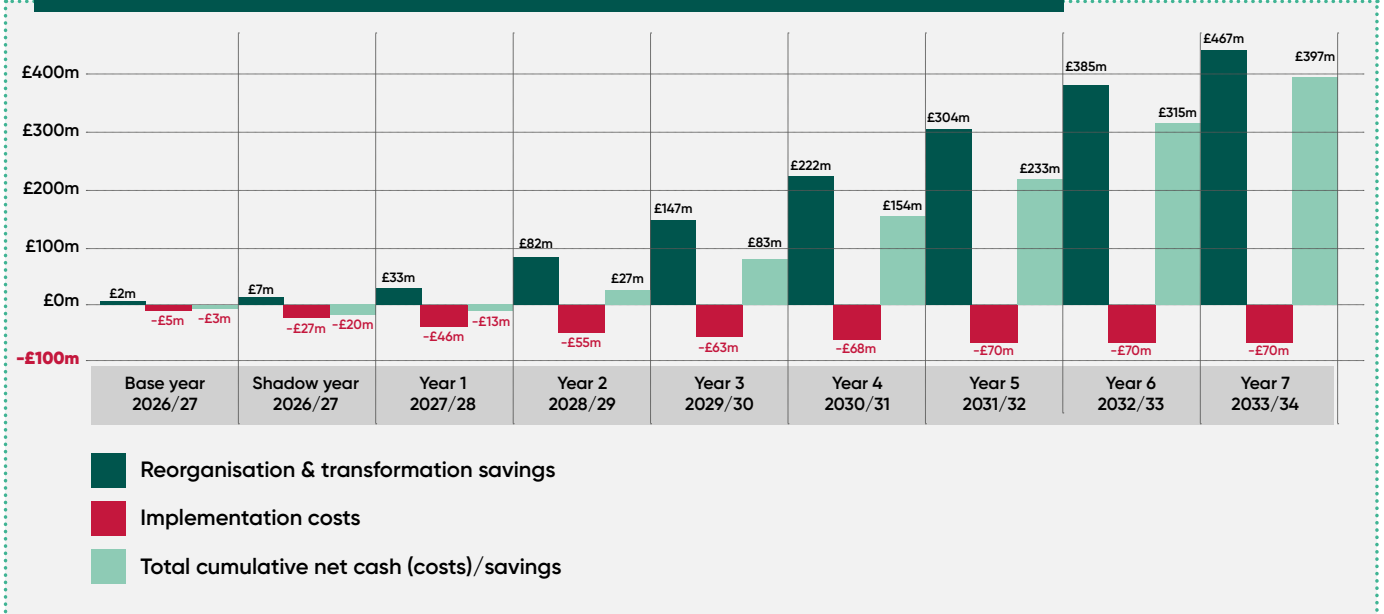
**Table 5: Midpoint costs**

	<b>1U MID</b>	<b>2Us MID</b>	<b>3Us MID</b>
Annual reorganisation benefits	£28m	£19m	£10m
Annual transformation benefits	£54m	£42m	£30m
Annual disaggregation costs		<b>-£38m</b>	<b>-£57m</b>
Total ongoing annual net benefits/ (costs) after five years	£82m	£23m	<b>-£16m</b>
<b>Total implementation costs</b>	<b>-£70m</b>	<b>-£85m</b>	<b>-£95m</b>
Cumulative net cash benefits/costs after seven years of new organisation(s) including implementation costs	£397m	£22m	<b>-£229m</b>
Payback period within seven years post go live	1.3 years	6.1 years	N/A

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 seven years following the launch of the new authorities for the mid-point of each option, with the position for a single unitary included as a benchmark.

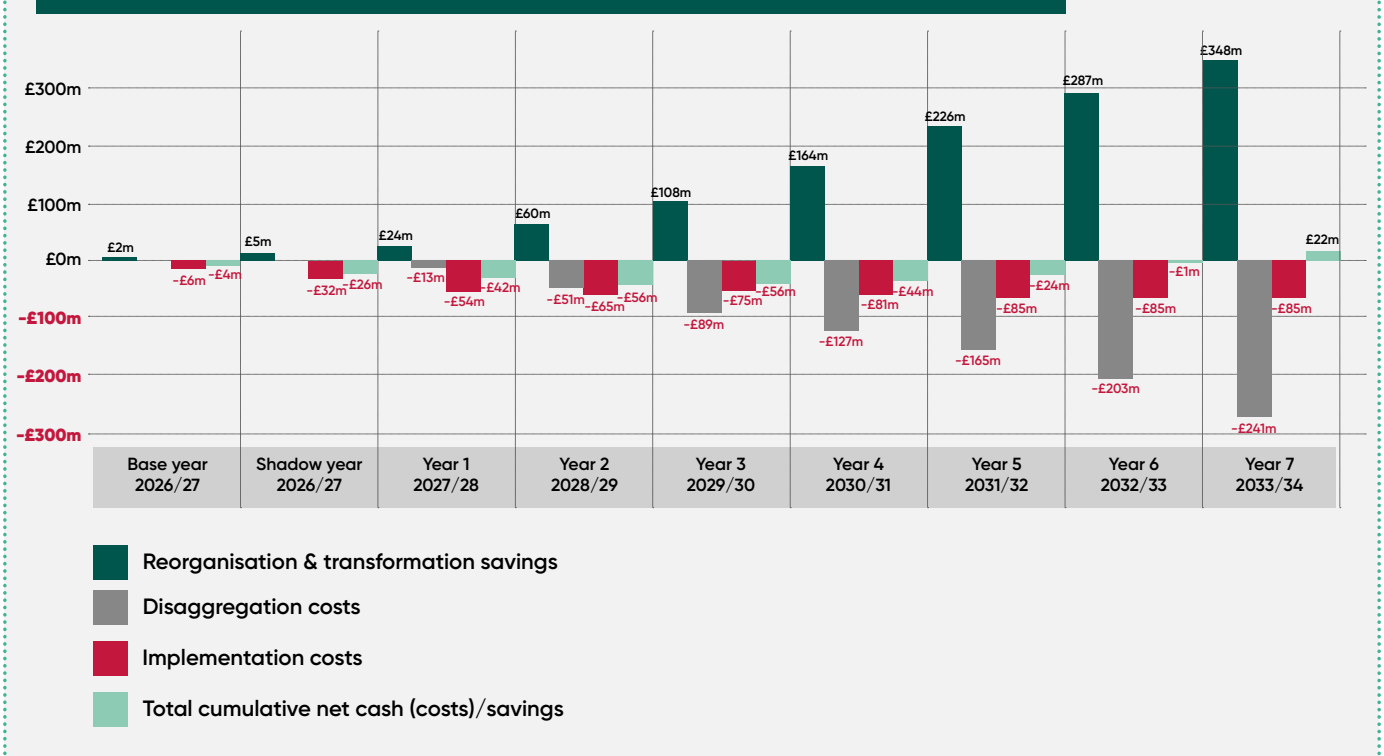
There are two main reasons for the difference between the different unitary options. Firstly, the scale of benefits and secondly, transformation benefits will take longer to realise than reorganisation benefits and costs for implementation and disaggregation. Therefore, the models for multiple unitaries show a reduced cumulative cash flow and lower net savings.

**1 Unitary - Mid Point profiled cumulative cashflows up to year 7**



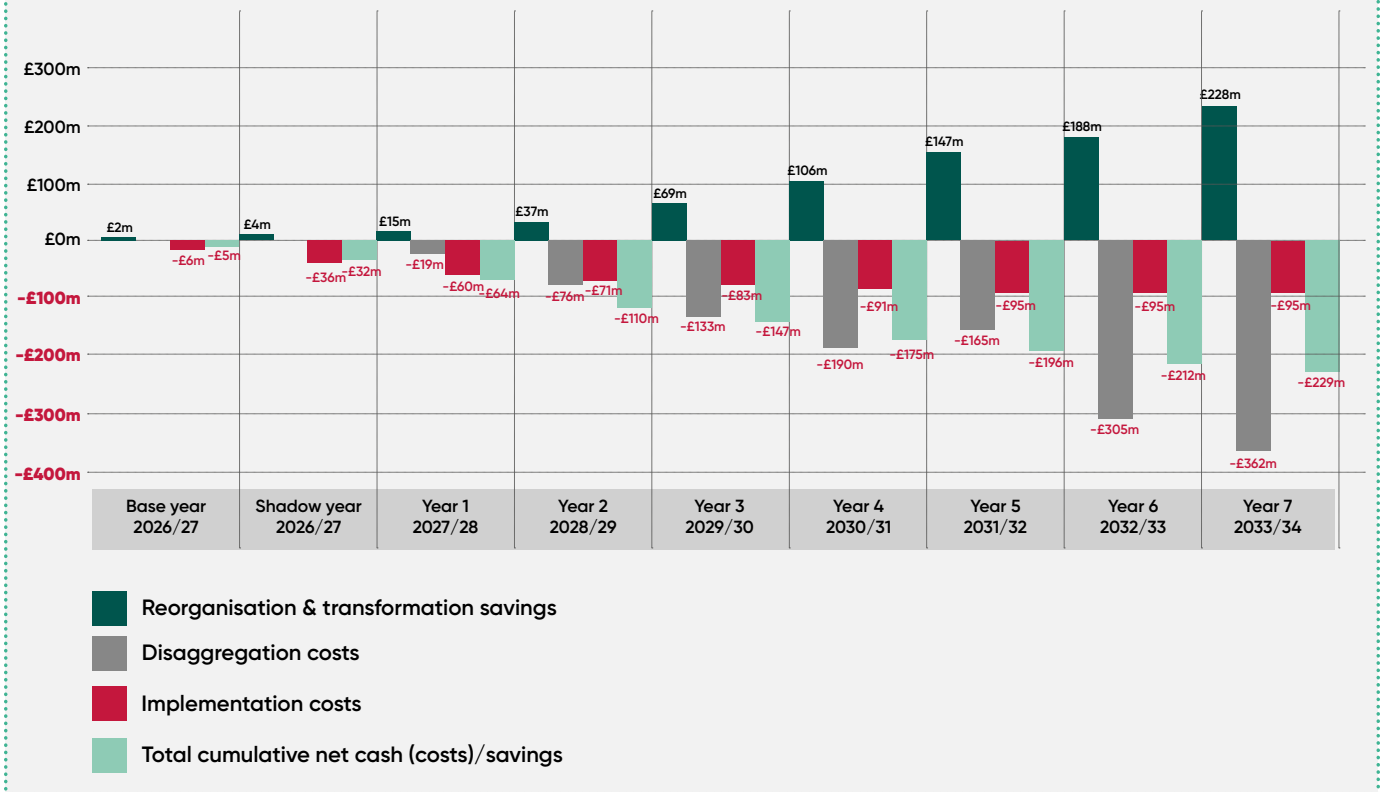
Graph 1: cumulative cash flow 1 unitary

**2 Unitary - Mid Point profiled cumulative cashflows up to year 7**



Graph 2: cumulative cash flow 2 unitaries

**3 Unitary – Mid Point profled cumulative cashflows up to year 7**



**Graph 3: cumulative cash flow 3 unitaries**

It is important to note that the financial appraisal 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 (MSA). Implications for the creation of an MSA for Surrey will be reviewed when greater clarity is provided by government about the benefits, costs and timing.

In summary:

- The benchmark of a single unitary authority is modelled as delivering the greatest financial benefits but is not being considered as it would not unlock devolution on a Surrey footprint.
- Two unitaries are estimated to deliver ongoing net annual benefits of between £1 million in the base scenario to £46 million in the stretch scenario and a cumulative net cash position after seven years ranging from a net additional cost £118 million in the base scenario, to a net benefit of £162 million in the stretch scenario.
- The mid-point of modelled ongoing annual net benefits for creating two unitaries between the base and stretch scenarios is £23 million. In creating two unitaries it will therefore be important to seek to minimise disaggregation costs as far as possible and maximise savings in order to get as close as possible to the delivery of the £46 million net benefits in the stretch scenario.
- As set out in the financial sustainability commentary below, Surrey faces a huge financial challenge in the years ahead including existing service pressures, potential funding reductions when the local government funding system is expected to be reformed in 2026/27 and the burden of a high level of stranded debt. 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, alongside government support on resolving the debt issue.

## Options appraisal conclusion

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.

Within the two unitary model, our preference is for the 2.1 West/East model. The evidence shows that 2.1 West/East model will create equitable unitary authorities. They will benefit from equitable division of overall population, land area and land purpose, flooding risk and mitigation, total household numbers, business rate collection, pupil split, number of birth and death registrations and total miles of public highways.

If, following government's consultation on LGR options for Surrey, they are minded to accept our proposition for the 2.1 West/East split, careful planning will be required to mitigate risks and disruption from the disaggregation of countywide services, particularly considering the needs of vulnerable residents that depend on them. We cover this in more detail in the implementation section.



**Our preferred East/  
West geography  
should create two  
councils with an  
equitable distribution  
of key services  
and funding**



# VISION FOR UNITARY LOCAL GOVERNMENT IN SURREY

## Two new councils, a fresh start for Surrey

The two new unitary councils, along with the creation of an MSA, will be a catalyst for wider public service reform across Surrey. The two councils will help to simplify and unify public services across the county and enable greater service integration and innovation, while building on the strengths of the current 12 councils and other public and voluntary and community sector partners.

The two new unitaries will work closely with the communities they serve, effectively tapping into the knowledge, skills and experiences of residents to better understand and respond to the issues that matter to them. They will provide the scale, resilience and sustainability to act efficiently and consistently across their places.

This section of the proposal does not presume to set the strategies and operating models for the new councils. Those will be a matter for elected Members within the new organisations. What we propose here are the strategic principles and opportunities that are open to the new local authorities to adopt to ensure that residents and businesses retain access to high quality services.

## Two unitaries will strengthen, save and simplify

Ultimately, residents want LGR to simplify Surrey's complex system, improve public services, and ensure better value for money. Establishing two new unitary councils offers the least disruption while maintaining financial benefits, ensuring councils work closely with residents and partners to deliver responsive, outcome-focused solutions. Overall, it represents the opportunity that is most likely to strengthen, save money and simplify local government in Surrey.

### Strengthen

**Safe and legal services from day one** – Our most important priority for reorganisation is that the services from the new councils are "safe and legal" from day one. We will not allow the disaggregation of county council services to squander the hard-earned improvements gained for county services in recent years, in particular the improvements in practice and focus for Surrey County Council's Children's Services. As we transition to the new councils, we will ensure that everyone currently receiving support from services continues to do so, and will not fall through any gaps during this period of change. We say more on how we will do this in the implementation section.

**Clear strategic priorities** – The new councils will set clear long-term strategic visions for their areas, working with the Mayoral Strategic Authority and other local stakeholders. They will identify and respond to the key priorities for their residents and businesses, and coordinate activity and investment for everyone across the county to ensure equal chances to thrive.

**Resilience to external financial shocks**  
– The integration of part of the current Surrey County Council with relevant district and borough councils in each new unitary area will mean that the larger combined organisations in each area will be better placed to collectively withstand financial shocks or manage pressures such as government funding changes or additional demand for key services, such as Social Care and Homelessness. However, it is important to be clear that, as set out in the section below on how the councils will achieve financial sustainability, without government write off or another sustainable solution for stranded debt related to historic commercial activities, it will not be possible to achieve financial sustainability locally, and at least one new

authority will immediately require exceptional financial support. Even if a solution is found for the stranded debt, the remaining financial challenge related to service pressures and the expected impact of local government funding reforms cannot be underestimated.

**Insight and intelligence** – Two councils operating at scale will work with the new Mayor and other partners to develop breadth of insight to see the bigger picture in Surrey. Building a single picture of the county together will enable more evidence-led, preventative interventions before issues get worse and additional opportunities for collaboration and innovation that would be more complex and challenging with three unitary authorities.

**Better protection and support for vulnerable children and young people** – A further example where integration will add value is within Children's Services. Alignment of county services with district and borough services such as Leisure, Early Help and Housing, should lead to an enhanced preventative early help offer to families, closer to their communities.





## CASE STUDY:

### Surrey-i

The [Surrey-i](#) website is a well-established resource and trusted brand promoting openness and transparency in public sector data and ease of access and use of statistics relevant to the county.

Currently operated by Surrey County Council for the wider partnership, it provides a single route for accessing published statistics and insight from multiple sources. The site is widely used by Surrey councils, as well as by partners including the voluntary sector.

The site will continue working with the two councils and the new Mayor to support them most effectively. This will not only improve efficiency and reduce duplication from having the councils develop their own, but will also bring standardised

accuracy of all analysis and insight which can be made available for all partners and the public e.g. Census releases, Indices of Multiple Deprivation, population estimates etc. In addition, it can be the single portal to share evidence and insight for policy and operations, including the joint strategic needs assessment (JSNA).

This will ensure that parties retain access to high quality analyses and insight supporting their work and decisions to improve Surrey for its residents. It will also serve as a strategic single view of population demographics, community needs, outcomes and more, similar to the [GLC London Datastore](#) or The Greater Manchester Combined Authority [Office of Data Analytics](#).



## CASE STUDY:

### Joining up early help with health prevention services in Woking

The Family Centre in Woking, based in one of the Core20 (deprived) wards, has become a hub of support for local families. The Surrey County Council team works in a building owned by Woking Borough Council and engages with partners, including health visiting teams and community support services. A contract agreement was established with the NHS and two rooms in the same building were leased to the midwifery service to run clinics from the site, enabling opportunities for close integration.

Joining the Children's Social Care Early Help services with the local health and

prevention work in the community has enabled families to have easy access to the support they need. This includes access to the leisure centre and holiday clubs, cooking classes through a local charity group, and targeted health services for families in the area from ethnic minority backgrounds including yoga and bike riding lessons.

Moving to two unitaries in Surrey will create opportunities to make this approach more consistent across the county as we integrate further and harness the opportunities from the Department for Education social care reforms and family hub model.

**Delivering more fit for purpose homes for vulnerable residents** – We support the government’s strategy to drive up housing standards, and in the case of those families in temporary accommodation, bringing together Housing, Children’s and Adult Social Care services will help improve children’s health and development. In addition, bringing together Housing, Planning and Adult Social Care services could mean the two councils can develop more housing solutions that meet the needs of an ageing population, people of working age with physical, mental and learning disabilities and young people transitioning to Adult Social Care. This includes more homes with telecare and other preventative measures designed to support people to maintain their independence for as long as possible. This will help streamline and accelerate much needed specialist accommodation, building on initiatives such as Surrey County Council’s Right Homes, Right Support strategy to build additional Extra Care housing across Surrey. For people with long-term health conditions, changing how these services work for greater integration and collaboration will make a significant positive difference to their lives.

**Accelerating housing delivery** – The unitaries will develop local housing plans that align with the needs of their local populations and the county-wide strategic planning framework set by the Mayor. They will have a role in enforcing planning regulations and ensure the necessary infrastructure and facilities are provided to support new housing developments.

**Combined waste services** – Bringing together county and district and borough council responsibilities provides an opportunity for more streamlined and efficient service delivery. Streamlined operations and reduced administrative overheads can lead to cost savings, reduced duplication and increased consistency of service delivery. For example, joining up Waste Collection and Disposal services could lead to improved recycling rates, lower levels of waste going to landfill and financial efficiencies.

**Planning and delivery to respond to each area’s economic needs** – The two new councils will cover functional economic areas, working in partnership with the new MSA to further drive growth across Surrey. There is potential for continued growth across each council area, with Runnymede, Spelthorne and Woking having the strongest levels of high-tech industry employment. Each unitary will set out their economic priorities, designed on a suitable geographic area, and aligned to a strategic economic plan at the Mayoral level. Coordination with businesses and wider stakeholders will be at a suitable scale and reflect an aggregated voice to be heard by the Strategic Authority, building on the work initiated by the [One Surrey Growth Board](#).



## **CASE STUDY:**

### **Health, social care and housing uniting to help people with mental health challenges secure a home**

Surrey's 12 councils, the Surrey and Borders Partnership NHS Foundation Trust and five acute care hospitals in Surrey (Royal Surrey, Epsom, East Surrey, St Peter's and Frimley Park) have agreed the Surrey Mental Health and Housing Protocol. This sets out how partners will work together to support people who find it difficult to secure long-term housing because of the mental health challenges they face.

Strengthened coordination across Health, Social Care and Housing services aims

to help people find accommodation to support recovery and reduce their risk of becoming homeless. It also aims to prevent evictions from tenancies and decrease the risk of cuckooing.

Two unitaries will enhance this and similar partnership projects through the integration of county, district and borough services opening up more opportunities, and will simplify approaches to working with partners going forward.

**Integration will enhance Surrey's cultural services offering** – Bringing together Cultural and Leisure services will offer great potential for supporting residents' physical, mental and social wellbeing, designing a more cohesive, accessible and clear offer that draws on the various strengths and benefits of these services. This will support the aspirations of the Surrey's Libraries and Cultural Services Strategy to enhance the contribution of these services to learning and skills development; health and wellbeing of individuals and communities; prosperity; community cohesion and maximising a sense of place.

**Strengthened community safety and public protection** – For example, Trading Standards and Licensing teams could work together to tackle underage sales of illegal tobacco and vapes, sharing information and expertise to target offending businesses. Trading Standards and Environmental Health teams would also work together to carry out joint visits to support high street food businesses around issues such as hygiene or allergen labelling. Community safety partnerships would also be rationalised, bringing together partners and resources over a larger scale to tackle issues such as domestic abuse, child exploitation and anti-social behaviour.

**Maintaining the safety and dignity of the deceased and supporting delivery of the judicial function of His Majesty's Coroner for Surrey** – The Surrey Coroner's Service carries out sensitive and difficult work to investigate unexplained deaths, as well as supporting bereaved families. The Coroner's area is a judicial one and cannot be varied or amended by local authorities. As local government is reorganised, the service will continue as normal with no disruption and residents will not notice any change in the delivery. It is also essential that the Coroner's statutory and legal responsibilities continue to be carried out. In other places where the service spans local authority boundaries, typically one of the authorities acts as host, with a shared funding and governance model agreed between the authorities in the Coroner's jurisdiction. Engagement with stakeholders on a new model for Surrey will be undertaken by the Shadow Authorities ahead of vesting day for the new councils.

**Dependable in emergencies** – The new councils will be key partners to support local organisational and community resilience, particularly in emergency situations. In partnership with a new Strategic Authority, as well as other key partners, the unitaries will be well placed to share information with their residents and coordinate with other organisations in emergencies. Local partners will build on a strong track record of Surrey's Local Resilience Forum, taking the lead in supporting partners and communities to prepare for emergency situations.

## Save

### **Economies of scale in commissioning** –

Two authorities will offer significant scale that will enable financial efficiencies through greater buying power. District and borough spend that is commissioned 11 times across the county can be brought together into two larger contracts, leading to economies of scale. Contracts can be tailored to the needs of the different unitary areas while delivering wider efficiencies. This can enable better control over key markets, such as for waste collection contracts where commissioning at greater scale can achieve financial efficiencies and improve outcomes for residents.

### **Maximising use of available income and funding** –

Two unitaries will provide a balance of enhanced regional leadership and strategic oversight to maximise the use of income and funding available. For example, development funding, such as the community infrastructure levy and section 106 agreements, can be allocated in a more streamlined way and prioritisation of local infrastructure needs would also be simplified.

### **Creating commercial opportunities** –

Bringing together services from the current councils opens new opportunities for income generation. In addition to business rates and council tax, the new councils will

adopt commercial mindsets taking bold, yet risk-informed, decisions to find new ways to support the sustainability of each organisation through shared, hosted or traded ventures with other organisations.

**Leaner workforce** – There is significant duplication of roles and responsibilities at executive levels across the 12 councils. A redesign through the two new councils will enable delivery of financial efficiencies through streamlined staffing arrangements, and to build in strategic capacity for managing services across the geographies of the two unitaries. These will set the conditions for the new councils to harness the best of existing practice from the old councils, creating opportunities to shape new career pathways to attract and retain talent.

**Shared IT and digital services** – It is proposed that both authorities develop a single service for IT and Digital to support each council's operations. This model has a track record of delivering high quality services to Surrey County Council, East Sussex County Council and Brighton and Hove City Council. Advantages of this model include simplified governance structures, operational efficiencies, enhanced service delivery through leveraging pooled resources, expertise and technology, and increased buying power across any future partnership.

**Prioritising the most efficient and effective delivery models** – The new councils will always carry out due diligence to make sure services' operating models deliver their intended benefits. For example, shared service models are not always the most effective model for service delivery, nor would they necessarily help mitigate completely the risks of disaggregating county-wide services. Examples from across the country in areas such as social care services have not demonstrated clear benefits and may inadvertently add complexity and cost to the system. One example is the tri-borough shared social care service that sought to combine delivery across Westminster City, Hammersmith and Fulham and Kensington and Chelsea Councils. This arrangement dissolved following complex challenges with governance and service delivery, as well as increased costs.

**Savings in property and assets** – Moving to two unitary authorities will create opportunities to rationalise the local government estate in Surrey by optimising the number of buildings

required for the new councils to deliver their work, while supporting greater value for money and environmental sustainability in the asset base. Projects to join up regeneration initiatives, as well as procurement and capital contracts, will also lead to financial efficiencies.

**Leveraging the Surrey Pension Fund to stimulate local growth** – Under the new arrangements, the Surrey Pension Fund will have to be established under a new Administering Authority. It should be focused on supporting local growth and sustainability for Surrey as well as the best interests of residents and fund members. Subject to exploring further legislative parameters, the preferred option is to establish a Single Purpose Pension Authority for optimal governance, to align with current government intentions for pension scheme reforms and an unfettered ability to explore appropriate local growth investment opportunities in Surrey. Full engagement, including with pension fund stakeholders, will inform the final recommendation.



## Simplify

**Clearer responsibilities** – Residents consistently say that the current two-tier structure of local government in Surrey is confusing. By moving from 12 councils to two, it will be much clearer for residents which organisation is responsible for council services in their places.

**Better resident experience** – Knowing there is only one council to contact instead of being passed between the county and district and borough councils will simplify residents' experiences in accessing the right services at the right time. For example, consolidating parking services under each authority means residents will no longer need to navigate between different systems for on-street and off-street parking. The operating models of the new councils will prioritise simplicity, accessibility and inclusion, using digital technology to enhance this where appropriate.

**Maintaining a clear digital and physical presence** – Residents expect to interact with our services through digital communication. At the same time, physical service access points will be geographically spread to ensure clear points of contact for protecting the most vulnerable, and especially for those who are homeless.

**Joined up processes** – From day one the new councils will take opportunities for enhanced resident satisfaction, improved by joining up disparate processes such as social care assessments, grants, benefits, housing and planning applications.

Models of service delivery will be designed to reflect what residents say is important to them and what makes an excellent service experience from their point of view.

**Strong local democracy** – The new councils will have clear democratic structures that make it easy for residents to know who to hold accountable for service performance. They will act transparently, helping to build trust in local democracy and confidence in the new councils' ability to deliver. Each council will have robust scrutiny arrangements to hold decision-makers to account and ensure services are focusing on the right outcomes for residents while maximising value for money. We also propose to hold whole council elections every four years to add consistency and predictability to the local electoral cycle.

**Operating as a single public service system** – We want to build on our ambitions for Surrey's public services to work as one across the county to support closer alignment of planning and delivery across the county's geography. Two unitary authorities will help us to move closer to this. This will be further enhanced when a new MSA is established. Partnerships will also be more effective, with fewer local government stakeholders helping to simplify the local public service landscape. A simpler, more aligned system at scale will be particularly important in supporting strategic goals such as the shift within the NHS towards more preventative neighbourhood health and care, getting people healthy and into work, and developing housing and infrastructure to meet pressing needs.

## Target operating models for the new councils

Creating two new councils presents an opportunity to design new organisations that use their scale and resources to respond to the unique needs of their residents.

To support and help guide decisions the new authorities will make on structures and services, we are proposing a set of key operating model design principles that draw on best practices within Surrey and elsewhere. These will help ensure high quality council services that are part of an effective integrated wider public service offer in Surrey, including the new Mayoral Strategic Authority.

### Operating model design principles for the new councils:

- **Focus on outcomes** – for individuals, families, neighbourhoods, and communities.
- **Shift to prevention** – understanding the root causes of problems and acting early to the benefit of residents and communities and more effective use of resources.
- **Balance scale with strong local community engagement** – using economies of scale to deliver consistent high quality services, while working alongside residents, groups and other partners to address local priorities and build capacity for action.
- **Join up resident experiences** – connecting resident access points and data insights to enable a simplified and more proactive approach, acting on feedback and delivering services that meet people's needs at the right time and in the right way.
- **Grow stronger partnerships** – delivering critical services the councils are responsible for while also working in partnership with all other agencies – including the MSA – to support improved outcomes. In addition to direct service delivery this will sometimes involve coordinating, convening, influencing, signposting or regulating, to enable communities, town and parish councils and wider partners to take the lead.
- **Embed high performance cultures** – ensuring a culture of high expectations and values-based support where employees put the needs of residents first, collaborate effectively with others, and are supported with a strong career development offer, flexibility and rewarding job roles.
- **Strengthen commissioning** – developing smart commissioning approaches that maximise economies of scale – including big picture insights, strategic collaboration with providers, and market shaping alongside the MSA – and use local insight and co-design techniques so services and offers are responsive and effective for residents and communities.

- **Leverage data, digital and technology** – using digital, data and technology to drive innovation, meeting residents' needs in ever more efficient, accessible and effective ways, and strengthening engagement and collaboration.
- **Optimise use of land and assets** – making best use of physical locations to simplify and improve resident's experiences and create a resilient, modern, more environmentally sustainable and value for money asset base.
- **Financial sustainability** – ensuring sound and effective financial management and governance that can underpin the delivery of high quality, sustainable and value for money public services.

These design principles are illustrated in Appendix 4.

## Democracy and governance

With two new councils, local democracy for Surrey will be strengthened, giving residents more clarity on who their local councillors are and supporting Members in their roles to 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.

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 Surrey<sup>5</sup>, 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.

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.

At present, there are 81 county councillors and 453 district and borough councillors across Surrey. To enable strong democratic representation and close ties to the community for the new unitary councils, we propose a minimum of two councillors per division would be appropriate. Countywide, this would lead to 162 councillors across the Surrey footprint with, on average, 5,542 electors (or voters) per councillor based on current 2025 data from the electoral roll obtained from district and borough councils, and an average of 5,956 electors per councillor, based on 2029 projections (as referenced in the recent LGBCE Boundary Review).

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<sup>5</sup> Surrey LGBCE Review 2024: [https://www.lgbce.org.uk/sites/default/files/2024-05/surrey\\_fr\\_long\\_report\\_-\\_final.pdf](https://www.lgbce.org.uk/sites/default/files/2024-05/surrey_fr_long_report_-_final.pdf)

This level of representation and councillor – electorate ratio is in line with research into other LGR areas, such as Cornwall, North Yorkshire and Buckinghamshire. Our proposal also maintains effective representation for each division within the new councils. This aligns to the government’s ambition, as set out in the English Devolution White Paper, that fewer politicians, with the right powers, will streamline local government to focus on delivering for residents.

We have also modelled what representation could look like for three councillors per division. This is captured in Table 6 and would increase the number of councillors in Surrey from 162 to 243.

While we have modelled councillor numbers, the LGBCE will take the final decision on the right level of democratic representation in the new unitaries and we welcome their views on the number of members per division.

<b>Local democracy in Surrey</b>	<b>Current arrangements</b>	<b>Proposed arrangements for East Surrey unitary:</b>	<b>Proposed arrangements for West Surrey unitary:</b>
<b>No. of divisions/wards</b>	81 county electoral divisions 187 district & borough electoral wards	36 electoral divisions	45 electoral divisions
<b>No. of councillors</b>	81 county councillors 453 district & borough councillors	72 councillors (2 per division) 108 councillors (3 per division)	90 councillors (2 per division) 135 councillors (3 per division)

**Table 6: Proposed councillor numbers**

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 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.



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**Surrey's LGR will be taking place in the context of significant financial challenges**

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# HOW THE NEW COUNCILS WILL BE FINANCIALLY SUSTAINABLE

Surrey's Local Government Reorganisation will be taking place in the context of the significant financial challenges already facing Surrey's existing local authorities. There are four key existing financial challenges:

- **Service demand and cost pressures** exceeding funding
- **Potential funding reductions** for Surrey as part of the government's Fair Funding Reforms which are expected to come into effect in 2026/27
- **The high level of debt**, and particularly the stranded debt relating to Woking Borough Council
- Pressures for **Special Educational Needs and Disabilities (SEND)**, in particular for the High Needs Block (HNB) and the Safety Valve agreement currently in place with Surrey County Council to help manage this

More information about each of these challenges is set out below.

Excluding Woking Borough Council's additional budget gap, which is largely caused by stranded debt, it is estimated that an annual budget gap of c. £263million would accrue by the end of 2029/30 across Surrey's 12 existing local authorities.

This gap is due to two main factors:

- The estimated increase in service expenditure driven by demand pressures, particularly for social care, and increased costs across all services including budgeted inflation exceeding budgeted levels of increased council tax income.
- The anticipated impact of the government's Fair Funding Reform of the local government funding system. This is due to come into effect in 2026/27 and potentially lead to a funding reduction collectively across business rates income that is retained by Surrey's authorities and government grant funding which would increase the budget gap caused by service pressures

Surrey's 12 existing local authorities held £5 billion of external debt including Housing Revenue Accounts at the end of January 2025 and have an underlying borrowing requirement based on historic capital decisions of £7.8 billion known as the the Capital Financing Requirement. Of this 47% (£3.7 billion) relates to commercial activities. The gross revenue debt servicing costs for debt that should be financed by General Fund revenue budgets are £327 million, which equates to 22% of the total 2025/26 net revenue budget across Surrey's 12 existing local authorities.

£171 million of these debt servicing costs relate to stranded debt for Woking Borough Council that is currently subject to Exceptional Financial Support agreed by the Ministry of Housing, Communities and Local Government (MHCLG). This very high level of debt servicing costs is the key cause of Woking Borough Council's budget gap which as set out in Table 7 overleaf is estimated to be £165 million in 2026/27, reducing slightly to £151 million by 2027/28 based on the Asset Rationalisation and Debt Reduction plan agreed with MHCLG's Commissioners. There are also significant risks in relation to debt held by other local authorities. The full position regarding debt across Surrey's 12 existing local authorities is set out in Appendix 3.

Like most local authorities with responsibilities for funding Special Educational Needs and Disabilities (SEND), Surrey County Council has a deficit for the High Needs Block (HNB) of its Dedicated Schools Grant (DSG). At the end of 2024/25 the cumulative deficit is expected to be £140 million, and it is currently anticipated to grow to £165 million by the end of 2026/27 prior to creation of the new unitaries. Unlike many authorities, Surrey County Council has built up an earmarked reserve to help mitigate the HNB deficit. On 31 March 2025 the reserve balance was £144 million.

In addition to this reserve, the council has negotiated a Safety Valve agreement with the Department for Education (DfE). This agreement provides £100 million of transitional funding to support reaching a balanced position on the HNB including use of the council's planned £144 million reserve. £82 million of the Safety Valve funding has been received and the remaining £18 million is expected in 2025/26 and 2026/27.

Under the terms of the current Safety Valve agreement the council is due to draw down its £144 million reserve in 2026/27 to balance the cumulative HNB deficit.

However, SEND HNB pressures have grown above the trajectory in the original Safety Valve agreement and Surrey County Council has requested that the agreement is extended with drawdown of the reserve to achieve a balanced position now proposed in 2031/32, along with a contribution from the Schools Block to help achieve a balanced position. The Council is also yet to receive funding to deliver three additional specialist schools, making their delivery challenging.

As part of LGR, agreement will be needed with DfE about how the current DSG funding is split between the new unitaries, including the HNB. We will work with DfE to ensure that this is done on an equitable basis in line with the split of SEND expenditure. The HNB deficit reserve would also need to be split and transferred to the new unitaries in line with the split of expenditure and DSG funding, unless DfE require the council to draw down the reserve prior to vesting day. Based on the current plan an unfunded SEND HNB deficit pressure should not transfer to the new unitaries, but there is a risk that the current trajectory could see spending increase above the latest planned profile. The council will work diligently to mitigate this as far as possible, but if additional pressures do emerge prior to vesting day then Surrey would ensure this pressure is split equitably between authorities to avoid any one authority being disproportionately disadvantaged.

The table below summarises these financial challenges across all local authorities against the benefits modelled for creating two unitaries in Surrey.

	Incremental amounts in each year				Total per year by Apr 2030
	2026/27	2027/28	2028/29	2029/30	
Existing budget gap due to service pressures (including identified efficiencies) and potential loss of funding under Fair Funding Reforms	£70m	£62m	£64m	£67m	£263m
Impact of Dedicated Schools Grant High Needs Block deficit on General Fund revenue budget	0 assuming plans to manage this are achieved (noting there is a risk that pressures could emerge)				
<b>Total revenue budget challenge excluding additional Woking BC budget gap subject to EFS</b>	<b>£70m</b>	<b>£62m</b>	<b>£64m</b>	<b>£67m</b>	<b>£263m</b>
Additional Woking BC budget gap subject to Exceptional Financial Support, primarily related to debt servicing costs for stranded debt*	£165m	-£13m			£151m
<b>Total revenue budget challenge including additional Woking BC budget gap subject to EFS</b>	<b>£234m</b>	<b>£48m</b>	<b>£64m</b>	<b>£67m</b>	<b>£415m</b>
Profiled LGR net (savings)/costs across two unitaries by this time excluding implementation costs**	-£4m	-£2m	£8m	-£12m	-£10m
<b>Remaining budget challenge for new unitary authorities including extra Council Tax income</b>	<b>£231m</b>	<b>£46m</b>	<b>£73m</b>	<b>£55m</b>	<b>£405m</b>
Additional Council Tax income above current MTFs assumptions assuming maximum increases***	-£29m	-£34m	-£36m	-£39m	-£138m

\*The reduction of £13 million shown in 2027/28 relates to Woking BC's current approved Asset Rationalisation and Debt Reduction plans, recognising that these plans will need to be reviewed by the relevant new unitary authority.

\*\*This is less than the £23 million of net annual ongoing benefits set out for two unitaries shown in the financial appraisal section above as the full value of benefits is not expected to be achieved until 2032/33. It is assumed that implementation costs will be funded using any government funding received, Surrey local authority reserves or other one-off resources and so are excluded from the budget challenge.

\*\*\*2.99% for district & borough councils and 4.99% for Surrey County Council in 2026/27 and then 4.99% per year for the two new unitary authorities from 2027/28 assuming the current referendum threshold remains unchanged. This is shown for illustrative purposes only and will be for new unitaries to decide.

**Table 7: Budget challenges for new unitaries**

Continued >

	Incremental amounts in each year				Total per year by
	2026/27	2027/28	2028/29	2029/30	Apr 2030
<b>Remaining budget challenge for new unitary authorities including extra Council Tax income including additional Woking BC budget gap subject to EFS</b>	<b>£201m</b>	<b>£13m</b>	<b>£37m</b>	<b>£17m</b>	<b>£267m</b>
<b>Remaining budget challenge excluding additional Woking BC budget gap subject to EFS</b>	<b>£37m</b>	<b>£26m</b>	<b>£37m</b>	<b>£17m</b>	<b>£116m</b>

Prior to factoring in benefits from LGR or additional council tax income there is an estimated annual budget challenge of £263 million by the end of 2029/30 if no action is taken to address the pressures currently identified, which is equivalent to 18% of the total 2025/26 net revenue budget across Surrey's 12 existing local authorities. The revenue budget challenge by the end of 2029/30 increases to £415 million (28%) when Woking Borough Council's additional budget gap subject to Exceptional Financial Support is included. Even when both the modelled LGR benefits for two unitaries and potential additional Council Tax income assuming maximum increases per year are factored in, the budget challenge is £267 million, 18% of the total 2025/26 net revenue budget across Surrey. Although Surrey's existing authorities and future new unitaries will work to identify further efficiencies and other mitigations to reduce the budget gap, realistically it is not going to be possible to address a budget challenge of this scale locally on a sustainable basis.

Surrey County Council has two key requests of government to avoid the need for

immediate Exceptional Financial Support for at least one of the new unitaries:

- Write off existing stranded debt related to historic commercial activities as the only viable option to ensure the financial sustainability of new unitary authorities and avoid ongoing exceptional financial support. This conclusion is in line with the conclusion of the commissioners for Woking Borough Council
- Provide funding to cover a material level of Surrey's LGR implementation costs, modelled at £85 million at mid-point for two unitaries as set out in the implementation section below, to limit the need for reserves across Surrey's local authorities to be used to fund these costs so reserves can be maintained to support future sustainability

If government agrees to these two requests, then although a very significant financial challenge would remain, it is considered that the two new unitaries created as part of Surrey's LGR proposal can take action to secure the future financial sustainability of local government in Surrey.

For instance, if Woking's stranded debt is written off therefore largely addressing Woking Borough Council's additional budget gap current subject to Exceptional Financial Support, then the remaining annual financial challenge by the end of 2029/30 including LGR benefits and potential maximum additional council tax income would be reduced to £116 million, equivalent to 8% of the total 2025/26 net revenue budget for Surrey, which is still a substantial issue but more manageable for authorities of the size of the 2 new proposed unitaries.

If the government doesn't agree to these 2 requests, then the scale of the financial challenge becomes insurmountable meaning that at least 1 of the 2 new unitary authorities would immediately require Exceptional Financial Support which is likely to impact on the broader sustainability of local government finance across Surrey.

## **Council Tax harmonisation**

A further key consideration for ensuring financial sustainability of the new councils is the level of council tax income they require, and how this affects what residents will be required to pay in the future. Currently council tax band Ds differ between Surrey's 11 district and borough councils. As part of LGR in Surrey, the combined current council tax band Ds for district and borough councils and Surrey County Council will need to be harmonised to a single set of charges for each unitary within 7 years after vesting day.

The new unitary authorities will need to decide how to harmonise council tax for their areas. Modelling has been undertaken to illustrate the options open to those authorities.

Until rates are harmonised in an area there will be a degree of difference in the increases to council tax between the districts and boroughs in each new unitary area.

New unitary authorities may want to harmonise over a longer period in order to limit increases in areas where current council tax bands are lower. It is important to note though that the longer the time period over which harmonisation is completed, the greater the reduction in income available to fund vital services. For instance, modelling undertaken for Surrey County Council's preferred unitary geography, option 2.1 West/East, indicates that harmonising council tax bands in both unitaries in year 2 rather than year 1 would result in £13 million less income in total across both unitaries, and harmonising in year 5 rather than year 1 would result in £60 million less income.

Given the acute financial challenges set out in the financial sustainability section above, and that council tax income is the biggest source of funding for Surrey's local authorities, the Surrey County Council's section 151 officer recommends that council tax bands should be harmonised as quickly as possible in year 1 to ensure equity across the new unitaries, maximise income to help mitigate the significant financial challenges that the new unitaries will face and keep within referendum threshold limits on a weighted average basis, whilst noting that this will be a matter for the new unitaries to determine.



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**Surrey's geography,  
reflecting its history,  
is one of multiple  
towns and villages,  
the real places that  
people identify with**

# **STRONGER COMMUNITY ENGAGEMENT**

## **Empowering Surrey's towns and villages**

We are committed to using LGR to build stronger and simpler arrangements for local community engagement and neighbourhood empowerment, using a wide range of inclusive approaches that leverage current good practices across the county. This 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. 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.

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.

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.



## CASE STUDY: 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, 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 Surrey County Council, a wide range of local groups were convened,

including the Voluntary, Community, and Social Enterprise (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 helped to coordinate a range of strategic investments into practical projects across the partnership that are: improving the public realm; creating a town centre offer for young people; opening up a new commercial space; providing better active travel options; and supporting more community-based support for health and wellbeing.

This model is replicated in a number of other towns across the county.

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 joined up and more effective in prioritising and delivering the outcomes that matter most to communities.

## Community engagement model

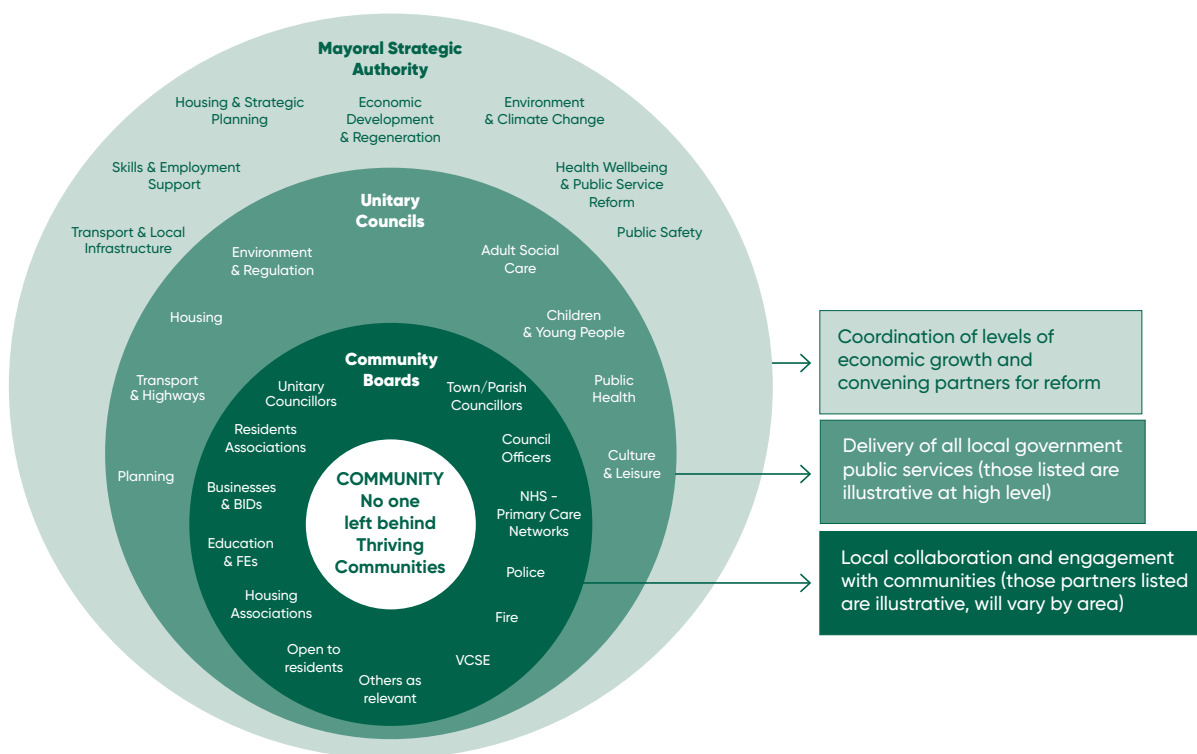
To achieve this, a strengthened community engagement model will be further developed through the implementation stage, drawing on national examples, learning from work in Surrey, and insights from local councillors.

In initial discussions with councillors and other stakeholders, a range of potential ways to strengthen local engagement and democratic decision-making have been shared, including, but not limited to, the following:

- Town and parish councils
- Local Committees (comprising all unitary councillors representing communities within previous district and borough boundaries or smaller areas as appropriate)
- Community Area Partnerships and Boards
- Structures involving local elected representatives associated with the current Surrey County Council Delivering in Partnership Strategy (the towns and villages approach)

It is clear there will need to be an effective community-level layer of governance to connect the unitary councils – and the Mayoral Strategic Authority – to more local areas. The diagram below illustrates this and underlines how a community board or equivalent will help convene the range of partners to work together alongside communities.

**Image 3: Community Engagement Model**



Given the importance of involving local councillors, communities and partners in the development of the community engagement model we are testing the approach in the autumn, starting in a number of localities.

By using a structured and practical “test, learn and grow” process we will generate learning in these initial local areas on key considerations such as geographic coverage, decision-making parameters, officer support requirements, and costs. This will then inform the detailed approach. Prior to launching the pilots, we are engaging with councillors, partners and residents to shape this initial work and will continue to involve stakeholders in their ongoing development and delivery.

To stimulate this practical testing and development work we have set out a clear vision and set of key principles for community-level boards.



## Vision

Bring together local partners to understand the key issues, agree priorities and drive collaborative action that promotes preventative activity and supports thriving communities; where everyone can access effective early support, fulfil their potential, and no one is left behind.

### Core principles for community boards

- **Community** focused
- **Councillor-led** as part of a strong model of democratic local community leadership
- **Electoral Divisions** as the building blocks for logical geographies of collaboration\*
- Fully **inclusive** all of partners
- Enable direct **representation** from residents
- Data and evidence **informed**
- Draw on insights from a range of creative and inclusive **local engagement** methods, in person and digital
- Agree areas of **local priority** focus within the wider strategic frameworks set by the Unitary Councils
- Drive **action** and improvement
- **Connected** to local service delivery teams; but not an additional management layer
- Ensure productive **collaboration** with town and parish Councils and Residents Association where they operate
- Operate within a framework of **defined parameters** for the appropriate range of responsibilities and delegated budgets, to enable the arrangements to have real impact

\*unless there is strong consensus for deviation from this

An aerial photograph of a town, likely in the UK, showing a dense residential area with a prominent church spire. The town is surrounded by lush green trees and rolling hills in the background under a cloudy sky. A white text box is overlaid on the upper portion of the image.

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**Meaningful  
engagement has been  
carried out both in  
person and online for  
all audience groups,  
which has helped to  
shape this proposal**

# HOW WE HAVE ENGAGED STAKEHOLDERS ON OUR PROPOSALS

The engagement of residents, staff, the voluntary sector, local businesses, community groups and councils, and public sector providers such as health, police and fire has been at the forefront of our work in shaping the future of local government in Surrey. An extensive programme of insight, communications and engagement has been carried out to inform the development of this business case, and to understand what matters most to the people of Surrey. This insight will also help future unitary councils set their direction and values.

## Staff and resident engagement programme

**Insight and engagement to shape proposals** – Meaningful engagement has been carried out both in person and online for all audience groups, which has helped to shape this proposal. This includes work led by Surrey County Council’s Resident Intelligence Unit (RIU), which aims to ensure residents’ voices are front and centre in shaping and delivering policy:

- The RIU carried out research with a representative sample of residents via our online panel to help us understand the outcomes they would most like to see resulting from LGR. The panel is comprised of around 1,400 residents that are broadly representative by core demographics. It found that residents care most about:

- Better value for money when delivering services (60%)
- Clearer accountability (45%)
- A more financially resilient council (37%)
- We’ve tracked comments on social media to understand resident feedback and sentiment when helping to shape proposals. Over 1,200 comments have been received from nearly 500 residents on social media between 1 January and 15 April 2025. All comments have been read and over 200 enquiries have had a direct response via social media
- In-person events were hosted in libraries to understand residents preferred principles for the future shape of local government in Surrey. Questions were largely about how services would change, debt management and election postponement. For residents that can’t make it to one of the in-person events, we are organising a live event to learn more and ask questions



**Tailored approach** – Communications and engagement has been tailored based on questions residents and staff have asked, including via 'explainer videos' which simply explain the process and answer frequently asked questions. The videos have been viewed over 80,000 times as of 17 April.

Staff are vital to the success of change, so extensive work has been undertaken to ensure they understand any impact to their particular area of work, particularly around the disaggregation of services. Following regular updates and a webinar for over 2,700 staff, 87% of attendees felt more informed about devolution and LGR. At this event, senior leaders in Social Care talked about the disaggregation of services and relevant colleagues have been part of a working group to shape this proposal. Over 50 questions from staff have been logged, answered and used to shape proposals. Over 65% of our staff in Surrey are residents, and have good relationships with partners and their networks, so they also helped to engage and cascade information.

**Accessible content** – Accessibility remains a priority of all engagement to ensure those who are digitally excluded or require tailored communications have been thoughtfully included throughout. Surrey has 52 libraries across the county and staff are equipped to answer questions and posters have been shared in community spaces to signpost residents to offline information sources. The 'explainer' videos were shared with British Sign Language interpretation alongside them and an easy-to-read final proposal summary leaflet will arrive in every Surrey household in summer 2025. Engagement with media has resulted in leading local media outlets covering Surrey's LGR story in radio, online and print news to ensure harder to access and offline residents had access to updates. We've also shared a series of videos specifically for young people, created by young people to ensure they receive content relevant to them.



## Partner and key stakeholder engagement programme

The engagement of partners in the development of this proposal has been critical. The primary mechanisms for engagement has been through the Combined Health and Wellbeing and Integrated Care Partnership Board who have met regularly to discuss the development of proposals. Membership includes the NHS, voluntary sector, Surrey Police, Surrey Fire and Rescue Service, district and boroughs and town and parish councils.

A number of dedicated partner briefings were led by the Leader of Surrey County Council, updating key partners on the implications of the English Devolution White Paper, the opportunities presented by the two unitary model, and the model for community engagement through local community boards.

In addition, items have been taken to existing or focused partner meetings, presenting on the developments of this work and the potential implications on specific partners. Dedicated sessions with Surrey Association for Local Councils, Surrey Heartlands, voluntary sector infrastructure organisations and the Surrey Charities Forum have taken place.

Surrey County Council elected members were regularly engaged through All Member Briefings which updated members on the development of the Interim and Final Plan and the community engagement model.

The Select Committees Chairs and Vice Chairs group was engaged throughout the development of the Final Plan, enabling scrutiny of the analysis informing the final proposal.

Both the Interim and Final Plan were taken to full Council, and to Cabinet for the executive decision to submit the plans to government.

District and borough Leaders and Chief Executives were engaged as part of the joint submission for the interim proposal. Following the Interim Plan submission the county council and some district and borough councils focused on the development of their respective preferred options. However, communication between local authorities in Surrey continued during this period through existing forums such as communications meetings, monitoring officer meetings, and financial officer meetings.

Effective partnership working is instrumental for delivery of our vision for Surrey and for residents. We have been, and will continue to, engage our partners on developing and implementing our final plan. We are pleased that a number of our key partners have offered their support for our proposal, outlined in Appendix 7.

A white quote icon consisting of two double quotation marks, positioned at the top center of a white text box. The background of the page is a blurred image of a police car with yellow and blue stripes and the word 'POLICE' visible on the side.

**I am supportive of SCC's preferred model of two unitary authorities (specifically model 2.1) and also of the emerging plans for future engagement at a local level. For the reasons you clearly cited ... – simplicity for our residents; a reduced risk in the disaggregation of key services such as adult social care and children's services; more efficient and cost-effective delivery of services; better alignment to key partnership structures; unlocking of devolved powers – a two unitary structure appears to be the right model for our county.**

**– Lisa Townsend, Police and Crime Commissioner for Surrey**



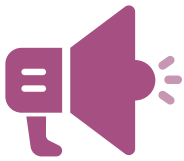
**18,386 VIEWS**  
OF LGR WEBPAGES



EXPLAINER VIDEOS VIEWED  
**OVER 80K TIMES**



REGULAR BRIEFINGS FOR  
**81 COUNCILLORS**



**87% OF STAFF**  
MORE INFORMED  
AFTER STAFF WEBINAR



**75% OF**  
**MEDIA ARTICLES**  
POSITIVE SENTIMENT



REACHED  
**86,000 PEOPLE**  
ON SOCIAL MEDIA



**481,000**  
**LEAFLETS**  
THROUGH HOUSEHOLD  
MAILBOXES IN SUMMER



RESPONDED TO  
**OVER 200**  
**SOCIAL MEDIA**  
**COMMENTS**



**404 COMMENTS**  
**AND QUESTIONS**  
SUBMITTED VIA  
THE WEBSITE



**REGULAR PARTNER**  
**BRIEFINGS AND RESIDENT**  
**DROP-IN EVENTS**  
AT LIBRARIES AND  
ONLINE SCHEDULED



REACHED MANY AUDIENCES,  
INCLUDING YOUNG PEOPLE  
**OVER 222,000 PEOPLE**  
**RECEIVE MONTHLY SURREY**  
**MATTERS NEWSLETTER**



“

**Design and more detailed planning work will begin once the government has decided on the future structure of local government in Surrey by the autumn of 2025**

# IMPLEMENTATION

## High level plan

The diagram below sets out the key phases and milestones for local government reorganisation and establishing a new Mayoral Strategic Authority.

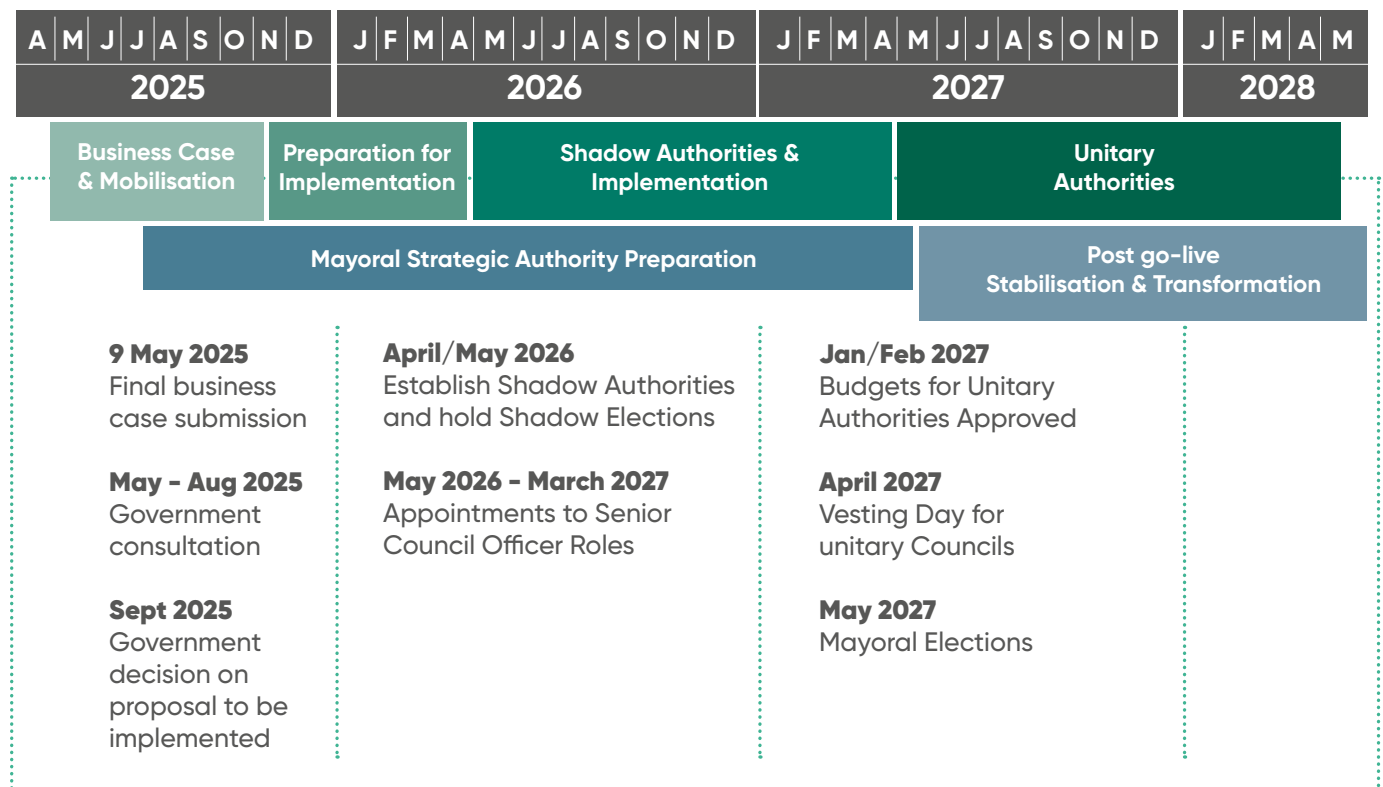


Image 4: Implementation timeline

## Implementation plan - detailed phases

### Phase 1 - Business case and mobilisation

During this phase:

- This Final Plan will be submitted to government by the 9 May deadline
- Government will then consider all proposals received from the area before taking decisions on how to proceed. This will likely involve government running a consultation over the summer of 2025 on this proposal and any alternative proposals put forward
- The Devolution & Local Government Reorganisation (D&LGR) programme structure and Programme Management Office (PMO) will be established to oversee and drive delivery and provide oversight of the entire programme. This only relates to Surrey County Council at this stage, but we would expect it to combine with district and borough programme arrangements
- Information gathering on key data will progress on areas such as budgets, staffing numbers, contracts and IT systems

We will engage with stakeholders on an ongoing basis in this phase, to raise awareness of the coming change, and to build cooperation and consensus between key stakeholders across central and local government.



## Phase 2 – Preparation for implementation

Design and more detailed planning work will begin once the government has decided on the future structure of local government in Surrey by the autumn of 2025. New governance arrangements will be put in place under a proposed Surrey Leaders' Implementation Oversight Group to ensure each council is represented and to reflect the political makeup of the area.

Activities will begin to focus on establishing the unitary authorities, with cross-council coordination and delivery across all twelve current authorities.

Activities that will take place during this phase include:

- Establishing formal governance and programme management arrangements to be taken forward into new shadow authorities
- Developing and agreeing a detailed programme of implementation plans
- Confirming future service requirements and target operating models, work will start on detailed service transition planning. This will include planning for the disaggregation of county services for example, designing new leadership and wider team structures and operating models. Planning will also be undertaken for the aggregation of services where they will come together
- Aligning existing change activity across constituent authorities
- Reviewing baseline IT architecture and planning for operational issues, such as new email addresses and access to building Wi-Fi and systems for day one
- Baselining property portfolio and commencing planning
- Agreeing an external communications strategy, as well as ongoing staff and trade union communications and engagement
- Agreeing high level HR transition plans



## Phase 3 – Shadow authorities

Shadow authorities are set up to support a smooth transition when local government structures are changed. They are responsible for preparing for the new unitary authorities to take on full local government functions for Surrey by Vesting Day in April 2027. It is expected these authorities will be in place one year prior to the vesting date. This will include elections to shadow councils.

The shadow authorities will be made up of councillors and appointed officers who will oversee key activities, such as:

- Detailed integration planning and transition of services to the new unitary authorities. This includes consideration of disaggregation of county services, aggregation of district and borough services and common services where they exist in all councils
- Organisation and operating model design, refining initial structures for the new authorities set out in the previous phase
- Appointment of Chief Executives and other senior leadership roles
- Staff transition processes, focused on the need to retain a skilled workforce with the right culture and planning for TUPE of staff to new authorities
- Ongoing staff and trade union engagement and communications
- Budget setting for the new authorities, including consolidation of funding arrangements such as council tax harmonisation and business rates collection
- Establishment of payroll arrangements
- Management of data as part of initial IT systems transition
- Ongoing stakeholder engagement, including reinforcing current partnerships and formation of new partnerships, where appropriate

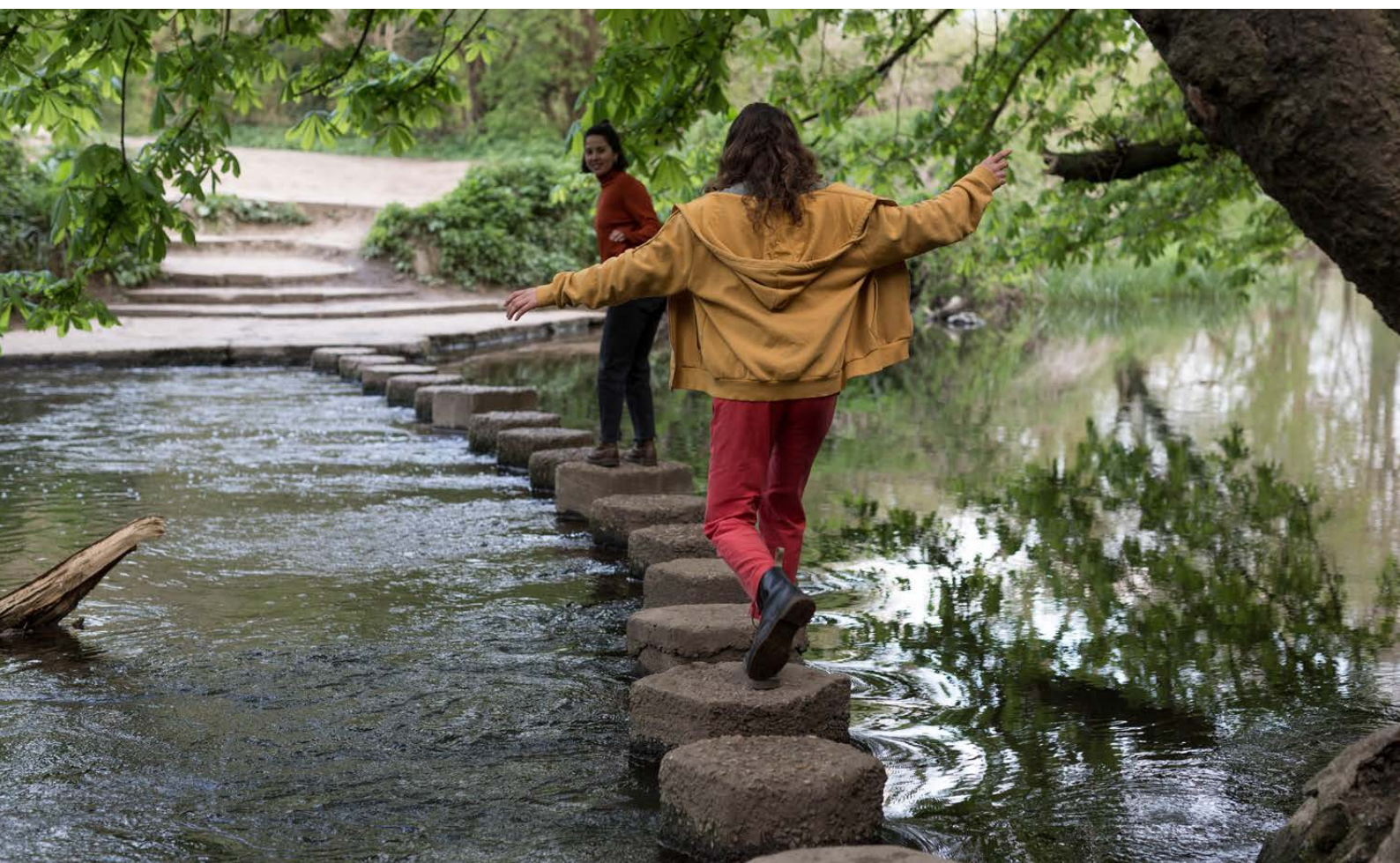


## Phase 4 – Launch of the new councils

At the point that new authorities formally come into existence on vesting day in April 2027, greater focus can be placed on the long-term strategy for the future authorities.

Authorities will need to determine likely activities that could include:

- Establishing a transformation programme, within each unitary, with responsibility for confirming and implementing a target operating model for the new authorities. This is likely to include detailed transformation of:
  - Resident contact
  - Service delivery
  - Back office/enabling services
- IT and data strategies
- People, organisational development and culture
- Estates
- Optimisation of aggregated services
- Implementation of new Enterprise Resource Planning/customer relationship management systems, or further consolidation of current systems
- Detailed review of existing contracts and third party spend, consolidating and rationalising spend whilst seeking to take advantage of economies of scale
- Consolidation of fees and charges
- Alignment of pay, terms and conditions
- Ongoing change management and communications



## **Phase 5 – Mayoral Strategic Authority**

While the process is separate, starting work on the Mayoral Strategic Authority will commence on a similar timeline to LGR, before the new unitaries are vested. Our preference is for Mayoral elections to take place by May 2027 to support a swift and smooth transition.

Activities include:

- Confirmation of services that form part of the Strategic Authority
- Organisation and operating model design, and initial structures for the new authorities
- Appointment to senior roles
- Staff transition processes, focused on the need to retain a skilled workforce with the right culture, and planning for TUPE of staff to the shadow authority
- Ongoing stakeholder engagement, including reinforcing current partnerships and formation of new partnerships, where appropriate
- Budget setting for the new Strategic Authority



## Implementation programme and workstreams

We propose setting up a programme to oversee and deliver the changes across both unitary councils to ensure the most efficient use of resources and keep costs to a minimum. We will identify work that can be paused or stopped within existing authorities to repurpose resources that are already in the establishment. It is recognised that additional capacity may be required at certain points during the programme. Implementation costs assume delivery will take place mainly using internal resources, but the future authorities may decide to invest some of the cost in external support.

A Programme Management Office (PMO) will be setup to oversee and manage the transition programme for a minimum of two years. This will consist of a team of change and transformation experts such as Programme Director, Programme Managers, Business Analysts, PMO specialists and Change Managers. Whilst there will be a core PMO team, other subject matter experts and specialist resources will be seconded to the programme at appropriate times, as not all resources will be required for the full length of the programme. Where possible, it is expected that the capacity required will be created by redeploying existing resources onto the Programme and stopping or pausing other change

and transformation activities, although it is possible that some additional capacity maybe required over and above this.

Surrey County Council has a strong track record of delivering large scale, impactful, efficiency related transformation with both significant improvements made to service quality and performance together with driving multiple millions of savings and cost avoidance. The Council has a dedicated and hugely experienced transformation team which is recognised by peers as one of the leading services of this type in the country with strong links to the LGA and other nationwide organisations.

Subject matter experts (SMEs) will also work with the programme team to ensure the appropriate level of capacity and expertise within specific workstreams. They will be seconded and backfilled where necessary, with a likely need for external capacity and recruitment throughout the lifecycle of the programme.

As part of initial planning, several workstreams have been identified to support detailed planning. These workstreams are described below. During Phase 1 and 2 activities, will be delivered by the current councils. At the start of Phase 3, when shadow authorities form, most activities will take place within and between unitaries and the workstreams will be adjusted as necessary.

**Table 8: Proposed Implementation Workstreams**

<b>Workstream</b>	<b>Workstream Scope</b>
<b>Service delivery/ operating model</b>	<p>By far the largest and most complex area of focus is on the resident facing services such as Adult Social Care, Children’s Social Care, Education and Place Services (Environment, Trading Standards, Planning, Assets etc) from a county perspective, and district and borough services such as Waste Collection, Housing and Planning, Leisure and Revenue and Benefits.</p> <p>In a two unitary model, the county council’s services will need to be disaggregated while the district and borough services will need to be aggregated across the new unitary footprints.</p> <p>In both instances, it is important that all existing services are aligned to new policies and processes.</p>
<b>Legal, democratic and governance</b>	<p>Establish the constitutions of the new authorities. Manage all changes required to deliver elections under the new structure. Supporting the development of strong overview and scrutiny functions in both unitaries. Ensure that effective governance structures are established in the new unitary authorities.</p>
<b>Finance and commercial</b>	<p>Manage the financial transition to the new authorities, including setting the first budget for each of the new authorities. Develop and deliver a financial strategy for each of the new authorities.</p>
<b>Resident, communications and engagement</b>	<p>Develop and deliver a communications strategy. Engage with staff, Members, communities, parishes, towns and businesses. Plan, design and deliver the new approach to resident engagement in each authority across all services.</p>
<b>Workforce (operating model and HR)</b>	<p>Plan and manage the HR process and overall people and cultural change for each of the new authorities. Carry out staff and trade union engagement.</p>
<b>IT, digital, systems and data</b>	<p>Review the existing IT assets, systems and architecture before designing and implementing the IT solutions for the new authorities, linked to the target operating model. Ensure that data is transferred and managed effectively during the transition, setting the authorities up to become data driven organisations.</p>

**Table 8: Proposed Implementation Workstreams**

<b>Workstream</b>	<b>Workstream Scope</b>
<b>Procurement and contracts</b>	Manage the contractual changes required and ensure that the two new authorities are set up to take advantage of commercial opportunities.
<b>Property and estates</b>	Analyse the estate portfolio of the constituent authorities and determine the appropriate estate strategy for each of the new authorities.
<b>Mayoral strategic authority and devolution</b>	Plan for the creation of the Mayoral Strategic Authority, disaggregating required functions from the county council (e.g. Surrey Fire and Rescue Service), district and borough councils and supporting the transition of the Office of the Police and Crime Commissioner.



## Implementation costs

We anticipate 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.

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 which are likely to be realised over several years following the creation of the new unitary authorities.

Cost category	1U		2Us		3Us		Mid-point Base & Stretch		
	Base	Stretch	Base	Stretch	Base	Stretch	1U	2Us	3Us
Costs estimated in the period 2025/26 - 2026/27	-£28m	-£24m	-£35m	-£28m	-£40m	-£32m	-£26m	-£32m	-£36m
Costs estimated from 2027/28 onwards	-£45m	-£43m	-£58m	-£48m	-£65m	-£53m	-£44m	-£53m	-£59m
<b>Total estimated implementation costs</b>	<b>-£74m</b>	<b>-£67m</b>	<b>-£94m</b>	<b>-£76m</b>	<b>-£105m</b>	<b>-£85m</b>	<b>-£70m</b>	<b>-£85m</b>	<b>-£95m</b>

**Table 9: Implementation costs**

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 10% 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.

A further breakdown of the estimated implementation costs can be found in Appendix 1. Subject to any funding provided by government, costs in the period 2025/26 – 2026/27 will need to be funded by Surrey's twelve existing local authorities out of reserves or other one-off resources and costs from 2027/28 onwards will need to be funded by the new unitary authorities.

## Managing disaggregation and transition of services

Disaggregation and transition of county council services, including social care, will require careful handling to minimise any disruption for residents and enable service quality to be maintained. It is vital that the transition is undertaken effectively and with positive resident outcomes at the forefront of the changes. Three key enablers to achieving a successful transformation will be:

1. Teams within services requiring disaggregation will lead the design, planning and change implementation, supported by the wider LGR Programme Team. This ensures the right skills and capabilities are in place while recognising that those with the most knowledge and experience are best placed to shape the future operating model
2. Effective governance boards providing robust challenge and oversight, aided by additional expertise as needed
3. Resident and stakeholder engagement with clear communications to those that might or will be affected by the transition

We envisage the key activities for managing disaggregation of services will include:

- Reviewing the current locality structure and workforce to identify appropriate allocation to future authorities
- Agreeing future organisation design and delivery structures with service providers and shadow authorities
- Refining functional operating models and services, aligned to new geographies
- Reviewing and refining service policies, systems, processes and procedures

- Restructuring membership of boards and reviewing local representation
- Detailed transition planning development to ensure continuity of services
- The disaggregation of social care services for Children and Adults comes with some significant potential risks and we remain open to exploring models that mitigate any negative impacts

However, through early exploration we have found that a shared service model is unlikely to be the right solution for Surrey. Examples from shared service models for social care across the country do not show clear benefits, with many shared service arrangements breaking down or generating additional complexity, leaving them ineffective, burdensome and costly.

Within this there is some nuance, especially for highly specialist services, such as Emergency Duty and Approved Mental Health Professionals in Adult Social Care, where special arrangements may need to be explored for day one to ensure there is time to recruit and establish a safe and legal operation in each new unitary.

Risks have also been noted in the disaggregation of the county's social care and learners' single point of access contact centres. These teams, who are specially trained to be the first point of contact for Surrey's most vulnerable residents, will need to be carefully disaggregated. Until sufficient capacity is built up within the new authorities there is a risk around uneven geographical demand distribution which could lead to operational backlogs and safeguarding issues if not mitigated against.

First point of contact arrangements will need to be designed into the new social care service delivery models for the unitary authorities to ensure demand is managed and social care teams do not become overwhelmed.

Culture is a vital part of our community infrastructure and disaggregation of Cultural services, such as Libraries, will need to be managed carefully. There are a number of specific cultural offerings that are funded on a county footprint, or where infrastructure has been built with a county-wide footprint in mind. As such, careful consideration will need to be given as to how disaggregation should be managed, exploring the possible role of a lead authority or alternative models.

Our Highways services, which will be disaggregated across the new unitary councils, currently has vital assets across the county which do not neatly align

with any unitary split. Assets include the laboratory, the Network Management Centre and the Emergency Control Hub which cannot possibly be duplicated ahead of vesting day given the costs and timeframes involved in building these assets.

Waste services are also designed around infrastructure that is unequally distributed around the county, such as community recycling centres. The existing assets make the disaggregation of these services across any new geographical configuration difficult. Models including 'pay to use' or shared services for authorities to use assets that cannot be replicated ahead of vesting day, such as the Highways Network Management Centre, will need to be explored for the initial implementation period. This is to ensure service delivery isn't disrupted whilst the new unitary councils decide how to navigate this long term.



## Key risks

We will adopt and apply the principles of effective risk management to support the transition to the new unitary authorities and Strategic Authority. This approach follows the council's risk management framework which reviews risks at a corporate, directorate and service level while also ensuring that cross-cutting risks are captured to ensure appropriate assessment, mitigation, review and scrutiny.

<b>Table 10: Key risks</b>	
<b>Key risk</b>	<b>Mitigation</b>
<p><b>Scale, complexity and pace of change</b></p> <p>There will be a significant amount of change in a relatively short period of time which will have ramifications for the way services are integrated and disaggregated.</p>	<p>Our proposal lays the foundations for a swift and smooth transition as soon as a decision is made. This will require robust programme management to ensure the right skills, capabilities and governance are in place to deliver the complexity of the change. Surrey County Council is well placed to lead the transition given our successful track record on large, impactful transformation and service improvement programmes that have also delivered significant efficiency savings.</p>
<p><b>Stakeholder support</b></p> <p>There are a number of stakeholders who may have differing goals and priorities while involved in Devolution and LGR. This may lead to disagreements in approach and preferred solution(s).</p>	<p>We will work closely with stakeholders both internally and externally to build consensus and trust, identifying where there are different targets and agreeing approaches to resolve. A communications strategy will be established to further support clear and consistent messaging.</p>
<p><b>Decision making and governance</b></p> <p>There needs to be clarity on who takes responsibility for making decisions and that they are taken with the appropriate authority and consideration. This may otherwise lead to potential delays in implementing Devolution and LGR and confusion on the way forward.</p>	<p>A framework will be established setting out the governance including roles and responsibilities (terms of reference for Boards, Committees etc.). Learning from other authorities that have been through this process will be support planning and development of a safe and legal setup for day one.</p>

**Table 10: Key risks**

Key risk	Mitigation
<p><b>Performance</b></p> <p>A large number of services will be impacted by the changes from Devolution and LGR. During implementation, there is a risk that some areas may see a dip in service performance levels.</p>	<p>Additional performance and monitoring controls will be put in place to track service performance levels and to quickly identify any areas that may be dropping with a follow up to resolve the underlying causes.</p>
<p><b>Staffing</b></p> <p>There will be implications for staff from Devolution and LGR. This may cause anxiety, lower morale and higher levels of staff turnover due to these changes. Moreover, it is vital that the right skills and experience are in place to support the new authorities.</p>	<p>Staff across all future authorities will need to be involved in informing and designing the new authorities. The HR process will be designed to support managers and staff both with frequent and consistent messages as well as supporting specific individuals who may have concerns or worries. Recruitment will be undertaken in any areas where staff turnover means additional skills and experience are needed, and retention activity increased in areas where high turnover is anticipated.</p>
<p><b>Finance</b></p> <p>While a budget is set to implement LGR, there is a risk that this may be insufficient especially if there are unforeseen activities required. Moreover, there are significant debt levels within some authorities which require addressing in preparation for the new structure.</p>	<p>There will be close monitoring of costs of LGR implementation to quickly identify any potential shortfalls or funding gaps. In addition, a request has been made to government to provide support in resolving debt levels.</p>





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**We would welcome  
further discussion  
with government on a  
number of key issues**

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# KEY ISSUES TO EXPLORE FURTHER WITH GOVERNMENT

In our joint Interim Plan, we put forward a number of key issues to explore further with government. These have been revised based on further analysis and feedback from government to date. We would welcome further discussion with government on these key issues after our submission.

## **Avoiding the need for immediate Exceptional Financial Support – debt and funding**

Based on the detailed financial sustainability analysis completed, we would welcome further discussions with government to ensure that the new councils will not immediately require Exceptional Financial Support. This must include consideration of the following options for at least one of the new unitary councils:

- Write off the existing stranded debt related to historic commercial activities as the only viable option to ensure the financial sustainability of new unitary authorities and avoid ongoing exceptional financial support. This conclusion is in line with the conclusion of the commissioners for Woking Borough Council

- Provide funding to cover a material level of Surrey's LGR implementation costs, modelled at £85 million for two unitaries as set out in the implementation section below, to limit the need for reserves across Surrey's local authorities to be used to fund these costs so reserves can be maintained to support future sustainability

Aligned to the above we would welcome further consideration of the impact of the government's funding reforms including the Fair Funding Review and the SEND and HNB Safety Valve agreement currently in place with Surrey County Council.

## **Swift and smooth transition – harnessing Surrey County Council's track record of improvement and delivery**

For the transition to unitary local government to be as swift and smooth as possible, in our Interim Plan we asked government whether they had intentions to appoint a lead authority. In their feedback document, they said they will discuss the best approach for the transition following the final decision on proposals, which could include a lead senior responsible officer (SRO) at a council.

Surrey County Council has delivered significant financial efficiencies and service improvements over a number of years. Between 2018/19 and 2024/25 we delivered financial efficiencies of £316 million, whilst improving Adults, Children's, Fire and Rescue and other services for residents, and our track record positions us well to lead the signification transformation required to transition the 12 current councils through LGR. We would welcome clarity from government on the timelines for

discussing the lead authority or SRO role and what the associated joint working arrangements will look like as preparations for implementation need to begin prior to a final decision on geography being made.

## **Community governance reviews**

In lieu of the publication of the government's Communities White Paper, we would welcome clarity on the preferred position in relation to establishing any new town and parish councils through Community Governance Reviews – and their ability, or not, to raise an additional local precept. This clarity will help all partners and local communities in Surrey to focus limited time and resources effectively as we develop an enhanced model for community engagement.

## **Impact of Health System Reforms on devolution and LGR**

We would welcome clarity from government on the future direction of health system reforms in Surrey and what implications this may have for the direction of devolution and LGR across the area.



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**Financial  
sustainability  
must be a crucial  
consideration  
in this process**

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# CONCLUSION

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Our Plan for LGR in Surrey represents a transformative vision for the future across the area. By transitioning from the current two-tier system to two new unitary authorities, this proposal aims to streamline operations, enhance service delivery and unlock financial efficiencies.

The process of LGR should, as a priority, unlock devolution for the county, enabling the transition of significant powers and funding from central government to the local level to deliver more effectively in line with local priorities. To create a Mayoral Strategic Authority on a Surrey footprint, we have had to explore the creation of two or more unitary councils, ruling out a single unitary authority for Surrey.

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**With the two unitary model standing up favourably against the government criteria and our priorities for a robust and sustainable local government structure, our proposed geography is for two new councils: East Surrey and West Surrey.**

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East Surrey and West Surrey will be equipped to provide enhanced service delivery achieved through the integration of services currently divided between county and district & borough councils, leading to more cohesive and efficient operations. This integration will particularly benefit critical areas such as Housing and Waste Management.

Financial sustainability is an important consideration in this process. A two unitary model is projected to deliver financial savings through economies of scale, reduced duplication, and more effective use of resources. These savings will be crucial in addressing existing budget gaps and ensuring long-term financial health.

However, the significant cumulative debt position of Surrey local authorities and the potential impacts of the Fair Funding Review mean that the financial benefits of LGR would likely not be fully realised without tailored support from government to ensure the new unitaries are on stable financial footing.

Our proposed approach to stronger community engagement emphasises the importance of local engagement and empowerment. By establishing community boards and enhancing local partnership working, residents will have a clearer voice in decision-making processes, fostering greater accountability and responsiveness.

The transition to the new unitary authorities will need to be carefully managed to minimise disruption and ensure continuity of services. A phased approach, supported by robust governance and stakeholder engagement, will guide the implementation process.

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Our LGR Plan is a bold, forward-thinking, and evidence-led plan that seeks to modernise local government, improve service delivery, and create a more sustainable and resilient future for Surrey. By embracing this reorganisation, Surrey will be better positioned to meet the evolving needs of its residents, drive economic prosperity, and enhance the quality of life for all.

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# SHAPING SURREY'S FUTURE

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Devolution and  
Local Government  
Reorganisation

## Appendices



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# **APPENDIX 1: FINANCIAL APPRAISAL OF LGR IN SURREY**

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This section summarises the data used and assumptions applied to generate the modelled benefits and costs of implementing one, two or three unitary authorities in Surrey summarised in our Final Plan.



Area	Surrey County Council			Total for all 11 district & borough Councils			Total for all 12 local authorities in Surrey			Sources and assumptions
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	
Breakdown of 2025/26 budget										
Income within net revenue budget for staffing and non-staffing expenditure		-£744.5m	-£744.5m		-£299.7m	-£299.7m		-£1044.1m	-£1044.1m	The budget figures included for Woking Borough Council include the Exceptional Financial Support (EFS) currently agreed by government to manage Woking's budget gap, including stranded debt. As such, the debt servicing costs included for Woking here are the residual costs planned to be funded by the Council's General Fund budget after taking into account EFS. Woking's actual current debt servicing costs without EFS are in the debt servicing section below.
Operational property revenue expenditure	£25.9m	-£5.2m	£20.7m	£25.9m	-£20.6m	£5.3m	£51.8m	-£25.8m	£25.9m	
Housing benefits payments and reclaims				£163.3m	-£163.3m	£0.0m	£163.3m	-£163.3m	£0.0m	
Debt servicing costs (Interest and Minimum Revenue Provision)	£72.0m		£72.0m	£89.7m		£89.7m	£161.7m		£161.7m	
Interest receivable and net investment income		-£21.5m	-£21.5m		-£126.8m	-£126.8m		-£148.3m	-£148.3m	
Other corporate budgets	£31.6m		£31.6m	£38.3m		£38.3m	£69.9m		£69.9m	

Area	Surrey County Council			Total for all 11 district & borough Councils			Total for all 12 local authorities in Surrey			Sources and assumptions
	Gross	Income	Net	Gross	Income	Net	Gross	Income	Net	
Breakdown of 2025/26 budget										
Total planned 2025/26 net expenditure	£2,045.9m	-£771.2m	£1,274.7m	£801.4m	-£610.4m	£191.0m	£2,847.3m	-£1,360.1m	£1,487.1m	
Total base 2025/26 leadership and senior management expenditure	£6.3m			£16.1m			£22.4m			The estimated current cost of the Corporate Leadership Team (CLT) in each authority (Chief Executive and their direct reports) and posts that form part of the senior management structure, reporting into each organisation's CLT. Surrey County Council roles are based on the cost of the relevant roles in the Council's Strategic Leadership Group (tiers 1-3) plus other senior management roles that it is considered may need to be duplicated in multi-unitary scenarios. 2024/25 pay has been used with an estimated inflation factor applied for 2025/26.

Area	Surrey County Council	Total for all 11 district & borough Councils	Total for all 12 local authorities in Surrey	Sources and assumptions
				District and borough roles are based on the cost of leadership tiers 1-3 for each authority inflated to 2025/26 as reviewed by the districts and boroughs.
2025/26 net revenue non-staffing service delivery expenditure	£805.3m			Base cost for the application of LGR savings assumptions and disaggregation costs for Surrey County Council net revenue non-staffing service delivery expenditure.
Total estimated net revenue staffing expenditure that LGR could generate savings for	£315.9m	£190.0m	£505.9m	Gross staffing expenditure excluding externally funded staffing or income that could be lost if staffing levels were reduced, minus leadership and senior management tiers 1-3 costs, minus any services that LGR is not expected to generate savings for (e.g. Fire services in Surrey County Council which are expected to move up to the Mayoral Strategic Authority).

Area	Surrey County Council	Total for all 11 district & borough Councils	Total for all 12 local authorities in Surrey	Sources and assumptions
Proportion of in scope net revenue staffing expenditure that is front office	6.9%	4.5%	6.0%	Front Office: handling customer enquiries, booking appointments, taking customer payments, Service delivery (core service functions including assessing people's needs, regulatory services, waste collection, housing etc, and including commissioning).
Proportion of in scope net revenue staffing expenditure that is service delivery	64.5%	62.9%	63.9%	
Proportion of in scope net revenue staffing expenditure that is support functions	28.6%	32.6%	30.1%	Support functions: all enabling functions (e.g. HR, Procurement, Legal, Finance, Land & Property, IT&D, Performance etc), general admin support outside of front office, back office (e.g. business operations, payroll etc) plus areas such as strategic planning.
Total in-scope net revenue staffing expenditure proportions	100.0%	100.0%	100.0%	
Estimated in-scope front office net staffing expenditure	£21.9m	£8.5m	£30.4m	

Area	Surrey County Council	Total for all 11 district & borough Councils	Total for all 12 local authorities in Surrey	Sources and assumptions
Estimated in-scope service delivery net staffing expenditure	£203.7m	£119.6m	£323.3m	Proportion in each category based on review of services by Surrey County Council and districts and boroughs. Front office likely to be understated to some extent as some aspects of this will likely be contained in roles classified as service delivery.  The 'total net revenue staffing expenditure' proportions line demonstrates that the total of all these categories adds up to 100% of total net revenue staffing expenditure.  The percentages for each category are then applied to total staffing expenditure excluding leadership and senior management.
Estimated in-scope support functions net staffing expenditure	£90.2m	£61.9m	£152.1m	
Total estimated net revenue staffing expenditure for which LGR could generate savings	£315.9m	£190.0m	£505.9m	

Area	Surrey County Council	Total for all 11 district & borough Councils	Total for all 12 local authorities in Surrey	Sources and assumptions
2025/26 net revenue expenditure spent on staffing excluding central budgets	£366.6m			Total Surrey County Council net revenue expenditure excluding central budgets such as corporate charges and levies and the secondary pension contribution.
Minus cost of leadership and senior tiers 1-3	-£6.3m			The cost of tiers 1-3 should be excluded from Surrey County Council wider workforce disaggregation costs as leadership and senior management tiers 1-3 changes are modelled separately.
Minus 2025/26 budgeted net staffing expenditure for Fire services and Economic Growth	-£44.4m			These costs are excluded from Surrey County Council wider workforce disaggregation costs as it is assumed Fire services and Economic Growth will move up to the Mayoral Strategic Authority and remain countywide prior to the MSA being formed.

Area	Surrey County Council	Total for all 11 district & borough Councils	Total for all 12 local authorities in Surrey	Sources and assumptions
Total net revenue expenditure to apply Surrey County Council staffing dis-aggregation cost assumptions to	£315.9m			This represents Surrey County Council's budgeted net staffing expenditure to which Surrey County Council disaggregation cost assumptions can be applied to.
Average redundancy cost as a % of the salary cost saving	43.0%	43.0%	43.0%	Based on average redundancy costs for Surrey County Council which has been applied consistently across all Surrey local authority staff.
Gross debt servicing costs as per approved 2025/26 budget	£72.0m	£89.7m	£161.7m	Based on the approved 2025/26 budgets and the actual level of debt servicing costs for Woking Borough Council excluding the Exceptional Financial Support that government has currently approved.

Area	Surrey County Council	Total for all 11 district & borough Councils	Total for all 12 local authorities in Surrey	Sources and assumptions
Additional gross debt servicing costs for Woking Borough Council currently deferred or subject to a capitalisation directive as part of Exceptional Financial Support		£171.0m	£171.0m	It is important to note that commercial investment income can be subject to considerable volatility and so gross debt servicing costs as a percentage of the General Fund budget is considered a better measure to use in judging the long-term financial sustainability of local authorities.
Total gross debt servicing including additional debt servicing costs for Woking Borough Council	£72.0m	£260.7m	£332.7m	

Area	Surrey County Council	Total for all 11 district & borough Councils	Total for all 12 local authorities in Surrey	Sources and assumptions
Gross debt servicing costs as a % of total 2025/26 net revenue budget	5.6%	136.5%	22.7%	
Budgeted 2025/26 total interest receivable and net investment income	-£21.5m	-£126.8m	-£148.3m	
Total net debt servicing costs including interest receivable and net investment income	£50.5m	£133.9m	£184.4m	
Net debt servicing costs as a % of total 2025/26 net budget	4.0%	70.1%	12.6%	

Area	Surrey County Council	Total for all 11 district & borough Councils	Total for all 12 local authorities in Surrey	Sources and assumptions
Current number of councillors	81	453	534	As reported by each local authority
Total 2025/26 cost of basic allowances for current councillors	£1.2m	£2.9m	£4.1m	Based on the latest allowances and other costs published by each local authority with estimated inflation applied up to 2025/26
Total 2025/26 current cost of special responsibility allowances for councillors	£0.2m	£0.9m	£1.1m	
Total 2025/26 current cost for current number of councillors	£1.4m	£3.8m	£5.2m	Total of basic allowances + special responsibility allowance + other directly associated councillor costs

Area	Surrey County Council	Total for all 11 district & borough Councils	Total for all 12 local authorities in Surrey	Sources and assumptions
Current estimated cost per year of the current local authority electoral system in year	£0.6m	£1.8m	£2.5m	<p>Cost of planned Surrey County Council election for 2025 used, plus election cost information gathered for districts and boroughs from budgets and accounts.</p> <p>The total cost of the current electoral system over a four year cycle is estimated to be £9.88m, equating to an annual cost of £2.47m which is the total amount that would either need to be spent or put in reserves to fund election costs each year, noting that currently there is a mix of all out elections and elections in thirds</p>

## Benefits and disaggregation costs of unitarisation

A financial appraisal has been undertaken of moving to one, two or three unitary authorities in Surrey.

We have assessed the following as part of the financial appraisal:

- **Reorganisation benefits** – savings assessed as achievable in the shorter-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 unitaries go live. 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, and a modest increase proposed for sales, fees and charges income.
- **Disaggregation costs** – these apply to scenarios where Surrey's local authorities are consolidated into two or three unitary

authorities. 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. Directorate leadership teams have been consulted to understand the likely impacts of splitting services into two or three new unitaries and it is considered that even after mitigations it will be necessary to duplicate a relatively small proportion of current County Council staffing roles, in particular, for management below tiers 1-3, specialist statutory roles/teams and business partnering support functions. There will also be a small degree in proportionate terms of unavoidable non-staffing costs due to loss of economies of scale and additional costs of re-procurement, either initially or when contracts expire and need to be renewed or recommissioned. Further information about the areas where it is anticipated disaggregation costs will be incurred is set out further down in this financial appraisal appendix.

- **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.

All the above areas have been modelled to assess the scale of benefits achievable and costs resulting from the creation of one, two or three unitary local authorities in Surrey. The following scenarios have been considered for each unitary option:

- **Base scenario** – these represent 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 potential savings still judged to be achievable, 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 therefore considered a reasonable estimate balancing prudence and ambition.

## Summary of modelling assumptions

The following overarching assumptions have been applied:

- **Inflation** – all base data used to model the benefits and costs of LGR is for 2025/26, either representing budgeted costs or income for 2025/26 or where data for prior years has been used this has been inflated to 2025/26 to ensure there is a consistent starting point for all LGR modelling assumptions. Benefits

and costs in future years have not been inflated and represent the relevant proportion of 2025/26 expenditure or income modelled to be saved or incurred. Implementation costs are intended to be sufficient to cover inflation in future years, and the 10% contingency included can be used to help manage any additional inflationary pressures.

- **Shared services** – while the creation of shared services such as for support functions or other countywide arrangements such as trusts for Children's and Adult Social Care services could be a means to potentially mitigate Surrey County Council disaggregation costs, this is not factored into the County Council's LGR modelling. This is because decisions about these areas will need to be made by the new unitaries, and for current planning purposes it is considered prudent to assume that each authority will require its own services to enable clear sovereign decision making and alignment with the strategic objectives of each new unitary authority.

The **following terminology is used in this appendix** to refer to different potential future unitary make-up in Surrey:

- 1U** – a single new unitary authority.
- 2Us** – two new unitary authorities.
- 3Us** – three new unitary authorities.

A single unitary authority has been modelled to provide a benchmark for comparative purposes.

The following assumptions have been applied for different aspects of modelled LGR benefits and costs:

Category	Sub-category	Modelling aspect	Summary of assumptions applied
Leadership and senior management savings		<b>Reorganisation benefits</b>	<p>The overriding assumption for LGR modelling purposes is that each new unitary will require its own leadership and senior management teams. The base scenarios are based on a new leadership and senior management structure which has been estimated, based on all of the core roles required for any local authority and adjusted to cover the functions integrated in the new unitaries from those currently delivered by Surrey County Council and district and boroughs.</p> <p>The 2Us and 3Us base scenarios reflect two or three times the number of roles compared to the 1U base scenario with the exception of Fire services which is currently anticipated to remain at countywide level (likely moving into the Mayoral Strategic Authority).</p> <p>The stretch scenarios assume that each authority would only require one leadership/senior management role for environment (including leisure) and community services (compared to two roles in the base scenarios) and assume that for larger services with larger senior management teams at Tier 3 level (Adult Social Care, Children's, Highways) only 75% of the roles would be required in 2Us/3Us compared to the base scenario.</p>

Category	Sub-category	Modelling aspect	Summary of assumptions applied
Wider workforce savings below leadership and senior management	Surrey County Council	<b>Reorganisation benefits</b>	Assumed that initial reorganisation will not in itself lead to any savings for Surrey County Council's wider workforce as savings will only be realised through a review of requirements and changes in ways of working after the integration of district and borough services alongside Surrey County Council services.
		<b>Transformation benefits</b>	<p>The following levels of savings are assumed through 'transformation; after reorganisation has taken place for a single unitary:</p> <ul style="list-style-type: none"> <li>• Front office: 5-10% (base - stretch) where it is considered there is greatest potential for savings for current Surrey County Council staffing costs through the integration of County Council and district and borough teams.</li> <li>• Service delivery: 1-2% (base - stretch) where it is considered there is the least potential for savings for current Surrey County Council staffing costs through the integration of County Council and district and borough teams due to the different nature of services provided.</li> <li>• Support functions: 5-7.5% (base - stretch) where it is considered there is modest potential for savings for current Surrey County Council staffing costs through the integration of County Council and district and borough teams.</li> </ul> <p>Assumed that 80% of the savings above for 1U could be achieved for 2Us and 60% for 3Us.</p>

Category	Sub-category	Modelling aspect	Summary of assumptions applied
Wider workforce savings below leadership and senior management	District and boroughs	<b>Reorganisation benefits</b>	<p>Overall, it is assumed there is greater potential for savings for district and borough staffing than for Surrey County Council due to the aggregation of 11 teams of staff into 1/2/3 new unitaries.</p> <p>The following levels of savings are assumed combined across reorganisation and transformation for a single unitary:</p> <ul style="list-style-type: none"> <li>• Front office: 10-15% (base - stretch) where it is considered there should be reasonable scope for savings through aggregation of functions.</li> <li>• Service delivery: 5-10% where it is considered there is least potential for savings through aggregation of functions.</li> <li>• Support functions: 15-25% where it is considered there is likely to be most potential for savings through aggregation of functions.</li> </ul> <p>Assumed that 80% of the savings above for 1U could be achieved for 2Us, and 60% for 3Us.</p> <p>Assumed that around 25% of the savings could be achieved more quickly through initial reorganisation with the remaining 75% reliant on transformation changes.</p>
		<b>Transformation benefits</b>	

Category	Sub-category	Modelling aspect	Summary of assumptions applied
Non-staffing service delivery expenditure savings	Surrey County Council	<b>Transformation benefits</b>	<p>Assumed that initial reorganisation will not in itself lead to any savings for Surrey County Council's current service delivery non-staffing expenditure.</p> <p>Suggested that even through transformation changes the benefits that would directly accrue as cost reduction savings (as opposed to cost containment benefits) for current County Council service delivery non-staffing expenditure would be marginal.</p> <p>Assumed a saving of 0.75-1.25% (base - stretch) of total Surrey County Council net revenue expenditure for 1U, with 75% of this assumed to be achieved for 2Us and 67% for 3Us.</p>
Non-staffing service delivery expenditure savings	District and boroughs	<b>Reorganisation benefits</b>	<p>The broad assumption is that there is greater potential for savings for reductions in district and borough non-staffing service delivery expenditure through the aggregation of current district and borough services into 1/2/3 unitaries. These savings could be achieved through things like renegotiation of contracts for a larger footprint to reduce unit prices, reduction in IT system costs, broader economies of scale benefits, etc.</p> <p>A saving of 5-7.5% (base - stretch) is assumed for 1U, with 20% of this deemed to be achievable more quickly through reorganisation and the remaining 80% is reliant on transformation changes. 75% of the 1U savings assumed to be achieved for 2Us and 50% for 3Us.</p>
		<b>Transformation benefits</b>	

Category	Sub-category	Modelling aspect	Summary of assumptions applied
Property revenue costs savings		<b>Transformation benefits</b>	It is estimated that through consolidating operational property portfolios and continuing to embrace agile working, it would be possible to reduce property revenue costs by 10-15% for 1U. Assumed that 75% of this would be achievable for 2Us and 50% for 3Us on the basis it is likely more buildings would be required to service the needs of multiple organisations.
Councillors - new costs and savings		<b>Reorganisation benefits</b>	<p>Used current Surrey County Council councillor costs +15% for Leader(s) and +5% for all other costs to reflect greater combined responsibilities in a unitary and applied these costs to the estimated number of new councillors across unitaries (162 in total for each of 1/2/3 unitary scenarios – equivalent to two councillors per current county division).</p> <p>Base councillor allowance is therefore assumed to be just under £16k at the start of the new unitaries.</p> <p>Assumed Area committees would be required in unitaries for each current district and borough footprint, plus Housing and Licensing committees in addition to Surrey County Council's current committees.</p> <p>Costs higher for 2/3Us due to more Leaders, Cabinet Members and Committee Chairs and Vice-chairs.</p>

Category	Sub-category	Modelling aspect	Summary of assumptions applied
Elections - new costs and savings		<b>Reorganisation benefits</b>	<p>Average cost per voter 18+ of current district and borough elections calculated based on reviewing published district and borough cost information (£3.42 per eligible voter) used to estimate the cost of holding elections for new authorities. Assumed that all new authorities will hold one all out election every four years.</p> <p>Base new election costs should be the same for 1/2/3 Us, but 5-10% (base - stretch) additional overhead applied to the cost of elections for 2Us and 10-20% additional overhead costs (base - stretch) for 3Us.</p>
Increase in sales, fees & charges income		<b>Transformation benefits</b>	<p>Assumed that consolidation into 1/2/3 Us should afford at least some marginal opportunities to increase sales, fees &amp; charges income, for instance in relation to harmonising charges and/or ensuring wherever possible full cost recovery. Adult Social Care assessed charges levied by Surrey County Council are excluded as they are controlled by strict national regulations.</p> <p>A 1-2% increase in income across Surrey County Council and district and boroughs is estimated for 1U, and assumed that 75% of the saving for 1U could be achieved for 2Us, and 67% of the saving for 1U could be achieved for 3Us.</p>

Category	Sub-category	Modelling aspect	Summary of assumptions applied
Surrey County Council workforce disaggregation costs excluding leadership and senior management		<b>Disaggregation costs</b>	<p>Based on consultation with Surrey County Council's Directorate Leadership Teams as set out in the disaggregation costs section below, it is anticipated that a degree of additional staffing costs would need to be incurred in order for services to function effectively if services currently operated on a county footprint are split into two or three unitaries. Staffing disaggregation costs have been estimated for 2Us by assuming in the base scenario that 50% of more senior management roles below Tier 3 would need to be duplicated, 33% of more junior management roles would need be duplicated, and an allowance for specialist roles that need to be duplicated would also need to be included. For the 2Us stretch scenario it is assumed costs could be contained to a third less than the base. This results in total additional staffing costs equivalent to 6.4-9.6% (stretch - base) of Surrey County Council's total net staffing expenditure excluding Fire and Economic Growth services which are anticipated to move up to the Mayoral Strategic Authority and leadership and senior management tiers 1-3 costs which are factored into the leadership and senior management costs above. For 3Us, the level of duplication is increased by 50% compared to the base and stretch scenarios for 2Us to account for the fact that there will be a further level of duplication in addition to what is estimated as necessary for 2Us.</p>

Category	Sub-category	Modelling aspect	Summary of assumptions applied
Surrey County Council non-staffing service expenditure disaggregation costs		<b>Disaggregation costs</b>	<p>Based on consultation with Surrey County Council's Directorate Leadership Teams as set out in the disaggregation costs section below, it is anticipated that there will also be a degree of additional non-staffing costs incurred due to loss of economies of scale, re-procurement costs (either initially or when contracts come up for renewal) and other factors if services currently operated on a county footprint are split into two or three unitaries. Costs have been estimated for each service based on whether there are considered to be more marginal, moderate, significant or if it is considered there would not be any impacts. The updated cost estimates in the final submission equate to a range of 1.1-2.2% (stretch – base) of Surrey County Council's total net non-staffing service delivery expenditure excluding leadership and senior management tiers 1-3 and Fire and Economic Growth services which it is assumed will be moving up to the Mayoral Strategic Authority. Assumed that the cost impact would be 50% higher for 3Us compared to the base and stretch scenarios for 2Us to account for the fact that there will be a further level of additional costs to what is estimated as necessary for 2Us. This an estimate of the level of disaggregation cost that is unavoidable, so after taking into account actions to mitigate disaggregation costs. There is a risk that disaggregation costs could be higher, which will continue to be explored as part of LGR planning to identify potential impacts and seek to put in place mitigations wherever possible.</p>

## **Surrey County Council disaggregation costs – context and examples**

It is important to view disaggregation costs in the context of the size of Surrey County Council. The County Council employs over 8,500 staff at a cost of £450 million and spends almost £1.5 billion gross on non-staffing service delivery costs. A small percentage of additional costs for Surrey County Council will therefore still lead to a material level of disaggregation costs that would reduce the net benefits delivered through LGR if two or three new unitary authorities are set up in Surrey.

It is possible that some of the disaggregation costs included in this Final Plan could be mitigated by creating shared services or other shared arrangements across the new unitaries. However, as set out at the start of

this modelling assumptions section, this is not factored into Surrey County Council's LGR modelling. This is because decisions about any such arrangements will need to be made by the new unitaries, and for current planning purposes it is considered prudent to assume that each authority will require its own services to enable clear sovereign decision making and alignment with the strategic objectives of each new unitary authority. Even if shared service arrangements are created, it is considered likely that this would not avoid all disaggregation costs, as servicing the needs of two or three unitary authorities as opposed to a single organisation will lead to some additional overhead and support costs at the very least. For the purposes of this Final Plan though, shared service arrangements have not been factored into the modelled costs for the reasons set out above.

The table below sets out some of the areas where Surrey County Council's Directorate Leadership Teams consider there will be disaggregation costs.

Directorate	Staffing disaggregation costs	Non-staffing disaggregation costs
<p><b>Adults, Wellbeing &amp; Health Partnerships</b></p> <p>2025/26 budgeted gross expenditure £741m, net expenditure £529m</p>	<p>Additional management posts will be required for a range of functions currently operated on a countywide basis including Mental Health services, Learning Disability &amp; Autism Assessment and Care Management teams and Commissioning &amp; Brokerage. Specialist functions will need to be duplicated to a substantial degree including the Emergency Duty Team, Safeguarding function, Deprivation of Liberty Safeguards Team, Adult Social Care Business Intelligence (Performance) Team and the Financial Assessment and Income Collection Service.</p> <p>There will be a need to duplicate some degree of the specialist business partnering support AWHP receives across a range of support functions including Finance, Legal, IT &amp; Digital, Procurement etc.</p>	<p>It is considered that with appropriate mitigations it should be possible to contain non-staffing costs to a more marginal impact on the assumption that prices currently being paid for care packages based on the location of where services are delivered across the Surrey footprint, can be maintained through novating contracts without the need to retender. There will likely be additional IT and other system costs due to having to set up additional systems in more than one authority.</p>

Directorate	Staffing disaggregation costs	Non-staffing disaggregation costs
<p><b>Children, Families &amp; Lifelong Learning</b></p> <p>2025/26 budgeted gross expenditure £745m, net expenditure £314m</p>	<p>It is considered that there would be lots of roles that would need to be doubled/tripled relating to both statutory roles (e.g. Virtual Head of School, safeguarding lead etc) and each unitary requiring sufficient management tier posts for Social Care and Education functions, and likely also for commissioning roles. Current countywide services will need to be split and this will likely have a cost impact including; Children with Disabilities team, LIFE service, Surrey Outdoor Learning and Development, various specialist in-house children’s residential provision, virtual school, in house fostering, adoption service, youth justice service, appeals functions (transport, admissions), Information Governance (especially SARS). CFLL requires support services with specialist knowledge (Legal, Finance, HR, Comms, Procurement etc) and there will be some duplication of this required (similar to AWHP above).</p>	<p>Home to School transport routes may need to be decommissioned to reflect changed geography and implications of children within the different new unitaries who currently have places on the same route. Any route recommissioning is likely to add costs.</p> <p>There will be significant IT and other system/governance implications, likely leading to some unavoidable additional costs.</p> <p>Similar to Adult Social Care packages, it is considered that impacts would be more marginal for other key non-staffing costs such as Children’s Social Care placements, as prices negotiated for each placement should not change directly as a result of LGR, on the assumption that current contracts can be novated to the new unitaries.</p>

Directorate	Staffing disaggregation costs	Non-staffing disaggregation costs
<p><b>Place</b></p> <p>2025/26 budgeted gross expenditure £245m, net expenditure £198m</p>	<p>Tiers 4 and 5 of management across the directorate will likely need to be duplicated to a significant extent</p>	<p>There will likely be increased contract overhead costs due to providers having to work across more than one authority, even if a single contract is retained. Significant countywide contracts such as for Waste will need to be reviewed due to LGR and it is likely any changes to the structure of contracts and/or the way they are managed will incur additional costs.</p>
<p><b>Community Protection &amp; Emergencies</b></p> <p>2025/26 budgeted gross expenditure £58m, net expenditure £46m</p>	<p>£42m of the £46m net budget relates to Fire services which are excluded from LGR disaggregation costs on the assumption they will be moved up to the Mayoral Strategic Authority which is outside the scope of this Final Plan. There would though be a need to create separate Emergency Management Team in each unitary, as well as some additional costs for Trading Standards.</p>	<p>There is a risk that income could be lost for Trading Standards due to loss of economies of scale in being able to cover such a wide breadth of work when the service is split into 2/3 unitaries. There will also be some additional costs such as IT systems and required regulatory subscriptions.</p>
<p><b>Resources</b></p> <p>2025/26 budgeted gross expenditure £126m, net expenditure £81m</p>	<p>The service business partner model will require a reasonable degree of duplication as dedicated capacity is required for different services with specialist knowledge. Even if there was a shared service model, it is not realistic to expect effective business partnering if people are asked to work across more than one unitary.</p>	<p>Areas where additional costs are likely to be incurred include insurance (current insurance arrangements for the County Council across Surrey would likely need to be re-tendered for the new unitaries), IT and Digital, Communications &amp; Public Affairs, and People &amp; Change overhead costs.</p>

## **Modelled ongoing annual (benefits)/costs of unitarisation once a steady state had been reached**

The table overleaf summarises the modelled ongoing benefits and costs per year of the creation of one, two or three unitary authorities based on the assumptions set out above once a steady state has been reached. As set out in the profiling section below, the time taken to reach a steady state varies between the different unitary options.

Area	1 Unitary		2 Unitaries		3 Unitaries		Mid-point of Base & Stretch		
	Base	Stretch	Base	Stretch	Base	Stretch	1U	2Us	3Us
<b>Annual reorganisation benefits</b>									
Leadership and senior management savings/ (additional costs)	£15.1m	£15.5m	£8.4m	£10.2m	£1.7m	£4.4m	£15.3m	£9.3m	£3.0m
Wider workforce savings excluding leadership and senior management through reorganisation only prior to transformation changes	£4.0m	£7.2m	£3.2m	£5.7m	£2.4m	£4.3m	£5.6m	£4.5m	£3.4m
Reduction in non-staffing revenue expenditure through reorganisation only prior to transformation changes	£2.6m	£3.9m	£2.0m	£2.9m	£1.3m	£2.0m	£3.3m	£2.4m	£1.6m
Reduction in democratic costs (councillors and elections)	£3.5m	£3.5m	£2.9m	£2.9m	£2.2m	£2.3m	£3.5m	£2.9m	£2.2m
<b>Total estimated annual reorganisation benefits</b>	<b>£25.3m</b>	<b>£30.1m</b>	<b>£16.5m</b>	<b>£21.7m</b>	<b>£7.7m</b>	<b>£12.9m</b>	<b>£27.7m</b>	<b>£19.1m</b>	<b>£10.3m</b>
<b>Annual transformation benefits</b>									
Wider workforce savings excluding leadership and senior management beyond initial savings achieved through reorganisation	£19.7m	£33.7m	£15.8m	£27.7m	£11.8m	£20.7m	£26.7m	£21.7m	£16.3m
Reduction in property revenue expenditure	£2.6m	£3.9m	£1.9m	£2.9m	£1.3m	£1.9m	£3.2m	£2.4m	£1.6m

Area	1 Unitary		2 Unitaries		3 Unitaries		Mid-point of Base & Stretch		
	Base	Stretch	Base	Stretch	Base	Stretch	1U	2Us	3Us
Reduction in non-staffing revenue expenditure beyond initial savings achieved through reorganisation	£16.5m	£25.7m	£12.4m	£19.3m	£8.2m	£12.9m	£21.1m	£15.8m	£10.5m
Increase in sales, fees & charges in income excluding Adult Social Care assessed charges	£2.0m	£4.0m	£1.5m	£3.0m	£1.3m	£2.7m	£3.0m	£2.2m	£2.0m
<b>Total annual transformation benefits</b>	<b>£40.8m</b>	<b>£67.2m</b>	<b>£31.6m</b>	<b>£52.8m</b>	<b>£22.7m</b>	<b>£38.2m</b>	<b>£54.0m</b>	<b>£42.2m</b>	<b>£30.5m</b>
<b>Annual disaggregation costs ^</b>									
Wider workforce costs excluding leadership and senior management			-£30.1m	-£20.2m	-£45.2m	-£30.3m		-£25.1m	-£37.7m
Increased non-staffing revenue expenditure			-£17.3m	-£8.7m	-£26.0m	-£13.0m		-£13.0m	-£19.5m
<b>Total estimated annual disaggregation costs</b>			<b>-£47.4m</b>	<b>-£28.8m</b>	<b>-£71.1m</b>	<b>-£43.3m</b>		<b>-£38.1m</b>	<b>-£57.2m</b>
<b>Net annual unitarisation benefits / (costs)</b>	<b>£66.1m</b>	<b>£97.4m</b>	<b>£0.6m</b>	<b>£45.7m</b>	<b>-£40.8m</b>	<b>£79m</b>	<b>£81.7m</b>	<b>£23.2m</b>	<b>-£16.5m</b>

^ Disaggregation costs for Surrey County Council's current leadership and senior management costs are included in the leadership and senior management savings/(costs) within the annual reorganisation benefits for two and three unitaries scenarios and therefore are not included as part of disaggregation costs here.

## Implementation costs

Costs necessary to effectively establish either one, two or three new unitaries as well as enable the delivery of the modelled transformation benefits have been estimated and are summarised below.

Cost category	1 Unitary		2 Unitaries		3 Unitaries		Mid-point of Base & Stretch		
	Base	Stretch	Base	Stretch	Base	Stretch	1U	2Us	3Us
Redundancy and early retirement	-£16.7m	-£24.2m	-£11.8m	-£18.7m	-£6.9m	-£12.6m	-£20.5m	-£15.3m	-£9.8m
Implementation and programme delivery team	-£21.2m	-£15.9m	-£26.8m	-£20.1m	-£31.3m	-£23.4m	-£18.6m	-£23.5m	-£27.4m
IT consolidation and change	-£22.9m	-£15.6m	-£37.6m	-£23.7m	-£46.4m	-£32.2m	-£19.2m	-£30.6m	-£39.3m
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
Elections to shadow authorities	-£3.3m	-£3.3m	-£3.6m	-£3.5m	-£4.0m	-£3.6m	-£3.3m	-£3.5m	-£3.8m
Contingency	-£4.9m	-£3.6m	-£7.1m	-£4.9m	-£8.6m	-£6.3m	-£4.2m	-£6.0m	-£7.4m
<b>Total implementation costs</b>	<b>-£74.0m</b>	<b>-£66.9m</b>	<b>-£93.5m</b>	<b>-£76.3m</b>	<b>-£105.4m</b>	<b>-£85.0m</b>	<b>-£70.5m</b>	<b>-£84.9m</b>	<b>-£95.2m</b>

The further table below summarises the basis used to estimate these costs.

Cost category	1 Unitary		2 Unitaries		3 Unitaries		Rationale
	Base	Stretch	Base	Stretch	Base	Stretch	
<b>Redundancy &amp; early retirement</b>							
Leadership and senior management	-£6.5m	-£6.7m	-£3.6m	-£4.4m	-£0.7m	-£1.9m	Estimated as 43% of the salary cost saving on average based on review of Surrey County Council redundancies.
Reorganisation wider workforce savings excluding leadership and senior management	-£1.7m	-£3.1m	-£1.4m	-£2.5m	-£1.0m	-£1.9m	
Transformation wider workforce savings excluding leadership and senior management	-£8.5m	-£14.5m	-£6.8m	-£11.9m	-£5.1m	-£8.9m	
<b>Total redundancy and early retirement</b>	<b>-£16.7m</b>	<b>-£24.2m</b>	<b>-£11.8m</b>	<b>-£18.7m</b>	<b>-£6.9m</b>	<b>-£12.6m</b>	

Cost category	1 Unitary		2 Unitaries		3 Unitaries		Rationale
	Base	Stretch	Base	Stretch	Base	Stretch	
Implementation and programme delivery team	-£21.2m	-£15.9m	-£26.8m	-£20.1m	-£31.3m	-£23.4m	<p>Estimated additional costs above the cost of existing resources that could be deployed to work on LGR for a core implementation team, the programme team to support go-live of new authorities, and delivery of transformation benefits and professional expertise across support functions such as Finance, HR, People &amp; Change, Procurement, Legal, Land &amp; Property etc.</p> <p>Costings are based on internal delivery and include initial estimates about the level of backfill required where it is anticipated support will be drawn from existing local authority staff as well as recruitment to additional roles. Some of the estimated cost could be spent on engaging external support if authorities chose to do so.</p> <p>Stretch costs at 75% of base costs.</p>

Cost category	1 Unitary		2 Unitaries		3 Unitaries		Rationale
	Base	Stretch	Base	Stretch	Base	Stretch	
IT consolidation and change	-£22.9m	-£15.6m	-£37.6m	-£23.7m	-£46.4m	-£32.2m	Estimated costs for setting up an ERP system solution in each authority (assuming Surrey County Council's current Unit4 system architecture is used as the basis rather than creating separate standalone systems in each unitary), hygiene costs relating to unification of core infrastructure and standardisation of Microsoft 365 licensing to facilitate data management and cyber security, aggregation of current district and borough systems into single service systems as necessary for each unitary, and creating additional systems in 2/3 Us where required for current County Council services (e.g. Adult Social Care, Children Families and Lifelong Learning, Highways etc). Collectively this should enable delivery of the LGR benefits reliant on effective IT systems.

Cost category	1 Unitary		2 Unitaries		3 Unitaries		Rationale
	Base	Stretch	Base	Stretch	Base	Stretch	
<b>Branding and communications</b>	-£2.0m	-£1.5m	-£2.0m	-£1.5m	-£2.0m	-£1.5m	Costs to cover re-branding (physical and virtual) for new authorities, resident communication and associated staffing costs. Assumed costs will broadly be the same in all 1/2/3 Us scenarios. Stretch costs set at 75% of base costs.
<b>Shadow authority(ies)</b>	-£0.7m	-£0.7m	-£1.3m	-£1.3m	-£2.0m	-£2.0m	Assumed that each authority would employ a Leader, Deputy Leader, 3 Cabinet Members, a Chief Exec and at least two other senior officers in the shadow year following elections in May 2026.
<b>Creation of new council(s)</b>	-£1.0m	-£1.0m	-£2.0m	-£1.5m	-£3.0m	-£2.3m	Costs include legal costs, contract novation, development of new constitutions. Initial cost estimate based on reviewing business cases for other authorities that have been through LGR. Assumed costs are double for 2Us and triple for 3Us as they related to the creation of each new authority. Stretch costs for 2/3Us set at 75% of base costs.

Cost category	1 Unitary		2 Unitaries		3 Unitaries		Rationale
	Base	Stretch	Base	Stretch	Base	Stretch	
Closedown of old councils	-£1.4m	-£1.1m	-£1.4m	-£1.1m	-£1.4m	-£1.1m	Costs for closing down old authorities including completing final accounts with external audit, plus legal and other costs. Costs assumed to be £100k for each district and borough and £250k for the County Council. Assumed in stretch scenario costs could be reduced by 15%.
Elections to shadow authorities	-£3.3m	-£3.3m	-£3.6m	-£3.5m	-£4.0m	-£3.6m	Estimated cost of elections to shadow authorities in May 2026.
Contingency	-£4.9m	-£3.6m	-£7.1m	-£4.9m	-£8.6m	-£6.3m	10% contingency added to all costs excluding redundancy and early retirement.
<b>Total implementation costs</b>	<b>-£74.6m</b>	<b>-£62.3m</b>	<b>-£86.9m</b>	<b>-£67.2m</b>	<b>-£95.0-m</b>	<b>-£70.8m</b>	

## Profiling of benefits and costs

The table below sets out the assumptions applied to estimate how quickly savings will be achieved or costs incurred.

Area	Category	Sub-category	Cumulative % of savings achieved / costs incurred							Profiling assumptions		
			Base year 2025 /26	Shadow year 2026 /27	Year 1 2027 /28	Year 2 2028 /29	Year 3 2029 /30	Year 4 2030 /31	Year 5 2031 /32			
Reorganisation savings	Leadership and senior management		0%	20%	80%	100%	100%	100%	100%	100%	100%	Assume some turnover in 2026/27, with the new leadership in place from 1st April 2027, but some roles staying for handover
Reorganisation savings	Wider workforce		0%	10%	40%	90%	100%	100%	100%	100%	100%	Assume there would be some turnover in 2026/27, taking up to the end of year 2 to fully achieve savings
Reorganisation savings	Non-staffing expenditure		0%	0%	25%	75%	100%	100%	100%	100%	100%	Assume no savings prior to go live of new unitaries and it would take up to the end of year 2 to fully achieve the savings

Area	Category	Sub-category	Cumulative % of savings achieved / costs incurred								Profiling assumptions	
			Base year 2025 /26	Shadow year 2026 /27	Year 1 2027 /28	Year 2 2028 /29	Year 3 2029 /30	Year 4 2030 /31	Year 5 2031 /32			
Reorganisation savings	Councillors		0%	0%	100%	100%	100%	100%	100%	100%	100%	Reduction in councillor costs should be achieved in full in year 1 of the new unitary authorities
			100%	100%	100%	100%	100%	100%	100%	100%	100%	
Transformation savings	Wider workforce		0%	0%	15%	45%	75%	100%	100%	100%	100%	Lead time up to year 4 assumed due to changes needed to enable delivery and review of savings delivery for other authorities
			0%	0%	20%	60%	100%	100%	100%	100%	100%	

Area	Category	Sub-category	Cumulative % of savings achieved / costs incurred							Profiling assumptions
			Base year	Shadow year	Year 1	Year 2	Year 3	Year 4	Year 5	
			2025 /26	2026 /27	2027 /28	2028 /29	2029 /30	2030 /31	2031 /32	
Transformation savings	Non-staffing expenditure		0%	0%	10%	30%	50%	70%	100%	Considered likely to have the longest lead time for delivery due to the complexity of achieving savings across so many services.
Transformation savings	Sales, fees & charges income		0%	0%	25%	75%	100%	100%	100%	Assume it will take 2 years to deliver savings
Disaggregation costs	Wider workforce		0%	0%	33%	100%	100%	100%	100%	Assume that disaggregation costs will be incurred fairly quickly from go live as they are necessary for authorities to function
Disaggregation costs	Non-staffing expenditure		0%	0%	33%	100%	100%	100%	100%	
Implementation costs	Redundancy and early retirement	Leadership & senior management	0%	50%	100%					Based on the profile of workforce savings
Implementation costs	Redundancy and early retirement	Reorganisation wider workforce	0%	25%	65%	95%	100%			

Area	Category	Sub-category	Cumulative % of savings achieved / costs incurred						Profiling assumptions	
			Base year	Shadow year	Year 1	Year 2	Year 3	Year 4		Year 5
			2025 /26	2026 /27	2027 /28	2028 /29	2029 /30	2030 /31	2031 /32	
Implementation costs	Redundancy and early retirement	Transition wider workforce	0%	0%	30%	60%	88%	100%		
Implementation costs	Implementation programme team		22%	81%	100%					Based on implementation & programme team workplan
Implementation costs	IT consolidation and change		0%	9%	36%	54%	74%	88%	100%	Based on estimated profile of different elements of IT costs
Implementation costs	Branding and communications		10%	40%	75%	100%				Assume sizeable % of spend required pre go live and also in year 1
Implementation costs	Shadow authority (ies)		0%	100%						Only applies to shadow year
Implementation costs	Creation of new council(s)		0%	50%	100%					Assume costs will be spread across shadow year and year 1

Area	Category	Sub-category	Cumulative % of savings achieved / costs incurred							Profiling assumptions	
			Base year 2025 /26	Shadow year 2026 /27	Year 1 2027 /28	Year 2 2028 /29	Year 3 2029 /30	Year 4 2030 /31	Year 5 2031 /32		
Implementation costs	Closedown of old councils		0%	25%	75%	100%					Assume some costs in shadow year, bulk in year 1, rest in year 2
			5%	15%	40%	60%	80%	100%		Allocated fairly evenly across time period	

## Summary modelled benefits and costs

The overall position modelled for each unitary option is set out in the tables below. The total ongoing annual benefits or costs of each option represent the modelled ongoing annual position after the end of year seven after creation of the unitary authorities, by which time it is expected a steady state position should have been reached. The cumulative net cash flows for each option and scenario are based on the profiling assumptions set out above, covering the base year (2025/26) up to seven years post-implementation (2033/34). 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 indicates that an option has been modelled as not paying back by the end of year 7 post go live 2033/34.

## 1 Unitary summary modelling

	Base	Stretch	Mid
Annual reorganisation benefits	£25m	£30m	£28m
Annual transformation benefits	£41m	£67m	£54m
<b>Total ongoing annual steady state net benefits/(costs)</b>	<b>£66m</b>	<b>£97m</b>	<b>£82m</b>
<b>Total implementation costs</b>	<b>-£74m</b>	<b>-£67m</b>	<b>-£70m</b>
Cumulative net cash benefits/(costs) after seven years of new organisation(s) including implementation costs	£309m	£484m	£397m
Payback period within seven years post go live	1.6 years	1.1 years	1.3 years

## 2 Unitaries summary modelling

	Base	Stretch	Mid
Annual reorganisation benefits	£16m	£22m	£19m
Annual transformation benefits	£32m	£53m	£42m
Annual disaggregation costs	-£47m	-£29m	-£38m
<b>Total ongoing annual steady state net benefits/(costs)</b>	<b>£1m</b>	<b>£46m</b>	<b>£23m</b>
<b>Total implementation costs</b>	<b>-£94m</b>	<b>-£76m</b>	<b>-£85m</b>
Cumulative net cash benefits/(costs) after seven years of new organisation(s) including implementation costs	-£118m	£162m	£22m
Payback period within seven years post go live	N/A	3.2 years	6.1 years

### 3 Unitaries summary modelling

W	Base	Stretch	Mid
Annual reorganisation benefits	£8m	£13m	£10m
Annual transformation benefits	£23m	£38m	£30m
Annual disaggregation costs	-£71m	-£43m	-£57m
<b>Total ongoing annual steady state net benefits/(costs)</b>	<b>-£41m</b>	<b>£8m</b>	<b>-£16m</b>
<b>Total implementation costs</b>	<b>-£105m</b>	<b>-£85m</b>	<b>-£95m</b>
Cumulative net cash benefits/(costs) after seven years of new organisation(s) including implementation costs	-£385m	-£72m	-£229m
Payback period within seven years post go live	N/A	N/A	N/A

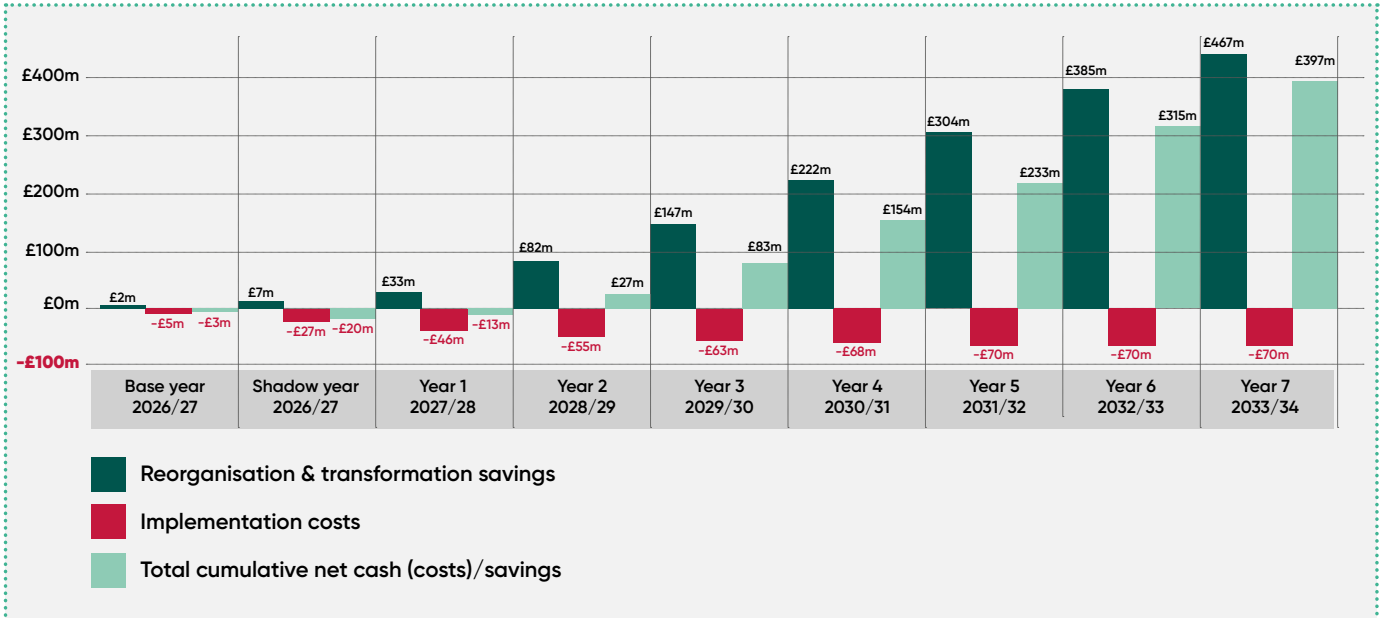
### Comparison of mid-point positions for each option

	1U	2Us	3Us
	Mid	Mid	Mid
Annual reorganisation benefits	£28m	£19m	£10m
Annual transformation benefits	£54m	£42m	£30m
Annual disaggregation costs		-£38m	-£57m
<b>Total ongoing annual steady state net benefits/(costs)</b>	<b>£82m</b>	<b>£23m</b>	<b>-£16m</b>
<b>Total implementation costs</b>	<b>-£70m</b>	<b>-£85m</b>	<b>-£95m</b>
Cumulative net cash benefits/(costs) after seven years of new organisation(s) including implementation costs	£397m	£22m	-£229m
Payback period within seven years post go live	1.3 years	6.1 years	N/A

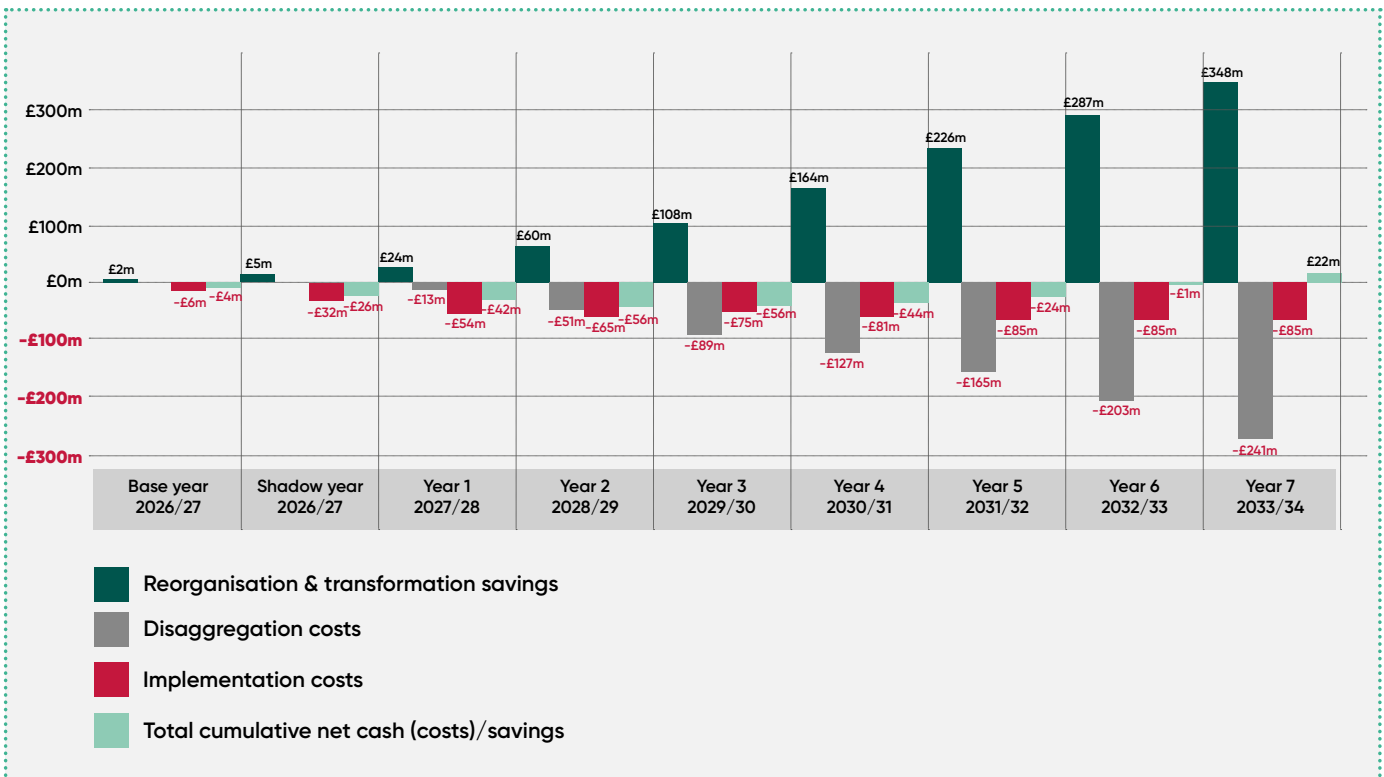
The table and graphs below compare the modelled cumulative cash position for each option.

	1 Unitary		2 Unitaries		3 Unitaries		Mid-point of Base & Stretch		
	Base	Stretch	Base	Stretch	Base	Stretch	1U	2Us	3Us
Cumulative net cash benefits/(costs) after seven years of new organisation(s) including implementation costs	£309m	£484m	-£118m	£162m	-£385m	-£72m	£397m	£22m	-£229m
Payback period within 7 years post go-live	1.6 years	1.1 years	N/A	3.2 years	N/A	N/A	1.3 years	6.1 years	N/A

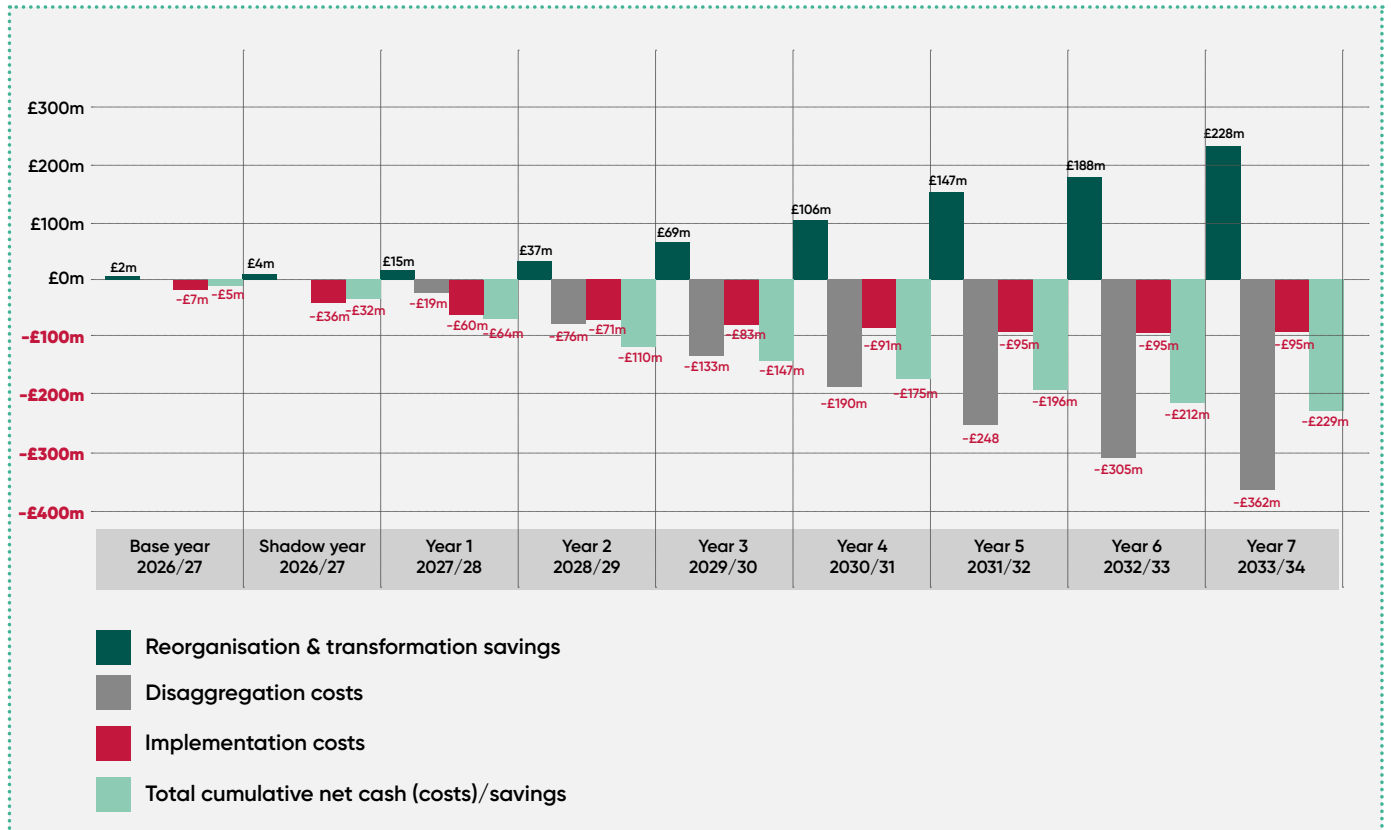
## 1 Unitary - Mid Point profiled cumulative cashflows up to year 7



## 2 Unitary - Mid Point profiled cumulative cashflows up to year 7



### 3 Unitary - Mid Point profiled cumulative cashflows up to year 7



## Comparison of latest modelled LGR benefits and costs against Surrey County Council's interim LGR submission

The table below compares the latest modelled ongoing annual net benefits/ costs at mid-point of the modelled scenarios for each unitary option against what was included in Surrey County Council's interim submission.

	Mid-point of Base & Stretch		
	1U	2Us	3Us
Surrey County Council interim submission net ongoing annual benefits/(costs)	£90.1m	£27.4m	-£8.3m
Surrey County Council final submission net ongoing annual benefits / (costs)	£81.7m	£23.2m	-£16.5m
<b>Changes from interim submission</b>	<b>-£8.4m</b>	<b>-£4.2m</b>	<b>-£8.2m</b>

Explanation of changes

	Mid-point of Base & Stretch		
	1U	2Us	3Us
Removal of benefits previously included for reduction in debt servicing costs as the collective Surrey debt position is being assessed separately	-£10.3m	-£7.7m	-£6.9m
Adjustment to workforce and non-staffing savings based on updated base data and refinement of what is considered achievable in each 1/2/3 Us option	£1.9m	£6.0m	£2.5m
Refinement of Surrey County Council disaggregation costs incorporating feedback from consultation with Surrey County Council directorate leadership teams		-£2.5m	-£3.8m
	<b>-£8.4m</b>	<b>-£4.2m</b>	<b>-£8.2m</b>

The table below compares the latest modelled implementation cost at mid-point of the modelled scenarios for each unitary option against what was included in Surrey County Council's interim submission.

	Mid-point of Base & Stretch		
	1U	2Us	3Us
Surrey County Council interim submission total implementation costs	-£68.6m	-£75.3m	-£79.3m
Surrey County Council final submission total implementation costs	-£70.5m	-£84.9m	-£95.2m
<b>Changes from interim submission</b>	<b>-£1.9m</b>	<b>-£9.6m</b>	<b>-£15.9m</b>

Explanation of changes

	Mid-point of Base & Stretch		
	1U	2Us	3Us
Increase to estimated IT implementation costs following a fuller assessment by Surrey County Council's IT & Digital drawing on information shared by district and boroughs	-£1.7m	-£7.8m	-£13.9m
Inclusion of the cost of elections to the shadow authorities in May 2026	-£3.3m	-£3.5m	-£3.8m
Changes to redundancy and early retirement costs based on updated modelled workforce savings	-£0.0m	-£2.0m	-£2.2m
Refinement of estimates for additional cost of programme implementation and transformation resources	-£0.6m	-£0.6m	-£0.6m
Reduction to the contingency from 20% to 10% in light of the refinement of costs	£3.8m	£4.3m	£4.5m
	<b>-£1.9m</b>	<b>-£9.6m</b>	<b>-£15.9m</b>

# **APPENDIX 2: EVIDENCE BASE FOR OUR PREFERRED LGR GEOGRAPHY**

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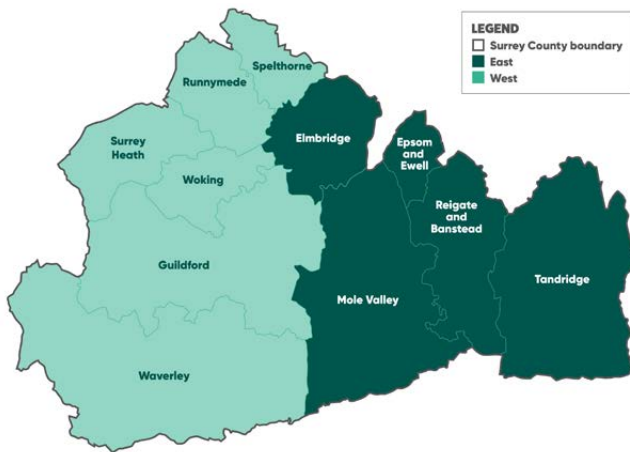
<b>THE PROPOSAL SCENARIOS: SUMMARY</b>	<b>158</b>	<b>INCOME AND EXPENDITURE: LOCAL GOVERNMENT FINANCES</b>	<b>204</b>
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## The proposal scenarios:

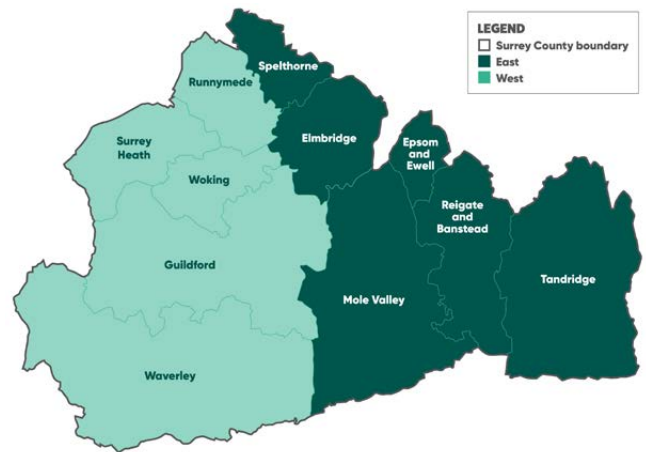
Our proposed geographies involved grouping existing lower-tier authorities whilst maintaining existing border definitions. This means LGR in Surrey would be able to progress without complex boundary changes, as well as enabling existing statistics and data to be used to inform the decisions.

There are two variations on an East/West Surrey model, two variations on a North/South Surrey model, and one three unitary grouping as below.

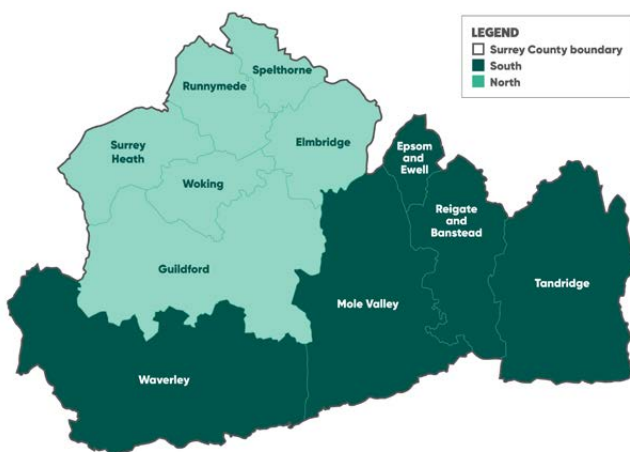
### Option 2.1: West/East



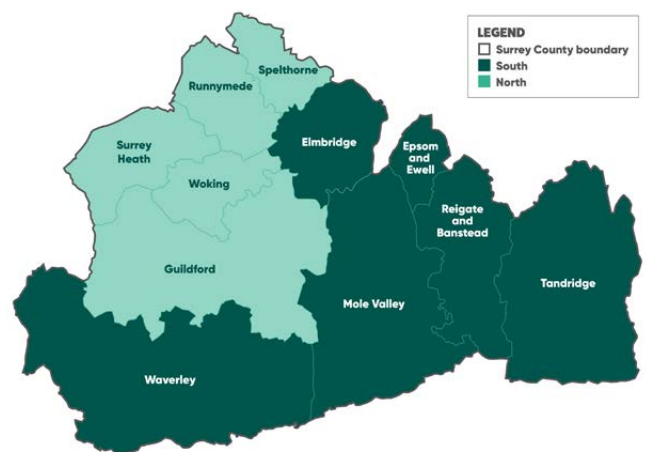
### Option 2.2: West/East



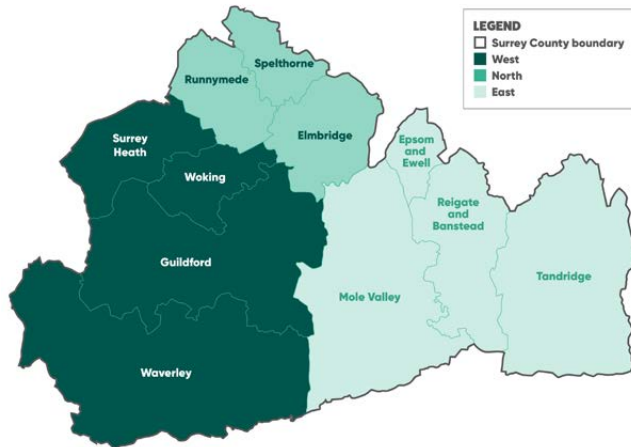
### Option 2.3: North/South



### Option 2.4: North/South



### Option 3: Three unitaries



### Summary

A key driver of Local Government Reorganisation is the realisation of greater efficiencies in delivering public services.

In the Surrey context, we are both aggregating lower-tier functions and services together into fewer delivery units and also disaggregating upper-tier functions and services to a larger number of delivery units. Bringing services together offers greatest chance of creating associated cost savings from economies of scale. Conversely, disaggregating county council functions will necessitate additional costs.

The smaller the number of unitaries, the greater the potential savings from aggregation, and the smaller the additional costs arising from disaggregation. This is a strong argument for a two, rather than three, unitary model.

As well as unlikely to deliver well on efficiencies and cost savings, the three unitary model would create three very distinctive new communities with significant variation in key metrics and characteristics.

We favour a two unitary proposal. Having tested two North/South scenarios against two East/West scenarios, the majority of evidence suggests that an **East/West model** would create the two most similar unitary councils for Surrey, enabling the simplest combination of lower-tier functions and the simplest disaggregation of upper-tier functions so that each new unitary is well situated to deliver services effectively, safely and legally and be best placed to continue to adapt to the county's needs going forward.

This model preserves a similar mix of benefits and opportunities to successor councils, while minimising the risks that would adversely affect a larger number of unitaries. An East/West model would enable both unitaries to thrive independently, to make use of the neighbouring economic powerhouses of London, Heathrow airport, and Gatwick airport, as well as having a similar mix of the urban and rural landscape that makes our county a uniquely beautiful place to live, work, and serve. A Mayoral Strategic Authority would then be well placed to coordinate and direct county-wide matters to the benefit of both East and West Surrey.

## **POPULATION: Size, and demographics of residents**

Population size is a key determinant for the predictable demand for many local government services. Census enumeration of population size is conducted once every ten years; subsequent population estimates are calculated for the mid-year position of each year. Forward population growth projections are calculated by the Office for National Statistics for future years and rebased after each Census.

The demands for many services are predictable based on the number of people (of a particular age group, or facing particular circumstances), or upon the number of households in which they live. Quantifying the current (and projected future) volumes of potential need is critical for ensuring the appropriate allocation of budgets and other resources to each unitary, and for each new unitary to understand the communities they will be serving.

## **POPULATION: Total population size – all ages**

Population size is a key determinant for the predictable demand for many local government services. A sensible population ratio between unitaries would best support the operations of a Mayoral Strategic Authority in coordinating strategic functions across and between the new unitaries.

	<b>Total population (all ages) Census 2021</b>	<b>Total population (all ages) Mid Year 2023</b>
Elmbridge	138,754	140,500
Epsom and Ewell	80,938	81,989
Guildford	143,649	149,176
Mole Valley	87,386	88,266
Reigate and Banstead	150,846	155,985
Runnymede	88,079	90,442
Spelthorne	102,956	103,954
Surrey Heath	90,453	92,168
Tandridge	87,874	89,409
Waverley	128,229	132,146
Woking	103,943	104,636
<b>Surrey County</b>	<b>1,203,108</b>	<b>1,228,671</b>

	Total population (all ages) Census 2021	Total population (all ages) Mid Year 2023	Percentage split (Census)	Percentage split (MYE 2023)
2.1 West/East: East	545,798	556,149	45%	45%
2.1 West/East: West	657,309	672,522	<b>55%</b>	<b>55%</b>
2.2 West/East: East	648,754	660,103	<b>54%</b>	<b>54%</b>
2.2 West/East: West	554,353	568,568	46%	46%
2.3 North/South: North	667,834	680,876	<b>56%</b>	<b>55%</b>
2.3 North/South: South	535,273	547,795	44%	45%
2.4 North/South: North	529,080	540,376	44%	44%
2.4 North/South: South	674,027	688,295	<b>56%</b>	<b>56%</b>
Three unitaries: West	466,274	478,126	<b>39%</b>	<b>39%</b>
Three unitaries: North	329,789	334,896	27%	27%
Three unitaries: East	407,044	415,649	34%	34%

In terms of this metric, **2.2 West/East has the least variation** between the two unitaries. The three unitary model fails to deliver on the government's favoured 500,000 population test, with all three areas falling behind this number, and two of three areas falling significantly so.

Source: [Population and household estimates, England and Wales: Census 2021 - Office for National Statistics](#)  
[Estimates of the population for England and Wales - Office for National Statistics](#)

## POPULATION:

### Population size by broad age bands: children, working age, retirement (Mid year 2023)

Population size is a key determinant for the predictable demand for many local government services. For individual aspects of local government functions, the size of population by particular age group is also an important consideration.

	<b>Children (0-17)</b>	<b>Working age (18-64)</b>	<b>Pensioners (65 or above)</b>
Elmbridge	33,692	81,150	25,658
Epsom and Ewell	18,921	48,227	14,841
Guildford	28,732	94,768	25,676
Mole Valley	17,329	49,485	21,452
Reigate and Banstead	35,258	92,694	28,033
Runnymede	17,666	57,289	15,487
Spelthorne	22,473	62,812	18,669
Surrey Heath	19,258	54,136	18,774
Tandridge	19,681	50,763	18,965
Waverley	29,263	73,634	29,249
Woking	23,399	63,427	17,810
<b>Surrey County</b>	<b>265,672</b>	<b>728,385</b>	<b>234,614</b>

	Children (0-17)	Working age (18-64)	Pensioners (65 or above)	Percentage split (children)	Percentage split (working age)	Percentage split (pensioners)
2.1 West/East: East	124,881	322,319	80,949	47%	44%	46%
2.1 West/East: West	140,791	406,066	125,665	53%	56%	54%
2.2 West/East: East	147,354	385,131	127,618	55%	53%	54%
2.2 West/East: West	118,318	343,254	106,996	45%	47%	46%
2.3 North/South: North	145,220	413,582	122,074	55%	57%	52%
2.3 North/South: South	120,452	314,803	112,540	45%	43%	48%
2.4 North/South: North	111,528	332,432	96,416	42%	46%	41%
2.4 North/South: South	154,144	395,953	138,198	58%	54%	59%
Three unitaries: West	100,652	285,965	91,509	38%	39%	39%
Three unitaries: North	73,831	201,251	59,814	28%	28%	25%
Three unitaries: East	91,189	241,169	83,291	34%	33%	36%

In terms of this metric, 2.2 West/East has the least variation between population proportions across all three age bands. Individually, for children, 2.1 West/East is closest; for working age, 2.2 West/East is closest; and for older people, 2.3 North/South is closest. Taken with whole population (previous page), **East/West models show the least variation.**

Source: [Estimates of the population for England and Wales - Office for National Statistics](#)

## POPULATION: Projections for future years (2018 based)

In 2020, the Office of National Statistics released local authority level population projections (estimates of population numbers for future years).

Note that these estimates will soon be superseded by a new set, rebased on more recent real information. Nonetheless, they provide an indication of what populations might be served by the new unitaries in vesting year, and the near future thereafter.

	<b>2027 Population projection</b>	<b>2030 Population projection</b>	<b>2040 Population projection</b>
Elmbridge	137,537	137,164	136,986
Epsom and Ewell	82,364	82,756	83,406
Guildford	149,092	149,232	148,927
Mole Valley	87,102	87,101	87,839
Reigate and Banstead	155,523	157,050	161,635
Runnymede	91,230	91,980	92,953
Spelthorne	100,707	100,809	101,284
Surrey Heath	88,661	88,383	88,254
Tandridge	90,681	91,427	93,741
Waverley	127,620	127,749	128,266
Woking	99,895	99,297	98,742
<b>Surrey County</b>	<b>1,210,411</b>	<b>1,212,948</b>	<b>1,222,034</b>

	2027 Population projection	2030 Population projection	2040 Population projection	Percentage split (a)	Percentage split (b)	Percentage split (c)
2.1 West/East: East	553,207	555,498	563,608	45.7%	45.8%	46.1%
2.1 West/East: West	657,205	657,450	658,426	54.3%	54.2%	53.9%
2.2 West/East: East	653,913	656,307	664,892	54.0%	54.1%	54.4%
2.2 West/East: West	556,498	556,641	557,142	46.0%	45.9%	45.6%
2.3 North/South: North	667,121	666,865	667,146	55.1%	55.0%	54.6%
2.3 North/South: South	543,290	546,083	554,888	44.9%	45.0%	45.4%
2.4 North/South: North	529,585	529,701	530,160	43.8%	43.7%	43.4%
2.4 North/South: South	680,827	683,247	691,874	56.2%	56.3%	56.6%
Three unitaries: West	465,268	464,661	464,189	38.4%	38.3%	38.0%
Three unitaries: North	329,473	329,953	331,223	27.2%	27.2%	27.1%
Three unitaries: East	415,670	418,334	426,622	34.3%	34.5%	34.9%

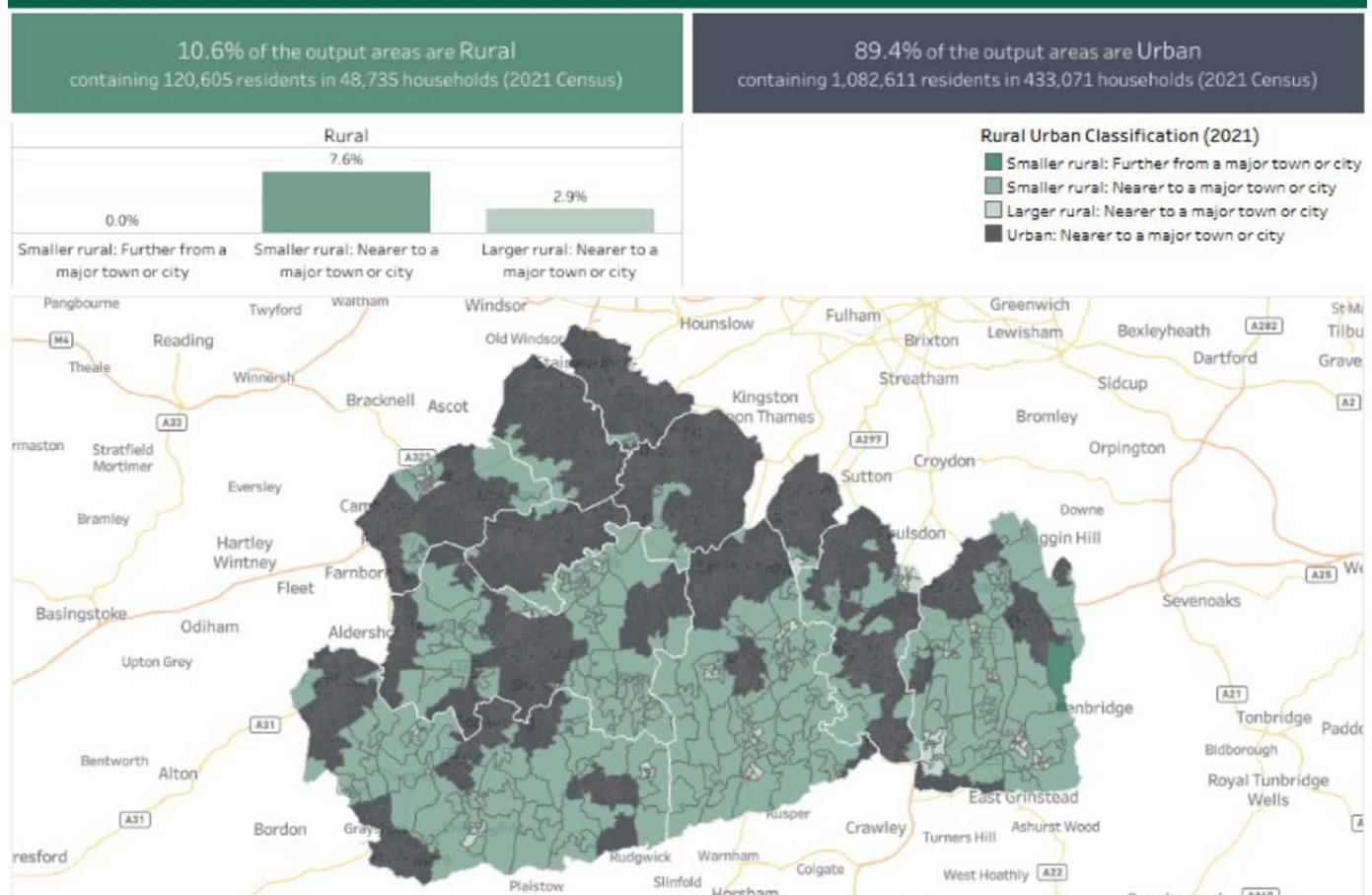
In terms of this metric, the East/West models show the least variation between the two unitaries with 2.2 being marginally closest to begin with. The East unitary in both models is predicted to maintain and increase its share of the county's population, meaning a marginally faster rate of anticipated increase in that geography may need to be considered when planning future service delivery, or for Mayoral Strategic Authority considerations.

Source: [Subnational population projections for England - Office for National Statistics](#)

## PLACE AND HOUSING: A Place to live

This section focuses on the environmental space that makes up the county, as the backdrop place to live for all residents, and examines the personal space in which people live: their homes.

### Rural Urban Classification (2021)



Almost 90% of Surrey is classified by the Office for National Statistics as “urban”. The rural versus urban split of the county’s territory is depicted in the above map ([Rural Urban Classification in Surrey | Surrey-i](#)).

The distribution of these urban areas is clearly skewed towards the North of the county, adjoining the large conurbation of London, with areas to the South being predominantly rural in nature.

Current land use, the mixture of built-up and natural environments, the location of existing towns and villages, and the underlying geology and natural landscapes are an essential consideration for the proposed unitary authorities, shaping as they do so many fundamental aspects of future development.

Councils in the North West of the county in particular are constrained by green belt, flood risk, and physical barriers such as the river Thames and road network including the M25. Constrained authorities are more likely to see widespread change to the character, appearance and feel of their existing communities in order to accommodate future growth and investment.

**PLACE:**

**Land area and Population density (MYE 2023)**

Land area and population density considerations are key determinants for the ability to develop land and to operate services that will be within easy reach of potential service users.

	<b>Total area (hectares)</b>	<b>Total area (km<sup>2</sup>)</b>	<b>Population density 2023 (people per km<sup>2</sup>)</b>
Elmbridge	9,633.41	96.3	1,458.5
Epsom and Ewell	3,407.91	34.1	2,405.8
Guildford	27,093.11	270.9	550.6
Mole Valley	25,832.13	258.3	341.7
Reigate and Banstead	12,914.39	129.1	1,207.8
Runnymede	7,804.07	78.0	1,158.9
Spelthorne	5,116.14	51.2	2,031.9
Surrey Heath	9,509.3	95.1	969.2
Tandridge	24,819.46	248.2	360.2
Waverley	34,517.02	345.2	382.8
Woking	6,360.35	63.6	1,645.1
<b>Surrey County</b>	<b>167,007.29</b>	<b>1,670.1</b>	<b>735.7</b>

	Total area (hectares)	Total area (km <sup>2</sup> )	Population density 2023 (people per km <sup>2</sup> )	Percentage split (Total area)	Ratio split (population density)
2.1 West/East: East	76,607.3	766.1	726.0	46%	1.00
2.1 West/East: West	90,400.0	904.0	743.9	54%	1.02
2.2 West/East: East	81,723.4	817.2	807.7	49%	1.21
2.2 West/East: West	85,283.9	852.8	666.7	51%	1.00
2.3 North/South: North	65,516.4	655.2	1,039.2	39%	1.93
2.3 North/South: South	101,490.9	1,014.9	539.7	61%	1.00
2.4 North/South: North	55,883.0	558.8	967.0	33%	1.56
2.4 North/South: South	111,124.3	1,111.2	619.4	67%	1.00
Three unitaries: West	77,479.8	774.8	617.1	46%	1.00
Three unitaries: North	22,553.6	225.5	1,484.9	14%	2.41
Three unitaries: East	66,973.9	669.7	620.6	40%	1.01

In terms of this metric, 2.1 West/East is the most similar model for population density, whereas 2.2 West/East shows the greatest similarity in total land area between the proposed unitaries.

Land size is extremely imbalanced between unitaries for both the North/South models and for the three unitary option. Population densities in these models also varies strikingly between unitaries.

Source: [Open Geography Portal Population estimates for England and Wales - Office for National Statistics](#)

**PLACE:**

**Land use statistics**

The amount of land in each council area used for different purposes is known. This can be used to determine the total areas in each proposed unitary, and the proportion of land in each area given over to that use.

Land use in hectares for each category:

	Community	Defence	Industry and Commerce	Minerals and Landfill	Residential	Transport and Utilities	Unknown Developed Use	Total Developed Use	Agriculture	Forest, open land and water	Outdoor recreation	Residential gardens	Undeveloped land	Total Non-Developed	Vacant
Elmbridge	287.1	0.0	61.2	0.0	518.3	890.1	326.3	<b>2,083.2</b>	2,078.5	2,118.0	844.1	2,288.6	195.5	<b>7,524.7</b>	<b>25.5</b>
Epsom and Ewell	129.7	0.1	21.6	-	238.9	356.0	106.6	<b>852.9</b>	661.3	373.7	638.7	870.7	2.3	<b>2,546.8</b>	<b>8.3</b>
Guildford	399.7	0.0	82.7	42.4	471.8	1,443.7	562.5	<b>3,002.8</b>	10,292.8	9,134.8	1,429.7	2,906.8	270.5	<b>24,034.6</b>	<b>55.7</b>
Mole Valley	205.6	-	40.8	3.8	337.4	1,084.1	480.6	<b>2,152.4</b>	12,604.2	7,716.5	890.9	2,330.6	134.5	<b>23,676.7</b>	<b>3.0</b>
Reigate and Banstead	250.2	0.1	54.4	6.8	466.0	1,023.3	353.3	<b>2,154.0</b>	5,029.2	2,268.6	898.1	2,302.3	233.6	<b>10,731.7</b>	<b>28.7</b>
Runnymede	249.6	0.2	59.2	14.6	283.7	663.5	343.7	<b>1,614.6</b>	1,788.1	1,842.5	1,109.8	1,258.3	165.4	<b>6,164.0</b>	<b>25.5</b>
Spelthorne	122.3	-	65.3	6.1	279.4	541.4	316.0	<b>1,330.6</b>	861.3	1,529.0	307.4	836.9	241.5	<b>3,776.1</b>	<b>9.5</b>
Surrey Heath	165.0	0.5	55.9	1.7	318.2	803.0	280.8	<b>1,625.1</b>	1,719.0	3,726.5	761.3	1,543.1	116.0	<b>7,866.0</b>	<b>18.2</b>
Tandridge	271.9	-	44.9	0.8	317.9	1,158.8	539.7	<b>2,334.1</b>	14,076.6	4,886.0	937.0	2,403.3	168.1	<b>22,471.1</b>	<b>14.3</b>
Waverley	534.0	0.2	47.4	17.4	499.7	1,665.9	563.5	<b>3,328.2</b>	13,569.5	12,134.5	1,508.1	3,633.9	282.9	<b>31,128.9</b>	<b>59.9</b>
Woking	261.9	-	47.2	1.9	312.4	540.7	198.0	<b>1,362.1</b>	1,342.1	1,284.3	875.2	1,366.9	113.0	<b>4,981.5</b>	<b>16.8</b>
<b>Surrey County</b>	<b>2,877.1</b>	<b>1.1</b>	<b>580.7</b>	<b>95.7</b>	<b>4,043.8</b>	<b>10,170.5</b>	<b>4,071.0</b>	<b>21,840.0</b>	<b>64,022.6</b>	<b>47,014.4</b>	<b>10,200.3</b>	<b>21,741.4</b>	<b>1,923.3</b>	<b>144,902.0</b>	<b>265.3</b>

Land use in each area as a percentage of total land in that area:

	Community	Defence	Industry and Commerce	Minerals and Landfill	Residential	Transport and Utilities	Unknown Developed Use	Total Developed Use	Agriculture	Forest, open land and water	Outdoor recreation	Residential gardens	Undeveloped land	Total Non-Developed	Vacant
2.1 West/East: East	1.49%	0.00%	0.29%	0.01%	2.45%	5.89%	2.36%	<b>12.50%</b>	44.97%	22.66%	5.49%	13.31%	0.96%	<b>87.39%</b>	<b>0.10%</b>
2.1 West/East: West	1.92%	0.00%	0.40%	0.09%	2.40%	6.26%	2.50%	<b>13.57%</b>	32.71%	32.80%	6.63%	12.77%	1.32%	<b>86.23%</b>	<b>0.21%</b>
2.2 West/East: East	1.55%	0.00%	0.35%	0.02%	2.64%	6.18%	2.60%	<b>13.35%</b>	43.21%	23.12%	5.53%	13.50%	1.19%	<b>86.54%</b>	<b>0.11%</b>
2.2 West/East: West	1.89%	0.00%	0.34%	0.09%	2.21%	6.00%	2.28%	<b>12.82%</b>	33.67%	32.98%	6.66%	12.56%	1.11%	<b>86.97%</b>	<b>0.21%</b>
2.3 North/South: North	2.27%	0.00%	0.57%	0.10%	3.33%	7.45%	3.09%	<b>16.82%</b>	27.6%	29.97%	8.13%	15.57%	1.68%	<b>82.95%</b>	<b>0.23%</b>
2.3 North/South: South	1.37%	0.00%	0.21%	0.03%	1.83%	5.21%	2.01%	<b>10.66%</b>	45.27%	26.98%	4.80%	11.37%	0.81%	<b>89.22%</b>	<b>0.11%</b>
2.4 North/South: North	2.14%	0.00%	0.56%	0.12%	2.98%	7.14%	3.04%	<b>15.99%</b>	28.64%	31.35%	8.02%	14.16%	1.62%	<b>83.79%</b>	<b>0.22%</b>
2.4 North/South: South	1.51%	0.00%	0.24%	0.03%	2.14%	5.56%	2.13%	<b>11.61%</b>	43.21%	26.54%	5.14%	12.44%	0.92%	<b>88.26%</b>	<b>0.13%</b>
Three unitaries: West	1.76%	0.00%	0.30%	0.08%	2.07%	5.75%	2.07%	<b>12.03%</b>	34.75%	33.92%	5.90%	12.20%	1.01%	<b>87.78%</b>	<b>0.19%</b>
Three unitaries: North	2.92%	0.00%	0.82%	0.09%	4.80%	9.29%	4.37%	<b>22.30%</b>	20.96%	24.34%	10.03%	19.44%	2.67%	<b>77.44%</b>	<b>0.27%</b>
Three unitaries: East	1.28%	0.00%	0.24%	0.02%	2.03%	5.41%	2.21%	<b>11.19%</b>	48.33%	22.76%	5.02%	11.81%	0.80%	<b>88.73%</b>	<b>0.08%</b>

In terms of this metric, the two **East/West models have most similarity** between unitaries.

2.2 West/East shows the most similarity between unitaries, with the proportions of land in both East and West given over to each use having the lowest variation. For example, 1.55% of 2.2 East is developed for community use, as is 1.89% of 2.2 West. These proportions differ the least of any proposal model.

The variation within the three unitary model is only most similar in terms of the proportion of land (miniscule in itself) given over to defence use.

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Source: [Land use in England, 2022 - GOV.UK](#)

**PLACE:  
Flood risk**

Surrey County Council is the Lead Local Flood Authority for Surrey and is responsible for coordinating Flood Risk Management across the county. Our locations of greatest risk lie in the northwest of the county, along the rivers Thames, Wey, and Mole. Flood risk of course poses a challenge / threat to land development for homes and businesses.



Surrey County Council and partners are working with the Environment Agency on the River Thames Scheme to alleviate flood risk in this particular corner of the county. This area covers Runnymede and Spelthorne – two of three unitaries in the unitary model, part of the North unitary in both North/South models, and part of the West unitary in proposal 2.1 West/East.

Only the 2.2 West/East model would include both proposed unitaries (and presumably the devolved Mayoral Strategic Authority) in completing and coordinating this national scheme. Containing this scheme entirely within one unitary may be advantageous.

Source: [Map – Flood map for planning – GOV.UK River Thames Scheme](#)

## HOUSING:

### Number of households by tenure type (Census 2021)

The number of households in each lower-tier authority was accurately determined in the 2021 Census, including the form of tenure. Households are an important indicator of service demand e.g. for kerbside waste collection schemes.

	Total Households	Total owned or shared ownership	Total social rented	Total private rented or rent free
Elmbridge	55,587	40,227	5,608	9,752
Epsom and Ewell	31,321	23,525	2,743	5,053
Guildford	55,760	37,713	7,066	10,981
Mole Valley	37,139	27,569	4,327	5,243
Reigate and Banstead	59,849	43,539	6,907	9,403
Runnymede	34,838	23,647	4,499	6,692
Spelthorne	41,804	29,000	5,296	7,508
Surrey Heath	36,008	27,015	3,449	5,544
Tandridge	35,623	26,941	3,939	4,743
Waverley	52,448	38,279	6,427	7,742
Woking	41,438	27,869	4,792	8,777
<b>Surrey County</b>	<b>481,815</b>	<b>345,324</b>	<b>55,053</b>	<b>81,438</b>

	Total Households	Total owned or shared ownership	Total social rented	Total private rented or rent free	% split Total HHs	% split owned or shared	% split social rented	% split private rented / rent free
2.1 West/East: East	219,519	161,801	23,524	34,194	45.6%	46.9%	42.7%	42.0%
2.1 West/East: West	262,296	183,523	31,529	47,244	54.4%	53.1%	57.3%	58.0%
2.2 West/East: East	261,323	190,801	28,820	41,702	54.2%	55.3%	52.3%	51.2%
2.2 West/East: West	220,492	154,523	26,233	39,736	45.8%	44.7%	47.7%	48.8%
2.3 North/South: North	265,435	185,471	30,710	49,254	55.1%	53.7%	55.8%	60.5%
2.3 North/South: South	216,380	159,853	24,343	32,184	44.9%	46.3%	44.2%	39.5%
2.4 North/South: North	209,848	145,244	25,102	39,502	43.6%	42.1%	45.6%	48.5%
2.4 North/South: South	271,967	200,080	29,951	41,936	56.4%	57.9%	54.4%	51.5%
Three unitaries: West	185,654	130,876	21,734	33,044	38.5%	37.9%	39.5%	40.6%
Three unitaries: North	132,229	92,874	15,403	23,952	27.4%	26.9%	28.0%	29.4%
Three unitaries: East	163,932	121,574	17,916	24,442	34.0%	35.2%	32.5%	30.0%

In terms of this metric, the East/West models show least variation. 2.2 West/East has the closest similarity for total current households, social rented households, and private rented households; 2.1 West/East has the least variation for number of owned homes. Under model 2.2. West/East, the proposed East unitary has a greater number of homes owned outright/on a mortgage/in shared ownership schemes (55% of county total); such homes indicate greater affluence and generally lower need for certain services.

Source: [Housing, England and Wales - Office for National Statistics](#)

## HOUSING: Homelessness assessments 2023-2024

Lower-tier authorities currently assess people presenting as homeless, and determine whether they are threatened with homelessness and therefore owed a Prevention Duty of support, or actually homeless and therefore owed a Relief Duty of support.

Numbers presenting vary, so have been standardised as a rate per thousand households in each area.

	Households assessed as threatened with homelessness per (000s)*	Households assessed as homeless per (000s)**
Elmbridge	3.41	3.21
Epsom and Ewell	2.84	4.25
Guildford	4.71	3.28
Mole Valley	5.48	2.07
Reigate and Banstead	5.06	4.65
Runnymede	3.61	5.71
Spelthorne	8.04	3.99
Surrey Heath	1.34	2.11
Tandridge	4.64	2.87
Waverley	3.27	2.36
Woking	5.99	3.97
<b>Surrey County</b>	<b>4.44</b>	<b>3.49</b>

\* Prevention Duty

\*\* Relief Duty

	Households assessed as threatened with homelessness per (000s)*	Households assessed as homeless per (000s)**	Percentage split Threatened*	Percentage split Homeless**
2.1 West/East: East	4.33	3.50	48.9%	50.1%
2.1 West/East: West	4.53	3.49	<b>51.1%</b>	<b>49.9%</b>
2.2 West/East: East	4.90	3.58	55.8%	51.3%
2.2 West/East: West	3.88	3.39	44.2%	48.7%
2.3 North/South: North	4.54	3.65	51.3%	52.4%
2.3 North/South: South	4.32	3.31	48.7%	47.6%
2.4 North/South: North	4.85	3.77	54.0%	53.4%
2.4 North/South: South	4.13	3.29	46.0%	46.6%
Three unitaries: West	3.94	2.94	29.2%	27.6%
Three unitaries: North	4.89	4.12	36.3%	38.6%
Three unitaries: East	4.64	3.60	34.5%	33.8%

\* Prevention Duty

\*\* Relief Duty

In terms of this metric, **2.1 West/East** is the model with the lowest total variation between Prevention and Relief Duty owed being closest between proposed unitaries.

Source: [Tables on homelessness - GOV.UK](https://gov.uk)

## HOUSING:

### Government housing targets – indicative annual Local Housing Need

Government has set annual house building targets for each local authority, which will become adopted in aggregate form by the new unitaries. Under the new method for determining targets, each area now has a much larger volume to deliver annually.

	Old Method (before December 2024)	New Method (from December 2024)
Elmbridge	653	1,562
Epsom and Ewell	569	889
Guildford	743	1,170
Mole Valley	460	833
Reigate and Banstead	644	1,306
Runnymede	546	626
Spelthorne	631	793
Surrey Heath	320	684
Tandridge	634	843
Waverley	710	1,481
Woking	436	794
<b>Surrey County</b>	<b>6,346</b>	<b>10,981</b>

	Old Method (before December 2024)	New Method (from December 2024)	Percentage split Old method	Percentage split New method
2.1 West/East: East	2,960	5,433	46.6%	49.5%
2.1 West/East: West	3,386	5,548	53.4%	50.5%
2.2 West/East: East	3,591	6,226	<b>56.6%</b>	<b>56.7%</b>
2.2 West/East: West	2,755	4,755	43.4%	43.3%
2.3 North/South: North	3,329	5,629	52.5%	51.3%
2.3 North/South: South	3,017	5,352	47.5%	48.7%
2.4 North/South: North	2,676	4,067	42.2%	37.0%
2.4 North/South: South	3,670	6,914	57.8%	63.0%
Three unitaries: West	2,209	4,129	34.8%	37.6%
Three unitaries: North	1,830	2,981	28.8%	27.1%
Three unitaries: East	2,307	3,871	36.4%	35.3%

In terms of this metric, **2.1 West/East shows the least variation** between the new targets, being almost exactly equally shared between the proposed unitaries. Variation is greatest in 2.2 West/East and the three unitary model. Having larger unitaries to deliver these new builds, potentially under the steer of the Mayoral Strategic Authority, will arguably make targets easier to attain. The North unitary in the three unitary model in particular would face especially challenging developmental constraints (for example from flood risk areas and national landscapes).

Source: [Proposed reforms to the National Planning Policy Framework and other changes to the planning system - GOV.UK](#)

## HOUSING: Local Housing Need and the future

Meeting the annual additional housing targets will have further infrastructure development requirements over time, such as the creation of additional schools, school places, roads, shops and services, as well as Suitable Alternative Natural Greenspace mitigations to relieve pressure on existing protected green spaces. The physical size and characteristics of Surrey's lower-tier authorities make some unitary models more suitable for achieving local housing need increases.

	<b>New homes, per year</b>	<b>New homes, next 15 years</b>	<b>% Greenbelt</b>	<b>New homes per km<sup>2</sup></b>
Elmbridge	1,562	23,430	57%	243
Epsom and Ewell	889	13,335	46%	391
Guildford	1,170	17,550	83%	65
Mole Valley	833	12,495	76%	48
Reigate and Banstead	1,306	19,590	70%	152
Runnymede	626	9,390	74%	120
Spelthorne	793	11,895	65%	233
Surrey Heath	684	10,260	44%	108
Tandridge	843	12,645	94%	51
Waverley	1,481	22,215	60%	64
Woking	794	11,910	63%	187
<b>Surrey County</b>	<b>10,981</b>	<b>164,715</b>	<b>72%</b>	<b>99</b>

	<b>New homes, per year</b>	<b>New homes, next 15 years</b>	<b>% Greenbelt</b>	<b>New homes per km<sup>2</sup></b>
2.1 West/East: East	5,433	81,495	77%	106
2.1 West/East: West	5,548	83,220	67%	92
2.2 West/East: East	6,226	93,390	76%	114
2.2 West/East: West	4,755	71,325	67%	84
2.3 North/South: North	5,629	84,435	69%	129
2.3 North/South: South	5,352	80,280	73%	79
2.4 North/South: North	4,067	61,005	71%	109
2.4 North/South: South	6,914	103,710	72%	93
Three unitaries: West	4,129	61,935	66%	80
Three unitaries: North	2,981	44,715	65%	198
Three unitaries: East	3,871	58,065	80%	87

Suitable Alternative Natural Greenspace mitigations would be required for the majority of development in Elmbridge, Runnymede, Guildford and for virtually all new development in Surrey Heath and Woking. This would create additional challenges to housing delivery as well as the necessary supporting infrastructure in the three unitary model for the North unitary in particular. This unitary would be constrained by green belt, flood risk, and road networks yet with double the housing target of neighbouring authorities.

Source: Elmbridge Borough Council, SCC

## **ECONOMY AND SKILLS: A place to work and a place for business**

### **Most similar model:**

#### **2.1 West/East / 2.2 West/East**

Surrey is an area of many economic strengths, with more than 110,000 businesses, a highly skilled workforce and an enviable location.

The county is exceptionally well connected, globally because of the proximity of Heathrow and Gatwick airports, as well as to London and the South East coastal ports.

It also boasts a long and successful history of attracting international businesses while nurturing some of the UK's most successful and innovative companies. These include Amazon, Pfizer, Toyota, McLaren, Haleon and Samsung. Surrey is also home to world-class clusters in sectors such as automotive, cyber security, space, health, and creative industries.

It all contributes to an economy worth £50 billion a year, making it one of the largest regional economies in the country.

Surrey's economic strengths lie in its breadth and depth, with the highly mixed and polycentric economy nurturing the development of several nationally significant sectors. Surrey's economy does not rely on one or two sector strengths. Instead, there are strong foundational sectors, like health and social care, retail, and construction, operating alongside innovative high-growth sub-sectors, such as gaming and cyber security which interconnect across the county.

The economy of Surrey and its successor councils is influenced by conditions both within and outside the county. Internal influences include the skills and training of residents as well as internal business operations and sectors influenced by the landscape, urban development, affordability and operating businesses.

External influences include most notably the adjoining economic powerhouse of London, which benefits and influences those districts which sit immediately around it: primarily Spelthorne, Elmbridge, and Epsom and Ewell, but also Reigate and Banstead, Tandridge, and to a lesser extent Mole Valley. Spelthorne is also well placed to benefit from Heathrow airport, and any proposed expansion. Similarly, Reigate and Banstead, and Mole Valley are well situated to benefit from possible Gatwick airport expansion.

The University of Surrey (in Guildford), University for the Creative Arts (in Waverley and Epsom & Ewell) and Royal Holloway University (in Runnymede) as well as a variety of colleges and schools serve to increase skills and pull in business. Surrey County Council is preparing to adopt recently devolved powers to administer the Adult Skills Fund across the county, powers that presumably will transfer to the Mayoral Strategic Authority.

## Geographic variation

West Surrey's economy is disproportionately more productive than those in the East explained largely by innovation assets and connections to our universities (University of Surrey, Royal Holloway and UCA).

The largest areas of business cluster activity and assets (in terms of scale and number of sectors) is in the North West of the county. There is an additional concentration in the South West around Guildford and Farnham. The business cluster activity and assets which are much smaller and contain a cluster in only one sector are all in the East.

This economic split is also highlighted in the percentage of high growth businesses, with 2022 data showing four of the five districts with the lowest percentage of high-growth businesses were in the four East Surrey districts (Mole Valley, Reigate & Banstead, Epsom & Ewell and Tandridge). Business count data also shows the highest growth areas are Guildford, Woking and Surrey Heath, which are all in the West.

This divide has been exacerbated in the last decade with Surrey split into two Local Enterprise Partnerships with Tandridge, Epsom & Ewell, Mole Valley and Reigate & Banstead in West Sussex-based Coast 2 Capital; and the remaining districts in Hampshire-based Enterprise M3. The devolved responsibilities secured through the County Deal has changed this focus, with strategic economic functions increasingly being delivered across a single Surrey footprint for the first time – which has been welcomed by businesses, academia and employer representative groups. There remains a role for a county-wide strategic economic function within the Mayoral Strategic Authority.

Two unitary authorities, operating across largely functional economic geographies, encourages more balanced growth and opportunities to leverage economies of scale to create a more cohesive and inclusive Surrey economy. There is a risk of LGR creating a separation of innovation assets which are crucial to driving future growth. There is also risk that an eastern authority would include the two districts (Elmbridge and Spelthorne) with the highest levels of economic inactivity. However, grouping these areas in the same authority could allow for more targeted interventions led by a Strategic Authority due to the similarities in challenges and demographics.

Creating three unitary authorities based on currently 'dominant' business sectors would reinforce the current productivity within those areas, but also significantly limit opportunities to drive growth on a larger scale across a number of sub-sectors. Three unitaries would also reinforce economic disparities – Epsom & Ewell, Tandridge, and Reigate & Banstead sit in the bottom five areas with the lowest percentage of high-tech industry employment (an indicator of future growth potential). Conversely, Woking, Spelthorne and Runnymede have the strongest levels.

## **ECONOMY AND SKILLS: Business births, deaths, and enterprises**

The health of the business sector is critically important to the local economy, as employers, providers of services, and payers of Non-Domestic Rates. As a proxy for the health of the business sector we examine the latest data on the number of businesses started ('births'), ended ('deaths'), and active at year end. A high number of births will include businesses that will struggle to stay alive as well as those that go on to significant success.

	<b>Business births, 2023</b>	<b>Business deaths, 2023</b>	<b>Active Business enterprises, 2023</b>
Elmbridge	910	895	9,270
Epsom and Ewell	415	340	3,925
Guildford	690	605	7,580
Mole Valley	465	470	5,440
Reigate and Banstead	760	720	7,440
Runnymede	480	420	4,720
Spelthorne	550	505	5,050
Surrey Heath	490	470	4,900
Tandridge	470	455	5,215
Waverley	710	700	7,905
Woking	520	515	5,145
<b>Surrey County</b>	<b>6,460</b>	<b>6,095</b>	<b>66,590</b>

	Business births, 2023	Business deaths, 2023	Active Business enterprises, 2023	% split (births)	% split (deaths)	% split (Active)
2.1 West/East: East	3,020	2,880	31,290	46.7%	47.3%	47.0%
2.1 West/East: West	3,440	3,215	35,300	53.3%	52.7%	53.0%
2.2 West/East: East	3,570	3,385	36,340	55.3%	55.5%	54.6%
2.2 West/East: West	2,890	2,710	30,250	44.7%	44.5%	45.4%
2.3 North/South: North	3,640	3,410	36,665	56.3%	55.9%	55.1%
2.3 North/South: South	2,820	2,685	29,925	43.7%	44.1%	44.9%
2.4 North/South: North	2,730	2,515	27,395	42.3%	41.3%	41.1%
2.4 North/South: South	3,730	3,580	39,195	57.7%	58.7%	58.9%
Three unitaries: West	2,410	2,290	25,530	37.3%	37.6%	38.3%
Three unitaries: North	1,940	1,820	19,040	30.0%	29.9%	28.6%
Three unitaries: East	2,110	1,985	22,020	32.7%	32.6%	33.1%

In terms of this metric, **2.1 West/East** is the model with least variation between the two unitaries for both business births, business deaths, and active businesses. 2.2 West/East model is next in line, followed by 2.3 North/South.

Source: [Business demography, UK - Office for National Statistics](#)

## **ECONOMY AND SKILLS:**

### **Business enterprises by industry group, 2024**

The county's business enterprises span multiple industry groups, reflecting the diverse nature of the county, with rural and urban businesses operating. The greater the mixture of industry types, the more resilient an area will be to adverse conditions that might impact differentially on different industries. A model with the least variation between new councils would reflect the most resilient option. Lower-tier values are reproduced below; the second table aggregates these to unitary models and describes the variation.

	Agri- culture, forestry & fishing	Produc- tion	Con- struction	Motor trades	Whole- sale	Retail	Trans- port & Storage (incl. postal)	Accom- moda- tion & food services	Informa- tion & commu- nication	Finance & insur- ance	Property	Profes- sional, scientific & techni- cal	Business adminis- tration & support services	Public adminis- tration & defence	Educa- tion	Health	Arts, en- tertain- ment, recre- ation & other services	Total
Elmbridge	45	235	965	120	265	485	155	305	935	210	450	2,215	935	-	145	320	655	<b>8,440</b>
Epsom and Ewell	10	100	610	70	115	205	85	175	420	65	135	790	330	-	80	175	260	<b>3,625</b>
Guildford	115	265	950	165	245	370	135	300	785	165	300	1,690	685	20	150	295	200	<b>7,135</b>
Mole Valley	145	200	740	140	175	325	90	200	415	150	215	1,205	485	15	130	190	370	<b>5,190</b>
Reigate and Banstead	60	255	1,255	165	205	375	180	280	610	170	260	1,375	680	5	130	305	485	<b>6,795</b>
Runnymede	45	175	715	160	190	255	210	195	455	80	190	720	460	-	80	160	290	<b>4,380</b>
Spelthorne	15	190	845	165	150	360	375	225	520	50	130	645	370	-	70	130	295	<b>4,535</b>
Surrey Heath	40	195	625	140	140	250	135	190	480	90	175	900	490	5	100	160	335	<b>4,450</b>
Tandridge	125	190	965	145	160	250	115	180	370	135	230	920	495	15	90	185	355	<b>4,925</b>
Waverley	180	300	880	160	200	425	90	275	805	880	420	1,780	760	20	150	225	575	<b>8,125</b>
Woking	25	195	560	115	160	275	155	210	570	90	145	1,085	460	-	85	195	340	<b>4,665</b>
<b>Surrey County</b>	<b>805</b>	<b>2,300</b>	<b>9,110</b>	<b>1,545</b>	<b>2,005</b>	<b>3,575</b>	<b>1,725</b>	<b>2,535</b>	<b>6,365</b>	<b>2,085</b>	<b>2,650</b>	<b>13,325</b>	<b>6,150</b>	<b>80</b>	<b>1,210</b>	<b>2,340</b>	<b>4,460</b>	<b>62,265</b>

	Agri- culture, forestry & fishing	Produc- tion	Con- struction	Motor trades	Whole- sale	Retail	Trans- port & Storage (incl. postal)	Accom- moda- tion & food services	Informa- tion & commu- nication	Finance & insur- ance	Property	Profes- sional, scientific & techni- cal	Business- adminis- tration & support services	Public adminis- tration & defence	Educa- tion	Health	Arts, en- ertain- ment, recre- ation & other services	Total
2.1 West/East: East	385	980	4,535	640	920	1,640	625	1,140	2,750	730	1,290	6,505	2,925	35	575	1,175	2,125	<b>28,975</b>
2.1 West/East: West	420	1,320	4,575	905	1,085	1,935	1,100	1,395	3,615	1,355	1,360	6,820	3,225	45	635	1,165	2,335	<b>33,290</b>
2.2 West/East: East	400	1,170	5,380	805	1,070	2,000	1,000	1,365	3,270	780	1,420	7,150	3,295	35	645	1,305	2,420	<b>33,510</b>
2.2 West/East: West	405	1,130	3,730	740	935	1,575	725	1,170	3,095	1,305	1,230	6,175	2,855	45	565	1,035	2,040	<b>28,755</b>
2.3 North/ South: North	285	1,255	4,660	865	1,150	1,995	1,165	1,1425	3,745	685	1,390	7,255	3,400	25	630	1,260	2,415	<b>33,605</b>
2.3 North/ South: South	520	1,045	4,450	680	855	1,580	560	1,110	2,620	1,400	1,260	6,070	2,750	55	580	1,080	2,045	<b>28,660</b>
2.4 North/ South: North	240	1,020	3,695	745	885	1,510	1,010	1,120	2,810	475	940	5,040	2,465	25	485	940	1,760	<b>25,165</b>
2.4 North/ South: South	565	1,280	5,415	800	1,120	2,065	715	1,415	3,555	1,610	1,710	8,285	3,685	55	725	1,400	2,700	<b>37,100</b>
Three unitaries: West	360	955	3,015	580	745	1,320	515	975	2,640	1,225	1,040	5,455	2,395	45	485	875	1,750	<b>24,375</b>
Three unitaries: North	105	600	2,525	445	605	1,100	740	725	1,910	340	770	3,580	1,765	-	295	610	1,240	<b>17,355</b>
Three unitaries: East	340	745	3,570	520	655	1,155	470	835	1,815	520	840	4,290	1,990	35	430	855	1,470	<b>20,535</b>

	Agri- culture, forestry & fishing	Produ- tion	Con- struction	Motor trades	Whole- sale	Retail	Trans- port & Storage (incl. postal)	Accom- moda- tion & food services	Informa- tion & commu- nication	Finance & insur- ance	Property	Profes- sional, scientific & techni- cal	Business adminis- tration & support services	Public adminis- tration & defence	Educa- tion	Health	Arts, en- tain- ment, recre- ation & other services	Total
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
2.1 West/East: East	478	42.6	498	41.4	45.9	45.9	36.2	45.0	43.2	35.0	48.7	48.8	47.6	43.8	47.5	50.2	47.6	46.5
2.1 West/East: West	52.2	57.4	50.2	58.6	54.1	54.1	63.8	55.0	56.8	65.0	51.3	51.2	52.4	56.3	52.5	49.8	52.4	53.5
2.2 West/East: East	497	50.9	591	52.1	53.4	55.9	58.0	53.8	51.4	37.4	53.6	53.7	53.6	43.8	53.3	55.8	54.3	53.8
2.2 West/East: West	50.3	49.1	40.9	47.9	46.6	44.1	42.0	46.2	48.6	62.6	46.4	46.3	46.4	56.3	46.7	44.2	45.7	46.2
2.3 North/ South: North	35.4	54.6	51.2	56.0	57.4	55.8	67.5	56.2	58.8	32.9	52.5	54.4	55.3	31.3	52.1	53.8	54.1	54.0
2.3 North/ South: South	64.6	45.4	48.8	44.0	42.6	44.2	32.5	43.8	41.2	67.1	47.5	45.6	44.7	68.8	47.9	46.2	45.9	46.0
2.4 North/ South: North	298	44.3	40.6	48.2	44.1	42.2	58.6	44.2	44.1	22.8	35.5	37.8	40.1	31.3	40.1	40.2	39.5	40.4
2.4 North/ South: South	70.2	55.7	59.4	51.8	55.9	57.8	41.4	55.8	55.9	77.2	64.5	62.2	59.9	68.8	59.9	59.8	60.5	59.6
Three unitaries: West	44.7	41.5	33.1	37.5	37.2	36.9	29.9	38.5	41.5	58.8	39.2	40.9	38.9	56.3	40.1	37.4	39.2	39.1
Three unitaries: North	13.0	26.1	27.7	28.8	30.2	30.8	42.9	28.6	30.0	16.3	29.1	26.9	28.7	0.0	24.4	26.1	27.8	27.9
Three unitaries: East	42.2	32.4	39.2	33.7	32.7	32.3	27.2	32.9	28.5	24.9	31.7	32.2	32.4	43.8	35.5	36.5	33.0	33.0

In terms of this metric, both the **East/West** models show the least variation between the two unitaries, indicating the most similar mix of industries. **2.1 West/East** is more similar for large scale sectors: professional, scientific and technical, construction, and business administration. The North/South models show distinct differences, as does the three unitary model.

Source: [UK business: activity, size and location](#) – Office for National Statistics

## **ECONOMY AND SKILLS: Highest level of qualifications, Census 2021**

The 2021 Census established very detailed information on the highest level of qualifications held by all residents aged 16 or older. This is a key consideration when considering the skill level of potential employees. Numbers for each local authority are provided here as background to the unitary aggregated values for each model shown in the second table.

### **In this classification:**

**Level 1** is equivalent of low grade  
/ small number of GCSEs

**Level 2** is equivalent to high grade  
/ larger number of GCSEs

**Level 3** equates to A-Levels

**Level 4** equates to a degree or higher degree

	No qualifications	Level 1 and entry level qualifications	Level 2 qualifications	Apprenticeship	Level 3 qualifications	Level 4 qualifications	Other qualifications	Total: All usual residents aged 16 years and over
Elmbridge	11,753	7,048	12,442	3,515	14,811	56,677	2,528	108,774
Epsom and Ewell	8,246	5,106	8,177	2,628	10,110	28,642	1,698	64,607
Guildford	13,540	8,646	13,528	4,686	23,554	52,620	2,783	119,357
Mole Valley	8,901	6,236	9,857	3,209	11,182	31,214	1,740	72,339
Reigate and Banstead	15,765	10,997	17,047	5,244	19,632	48,338	3,106	120,129
Runnymede	10,528	6,543	9,130	3,400	15,509	25,643	1,964	72,717
Spelthorne	14,012	9,231	12,028	4,367	13,227	27,996	2,501	83,362
Surrey Heath	9,643	7,076	10,557	3,326	12,377	28,929	1,876	73,784
Tandridge	9,787	6,662	10,727	3,098	12,267	26,516	1,769	70,826
Waverley	11,859	7,531	13,644	4,078	15,825	48,292	2,405	103,634
Woking	10,993	7,003	10,324	3,209	12,138	37,112	2,202	82,981
<b>Surrey County</b>	<b>125,027</b>	<b>82,079</b>	<b>127,461</b>	<b>40,760</b>	<b>160,632</b>	<b>411,979</b>	<b>24,572</b>	<b>972,510</b>

	No qualifications	Level 1 and entry level qualifications	Level 2 qualifications	Apprenticeship	Level 3 qualifications	Level 4 qualifications	Other qualifications	Total: All usual residents aged 16 years and over
2.1 West/East: East	54,452	36,049	58,250	17,694	68,002	191,387	10,841	436,675
2.1 West/East: West	70,575	46,030	69,211	23,066	92,630	220,592	13,731	535,835
2.2 West/East: East	68,464	45,280	70,278	22,061	81,229	219,383	13,342	520,037
2.2 West/East: West	56,563	36,799	57,183	18,699	79,403	192,596	11,230	452,473
2.3 North/South: North	70,469	45,547	68,009	22,503	91,616	228,977	13,854	540,975
2.3 North/South: South	54,558	36,532	59,452	18,257	69,016	183,002	10,718	431,535
2.4 North/South: North	58,716	38,499	55,567	18,988	76,805	172,300	11,326	432,201
2.4 North/South: South	66,311	43,580	71,894	21,772	83,827	239,679	13,246	540,309
Three unitaries: West	46,035	30,256	48,053	15,299	63,894	166,953	9,266	379,756
Three unitaries: North	36,293	22,822	33,600	11,282	43,547	110,316	6,993	264,853
Three unitaries: East	42,699	29,001	45,808	14,179	53,191	134,710	8,313	327,901

	No qualifications	Level 1 and entry level qualifications	Level 2 qualifications	Apprenticeship	Level 3 qualifications	Level 4 qualifications	Other qualifications	Total: All usual residents aged 16 years and over
	% split	% split	% split	% split	% split	% split	% split	% split
2.1 West/East: East	43.6	43.9	45.7	43.4	42.3	46.5	44.1	44.9
2.1 West/East: West	56.4	56.1	54.3	56.6	57.7	53.5	55.9	55.1
2.2 West/East: East	54.8	55.2	55.1	54.1	50.6	53.3	54.3	53.5
2.2 West/East: West	45.2	44.8	44.9	45.9	49.4	46.7	45.7	46.5
2.3 North/South: North	56.4	55.5	53.4	55.2	57.0	55.6	56.4	55.6
2.3 North/South: South	43.6	44.5	46.6	44.8	43.0	44.4	43.6	44.4
2.4 North/South: North	47.0	46.9	43.6	46.6	47.8	41.8	46.1	44.4
2.4 North/South: South	53.0	53.1	56.4	53.4	52.2	58.2	53.9	55.6
Three unitaries: West	36.8	36.9	37.7	37.5	39.8	40.5	37.7	39.0
Three unitaries: North	29.0	27.8	26.4	27.7	27.1	26.8	28.5	27.2
Three unitaries: East	34.2	35.3	35.9	34.8	33.1	32.7	33.8	33.7

For this metric, **2.2 West/East** is the most similar model with least variation in the number of potential employees (those aged 16 or above) and amongst those with higher (Level 3 or Level 4) qualifications. **2.4 North/South** shows the least variation between unitaries for no and low qualifications. Variation increases in other proposals and is greatest in the three unitary model.

Source: Highest level of qualification – Office for National Statistics

## **ECONOMY AND SKILLS: Resident occupations**

Surrey residents are employed in a wide range of jobs and industries, some of which are indicative of higher skills or experience, and some of which therefore provide greater income. Data below examines the number of residents of each district and borough by the type of occupation they held at the time of the 2021 Census. This classifies employment into nine standardised categories, with those on the left side of the table typically reflecting higher skill levels and greater remuneration. Conversely, the categories gradually transition to lower skill levels towards the right of the table. Numbers for each local authority are provided here as background to the unitary aggregated values for each model shown in the second table.

	Managers, directors and senior officials	Professional occupations	Associate professional and technical occupations	Administrative and secretarial occupations	Skilled trades occupations	Caring, leisure and other service occupations	Sales and customer service occupations	Process, plant and machine operatives	Elementary occupations	Total (in employment)
Elmbridge	16,432	17,652	10,820	5,545	4,189	4,495	3,001	1,828	3,018	66,980
Epsom and Ewell	7,020	10,663	5,958	4,095	3,242	3,304	2,031	1,404	2,192	39,909
Guildford	12,141	18,410	11,207	5,849	5,682	5,465	4,077	2,338	4,605	69,774
Mole Valley	8,321	10,140	6,392	4,063	4,156	3,429	2,168	1,285	2,387	42,341
Reigate and Banstead	13,005	18,485	11,393	7,387	6,461	6,726	4,104	2,957	4,607	75,125
Runnymede	7,078	9,235	6,344	4,175	4,010	3,716	2,756	1,872	3,271	42,457
Spelthorne	7,477	10,061	7,719	6,055	5,064	4,417	3,397	3,250	4,099	51,539
Surrey Heath	8,378	10,390	7,054	4,490	3,889	3,743	2,736	1,824	2,859	45,363
Tandridge	8,361	9,177	6,669	4,498	4,144	3,565	2,157	1,679	2,326	42,576
Waverley	12,671	15,528	9,256	4,951	5,301	4,737	3,027	1,710	3,541	60,722
Woking	8,666	13,423	7,777	4,879	4,298	4,299	3,190	2,500	3,709	52,741
<b>Surrey County</b>	<b>109,550</b>	<b>143,164</b>	<b>90,589</b>	<b>55,987</b>	<b>50,436</b>	<b>47,896</b>	<b>32,644</b>	<b>22,647</b>	<b>36,614</b>	<b>589,527</b>

	Managers, directors and senior officials	Professional occupations	Associate professional and technical occupations	Administrative and secretarial occupations	Skilled trades occupations	Caring, leisure and other service occupations	Sales and customer service occupations	Process, plant and machine operatives	Elementary occupations	Total (in employment)
2.1 West/East: East	53,139	66,117	41,232	25,588	22,192	21,519	13,461	9,153	14,530	266,931
2.1 West/East: West	56,411	77,047	49,357	30,399	28,244	26,377	19,183	13,494	22,084	322,596
2.2 East/West: East	60,616	76,178	48,951	31,643	27,256	25,936	16,858	12,403	18,629	318,470
2.2 East/West: West	48,934	66,986	41,638	24,344	23,180	21,960	15,786	10,244	17,985	271,057
2.3 North/South: North	60,172	79,171	50,921	30,993	27,132	26,135	19,157	13,612	21,561	328,854
2.3 North/South: South	49,378	63,993	39,668	24,994	23,304	21,761	13,487	9,035	15,053	260,673
2.4 North/South: North	43,740	61,519	40,101	25,448	22,943	21,640	16,156	11,784	18,543	261,874
2.4 North/South: South	65,810	81,645	50,488	30,539	27,493	26,256	16,488	10,863	18,071	327,653
Three unitaries: West	41,856	57,751	35,294	20,169	19,170	18,244	13,030	8,372	14,714	228,600
Three unitaries: North	30,987	36,948	24,883	15,775	13,263	12,628	9,154	6,950	10,388	160,976
Three unitaries: East	36,707	48,465	30,412	20,043	18,003	17,325	11,512	19,951	3,709	52,741

	Managers, directors and senior officials % split	Professional occupations % split	Associate professional and technical occupations % split	Administrative and secretarial occupations % split	Skilled trades occupations % split	Caring, leisure and other service occupations % split	Sales and customer service occupations % split	Process, plant and machine operatives % split	Elementary occupations % split	Total (in employment) % split
2.1 West/East: East	48.5	46.2	45.5	45.7	44.0	44.9	41.2	40.4	39.7	45.3
2.1 West/East: West	51.5	53.8	54.5	54.3	56.0	55.1	58.8	59.6	60.3	54.7
2.2 East/West: East	55.3	53.2	54.0	56.5	54.0	54.2	51.6	54.8	50.9	54.0
2.2 East/West: West	44.7	46.8	46.0	43.5	46.0	45.8	48.4	45.2	49.1	46.0
2.3 North/South: North	54.9	55.3	56.2	55.4	53.8	54.6	58.7	60.1	58.9	55.8
2.3 North/South: South	45.1	44.7	43.8	44.6	46.2	45.4	41.3	39.9	41.1	44.2
2.4 North/South: North	39.9	43.0	44.3	45.5	45.5	45.2	49.5	52.0	50.6	44.4
2.4 North/South: South	60.1	57.0	55.7	54.5	54.5	54.8	50.5	48.0	49.4	55.6
Three unitaries: West	38.2	40.3	39.0	36.0	38.0	38.1	39.9	37.0	40.2	38.8
Three unitaries: North	28.3	25.8	27.5	28.2	26.3	26.4	28.0	30.7	28.4	27.3
Three unitaries: East	33.5	33.9	33.6	35.8	35.7	35.5	32.0	32.3	31.4	33.9

In terms of this metric, 2.2 West/East shows the least variation in terms of overall number of people in employment, as well as a more even distribution in the numbers employed in three of the nine categories. 2.1 West/East shows similar variations, but the least variation for the highest professional group. Variation increases in models 2.4 North/South, 2.1 West/East, and 2.3 North/South (in that order) and is greatest in the three unitary model. Generally, the East/West models show less variation across a wider range of occupations than the North/South.

Source: Labour market and travel to work: Census 2021 in England and Wales – Office for National Statistics

## ECONOMY AND SKILLS: Claimant counts

Not everyone shares equally in Surrey's economic success, with sizeable portions of our residents relying on benefits as their primary or only source of income, or to top up their income where low pay or living conditions such as disabilities mean they are eligible. While not everyone's circumstances will be identical, claimant counts are a good indication of low income and additional needs. These in turn can be used as a proxy indicator for those most likely to be harshly impacted by price increases seen during the cost-of-living crisis, and therefore most likely to require hardship support.

**UB** = unemployment benefit claimants

**PIP** = Personal Independence Payment claimants

**DLA** = Disability Living Allowance, claims in payment

	<b>UB, March 2025</b>	<b>PIP claimants, Jan 2025</b>	<b>DLA in payment, Aug 2024</b>
Elmbridge	2,095	3,669	1,855
Epsom and Ewell	1,095	2,418	1,272
Guildford	1,980	4,281	2,338
Mole Valley	1,035	2,797	1,358
Reigate and Banstead	2,095	5,363	2,684
Runnymede	1,485	3,018	1,567
Spelthorne	2,325	4,329	1,999
Surrey Heath	1,320	2,655	1,500
Tandridge	1,325	3,110	1,620
Waverley	1,510	3,483	2,057
Woking	1,790	3,278	2,001
<b>Surrey County</b>	<b>18,055</b>	<b>38,394</b>	<b>20,251</b>

	<b>UB, March 2025</b>	<b>PIP claimants, Jan 2025</b>	<b>DLA in payment, Aug 2024</b>	<b>% split UB</b>	<b>% split PIP</b>	<b>% split DLA</b>
2.1 West/East: East	7,645	17,357	8,789	42.3%	45.2%	43.4%
2.1 West/East: West	10,410	21,044	11,462	57.7%	54.8%	56.6%
2.2 West/East: East	9,970	21,686	10,788	55.2%	56.5%	53.3%
2.2 West/East: West	8,085	16,715	9,463	44.8%	43.5%	46.7%
2.3 North/South: North	10,995	21,230	11,260	60.9%	55.3%	55.6%
2.3 North/South: South	7,060	17,171	8,991	39.1%	44.7%	44.4%
2.4 North/South: North	8,900	17,561	9,405	49.3%	45.7%	46.4%
2.4 North/South: South	9,155	20,840	10,846	50.7%	54.3%	53.6%
Three unitaries: West	6,600	13,697	7,896	36.6%	35.7%	39.0%
Three unitaries: North	5,905	11,016	5,421	32.7%	28.7%	26.8%
Three unitaries: East	5,550	13,688	6,934	30.7%	35.6%	34.2%

In terms of this metric, 2.4 North/South is the most similar model for unemployment benefit claimants, and Personal Independence Payment claimants, with variation lowest between the two unitaries. 2.2 West/East has least variation for Disability Living Allowance claimants. Note that these are simple snapshots, and the number of claimants will vary from month to month.

Source: DWP Stat-Xplore

## **ECONOMY AND SKILLS: Adult Skills Fund learners**

Surrey County Council has recently received devolved powers to deliver the Education and Skills Funding Agency funded Adult Skills Fund. The purpose of Adult Skills Fund is to support adult learners in non-devolved areas to gain skills which will lead them to meaningful, sustained and relevant employment, or enable them to progress to further learning which will deliver that outcome. Within the scheme, further provision for tailored learning is available that supports wider outcomes such as to improve health and wellbeing, equip parents/carers to support their child's learning and develop stronger communities.

	<b>Number of Individual Learners under Adults Skills Fund (2024/25 academic year)</b>
Elmbridge	1,689
Epsom and Ewell	646
Guildford	1,832
Mole Valley	910
Reigate and Banstead	2,716
Runnymede	1,172
Spelthorne	1,509
Surrey Heath	1,554
Tandridge	1,149
Waverley	2,407
Woking	1,909
<b>Surrey County</b>	<b>17,493</b>

	<b>Number of Individual Learners under Adults Skills Fund (2024/25 academic year)</b>	<b>% split</b>
2.1 West/East: East	7,110	40.6%
2.1 West/East: West	10,383	59.4%
2.2 West/East: East	8,619	49.3%
2.2 West/East: West	8,874	50.7%
2.3 North/South: North	9,665	55.3%
2.3 North/South: South	7,828	44.7%
2.4 North/South: North	7,976	45.6%
2.4 North/South: South	9,517	54.4%
Three unitaries: West	7,702	44.0%
Three unitaries: North	4,370	25.0%
Three unitaries: East	5,421	31.0%

In terms of this metric, 2.2 West/East has least variation between the two unitaries for the number of Individual Learners currently being funded through the Adults Skills Fund. It is currently unclear if the scheme administration will remain a county-wide function under the Mayoral Strategic Authority or be disaggregated to the new unitaries. The current very equal balance renders either of these approaches more simplistic to roll into. A Mayoral Strategic Authority role would negate the differences between unitaries.

Source: Internally generated analyses of Adult Skills Fund data, SCC

## **INCOME AND EXPENDITURE: Local government finances**

### **Most similar model: 2.2 West/East**

Local government is predominantly funded through:

- Council Tax
- National Non-Domestic Rates ('Business Rates')
- Central Government Funding
- Local income from fees and charges, and asset disposal

Expenditure is determined by:

- Demand for services (particularly statutory duties)
- The associated staffing, fleet and facilities management costs required to deliver said services
- Costs of borrowing and debt servicing

The ability to collect sufficient income to meet service demands will be essential for the new unitaries. They will most likely inherit the assets and debts of legacy councils, so creating a sound financial footing in advance is imperative.

## **INCOME / ECONOMY: Non-Domestic Rates ('Business rates')**

National Non-Domestic Rates represent the income collected by current lower-tier local authorities on behalf of government. While this income does not remain with the councils, it is a strong indication of the nature and size of businesses within each area, as well as a proxy for future income streams. Business rates collection is a lower-tier council function; we would expect cost savings from aggregation to a smaller number of unitaries, and the associated standardisation of process, records, and so on.

	<b>Net amount receivable from Non-Domestic Rates (estimated, 2025-26)</b>	<b>Income from Non-Domestic Rates (estimated, 2025-26)</b>
Elmbridge	£67,134,532	£67,161,253
Epsom and Ewell	£25,934,298	£25,906,453
Guildford	£88,778,508	£88,852,964
Mole Valley	£43,527,107	£43,964,813
Reigate and Banstead	£60,000,829	£60,027,098
Runnymede	£62,492,820	£62,124,913
Spelthorne	£54,840,614	£57,073,946
Surrey Heath	£39,595,261	£39,594,379
Tandridge	£21,317,477	£21,600,278
Waverley	£41,022,034	£41,086,369
Woking	£56,812,024	£56,927,085
<b>Surrey County</b>	<b>£561,455,504</b>	<b>£564,319,551</b>

	Net amount receivable from Non-Domestic Rates (estimated, 2025-26)	Income from Non-Domestic Rates (estimated, 2025-26)	% split (Net amount receivable)	% split (Income)
2.1 West/East: East	£217,914,243	£218,659,895	39%	39%
2.1 West/East: West	£343,541,261	£345,659,656	61%	61%
2.2 West/East: East	£272,754,857	£275,733,841	49%	49%
2.2 West/East: West	£288,700,647	£288,585,710	51%	51%
2.3 North/South: North	£369,653,759	£371,734,540	66%	66%
2.3 North/South: South	£191,801,745	£192,585,011	34%	34%
2.4 North/South: North	£302,519,227	£304,573,287	54%	54%
2.4 North/South: South	£258,936,277	£259,746,264	46%	46%
Three unitaries: West	£226,207,827	£226,460,797	40%	40%
Three unitaries: North	£184,467,966	£186,360,112	33%	33%
Three unitaries: East	£150,779,711	£151,498,642	27%	27%

In terms of this metric, **2.2 West/East is the most similar model**, with Business rates income spread almost exactly equally between the two unitaries.

Source: [National non-domestic rates collected by councils - GOV.UK](#)

## **SERVICE DELIVERY: Local government service provision and residents**

Lower-tier authorities deliver a range of services within their own borders, and Surrey County Council delivers its services across the whole of the county.

Services may be universal or targeted to those with particular needs. The new unitaries will need to amalgamate and standardise lower-tier services across their new geographic footprints and take up disaggregated services from the county council. In the case of the latter, it is essential that county budgets be appropriately divided based on established patterns of historic and current demands as well as (to some extent) anticipated future needs and demands.

This section examines the geographic distribution of selected service delivery volumes.

## SERVICE DELIVERY: Adult Social Care

	Estimated split of total ASC net 2025/26 budget excluding ASC grants		Estimated split of total ASC net 2025/26 care package budget		% split of Council Tax income	% split of ASC Relative Needs Formula
2.1 West/East: East	£252m	49%	£218m	49%	47%	45%
2.1 West/East: West	£264m	51%	£221m	51%	53%	55%
2.2 West/East: East	£287m	56%	£246m	55%	55%	55%
2.2 West/East: West	£230m	44%	£193m	45%	45%	45%
2.3 North/South: North	£243m	47%	£201m	46%	55%	57%
2.3 North/South: South	£273m	53%	£238m	54%	45%	43%
2.4 North/South: North	£203m	39%	£168m	39%	42%	45%
2.4 North/South: South	£314m	61%	£271m	61%	58%	55%
Three unitaries: West	£198m	38%	£166m	38%	38%	38%
Three unitaries: North	£107m	21%	£88m	20%	27%	30%
Three unitaries: East	£211m	41%	£185m	41%	34%	33%

Adult Social Care (ASC) is the county council's biggest area of expenditure, with £516m of net general fund revenue expenditure budgeted in 2025/26 excluding ASC grant funding.

The biggest and most volatile area of ASC expenditure is on care packages with total net expenditure of £439m budgeted in 2025/26.

For financial sustainability purposes, ideally there would be as close a correlation between the split of expenditure and key funding sources to avoid any one new unitary being relatively over or under-funded.

West/East 2.2 shows the closest correlation between the estimated split of ASC expenditure and the two key funding sources – Council Tax income and ASC grants. West/East 2.1 has the next best correlation. There is less correlation and therefore greater financial risk for North/South and the three unitary model.

Source: Surrey County Council Finance team

## SERVICE DELIVERY: Children's Social Care

	Estimated split of total CSC 2025/26 expenditure		% split of Council Tax income	% split of CSC Relative Needs Formula
2.1 West/East: East	£42m	44%	47%	45%
2.1 West/East: West	£53m	56%	53%	55%
2.2 West/East: East	£53m	55%	55%	55%
2.2 West/East: West	£43m	45%	45%	45%
2.3 North/South: North	£54m	57%	55%	54%
2.3 North/South: South	£41m	43%	45%	46%
2.4 North/South: North	£42m	44%	42%	43%
2.4 North/South: South	£53m	56%	58%	57%
Three unitaries: West	£36m	37%	38%	38%
Three unitaries: North	£30m	31%	27%	28%
Three unitaries: East	£30m	31%	34%	35%

Children's Social Care (CSC) is one of the two key areas of the County Council's Children, Families & Lifelong Learning General Fund revenue expenditure, with £95m of expenditure budgeted in 2025/26 excluding CSC grant funding.

For financial sustainability purposes, ideally there would be as close a correlation between the split of expenditure and key funding sources to avoid any one new unitaries being relatively over or under-funded.

West/East 2.2 shows the closest correlation between the estimated split of CSC expenditure and the two key funding sources – Council Tax income and CSC grants.

All the other geography options show less correlation with the three unitary option having the greatest degree of difference between how it is modelled and how CSC costs may be split (subject to shadow authority decisions) compared to funding splits.

Source: Surrey County Council Finance team

## SERVICE DELIVERY: Home to School Transport

	Estimated split of total Home to School Transport 2025/26 expenditure		% split of Council Tax income
2.1 West/East: East	£33m	44%	47%
2.1 West/East: West	£43m	56%	53%
2.2 West/East: East	£41m	54%	55%
2.2 West/East: West	£35m	46%	45%
2.3 North/South: North	£42m	54%	55%
2.3 North/South: South	£35m	46%	45%
2.4 North/South: North	£34m	45%	42%
2.4 North/South: South	£42m	55%	58%
Three unitaries: West	£29m	38%	38%
Three unitaries: North	£21m	28%	27%
Three unitaries: East	£26m	34%	34%

Home to School Transport is one of the two key areas of the county council's Children, Families & Lifelong Learning General Fund revenue expenditure, with £77m of expenditure budgeted in 2025/26 excluding CSC grant funding.

For financial sustainability purposes, ideally there would be as close a correlation between the split of expenditure and key funding sources to avoid any one new unitary being relatively over or under-funded.

North/South 2.3 shows the closest correlation between the estimated split of Home to School Transport expenditure and the two key funding sources – Council Tax income and government grants.

The correlation is also fairly close for the three unitary model and West/East 2.2 options. There is less correlation for the North/South 2.4 and West/East 2.1 options.

Source: Surrey County Council Finance team

## SERVICE DELIVERY: Adult Social Care packages, Children's Social Care and Home to School Transport combined

Unitary option	Unitary	25/26 ASC net care pack- ages spend	25/26 Children's Social Care spend	25/26 Home to School Transport spend	Total ASC care packages, CSC & H2ST	% of total spend	Council Tax income	Difference
2.1 West/East	East	£218m	£42m	£33m	£293m	48%	47%	0.9%
	West	£221m	£53m	£43m	£317m	52%	53%	-0.9%
	<b>Total Surrey</b>	<b>£439m</b>	<b>£95m</b>	<b>£77m</b>	<b>£610m</b>	<b>100%</b>	<b>100%</b>	
2.2 West/East	East	£246m	£53m	£41m	£339m	56%	55%	0.7%
	West	£193m	£43m	£35m	£271m	44%	45%	-0.7%
	<b>Total Surrey</b>	<b>£439m</b>	<b>£95m</b>	<b>£77m</b>	<b>£610m</b>	<b>100%</b>	<b>100%</b>	
2.3 North/South	North	£201m	£54m	£42m	£296m	49%	55%	-6.1%
	South	£238m	£41m	£35m	£314m	51%	45%	6.1%
	<b>Total Surrey</b>	<b>£439m</b>	<b>£95m</b>	<b>£77m</b>	<b>£610m</b>	<b>100%</b>	<b>100%</b>	
2.4 North/South	North	£168m	£42m	£34m	£243m	40%	42%	-1.8%
	South	£271m	£53m	£42m	£367m	60%	58%	1.8%
	<b>Total Surrey</b>	<b>£439m</b>	<b>£95m</b>	<b>£77m</b>	<b>£610m</b>	<b>100%</b>	<b>100%</b>	
Three unitaries West / North / East	West	£166m	£36m	£29m	£231m	38%	38%	-0.6%
	North	£88m	£30m	£21m	£139m	23%	27%	-4.5%
	East	£185m	£30m	£26m	£241m	39%	34%	5.1%
<b>Total Surrey</b>	<b>£439m</b>	<b>£95m</b>	<b>£77m</b>	<b>£610m</b>	<b>100%</b>	<b>100%</b>		

Looking at the total position for the three biggest areas of General Fund expenditure on ASC and Children Families and Lifelong Learning services, the **two East/West options show the best correlation** between the modelled split of costs compared to how Council Tax income as the biggest source of funding is split.

North/South (particularly option 2.3) and three unitary model show less correlation and are therefore not recommended as this would result in at least one unitary being relatively over or under funded.

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Source: Surrey County Council Finance team

## SERVICE DELIVERY: Waste collection and disposal, 2023/24

Waste collection and disposal is a key function for all twelve Surrey councils. The lower-tier local authorities are waste collection authorities, with key responsibility for roadside collection of waste from homes. Surrey County Council is a waste disposal authority, with responsibilities for the ultimate removal of waste collected. New obligations to standardise collections apply by March 2026 and 2027 ([Simpler Recycling in England: policy update - GOV.UK](#)).

	Total LA collected waste (tonnes)	Household total waste (tonnes)	Non-household total waste (tonnes)	Sent for recycling/composting/reuse (tonnes)	Not sent for recycling (tonnes)	% sent for recycling/composting/reuse	% not sent for recycling
Elmbridge	53,265	53,112	154	28,806	24,459	54.1%	45.9%
Epsom and Ewell	29,679	27,907	1,772	14,869	14,810	50.1%	49.9%
Guildford	55,684	51,389	4,295	30,629	25,056	55.0%	45.0%
Mole Valley	32,939	32,813	126	18,545	14,394	56.3%	43.7%
Reigate and Banstead	56,378	53,851	2,527	29,343	27,036	52.0%	48.0%
Runnymede	30,457	28,296	2,161	13,327	17,130	43.8%	56.2%
Spelthorne	35,690	35,119	572	15,698	19,992	44.0%	56.0%
Surrey Heath	32,200	32,060	141	18,914	13,286	58.7%	41.3%
Tandridge	33,148	32,598	550	18,903	14,246	57.0%	43.0%
Waverley	46,371	46,292	79	26,383	19,988	56.9%	43.1%
Woking	36,469	35,409	1,060	19,998	16,471	54.8%	45.2%

	Total LA collected waste (tonnes)	Household total waste (tonnes)	Non-household total waste (tonnes)	Sent for recycling/composting/reuse (tonnes)	Not sent for recycling (tonnes)	% sent for recycling/composting/reuse	% not sent for recycling
2.1 West/East: East	205,409	200,281	5,129	110,466	94,945	54%	46%
2.1 West/East: West	236,871	228,565	8,308	124,949	111,923	53%	47%
2.2 West/East: East	241,099	235,400	5,701	126,164	114,937	52%	48%
2.2 West/East: West	201,181	193,446	7,736	109,251	91,931	54%	46%
2.3 North/South: North	243,765	235,385	8,383	127,372	116,394	52%	48%
2.3 North/South: South	198,515	193,461	5,054	108,043	90,474	54%	46%
2.4 North/South: North	190,500	182,273	8,229	98,566	91,935	52%	48%
2.4 North/South: South	251,780	246,573	5,208	136,849	114,933	54%	46%
Three unitaries: West	170,724	165,150	5,575	95,924	74,801	56%	44%
Three unitaries: North	119,412	116,527	2,887	57,831	61,581	48%	52%
Three unitaries: East	152,144	147,169	4,975	81,660	70,486	54%	46%

Note: Surrey County Council is a Waste DISPOSAL Authority:

**528,719 tonnes total.**

**Of which:**

**509,064 tonnes Household waste**

**19,656 tonnes non-household waste**

**284,189 sent for recycling/composting/reuse (53.8%)**

**244,530 not sent for recycling (46.2%)**

Surrey County Council waste management will still need to be quantified and separated for disaggregation of duties to the new unitaries.

	Total LA collected waste (tonnes)	Household total waste (tonnes)	Non-household total waste (tonnes)	Sent for recycling / composting / reuse (tonnes)	Not sent for recycling (tonnes)
2.1 West/East: East	46.4%	46.7%	38.2%	46.9%	45.9%
2.1 West/East: West	53.6%	53.3%	61.8%	53.1%	54.1%
2.2 West/East: East	54.5%	54.9%	42.4%	53.6%	55.6%
2.2 West/East: West	45.5%	45.1%	57.6%	46.4%	44.4%
2.3 North/South: North	55.1%	54.9%	62.4%	54.1%	56.3%
2.3 North/South: South	44.9%	45.1%	37.6%	45.9%	43.7%
2.4 North/South: North	43.1%	42.5%	61.2%	41.9%	44.4%
2.4 North/South: South	56.9%	57.5%	38.8%	58.1%	55.6%
Three unitaries: West	38.6%	38.5%	41.5%	40.7%	36.2%
Three unitaries: North	27.0%	27.2%	21.5%	24.6%	29.8%
Three unitaries: East	34.4%	34.3%	37.0%	34.7%	34.1%

In terms of this metric, **2.1 West/East** is the most similar model, with the least variation in total tonnage collected, proportion deriving from households and non-households, and recycling / composting / reuse rates between the two unitaries. Note however that variation in both East/West unitary models is generally close to a 55:45 split, and that non-household waste collection has the least variation for **2.2 West/East**.

Both North/South models have increasing variation (with most waste generated in the North for 2.3 and the South for 2.4), and the three unitary model has an excess of waste collection in the West compared to the other unitaries in the model.

Source: [Local authority collected waste management - annual results - GOV.UK](https://www.gov.uk/government/statistics/local-authority-collected-waste-management-annual-results)

**SERVICE DELIVERY:  
Support to Schools**

Currently, the county council provides support to state-maintained schools across the county; this function will move to the new unitaries. The tables below show the number of current school places, by location of the school.

**Number of Published Admission Numbers (Pupil places) by school type, 2024-25 academic year**

	Academy	Community	Foundation	Free	Voluntary Aided	Voluntary Controlled	TOTAL PUPILS	Percentage of all pupils
Elmbridge	9,799	2,188	2,190	1,413	1,110	638	17,338	10.7%
Epsom and Ewell	9,975	1,322			840		12,137	7.5%
Guildford	13,079	2,590	240	35	1,363	360	17,667	10.9%
Mole Valley	6,272	1,971		147	1,983	428	10,801	6.7%
Reigate and Banstead	9,999	5,946	420	1,620	3,780		21,765	13.5%
Runnymede	7,557	2,370		900	840		11,667	7.2%
Spelthorne	10,772	1,885	630		1,494		14,781	9.2%
Surrey Heath	9,973	685	840		630		12,128	7.5%
Tandridge	7,734	1,015	210		1,835		10,794	6.7%
Waverley	13,243	1,037	1,020		2,442	210	17,952	11.1%
Woking	9,800	900	1,500	780	990	420	14,390	8.9%

	Academy	Community	Foundation	Free	Voluntary Aided	Voluntary Controlled	TOTAL PUPILS	Percentage of all pupils
2.1 West/East: East	43,779	12,442	2,820	3,180	9,548	1,066	72,835	45.1%
2.1 West/East: West	64,424	9,467	4,230	1,715	7,759	990	88,585	54.9%
2.2 West/East: East	54,551	14,327	3,450	3,180	11,042	1,066	87,616	54.3%
2.2 West/East: West	53,652	7,582	3,600	1,715	6,265	990	73,804	45.7%
2.3 North/South: North	60,980	10,618	5,400	3,128	6,427	1,418	87,971	54.5%
2.3 North/South: South	47,223	11,291	1,650	1,767	10,880	638	73,449	45.5%
2.4 North/South: North	51,181	8,430	3,210	1,715	5,317	780	70,633	43.8%
2.4 North/South: South	57,022	13,479	3,840	3,180	11,990	1,276	90,787	56.2%
Three unitaries: West	46,095	5,212	3,600	815	5,425	990	62,137	38.5%
Three unitaries: North	28,128	6,443	2,820	2,313	3,444	638	43,786	27.1%
Three unitaries: East	33,980	10,254	630	1,767	8,438	428	55,497	34.4%

In terms of this metric, 2.2 West/East shows the least variation in pupil numbers between unitaries, marginally more similar than 2.3 North/South and 2.1 West/East.

The support required from different school types will vary.

**Academies:** funded directly by the government and have more independence. They are not required to follow the national curriculum, although they must teach certain core subjects.

**Community Schools:** Controlled by the local council and not influenced by businesses or religious groups.

**Foundation Schools:** Similar to community schools, but with more freedom to make their own decisions.

**Voluntary Aided Schools:** Funded by the local authority, but with a foundation or trust (often religious) contributing to building costs and having significant influence.

**Voluntary Controlled Schools:** Similar to voluntary aided schools, but with less autonomy.

## SERVICE DELIVERY: Libraries

Library services are a statutory function delivered across the county by Surrey County Council from 52 distinct sites and the Library Direct Home Service. Size of libraries vary significantly, with our two largest flagship libraries located in Guildford and Woking, and ten Community Partnered Libraries – run by volunteers but supported by Surrey County Council staff. The service also currently serves prison libraries under contract (two in Reigate and Banstead, one in Guildford, one in Surrey Heath).

	Annual library issues	Annual library footfall	Current registered borrowers
Elmbridge	617,362	342,508	41,029
Epsom and Ewell	396,189	298,128	17,303
Guildford	366,761	171,991	46,395
Mole Valley	365,396	210,190	16,084
Reigate and Banstead	563,806	377,645	41,721
Runnymede	200,222	145,515	18,605
Spelthorne	291,559	185,528	20,424
Surrey Heath	235,962	119,242	24,103
Tandridge	295,900	140,694	12,918
Waverley	569,909	323,943	34,442
Woking	463,586	266,318	47,759
<b>Surrey County</b>	<b>4,366,652</b>	<b>2,581,702</b>	<b>320,782</b>

	Annual library issues	Annual library footfall	Current registered borrowers	% split (issues)	% split (footfall)	% split (borrowers)
2.1 West/East: East	2,238,653	1,369,165	129,054	51.3%	53.0%	40.2%
2.1 West/East: West	2,127,999	1,212,537	191,728	48.7%	47.0%	59.8%
2.2 West/East: East	2,530,212	1,554,693	149,478	57.9%	60.2%	46.6%
2.2 West/East: West	1,836,440	1,027,009	171,304	42.1%	39.8%	53.4%
2.3 North/South: North	2,175,452	1,231,102	198,315	49.8%	47.7%	61.8%
2.3 North/South: South	2,191,200	1,350,600	122,467	50.2%	52.3%	38.2%
2.4 North/South: North	1,558,090	888,594	157,286	35.7%	34.4%	49.0%
2.4 North/South: South	2,808,562	1,693,108	163,496	64.3%	65.6%	51.0%
Three unitaries: West	1,636,218	881,494	152,699	37.5%	34.1%	47.6%
Three unitaries: North	1,109,143	673,551	80,058	25.4%	26.1%	25.0%
Three unitaries: East	1,621,291	1,026,657	88,025	37.1%	39.8%	27.4%

In terms of this metric, **2.3 North/South** is the most similar model for the number of issues and footfall, with **2.4 North/South** most similar for the number of registered borrowers. Note though that both borrowers and visitors are not restricted to Surrey residents. Continued membership of the South East Libraries Management Services consortium is envisaged such that users would remain free to use any site regardless of their originating authority. Also note that no model supports an easy disaggregation of assets and stock.

Source: Surrey County Council Libraries services, internal data provision

## SERVICE DELIVERY:

### Registrations of births, deaths and ceremonies

Surrey Register Offices operate out of five locations, covering births, deaths and ceremonies for the whole of the county. Each proposed unitary would include at least one of the legacy offices, at least two for each of the two unitary models.

	Live births registered, 2023	Deaths registered, 2023	Registry Offices
Elmbridge	1,285	1,172	1
Epsom and Ewell	745	687	
Guildford	1,320	1,174	1
Mole Valley	675	963	1
Reigate and Banstead	1,545	1,357	1
Runnymede	880	827	
Spelthorne	1,155	874	
Surrey Heath	850	871	1
Tandridge	850	897	
Waverley	1,090	1,356	
Woking	1,080	813	
<b>Surrey County</b>	<b>11,475</b>	<b>10,991</b>	<b>5</b>

	Live births registered, 2023	Deaths registered, 2023	Registry Offices	% split (births)	% split (deaths)	% split (offices)
2.1 West/East: East	5,100	5,076	3	44.4%	46.2%	60%
2.1 West/East: West	6,375	5,915	2	55.6%	53.8%	40%
2.2 West/East: East	6,255	5,950	3	54.5%	54.1%	60%
2.2 West/East: West	5,220	5,041	2	45.5%	45.9%	40%
2.3 North/South: North	6,570	5,731	3	57.3%	52.1%	60%
2.3 North/South: South	4,905	5,260	2	42.7%	47.9%	40%
2.4 North/South: North	5,285	4,559	2	46.1%	41.5%	40%
2.4 North/South: South	6,190	6,432	3	53.9%	58.5%	60%
Three unitaries: West	4,340	4,214	2	37.8%	38.3%	40%
Three unitaries: North	3,320	2,873	1	28.9%	26.1%	20%
Three unitaries: East	3,815	3,904	2	33.2%	35.5%	40%

In terms of this metric, the North/South models best approximate equity for the volume of annual births and deaths: **2.4 North/South** is the most similar for birth numbers, **2.3 North/South** most similar for death numbers. However, **2.2 West/East** shows lower variation across both measures combined. Both East/West models show low variation between unitaries; the gap between 2.3 North/South and 2.4 North/South is wider.

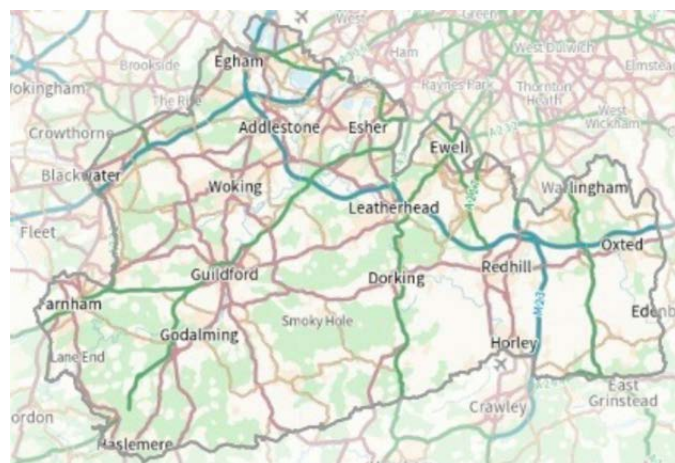
Source: Live births - [Office for National Statistics](#)

[Death registrations and occurrences by local authority and health board](#) - Office for National Statistics

Birth, death and ceremonies - Surrey County Council

## SERVICE DELIVERY: Highways maintenance

As the Highways Authority for the county, Surrey County Council currently maintains over 3,000 miles of public highways. A separation by lower-tier authority has been supplied by the Highways service beneath.



	Miles of road	Backlog, £M
Elmbridge	249	19.7
Epsom and Ewell	132	18.2
Guildford	426	38.9
Mole Valley	332	28.1
Reigate and Banstead	305	32.5
Runnymede	174	11.9
Spelthorne	175	22.7
Surrey Heath	235	17.7
Tandridge	337	24.0
Waverley	466	39.8
Woking	190	21.9
<b>Surrey County</b>	<b>3,021</b>	<b>275.4</b>

	Miles of road	Backlog, £M	% split (miles)	% split (backlog)
2.1 West/East: East	1,355	123	44.9%	44.5%
2.1 West/East: West	1,666	153	55.1%	55.5%
2.2 West/East: East	1,530	145	50.6%	52.7%
2.2 West/East: West	1,491	130	49.4%	47.3%
2.3 North/South: North	1,449	133	48.0%	48.2%
2.3 North/South: South	1,572	143	52.0%	51.8%
2.4 North/South: North	1,200	113	39.7%	41.1%
2.4 North/South: South	1,821	162	60.3%	58.9%
Three unitaries: West	1,317	118	43.6%	43.0%
Three unitaries: North	598	54	19.8%	19.7%
Three unitaries: East	1,106	103	36.6%	37.3%

In terms of this metric, **2.2 West/East** shows the least variation between modelled unitaries for inheritable road miles, with this being distributed almost exactly between unitaries. The associated backlog of maintenance spend on these roads is divided most equitably for model **2.3 North/South** – note that this represents anticipated expenditure on a backlog of repair works, and actual road mileage and regular traffic use would be a better long-term predictor of requirement.

Source: Surrey County Council Internal dataset, Highways department  
[Pothole reports and repairs statistics | Surrey-i](#)  
[Road lengths in Great Britain: 2023 - GOV.UK](#)

## **DEMOCRACY AND GOVERNANCE**

Currently, the two-tier nature of local government in the county means separate and distinct elections for the political representation on eleven lower-tier authorities and the county councillors.

There are currently 81 county councillors, 453 district and borough councillors, in addition to 87 parish councils. Parish councils will continue in their current form, but the 534 existing lower-tier and upper-tier elected members will reduce significantly to one set of councillors per unitary authority, and a county-wide elected Mayor.

## DEMOCRACY AND GOVERNANCE: Number of currently elected councillors, and Parish councils

Although the exact number and nature of elected seats for each unitary remains to be finalised, a comparison of the current number of elected councillors and of parish councils to each proposed unitary is informative as to the likely equity of each model.

	Number of Borough / District Councillors	Number of County Councillors	Number of Parish Councils
Elmbridge	48	9	1
Epsom and Ewell	35	5	0
Guildford	48	10	23
Mole Valley	39	6	13
Reigate and Banstead	45	10	2
Runnymede	41	6	0
Spelthorne	39	7	0
Surrey Heath	35	6	4
Tandridge	43	6	22
Waverley	50	9	22
Woking	30	7	0
<b>Surrey County</b>	<b>453</b>	<b>81</b>	<b>87</b>

	Number of Borough / District Council-lors	Number of County Council-lors	Number of Parish Councils	% split (B/D council-lors)	% split (County Council-lors)	% split (Parish councils)
2.1 West/East: East	210	36	38	46.4%	44.4%	43.7%
2.1 West/East: West	243	45	49	53.6%	55.6%	56.3%
2.2 West/East: East	249	43	38	55.0%	53.1%	43.7%
2.2 West/East: West	204	38	49	45.0%	46.9%	56.3%
2.3 North/South: North	241	45	28	53.2%	55.6%	32.2%
2.3 North/South: South	212	36	59	46.8%	44.4%	67.8%
2.4 North/South: North	193	36	27	42.6%	44.4%	31.0%
2.4 North/South: South	260	45	60	57.4%	55.6%	69.0%
Three unitaries: West	163	32	49	36.0%	39.5%	56.3%
Three unitaries: North	128	22	1	28.3%	27.2%	1.1%
Three unitaries: East	162	27	37	35.8%	33.3%	42.5%

In terms of this metric, the **two East/West models** tie exactly for closeness to equity on the number of parish councils each unitary would need to work alongside. The 2.2 West/East model also shows least variation for the current transposition of county councillor seats to the new unitaries. 2.3 North/South comes closest to equity for a division of existing borough and district councillors. Both North/South models carry significant variation for the number of parish councils, as does the three unitary model.

Source: Internal Surrey County Council data, sourced from individual council websites, March 2025

# **APPENDIX 3: BORROWING POSITION IN SURREY**

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## **The level of debt across the Surrey geography is extremely high and ongoing financing costs are disproportionate to the size of the combined net revenue budgets of the existing authorities.**

In June 2023, Woking Borough Council issued a section 114 notice, due primarily to the level of debt. In March 2025, the Ministry of Housing, Communities and Local Government (MHCLG) responded to the Inspectors' Best Value report for Spelthorne Borough Council, proposing a minded to intervention package linked to debt related financial issues.

Across Surrey, local authorities collectively held £5.7 billion of external debt at the end of January 2025 and have a combined underlying borrowing requirement, known as the Capital Financing Requirement (CFR), based on historic capital investment decisions of £7.8 billion.

The underlying need to borrow (CFR) can be further sub-categorised as follows:

- £0.7 billion (9%) of debt relating to Housing Revenue Accounts.
- £3.4 billion (44%) of General Fund debt, used to support capital programme delivery.
- £3.7 billion (47%) of debt relating to commercial activities/investments.

The 2025/26 budgets of the local authorities include combined General Fund interest payable and Minimum Revenue Provision (MRP) budgets of £327 million<sup>1</sup>. This equates to 22% of the combined Net Revenue Budgets. This figure will increase significantly and be concentrated in those unitaries containing high debt levels. In some district and boroughs the gross financing costs are in excess of 100% of their net revenue budget.

As part of Exceptional Financial Support (EFS) agreed with government, Woking Borough Council have deferred circa £96 million of capital financing costs, (MRP) in 2025/26, along with having a Capitalisation Directive of £75 million relating mainly to interest costs. In the absence of continued EFS, the new unitaries will inherit a budget gap of at least £171 million.

The commercial picture across the county is complex, with over 150 directly owned investment properties and at least 37 subsidiary companies. Further analysis will need to be undertaken on the underlying value of these investments and their associated debt to understand the level of "stranded" debt.

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<sup>1</sup> Note this includes the full amount due for Woking's debt, of which c£96m is unbudgeted as has been deferred as part of the Exceptional Financial Support in place.

It is accepted that within Woking the level of stranded debt is circa £1.5 billion, which will continue to rise with ongoing EFS.

Across the 12 authorities, there is income of circa £150 million budgeted from interest and investment income that not only helps repay the debt on commercial investments but underpins the delivery of services to residents. Any option to transfer or dispose of commercial assets would therefore lead to further budget pressures.

### **Jointly agreed position for final submission**

A fundamental objective of LGR is to create a set of unitary authorities in Surrey that are financially sustainable and provide value for money. As part of this, government is keen for the authorities in Surrey to find solutions to the ongoing risk that this level of capital financing costs create and look to set up new authorities without an ongoing need for EFS.

The timescales for the final submission to government have not allowed sufficient time to cover off the detailed analysis required for any consideration of formulated proposals to address the current and future debt position.

It has been agreed that a principle should be that, aside from Woking Borough Council, all councils have set balanced budgets for 2025/26, including budgeted financing costs and relevant commercial income.

Whilst there is a need for further discussions with government on options around managing this level of debt in Surrey following the submission of the Final Plans, all Surrey leaders maintain their position

as outlined in the letter to the Minister, with a focused requirement for writing off the 'stranded' debt identified above in relation to Woking Borough Council as part of the government's considerations within the forthcoming Spending Review.

**Without this, any unitary created as part of the LGR process that has Woking Borough Council within its boundaries, and that inherits its current debt position, will not be financially viable, and would require ongoing EFS from government.**

We would welcome further discussions with government for dealing with the debt that enables successful unitary government in Surrey. In the meantime, we would ask government to look at the current form of any ongoing EFS, ensuring that the level of stranded debt is not increased in Woking or any successor authority. Equally, existing and future authorities should also be offered an incentive through permanent Public Works Loan Board (PWLB) discounts where authorities choose to sell commercial assets to repay PWLB debt early as part of prudently managed debt and liability profiles.

While the Final Plan has identified efficiencies that can be delivered through LGR, these will be primarily needed to support financial sustainability, given the rising demand and delivery of vital services to residents and communities in Surrey as well as to mitigate the anticipated impact on funding from the government's Fair Funding Review (FFR).

### **Debt position in proposed unitary options**

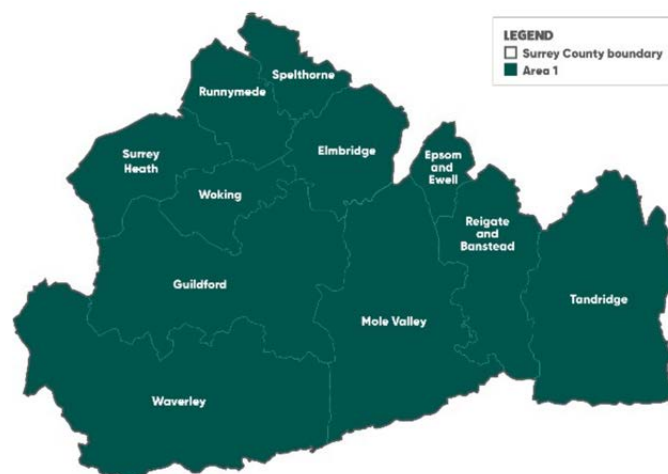
The tables below, show indicative splits of the capital financing costs associated with the existing borrowing across Surrey local authorities, across 1,2 and 3 unitary options.

It is important to note that:

- The allocation of Surrey County Council's Net Revenue Budget and capital financing costs is based on Index of Multiple Deprivation (IMD) weighted population for illustrative purposes only. Final allocations will require significant further work and decisions made by shadow authorities on capital and revenue budgets.
- The tables below show the gross borrowing costs. It should be noted that the local authorities across Surrey have 2025/26 budgeted income of circa. £150m from interest and investment activities. This has not been taken into account below as it fluctuates from year to year and commercial income is subject to particular volatility.
- 2025/26 capital financing costs have been used to illustrate current scale, it is also important to note that due to the use of annuity methodology for Minimum Revenue Provision calculation in a number of authorities policies, the capital financing costs are not flat and gradually increase over the medium-term planning period.
- The figures for Woking Borough Council exclude the deferral of financing costs as part of EFS, so represent the total due, not total budgeted.

## 1 Single unitary

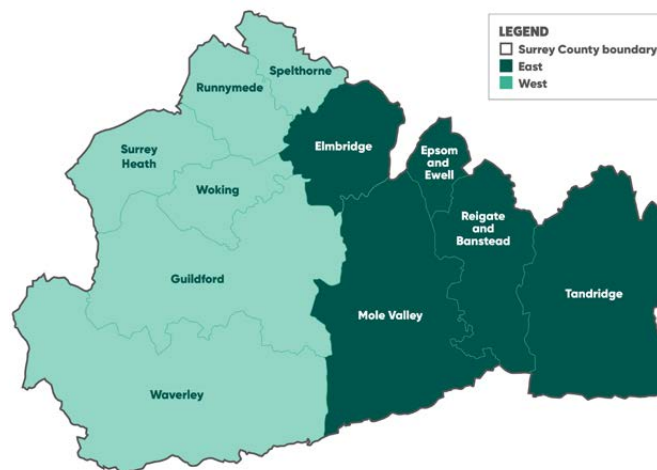
	Total Financing Costs £m	Net Revenue Budget £m	Gross Financing Costs as a % of Net Revenue Budget
Elmbridge	2.9	23.7	12%
Epsom & Ewell	2.7	10.3	27%
Guildford	3.2	17.9	18%
Mole Valley	3.4	12.1	28%
Reigate & Banstead	1.1	22.4	5%
Runnymede	18.3	10.8	170%
Spelthorne	38.5	17.1	225%
Surrey CC	72.0	1,274.7	6%
Surrey Heath	9.8	21.8	45%
Tandridge	2.6	13.8	19%
Waverley	1.1	17.5	6%
Woking	171.7	23.6	728%
<b>Total</b>	<b>327.4</b>	<b>1,465.7</b>	<b>22%</b>



22% of the total combined net revenue budget would be required to cover the annual capital financing costs of the existing debt.

## 2 Unitaries East / West (2.1)

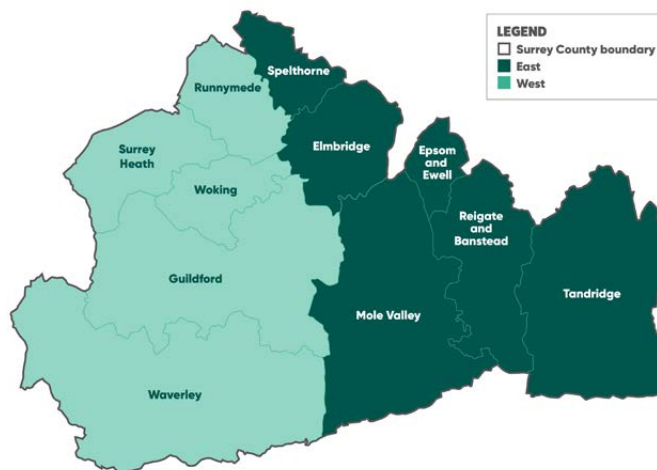
		Total Financing Costs	Net Revenue Budget	Gross Financing Costs as a % of Net Revenue Budget
		£m	£m	
East	Elmbridge	2.9	23.7	12%
	Epsom & Ewell	2.7	10.27	27%
	Mole Valley	3.4	12.12	28%
	Reigate & Banstead	1.1	22.35	5%
	Tandridge	2.6	13.84	19%
	Illustrative SCC split	32.2	570.13	6%
		<b>45.0</b>	<b>652.4</b>	<b>7%</b>
West	Guildford	3.2	17.92	18%
	Runnymede	18.3	10.76	170%
	Spelthorne	38.5	17.14	225%
	Surrey Heath	9.8	21.82	45%
	Waverley	1.1	17.46	6%
	Woking	171.7	23.58	728%
	Illustrative SCC split	39.8	704.57	6%
		<b>282.4</b>	<b>813.3</b>	<b>35%</b>



With 35% of the net revenue budget needing to be spent on capital financing costs, it is likely that the West unitary would require EFS.

## 2 Unitaries East / West (2.2)

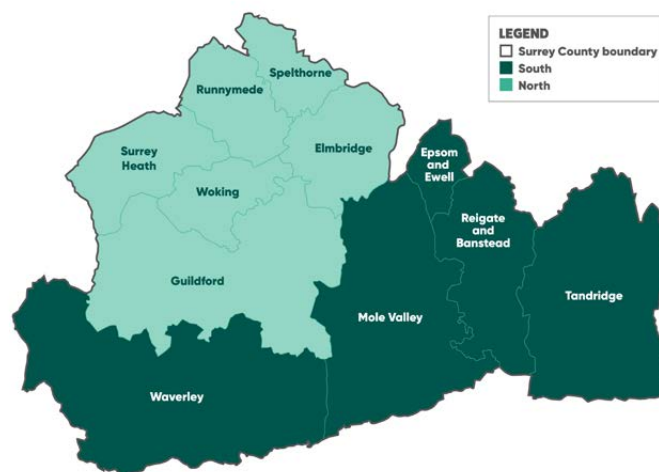
		Total Financing Costs £m	Net Revenue Budget £m	Gross Financing Costs as a % of Net Revenue Budget
East	Elmbridge	2.9	23.7	12%
	Epsom & Ewell	2.7	10.27	27%
	Mole Valley	3.4	12.12	28%
	Reigate & Banstead	1.1	22.35	5%
	Spelthorne	38.5	17.14	225%
	Tandridge	2.6	13.84	19%
	Illustrative SCC split	39.5	699.07	6%
	<b>90.7</b>	<b>798.5</b>	<b>11%</b>	
West	Guildford	3.19	17.92	18%
	Runnymede	18.34	10.76	170%
	Surrey Heath	9.82	21.82	45%
	Waverley	1.11	17.46	6%
	Woking	171.67	23.58	728%
	Illustrative SCC split	32.50	575.63	6%
	<b>236.6</b>	<b>667.2</b>	<b>35%</b>	



With 35% of the net revenue budget needing to be spent on capital financing costs, it is likely that the West unitary would require EFS from government.

## 2 Unitaries North/South (2.3)

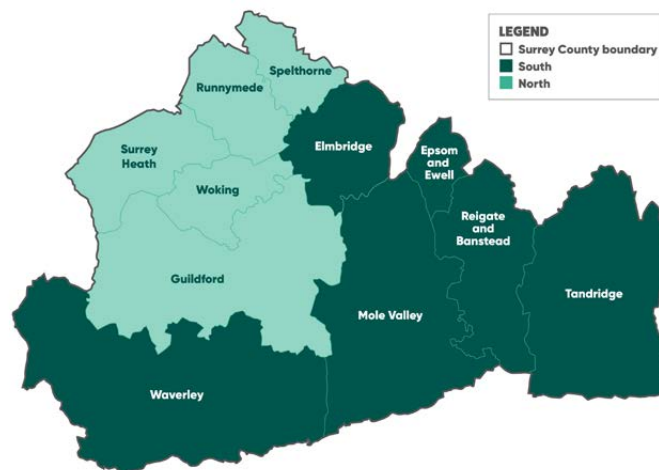
		Total Financing Costs £m	Net Revenue Budget £m	Gross Financing Costs as a % of Net Revenue Budget
North	Elmbridge	2.9	23.7	12%
	Guildford	3.2	17.9	18%
	Runnymede	18.3	10.8	170%
	Spelthorne	38.5	17.1	225%
	Surrey Heath	9.8	21.8	45%
	Woking	171.7	23.6	728%
	Illustrative SCC split	40.3	713.6	6%
		<b>284.7</b>	<b>828.5</b>	<b>34%</b>
South	Epsom & Ewell	2.74	10.27	27%
	Mole Valley	3.4	12.12	28%
	Reigate & Banstead	1.13	22.35	5%
	Tandridge	2.6	13.84	19%
	Waverley	1.11	17.46	6%
	Illustrative SCC split	31.67	561.07	6%
		<b>42.7</b>	<b>637.1</b>	<b>7%</b>



With 34% of the net revenue budget needing to be spent on capital financing costs, it is likely that the North unitary would require EFS from government.

## 2 Unitaries North/South (2.4)

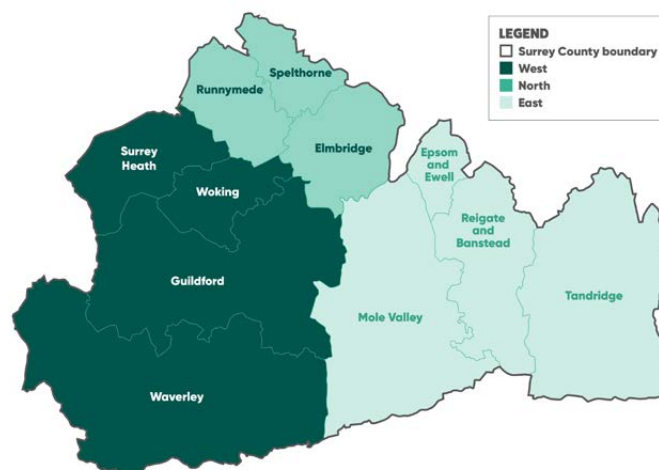
		Total Financing Costs £m	Net Revenue Budget £m	Gross Financing Costs as a % of Net Revenue Budget
North	Guildford	3.2	17.9	18%
	Runnymede	18.3	10.8	170%
	Spelthorne	38.5	17.1	225%
	Surrey Heath	9.8	21.8	45%
	Woking	171.7	23.6	728%
	Illustrative SCC split	32.8	581.1	6%
	<b>Total</b>	<b>274.3</b>	<b>672.3</b>	<b>41%</b>
South	Elmbridge	2.9	23.7	12%
	Epsom & Ewell	2.7	10.3	27%
	Mole Valley	3.4	12.1	28%
	Reigate & Banstead	1.1	22.4	5%
	Tandridge	2.6	13.8	19%
	Waverley	1.1	17.5	6%
	Illustrative SCC split	39.2	693.6	6%
<b>Total</b>	<b>53.0</b>	<b>793.3</b>	<b>7%</b>	



With 41% of the net revenue budget needing to be spent on capital financing costs, it is highly likely that the North unitary would require EFS from government.

## 3 Unitaries

		Total Financing Costs	Net Revenue Budget	Gross Financing Costs as a % of Net Revenue Budget
		£m	£m	
North	Elmbridge	2.9	23.7	12%
	Runnymede	18.3	10.8	170%
	Spelthorne	38.5	17.1	225%
	Illustrative SCC split	20.6	364.2	6%
	<b>80.3</b>	<b>415.8</b>	<b>19%</b>	
East	Epsom & Ewell	2.7	10.27	27%
	Mole Valley	3.4	12.12	28%
	Reigate & Banstead	1.1	22.35	5%
	Tandridge	2.6	13.84	19%
	Illustrative SCC split	24.7	437.62	6%
<b>34.6</b>	<b>496.2</b>	<b>7%</b>		
West	Guildford	3.2	17.9	18%
	Surrey Heath	9.8	21.8	45%
	Waverley	1.1	17.46	6%
	Woking	171.7	23.6	728%
	Illustrative SCC split	26.7	472.9	6%
<b>212.5</b>	<b>553.7</b>	<b>38%</b>		

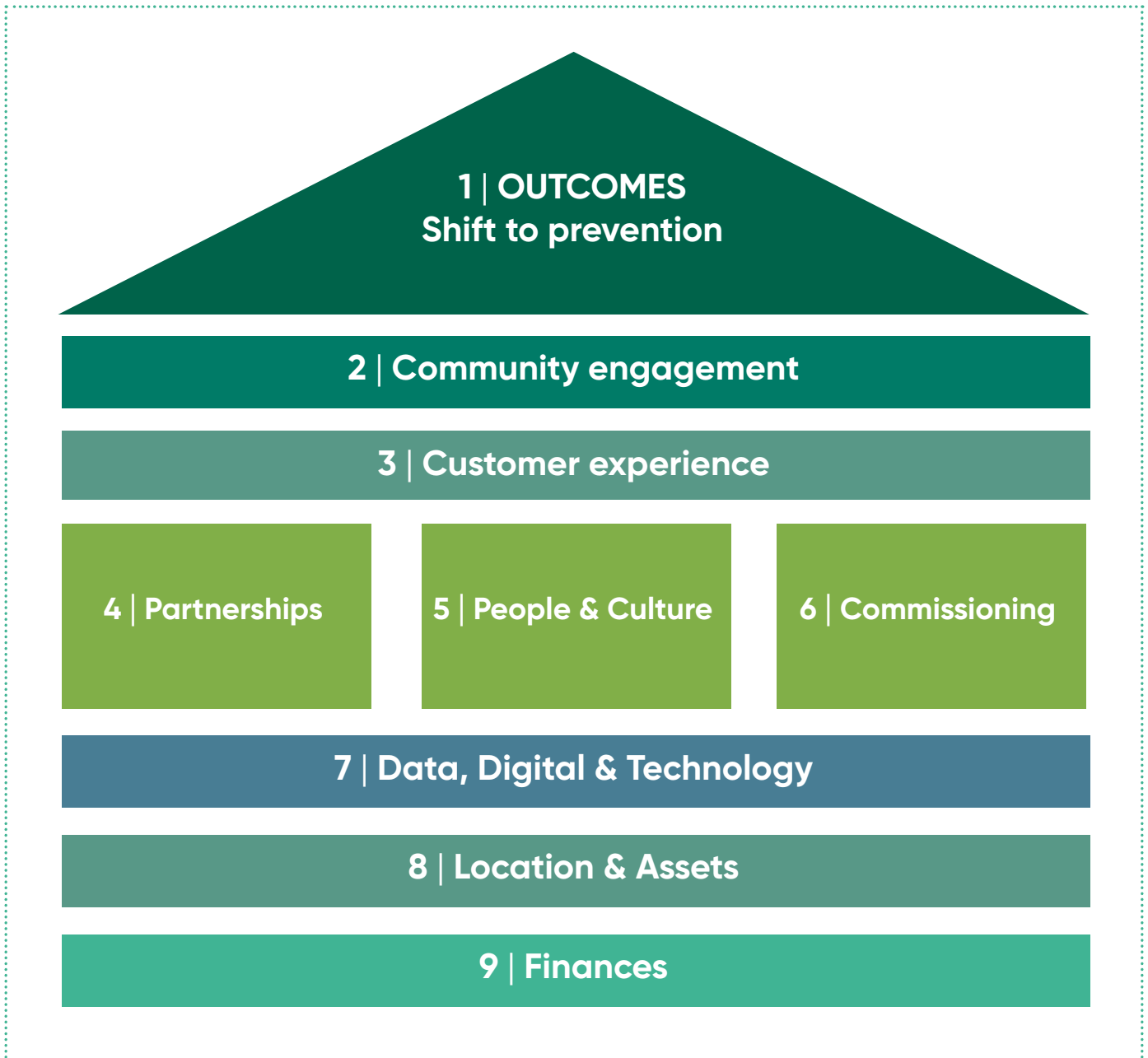


With 38% of the net revenue budget needing to be spent on capital financing costs, it is highly likely that the West unitary would require EFS from government, it is also likely that the North would also struggle with financial sustainability with capital financing costs at 19%.

# **APPENDIX 4: TARGET OPERATING MODELS FOR THE NEW COUNCILS**

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## Operating model design principles for the new unitary councils



The relationship between the MSA and new unitary authorities will be a crucial part of the operational designs for the new councils and will feature in all the design principles set out below.

1	<ul style="list-style-type: none"> <li>• <b>Focus on outcomes</b> – for individuals, families, neighbourhoods, communities and businesses</li> <li>• <b>Shift to prevention</b> – understanding the root causes of problems and acting early to the benefit of residents and communities and more effective use of resources</li> </ul>
2	<ul style="list-style-type: none"> <li>• <b>Balance scale with strong local community engagement</b> – using economies of scale to deliver consistent high-quality services, while working alongside local residents, groups and other partners to address local priorities and build capacity for action</li> </ul>
3	<ul style="list-style-type: none"> <li>• <b>Join up customer experiences</b> – connecting customer access points and data insights to enable a simplified and more proactive approach, acting on feedback and delivering services that meet people’s needs at the right time and in the right way</li> </ul>
4	<ul style="list-style-type: none"> <li>• <b>Grow strong partnerships</b> – delivering critical services the councils are responsible for while also working in partnership with all other agencies – including the Mayoral Strategic Authority (MSA) – to support improved outcomes. In addition to direct service delivery this will sometimes involve coordinating, convening, influencing, signposting or regulating, enabling communities and partnerships to take the lead</li> </ul>
5	<ul style="list-style-type: none"> <li>• <b>Embed high performance cultures</b> – ensuring a culture of high expectations and values-based support where employees put the needs of residents first, collaborate effectively with others, and are supported with a strong career development offer, flexibility and rewarding job roles</li> </ul>
6	<ul style="list-style-type: none"> <li>• <b>Strengthen commissioning</b> – developing smart commissioning approaches that maximise economies of scale – including big picture insights, strategic collaboration with providers, and market shaping alongside the MSA – and use local insight and co-design techniques so services and offers are responsive and effective for residents and communities</li> </ul>
7	<ul style="list-style-type: none"> <li>• <b>Leverage data, digital and technology</b> – using digital, data and technology to drive innovation, meeting residents’ needs in more efficient, accessible and effective ways, and strengthening engagement and collaboration</li> </ul>
8	<ul style="list-style-type: none"> <li>• <b>Optimise use of land and assets</b> – making best use of physical locations to simplify and improve the customer experience and create a resilient, modern, more environmentally sustainable and value for money asset base</li> </ul>
9	<ul style="list-style-type: none"> <li>• <b>Financial sustainability</b> – ensuring sound and effective financial management and governance that can underpin the delivery of high quality, sustainable and value for money public services</li> </ul>

# **APPENDIX 5: OUR APPROACH TO ENGAGEMENT**

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## Resident Engagement

<p><b>Face to face engagement: "Let's Talk" sessions</b></p>	<p>During April, we ran drop-in sessions in libraries across Surrey to meet directly with residents and explain the proposals in detail.</p> <p>The sessions will continue during the summer months, both within libraries and at a wide range of community events across the county.</p> <p>The first event at Staines library was attended by 20 residents and questions mostly centred on how services would change, debt management and election postponement.</p>
<p><b>Face to face engagement: library staff</b></p>	<p>Library staff at Surrey's 52 libraries were among the first to be briefed on LGR, in anticipation of those who may be digitally excluded (without access to a computer, smart phone or the internet) and enquiring directly with libraries.</p> <p>Library staff have been updating residents face to face throughout the process, offering both printed versions of proposals and assisting visitors with accessing the proposals and FAQs online, via the library computers available in every Surrey library.</p> <p>Surrey's libraries will hold printed versions of the Final Plan and will continue with face to face briefings.</p>
<p><b>Face to face engagement: Community Link Officers</b></p>	<p>Surrey County Council's network of Community Link Officers, based in District and Boroughs, have been engaging directly with residents, answering questions and pointing them to more information on the Surrey County Council website.</p>

**Local media coverage**

Media coverage has been secured in news outlets, including:

- Local radio stations, local papers and locally-focused websites
- National media coverage such as BBC News and its websites
- Local magazines and opinion columns

Media coverage can be tracked against a rise in web visits to the bespoke LGR pages on Surrey County Council's website. This is seen in early February where a high point in online media coverage is mirrored in the Surrey County Council LGR webpage visit figures.

There have been 447 Surrey County Council related LGR media items across, print, TV, online, radio and magazines, with a cumulative potential audience reach of 6.9 million people (1 January – 15 April).

<p><b>Digital engagement: social media</b></p>	<p>We actively manage a wide range of social media sites on multiple platforms and post bespoke information, static posts and explanatory videos that encourage very high engagement. We also post into other social media community groups where discussions have 'tagged' Surrey County Council and have created content specifically for young people and shared this on our dedicated social media channel for that audience.</p> <p>We are actively listening to residents on social media and responding to questions quickly and accurately. Responses are written by named individuals who consistently use a professional and warm tone to effectively aid online discussions, pointing to facts and further information sources. For example;</p> <p><b>Comment: What does the reorganisation mean for SEND children and parents?</b></p> <p>Response: Hi Angela - there are no immediate changes to the operation of our services. Throughout this reorganisation, our vital work supporting residents will continue. Local government reorganisation has taken place in several areas in the last decade, including Dorset, Cumbria, Northamptonshire and Wiltshire. We'll be talking to colleagues in other parts of the country to understand their experience and to ensure a smooth transition of services. Thanks, Sally</p> <p>Questions that have not been raised previously are added to our online FAQs, for others to view.</p> <p>Between 1 and 28 February 2025 we were tagged into 594 comments about local government reorganisation and devolution. 427 of these messages were on Facebook, analysed and responded to, as appropriate.</p> <p>We are posting and responding on all our social media platforms.</p>
<p><b>Digital engagement: website feedback</b></p>	<p>As of the start of April, 10,592 unique visitors have visited Surrey County Council's LGR dedicated webpage. Since 5 February, those pages have generated over 500 responses via the 'Was this page helpful?' feedback tool.</p>

<p><b>Digital engagement: Surrey's digital newsletter Surrey Matters</b></p>	<p>Our award-winning newsletter is sent directly to 222,000 residents inboxes every month, and has regularly featured information about devolution and LGR.</p> <p>Open rate on LGR articles is consistently high and generates questions from residents that are fed back into proposals and FAQs:</p> <p>February: 9,024 clicks</p> <p>March: 6,366 clicks</p> <p>April: 2,730 clicks</p>
<p><b>Telephone engagement: contact centre</b></p>	<p>Our customer contact centre has received five emails and three calls so far (as of 10 April 25). The majority of these enquiries required further information or saw the customer referred to the website.</p>
<p><b>Representative surveying via our online panel</b></p>	<p>We have undertaken 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, and this has helped to shape this proposal.</p> <p>The panel is comprised of c.1,400 residents that are broadly representative of Surrey's core demographics.</p> <p>This is a tool we will continue to use to understand resident views. So far, the three outcomes most important to residents are:</p> <ol style="list-style-type: none"> <li>1. Better value for money when delivering services (60%)</li> <li>2. Clearer accountability (45%)</li> <li>3. A more financially resilient council (37%)</li> </ol> <p>558 residents were interviewed between 12-26 February.</p>
<p><b>Schools</b></p>	<p>Regular updates provided to over 500 Surrey schools via our weekly School's Bulletin, with signposts to more information and support.</p>
<p><b>Business engagement</b></p>	<p>Updates have been provided to local businesses via established networks, and through three partner briefings. Some local businesses have engaged with us on social media.</p>

## Surrey County Council Staff Engagement

<p><b>Bespoke intranet hub</b></p>	<p>A bespoke staff intranet hub was created holding all LGR related information, including regularly updated FAQs.</p> <p>Views up to 15 April exceed 4,500.</p>
<p><b>Dedicated inbox</b></p>	<p>A dedicated internal email inbox receives all LGR enquiries and responses are given within five days</p>
<p><b>Bespoke town hall session</b></p>	<p>Over 2,700 staff members attended an in-person and online bespoke town hall session. Feedback identified that 86% of staff surveyed felt informed about the LGR process following the session.</p>
<p><b>Manager's briefing session</b></p>	<p>Surrey County Council managers have attended monthly briefing sessions and provided with a regularly updated managers' information pack.</p>
<p><b>Directorate specific communications</b></p>	<p>Surrey County Council's directorate leads have been proactive in presenting LGR information directly to their staff, to ensure tailored information on the process is received and that open lines of communication are available. Public Health, Children's and Adults services and Land and Property have all held specific sessions on LGR. Further work on the staff intranet's dedicated LGR pages will allow for directorate specific questions and answers, as every department's staff have bespoke queries as to their future work and the broader future of the organisation.</p>

## Partner and External Stakeholder Engagement

<p><b>Engaging strategic partners</b></p>	<p>The primary mechanism for engaging key partners in the process of developing the interim plan and the Final Plan for LGR in Surrey was through items to the Health and Wellbeing and Integrated Care Partnership Board (HWB/ICP). This group's membership includes the NHS, voluntary sector, Surrey Police, Surrey Fire and Rescue Service, education partners and district and borough councils. As such, it acts as a key mechanism for keeping key partners informed and engaged.</p> <p>Alongside the HWB/ICP items, dedicated partner briefings were hosted by the Leader of Surrey County Council. One briefing took place prior to the submission of the interim plan and focused on updating partners on the impact of the English Devolution White Paper and the ongoing work to submit an interim plan to Government. The second briefing covered the work to develop the Final Plan and the impact this would have on Surrey, its residents and partners. The briefing took a specific focus on community engagement and asked partners to help shape how the newly formed unitary councils would build on the towns and villages approach to build robust and effective links into local communities.</p> <p>Furthermore, items on LGR have been presented into existing partner meetings including Surrey Heartlands meetings, the Surrey Interfaith Forum, the Surrey Forum, and the Surrey Charities Forum, allowing information to be cascaded out to wider partners where they already meet.</p>
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**Engaging Surrey County  
Council elected members**

Surrey County Council elected members were kept engaged through regular All Member Briefings.

Two briefings took place prior to the submission of the interim plan which engaged members on the initial options appraisal and the intended submission content.

Two further briefings were held ahead of the Final Plan being submitted. The first focused on towns and villages and the importance of local community engagement under the new unitaries. The second focused on the further analysis that had taken place, and informed the case being put forward to government in the Final Plan for LGR in Surrey.

In addition, scrutiny was a key part of the engagement of this work. Prior to the submission of the interim plan, a Member Reference Group was engaged. This group included Select Committee Chairs and Vice Chairs, as well as the Group Leaders. The group successfully reviewed and commented on the interim plan before its submission to government. In the leadup to the Final Plan deadline, the existing Select Committee Chairs and Vice Chairs group was asked to review and comment on the work to develop the Final Plan.

Ahead of both the interim plan and Final Plan submission, the proposals and a commentary report were taken through Full Council ahead of Cabinet. This allowed all Surrey County Council elected members to discuss the proposals prior to Cabinet deciding whether they should be submitted.

A bespoke Members' Intranet Hub was created to provide them with direct access to all Surrey's LGR information and bespoke Member's FAQs that are regularly updated. Updates will be shared through this as well as Members' regular newsletter.

**Engaging with district and borough council Leaders and Chief Executives**

The Interim Plan consisted of a joint Part A and two separately authored Part Bs. In order to discuss and reach consensus of the joint Part A, Surrey Leaders and Chief Executives regularly met to discuss and agree on its contents. This led to a successful joint submission of Part A of the Interim Plan.