



Ministry of Housing, Communities & Local Government

Rt Hon Steve Reed OBE MP

*Secretary of State for Housing, Communities &
Local Government*
2 Marsham Street
London
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Leaders of Surrey Councils

28 October 2025

Dear Leaders,

Thank you for your continued efforts to deliver new unitary councils in Surrey. This Government's ambition is to simplify local government, ending the two-tier system and establishing new single-tier unitary councils. This is a once in a generation reform and our vision is clear: stronger local councils in charge of all local services, equipped to drive economic growth, improve local public services, and lead and empower their communities.

Strong local government will help grow the economy and drive up living standards – the Government's number one mission. With one council in charge in each area, we will see quicker decisions to grow our towns and cities and connect people to opportunity. Reorganisation will speed up house building, get vital infrastructure projects moving, and attract new investment – with more people able to buy their own homes and access high-quality local jobs.

It will also help reform local public services. Bringing services like housing, public health, and social care under one roof means one council can see the full picture and spot problems early – for example, supporting a family in need of housing and then supporting the children to stay in school. Ensuring public services are effective and responsive to their communities will help to improve the health and wellbeing of individuals and communities, and enable people to reach their full potential.

I have considered your proposals carefully against the criteria set out in the invitation letter of 5 February, alongside the responses to the consultation, representations made and all other relevant information. Following this assessment, I have decided to move forward with implementation of two new unitary councils in Surrey – East Surrey Council and West Surrey Council – subject to Parliamentary approval.

I appreciate that this decision will be disappointing for some of you. I would like to thank you for your efforts to date to prioritise the best outcome for your residents, and to thank you in advance for maintaining that perspective and seeking to deliver the new unitary councils that will help to grow the local economy and provide better public services for your people. Your ongoing collaboration will be vital to ensure that the proposal is implemented with the interests of residents at its heart.

Turning to the reasons for my decision, in my judgement, although both proposals met the criteria, the proposal for two unitary councils better meets the criteria. In particular, I believe it performs better against the second criterion: whether the councils are the right size to achieve efficiencies, improve capacity and withstand financial shocks. My view is that the two unitary proposal is more likely to be financially sustainable.

As you will appreciate, this criterion is particularly relevant in the unique context of Surrey, where reorganisation is a critical intervention to improve the financial viability of the area's councils. Putting Surrey's local authorities on a more sustainable footing is vital to safeguarding the services its residents rely on, as well as investing in their futures.

In relation to financial sustainability, I am also able to confirm at this time our commitment to repayment in-principle of £500m of Woking Borough Council's debt in 2026-27. This is a significant and unprecedented commitment given historic capital practices at the Council. It reflects our acknowledgement that, even after the rationalisation of Woking's historic assets, there is significant unsupported debt held by the Council that cannot be managed locally.

This figure of in-principle support is subject to further assurance of the Council's financial position, progress with asset rationalisation, and the Local Government Finance Settlement. This is a first tranche of repayment support, and we will continue to explore what further debt support is required at a later point. Any support must take into account value for money for the local and national taxpayer and the Council's continued commitment to reduce debt as far as possible within their local capacity.

Further, in making my decision, I found that both the two and three unitary proposals, if implemented, would meet the criteria for unitary local government: each has a viable approach to identification of unitary areas, each has ambition for improving public services, each is informed by feedback from local stakeholders, and supports devolution and improved community engagement. On size, the proposal for three unitary councils is for councils with populations of fewer than 500,000 – below the number identified in the criteria as a guiding principle – but justification for this was provided relating to the alignment with local economic areas and connection to local communities. However, as noted above, I found that the two unitary proposal performed better against the second criterion, and will proceed with implementation of two unitary councils in Surrey, subject of course to Parliamentary approval.

Simplifying local government also ensures a strong foundation for devolution. We are committed to working with partners across Surrey, including new unitary authorities once established, to establish a strategic authority for the area in order to ensure that relevant functions held at the county level can continue to be delivered on that geographic footprint where possible, such as transport and adult skills. The establishment of a strategic authority will be subject to the relevant statutory tests being met and local consent. We will also ensure that fire and rescue functions continue to be governed on the same geography.

In relation to next steps, as you are aware a Structural Changes Order, which will be subject to Parliamentary approval, is required to abolish existing councils, establish new structures and make transitional arrangements. I have carefully considered the information in the proposals as well as the further representations you have made on the content of this Order. My officials will shortly write to your Chief Executives with a draft version of this legislation, so you are able to take forward the work needed for the May elections and implementation in advance of Parliamentary approval of the Order.

On the transitional arrangements, it is important that reorganisation is a shared endeavour. The draft Order provides a role for all the councils in Surrey in the Joint Committees and Implementation Team. To maximise the time available for implementation, given our shared desire for new councils to go live on 1 April 2027, I encourage you to establish Joint Committees and the Implementation Team on a voluntary basis as soon as possible. In sharing the draft Order with you, we would welcome, by 7 November, any factual corrections you consider might be required, such as the names of your councils or the proposed wards in the Schedule.

In addition, officials will also be sharing a draft section 24 Direction and explanatory note, that would, if applied, require your existing councils to obtain consent from the new councils before entering contracts or disposing of assets. I wish to seek your representations on the suggested approach by 21 November, and in particular the proposal that Spelthorne and Woking Borough Councils are excluded given the statutory directions already in place and the importance of Commissioners being able to continue in their roles unfettered until the abolition of those councils.

I look forward to continuing to work closely with you to deliver the vital improvements that reorganisation can facilitate.

I am copying this letter to your Chief Executives, Surrey MPs, Spelthorne and Woking Best Value Commissioners and the Surrey Police and Crime Commissioner.

Yours sincerely,

A handwritten signature in dark ink, reading "Steve Reed". The signature is written in a cursive style with a horizontal line underneath the name.

RT HON STEVE REED OBE MP
Secretary of State for Housing, Communities and Local Government