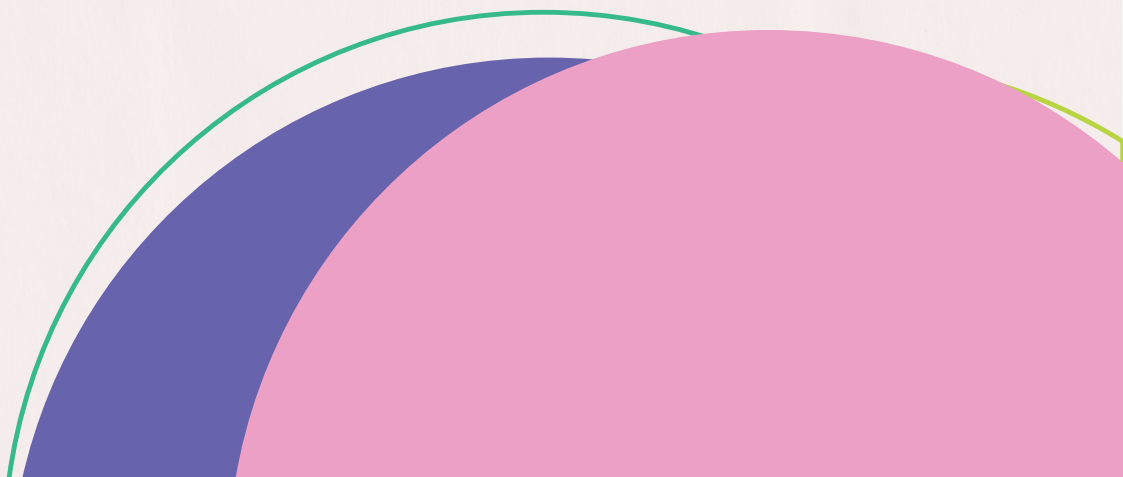


1. Our approach to assessing the options and developing this proposal

We worked collaboratively to assess reorganisation options, culminating in the development of this four new mainland and Isle of Wight unitary proposal. This work has been underpinned by a comprehensive and robust, data-led assessment process, guided by 44 metrics (Appendix 1) aligned with the government's criteria and locally-agreed guiding principles. Extensive stakeholder engagement, including with residents, businesses and partners, has played a critical role in shaping and validating the proposal.



1. Our approach to assessing the options and developing this proposal

To coordinate the development of our interim submission in March and in the period directly after, all 15 existing councils across Hampshire and the Isle of Wight initially worked together on a detailed, evidence-driven assessment of unitary council options against the government criteria, supported by KPMG.



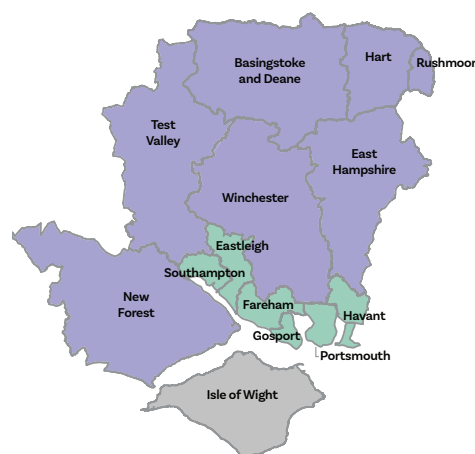
Options appraisal

Our approach to evaluating and selecting viable options for local government reorganisation in Hampshire and the Isle of Wight followed three key stages:

- **Mobilisation and stakeholder engagement:** We swiftly established a collaborative framework for all 15 councils and key partners across Hampshire and the Isle of Wight. This enabled the development of shared guiding principles and a consistent approach to assessing local government reorganisation options against the government criteria.
- **Data collection and analysis:** Data was collected from all 15 councils to inform the development of local government reorganisation scenarios. A high-level analysis, aligned to the government criteria, supported a council leaders' session to refine an initial 12 options down to eight options.
- **Options appraisal:** The eight shortlisted options (see the diagram on the next page) were fully assessed through a detailed data led process, utilising 44 metrics aligned with the government criteria to assess the options' potential. This assessment, supported by comprehensive economic, community, service and financial data, evaluated options for the creation of between two and five unitary councils to replace the existing local government structure. The analysis focused on identifying balanced, resilient and financially sustainable unitary models that would deliver improved outcomes for residents and best meet the government's criteria.

The eight options fully assessed for between two and five unitary councils

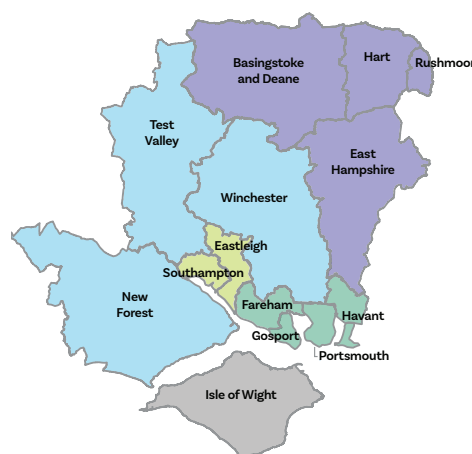
Option D



Combining existing unitaries

- Portsmouth, Fareham, Havant, Gosport, Southampton, Eastleigh
- Basingstoke and Deane, New Forest, East Hampshire, Test Valley, Hart, Rushmoor, Winchester

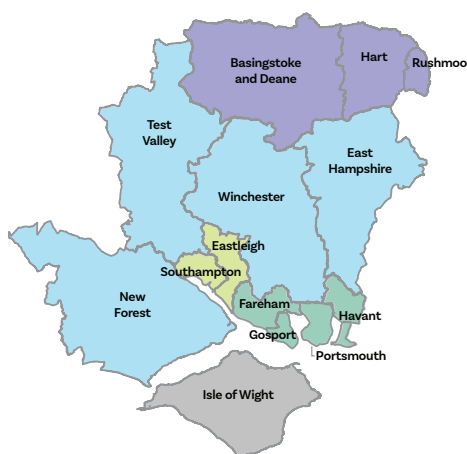
Option E



Expanded cities, Mid and West, North and East

- Portsmouth, Fareham, Havant, Gosport, Southampton, Eastleigh
- Basingstoke and Deane, East Hampshire, Hart, Rushmoor
- New Forest, Test Valley, Winchester

Option H



Expanded cities, Mid and West, North

- Portsmouth, Fareham, Havant, Gosport, Southampton, Eastleigh
- Basingstoke and Deane, Hart, Rushmoor
- New Forest, Test Valley, East Hampshire, Winchester

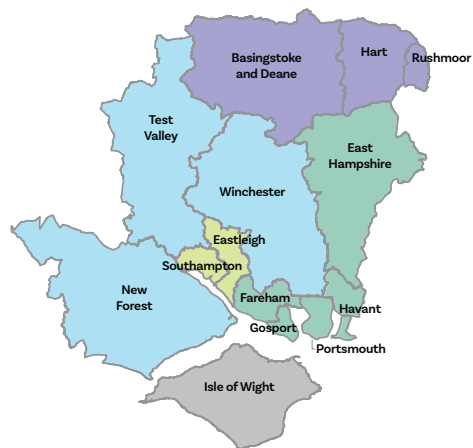
Option I



Expanded cities with New Forest, North and Mid

- Portsmouth, Fareham, Havant, Gosport, Southampton, Eastleigh, New Forest
- Basingstoke and Deane, Hart, Rushmoor
- Test Valley, East Hampshire, Winchester

Option J



Expanded cities with East Hampshire, Mid and West, North

- Portsmouth, Fareham, Havant, Gosport, East Hampshire
- Southampton, Eastleigh
- Basingstoke and Deane, Hart, Rushmoor
- New Forest, Test Valley, Winchester

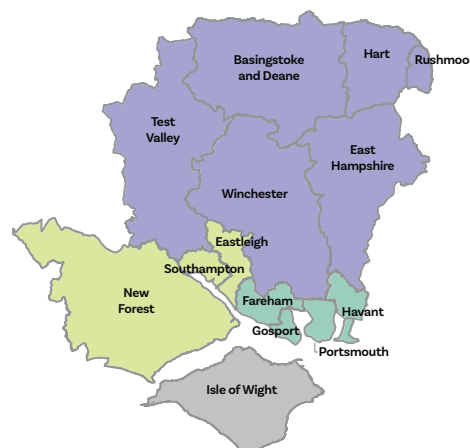
Option K



Expanded cities, Mid and North, West

- Portsmouth, Fareham, Havant, Gosport
- Basingstoke and Deane, Hart, Rushmoor, Winchester, East Hampshire
- New Forest, Test Valley, Southampton, Eastleigh

Option L



North unitary, expanded cities including New Forest with Southampton

- Portsmouth, Fareham, Havant, Gosport
- Southampton, Eastleigh, New Forest
- Basingstoke and Deane, Hart, Rushmoor, Test Valley, Winchester, East Hampshire

Option M



Expanded cities, Mid, East, West

- Portsmouth, Fareham, Havant, Gosport
- Southampton, Eastleigh
- Basingstoke and Deane, Hart, Rushmoor,
- East Hampshire, Winchester
- New Forest, Test Valley

During the options appraisal, we developed a dashboard for each proposed option assessed against the government criteria. The key design principle for the options appraisal model was to provide a comparative data-led assessment based on overall balance between proposed new unitary authorities.

This joint approach enabled us to take a strategic view, identifying options that performed well for all proposed new unitary authorities, rather than those that benefit one new authority while disadvantaging others. By assessing each option in relation to others, and not in isolation, it enabled a more robust and holistic decision-making process. The outcome of this exercise can be found in Appendix 1.

Appraisal outcome

Our evidence-led approach enabled informed and constructive discussion about the viability of reorganisation options. This discussion focused on identifying a model for the Hampshire and the Isle of Wight region that would be financially balanced, reflect local identities and meet the needs of local residents.

The assessment process indicated that four new unitary councils for mainland Hampshire would create the most balanced and equitable solution, closely aligning with the government criteria and local guiding principles agreed by all 15 existing councils in our interim plan.

Following this appraisal process, Hampshire County Council and East Hampshire District Council immediately withdrew from the joint process to pursue an alternative proposal for new unitary councils. Gosport Borough Council also left the process as they could not support any option in principle.

Portsmouth City Council, as a successful existing city unitary, wrote to the government asking to be excluded from the local government reorganisation process but were advised they had to respond to the statutory invitation despite 82% of respondents in a recent survey supporting the view that Portsmouth should not be part of the reorganisation process. On this basis, Portsmouth City Council is part of the process to ensure that any new arrangements are not 'done' to Portsmouth. A separate letter will be submitted from Portsmouth City Council.

The remaining 12 councils, including Portsmouth City Council, have turned this data-led process into a full proposal for the government to consider. Collectively, we all strongly believe that reorganising into a four new mainland unitary structure (with the Isle of Wight remaining as an independent island unitary authority) best meets the government's criteria.

To take this work forward, the 12 councils continued to work collaboratively (all 15 councils agreed to continue to share data), to develop this full proposal with three similar variations of four new mainland unitaries. Each variation is based on establishing a unitary council centred around the four major urban economies and population centres of Southampton, Portsmouth, Winchester and Basingstoke.

Despite some differing views on elements of the three variations, principally around where the New Forest should be part of in the future new unitary configurations, we have consistently worked collaboratively through an inclusive and equitable approach.

Following discussions, council leaders agreed to include Options H (now called option 1) and I (now called option 2) in the final case for change. Both were among the highest scoring options

to meet the principles agreed by councils in the interim proposal. Option H (now called option 1) was assessed as the strongest comparative choice against the government criteria. Option I (now called option 2) was assessed strongly for key criteria relating to strong community engagement and neighbourhood empowerment, which would be key to effective local service delivery and good representation within a future combined authority. This demonstrates how the options appraisal was used as the guiding process to determine the best way forward for Hampshire and the Isle of Wight, rather than a fixed, final assessment, recognising that place-based factors and resident feedback were also essential in the overall decision-making process.

Finally, it was agreed that a boundary change option (BC) was to be developed to test whether a boundary adjustment could offer additional benefits against options H and I. As a result, an analysis was undertaken to assess three boundary change tiers (BC1, 2 and 3) against the government criteria and options H (now called option 1) and I (now called option 2) which can be found in Appendix 1. BC1 performed favourably and was identified as the core basis for the boundary change option. Following further analysis and targeted resident engagement, it was agreed by council leaders that a single boundary change option (option 1A) would be developed and submitted as one of the three variations in this proposal. The details of the boundary changes for option 1A are outlined below.

Boundary changes included as part of option 1A. The parish areas listed are all currently within the proposed Mid Hampshire Unitary (within option 1) and are identified to be included in either South West or South East Hampshire in option 1A.

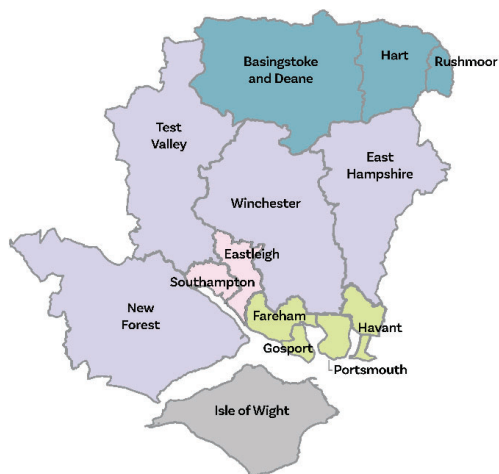
Existing Council	Parishes	Moving to unitary configuration
New Forest	Totton & Eling, Marchwood, Hythe & Dibden and Fawley	Southampton/Eastleigh (South West)
Test Valley	Valley Park, Nursling & Rownhams and Chilworth	Southampton/Eastleigh (South West)
Winchester	Newlands	Fareham/Portsmouth/Gosport/Havant (South East)
East Hampshire	Horndean, Clanfield and Rowlands Castle	Fareham/Portsmouth/Gosport/Havant (South East)

For the ease of reading throughout the rest of the document, the selected four mainland unitary variations H/I/BC have been renamed as highlighted in the graphic on the next page to option 1 (was option H), option 2 (was option I) and option 1A (was option BC) respectively.

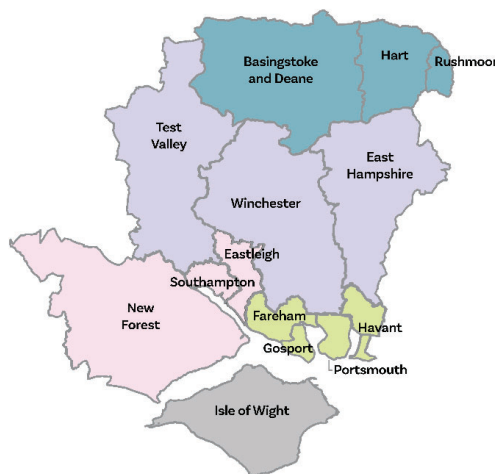
Each variation has the support of at least one council and therefore, should be seen as a separate proposal for government review and consultation in line with our shared view that the four new mainland and Isle of Wight unitary model is the best way forward.

Outline of the three option variations of the four new mainland and Isle of Wight unitary model

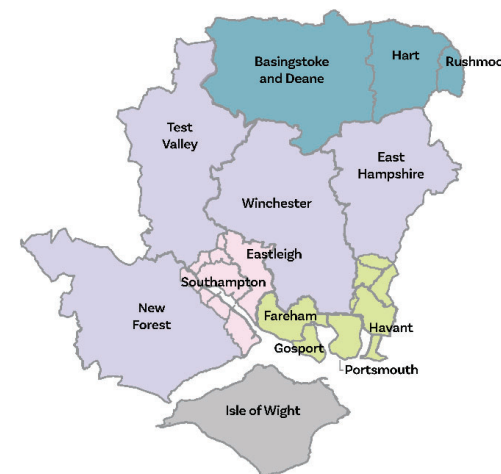
Option 1



Option 2



Option 1A



North Hampshire: Basingstoke and Deane, Hart, Rushmoor	407,465	North Hampshire: Basingstoke and Deane, Hart, Rushmoor	407,465	North Hampshire: Basingstoke and Deane, Hart, Rushmoor	407,465
Mid Hampshire: East Hampshire, New Forest, Test Valley, Winchester	598,823	Mid Hampshire: East Hampshire, Test Valley, Winchester	417,159	Mid Hampshire: East Hampshire, New Forest, Test Valley, Winchester	484,546
South West Hampshire: Eastleigh, Southampton	423,221	South West Hampshire: Eastleigh, New Forest, Southampton	604,885	South West Hampshire: Eastleigh, New Forest*, Southampton, Test Valley*	510,102
South East Hampshire: Fareham, Gosport, Havant, Portsmouth	554,741	South East Hampshire: Fareham, Gosport, Havant, Portsmouth	554,741	South East Hampshire: East Hampshire*, Fareham, Gosport, Havant, Portsmouth, Winchester*	582,137
Isle of Wight	146,351	Isle of Wight	146,351	Isle of Wight	146,351

East Hampshire*: Clanfield, Horndean and Rowlands Castle

New Forest*: Totton & Eling, Marchwood, Hythe & Dibden and Fawley

Test Valley*: Valley Park, Nursling & Rownhams and Chilworth

Winchester*: Newlands

Councils supporting each option shown over the page

Councils supporting each option

Option 1	Option 2	Option 1A (boundary modification request to Option 1)
Basingstoke and Deane Borough Council	Winchester City Council	Eastleigh Borough Council
New Forest District Council		Fareham Borough Council
Test Valley Borough Council		Hart District Council
		Havant Borough Council
		Portsmouth City Council
		Rushmoor Borough Council
		Southampton City Council

Please note that although the Isle of Wight Council has been fully involved in developing the proposals set out in this case and remain supportive of the approach in the proposals to include the Isle of Wight as an independent unitary authority, in September they felt unable to endorse a specific proposal that relates to councils on the mainland. The Isle of Wight Council is continuing to liaise with the government to confirm its position.

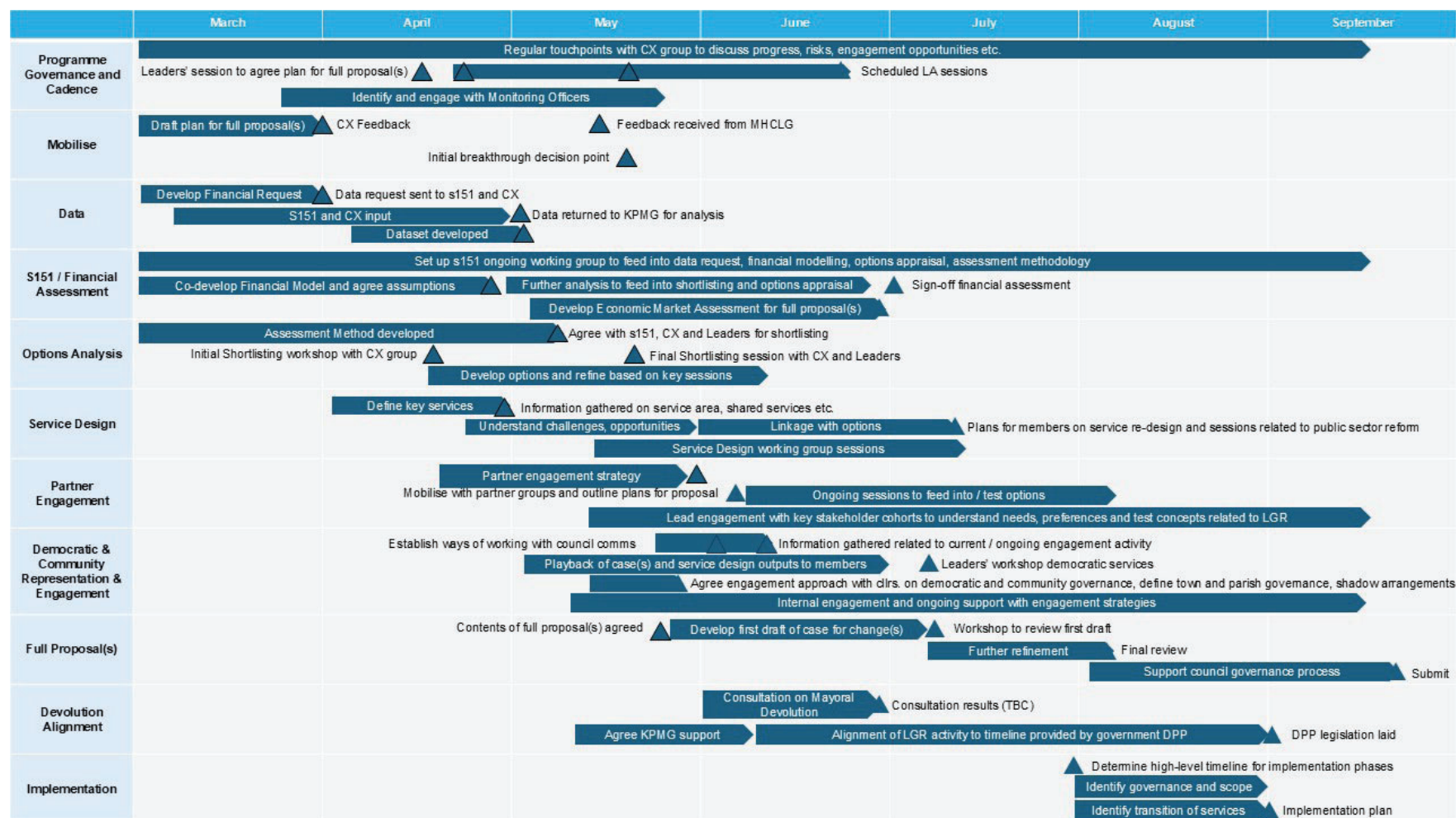
For the purposes of this report, please refer to the following descriptions of the future unitary configurations:

Term	Option
North Hampshire unitary	In Option 1, 2 and 1A, the new unitary configuration 1 (U1), includes Basingstoke and Deane, Rushmoor and Hart.
Mid Hampshire unitary	In Option 1, the new unitary configuration 2 (U2), includes East Hampshire, New Forest, Test Valley and Winchester. In Option 2, the new unitary configuration 2 (U2), includes East Hampshire, Test Valley and Winchester. In Option 1A, the configuration is the same as 1, with the movement of the following parishes to other unitaries: • Totton and Eling, Marchwood, Hythe and Dibden and Fawley from New Forest • Valley Park, Nursling and Rownhams and Chilworth from Test Valley • Newlands from Winchester • Clanfield, Horndean and Rowlands Castle from East Hampshire
South West Hampshire Unitary	In Option 1, the new unitary configuration 3 (U3), includes Southampton and Eastleigh. In Option 2, the new unitary configuration 3 (U3), includes Southampton, Eastleigh and New Forest. In Option 1A, the configuration is the same as in option 1, with the addition of the following parishes: • Totton and Eling, Marchwood, Hythe and Dibden and Fawley from New Forest • Valley Park, Nursling and Rownhams and Chilworth from Test Valley
South East Hampshire Unitary	In Option 1 and 2, the new unitary configuration 4 (U4), includes Portsmouth, Gosport, Havant, and Fareham. In Option 1A, the configuration is the same as 1 and 2, with the addition of the following parishes: • Newlands from Winchester • Clanfield, Horndean and Rowlands Castle from East Hampshire

Joint programme of work to develop our proposal

We have been running a comprehensive programme over the previous few months, encapsulating multiple workstreams, to develop this proposal. As highlighted in the figure below, the core workstreams included as part of our joint programme included engagement, data collection and options appraisal, financial sustainability, service design and democratic approach. These are discussed in more detail in the following paragraphs.

Overview of Hampshire and the Isle of Wight LGR programme



Engagement

The joint efforts of 12 councils across Hampshire and the Isle of Wight have been instrumental in shaping a forward-looking four new mainland and the Isle of Wight unitary model. Working together we have engaged extensively with stakeholders, to ensure that our proposal is shaped by local insight, shared priorities and robust evidence. This has included:

- **Leaders and Chief Executives:** The 12 council leaders and chief executives have worked collaboratively together to steer the work through regular working sessions to continuously test and agree the best approach for Hampshire and the Isle of Wight. The regularity through which we have all maintained a coordinated approach, via weekly and fortnightly meetings and workshops, has allowed us to move at pace.
- **Section 151 Officers:** A Section 151 working group has coordinated the collection of financial data and overseen the development of the financial case working with our advisers at KPMG. They have met regularly to test and validate assumptions to ensure our financial case is evidence led and robust.
- **Monitoring Officers:** The 12 monitoring officers have held workshops to assess the best options for future democratic arrangements and governance for our proposal.
- **Directors and Heads of Service:** Through a programme of service design workshops, this group has worked closely with specialist advisers in key areas to develop the opportunities for innovation and transformation that are central to our approach to local government reorganisation.

- **Residents and communities:** Extensive communication and engagement has taken place with communities across Hampshire and the Isle of Wight to explain what local government reorganisation means for them and the options being considered. On a countywide and new unitary level, we have tested support and views on our proposal and what communities would like new unitary councils to look like through a series of public surveys. This approach has ensured our proposal reflects the voices and needs of those most directly affected.
- **Key partner organisations and stakeholders:** Our partners, at both a countywide and new unitary area level, have played a key role in informing and shaping our proposal, through a comprehensive programme of engagement. This has included sessions with MPs, trade unions, higher education and further education, police, fire and health service providers, coastal partners and national park authorities, businesses, the voluntary and community sector and town and parish councils.



Service design

Understanding our existing strengths, alongside the local challenges and the opportunities for transformation presented by local government reorganisation, was integral in the development of our proposal.

To guide the development of future service models, the 12 councils agreed to prioritise service areas that are high-cost and high demand, and strategically significant. This included adult social care, children's services, waste, highways and transport, strategic planning, economic development and regeneration, education, housing and homelessness and customer and digital. To explore how transformation could be achieved at this level, focused workshops were held with key representatives from the existing council leads and external advisers which focussed on the following:

- Understanding the current service provision.
- Identifying pain points, good practice and existing collaboration.
- Embracing and learning from good practice and emerging insights from elsewhere.
- Identifying transformation opportunities, shaping the future of services through local government reorganisation.

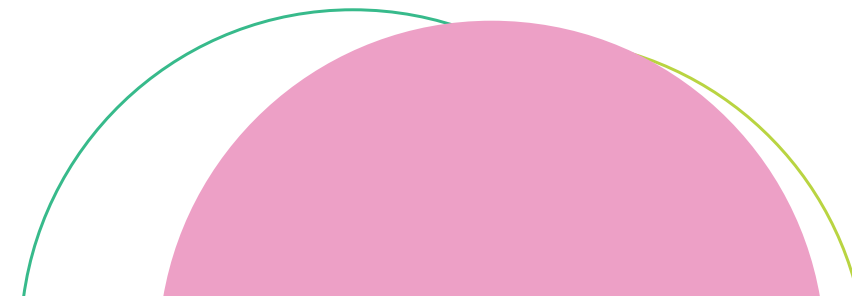
Each workshop has contributed to the development of our proposal. Further information is highlighted throughout our proposal but in more depth within our chapter on criteria three which focuses on high quality sustainable services.

Democratic approach

We have been working collaboratively with the relevant monitoring officers, election teams and democratic service teams to consider the future of democratic services, including indicative councillor numbers, localism and neighbourhood governance arrangements. The focus of this work has been ensuring councillors can effectively represent their residents within the future unitary councils. The key areas of work have included:

- **Councillor ratios:** National research into unitary councillor ratios has been undertaken, alongside considering Local Government Boundary Commission for England guidance. We have also reviewed local needs and numbers across Hampshire and the Isle of Wight. This information was developed further in partnership with council leaders to arrive at the proposed indicative numbers.
- **Localism:** Working collaboratively to carry out research into best practice to understand how neighbourhood committees and governance arrangements are currently structured and the opportunities for delivering these in the future, informed by co-production with local communities and partners.

More information on the outcomes of this work can be found within the chapter on Criteria 6.



Financial sustainability analysis overview

Our financial sustainability analysis is a fundamental part of our proposal. It evaluates the financial implications of local government reorganisation, demonstrating that our proposal will lead to long-term improvements in financial resilience, efficiency, and value for money, meaning every pound will go further. The analysis assessed potential savings, investment required and net benefits to support informed decision-making by local leaders and stakeholders.

The financial sustainability analysis followed a structured methodology, covering four key stages. Detailed information on the full methodology can be found in Section 7 - our financial case.

- **Data collection and validation:** The Section 151 officers of all 15 councils completed standardised data requests, covering revenue budgets, housing revenue accounts, dedicated school grants, council-owned companies, reserves, capital plans and balance sheets.
- **Baseline construction:** A consolidated financial baseline was built, combining existing district, county and unitary budgets into unified figures based on agreed assumptions. Key financial metrics were developed for each proposed new authority for comparison across the considered options.
- **Cost and savings estimation:** We estimated the incremental impact of reorganisation across two scenarios (base case and stretch case informed by learning from other local government reorganisation processes elsewhere).
- **Implementation costs:** Estimated the total one-off costs required to deliver the reorganisation (e.g. staff, programme delivery, IT).

- **Top-down savings:** Estimated the annual high-level savings from efficiencies that can be unlocked through reorganisation (e.g. workforce, governance, systems).
- **Disaggregation costs:** Estimated the annual additional expenditure required from dividing upper tier (i.e. county level and unitary) services into multiple new upper tier authorities in key cost levers (for example adult social care, children's services, housing, place services and corporate/support services).
- **Scenario modelling:** For each unitary option and across the scenarios, we consolidated and phased the option specific costs and savings and calculated the expected payback period, breakeven year and total 10-year net financial benefit.

Financial sustainability outputs and use in the case for change

These modelled outputs have directly informed both the comparative analysis between reorganisation options and the financial case narrative underpinning this proposal. They also support the key metrics presented in the accompanying technical appendices (Appendix 5) to ensure transparency and traceability.

Our proposal for four new mainland unitary councils, with the Isle of Wight remaining independent, has emerged as the strongest model to address growing financial pressures, increasing service demands, and limitations of the current two-tier system. Our proposal offers a streamlined governance model and opportunities to redesign and transform services to achieve significant efficiencies and savings through a place-focused approach. Our analysis quantifies the financial impact

of the preferred reorganisation model, compares options, demonstrates financial viability, and provides confidence in the assumptions and modelling approach.

All three variations of our four new mainland unitary proposal enable councils to pay back within three years for Options 1 and 2 and 3.1 years for Option 1A, delivering annual savings of £63.9 million (post transformation) as part of our base case which we believe to be a very prudent approach. However, we are confident in our proposals' ability to deliver genuine transformation and so we have also included a stretch case, which sets out a faster approach to transformation that we will aim for. This would allow all councils to pay back within 2.3 years for Options 1, 2 and 1A and deliver annual savings of £91.8 million post transformation.