



# Ministry of Housing, Communities & Local Government

**Rt Hon Steve Reed OBE MP**  
*Secretary of State for Housing, Communities &  
Local Government*  
2 Marsham Street  
London  
SW1P 4DF

Leaders in Hampshire, Isle of Wight, Portsmouth  
and Southampton  
*By email*

25 March 2026

Dear Leaders,

Thank you for your continued efforts to deliver new unitary councils in Hampshire, Isle of Wight, Portsmouth and Southampton. This Government is undertaking the biggest reform of local government in a generation, ending the current two-tier system and replacing it with new single-tier unitary councils. This agenda is key to this government's vision of local councils that deliver good services for residents and are equipped to drive economic growth, while empowering their communities.

As a government, our number one ambition is growing the economy and putting more money in the pockets of working people. Driving economic growth means acknowledging that cities, towns, and villages don't all perform the same roles in the national economy – they specialise in what they're best at. Public service demand also isn't the same across the country. Some areas have high levels of homelessness and temporary accommodation, others have high need for adult social care due to an older population. Local leaders, both in councils and mayoralities, need to be able to focus on the specific needs of their area.

Reorganisation presents a once-in-a-generation chance to make sure our councils match the modern realities of our places, making sure outdated boundaries are not constraining growth, particularly in our towns and cities. In too many places, council boundaries are misaligned with the needs of their local communities and how those communities live their lives.

This is particularly important for key government priorities on housebuilding, like our target of building 1.5 million homes in England this Parliament. The housing needs of local communities are best met by councils who are closely connected to their communities and understand a place's local identity. This connection is crucial in ensuring that local government can boost economic growth and design public services that respond to local residents.

Reorganisation must also respect local identity, and the distinctive nature of the rural, urban and coastal communities across our country. We want to see councils that are connected to their local residents and communities; councils that mean something to the people they serve.

## Decisions

I have considered your proposals carefully against the criteria set out in the invitation letter of 5 February 2025, 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 the five unitary authority proposal (option 1A) brought forward by Eastleigh Borough Council, Fareham Borough Council, Hart District Council, Havant Borough Council, Portsmouth City Council, Rushmoor Borough Council and Southampton City Council. This would retain the Isle of Wight Council and create the following four new councils, referred to in the proposals as:

- North Hampshire Council (current local government areas of Basingstoke and Deane, Hart and Rushmoor)
- Mid Hampshire Council (current local government areas of East Hampshire, New Forest, Test Valley and Winchester, less 11 parishes from all 4 areas)
- South East Hampshire Council (current local government areas from East Hampshire, Fareham, Gosport, Havant, Portsmouth, 3 parishes from East Hampshire and 1 parish from Winchester)
- South West Hampshire Council (current local government areas of Eastleigh, 4 parishes from New Forest, Southampton and 3 parishes from Test Valley)

In implementing this proposal, I am exercising my power to modify the base proposal received from the existing councils named above, in order to make the boundary change requested.

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 each of the other proposals met the criteria for unitary local government, the five unitary proposal (option 1A) that I have chosen best met the criteria overall.

While all proposals met the criteria, I have decided to implement this proposal because I considered it best met the financial sustainability criterion. I also judged that the proposal grouped urban and rural areas in a way that better reflects the local identities, communities, and places across the area, whilst also setting up new councils that would be more effective in supporting the growth of two of the key urban centres in the region: Portsmouth and Southampton.

In more detail, I believe this proposal provides a coherent balance across the region between the distinct urban, rural, and coastal communities and identities. I judged that the boundary changes, which seek to expand the local authorities covering Portsmouth and Southampton, were sensible. I judged that these new councils would create a sensible and credible

geographic footprint for planning housing and infrastructure to support housing supply and meet local needs, and in turn support economic growth in these cities. This is of importance to the region given Southampton's role as a key economic centre and Portsmouth's high population density, which together reinforce the need for councils with the right geographies to plan for local housing needs, infrastructure, and growth effectively.

These changes will also facilitate a coherent geography for delivering public services, ensuring that vital functions - including social care, education, waste, and public health - operate within logical, place-based footprints.

In reaching this view, I took account of responses received in the consultation, including those from the Solent Growth Partnership and Southampton Voluntary Services, that expressed support for the five unitary proposal as the best means to promote inclusive growth, efficient and effective public services, and enhanced regional collaboration.

I considered the expected costs and benefits, including transition costs, and the ability of each new council to be financially resilient. As set out above, I am satisfied that the five unitary proposal (option 1A) can be delivered on a sustainable financial basis. The 500,000 population figure has always been a guiding principle, not a fixed threshold. Where any new council is below that level, and recognising the Isle of Wight will remain on its current footprint, I am satisfied that it is appropriate on the basis that it produces a more coherent and effective outcome for Hampshire, Isle of Wight, Portsmouth and Southampton.

Simplifying local government ensures a strong foundation for devolution. I judge that the five unitary (option 1A) proposal provides a balanced and robust foundation for Mayoral Strategic Authority arrangements, positioning the councils centred on Southampton and Portsmouth as two key drivers that will help the Authority to deliver sustained regional economic growth. We are committed to working with partners across Hampshire, Isle of Wight, Portsmouth and Southampton, including new unitary authorities once established, to further support the Hampshire and the Solent Combined County Authority.

### **Next steps**

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 setting out the next steps and timeline for implementation, including my initial decisions on transitional arrangements that will be included in the draft legislation and to request further input, including on warding arrangements. This will enable you to take forward the work needed to begin preparation for elections and implementation, in advance of Parliamentary approval of the Order. For clarity, the elections that will take place for new authorities in 2027 will replace any existing local elections planned.

I am pleased to be able to confirm how the £63m in transition funding announced in February will be allocated. We will provide at least £900,000 per each new unitary authority that is being implemented to help establish effective services and governance arrangements, ensuring funding is provided fairly, consistently, and as quickly as possible. This means that

the Hampshire, Portsmouth and Southampton invitation area will receive £3.6m for four new unitary councils. This approach reflects the differing levels of complexity involved across areas and allows for a small central reserve to be used later for targeted support if needed. Funding will be issued through established grant mechanisms and we will be in touch to confirm next steps.

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, MPs and the Hampshire and Isle of Wight Police and Crime Commissioner.

Yours sincerely,

A handwritten signature in dark ink that reads "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