



Ministry of Housing, Communities & Local Government

Alison McGovern MP

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Leaders Elect of East and West Surrey Councils

20 May 2026

Dear Councillor Wotton and Councillor Follows,

I wish to congratulate you on being elected to, and for becoming, the Leaders Elect of the new unitary councils for East and West Surrey respectively. The elections for the new unitary councils were an important milestone in introducing single tier local government in Surrey, which will deliver this Government's vision of stronger local councils equipped to drive economic growth, improve local public services, and empower their communities.

Councillors and officers of the current districts and county have delivered a tremendous amount of work to get to this stage of local government reorganisation in Surrey. Most recently, this includes the Implementation Plan prepared by the Implementation Team and the Joint Committees for the shadow councils.

As you will already be aware, there is an enormous amount of work still needed to enable the delivery of the new councils for 1 April 2027, which is achievable if challenging. To meet that challenge, it will be important to be focused on the timely progress needed on decisions to achieve a safe, legal and timely transition, by working with your newly designated officers and officers of the Implementation Team.

As Leaders Elect, I know that you will be determined to ensure the best outcome for your residents, the continuation of good quality services and maximising the opportunities for further service improvements that a unitary council offers.

I understand the plan is for an early recruitment of the permanent Head of Paid Services, which I support. In particular for West Surrey, given the scale of the financial challenges in Woking, I would encourage that this process identifies candidates with the critical skillset to support this challenge.

To achieve the best transition, it is also imperative that all of the key players involved continue to work together and proactively continue to abide by the duty for councils to cooperate with one another.

This creates the platform that will ensure successful delivery over the next year. In particular, cooperation will be needed for the fair and equitable disaggregation of resources relative to local need and maintenance of existing service standards for residents in both new councils. These are local decisions and not something that the Department would look to arbitrate upon.

The attached note provides a more detailed explanation of the roles and responsibilities of the shadow councils in this transitional year. I would ask that this note is shared with your fellow councillors.

My office will also set up a meeting with you both, your designated Chief Executives and the Senior Reporting Officer of the Implementation Team, so I can understand, from your viewpoint, the challenges you may face over the coming transitional year and how my department can support you through this transition.

I also wish to take this opportunity to update you on related issues, and the approach we are taking for Surrey. In regard to devolution, following receipt of the expression of interest for a Foundation Strategic Authority the Department wishes to work with all councils in Surrey to bring forward a Foundation Strategic Authority for 1 April 2027. Further details will be provided to all leaders in Surrey shortly.

On the fire and rescue service for Surrey, we previously committed to ensure that fire and rescue functions will continue to be governed on the county geography. To deliver that we will be taking forward a Combined Fire and Rescue service across Surrey. My officials will engage on the details for its delivery for 1 April 2027.

I am also considering the appropriate approach for the local government pension fund in Surrey, as a result of the reorganisation and following a request from Surrey County Council to consider a single pension authority for Surrey. I will inform you of the approach I propose to take in due course.

On West Surrey, you will be aware that we have committed to addressing Woking's unsupported debt in its entirety and to supporting a new unitary authority to long-term financial sustainability. We made an unprecedented commitment to repay £500 million of Woking Borough Council's debt in 2026-27 as a first tranche of debt repayment support.

This is not a decision that this Government has taken lightly, especially in the context of constrained public finances, but is necessary due to historic capital practices and to protect taxpayers from the cost of ever-spiralling debt.

We will continue to explore what further support is required, and it is crucial that any support consider broader value for money considerations for both local and national taxpayers. We have committed to provide West Surrey Council with interim financial and/or commercial support.

My officials stand ready to engage with West Surrey Council and East Surrey Council on their respective forecasted financial positions and on the budget setting process. In addition, my officials will be in touch for an initial discussion in relation to the role of the current Best Value interventions at Spelthorne and Woking Borough Councils.

Finally, I wish to again thank you all for your continued efforts to deliver the new unitary councils in Surrey. I am copying this letter to the proposed interim statutory officers, the Senior Reporting Officer of the Implementation Team, the Leaders and Chief Executives of the predecessor Surrey councils, Best Value Commissioners, local MPs and the Police and Crime Commissioner.

Yours sincerely

Alison McGovern MP
Minister of State for Local Government and Homelessness

Implementation Bodies and Predecessor Councils: Second Transition Period

Introduction

1. This explanatory note is for councils undergoing local government reorganisation and focuses on the role of the **Shadow Council** (also known as a Shadow Authority) during the second transition period. It builds on and follows the note on [implementation bodies and predecessor councils during local government reorganisation](#), published in March 2026. The note describes the responsibilities set out in the legislative framework that provides for local government reorganisation. However, it is not intended to be exhaustive or definitive and councils need to engage their monitoring officers and take their own legal advice as appropriate.

Transition periods and implementation bodies

2. We expect that for each reorganisation there will be two statutory periods of transition. The **first transition** period takes place following the Structural Changes Order (SCO) coming into force, whereby a Joint Committee is established within 14 days (for preparing councils, an Implementation Executive is established when the SCO comes into force). This operates for a limited period until the inaugural elections have taken place. Areas are encouraged to adopt a voluntary Joint Committee ahead of the SCO, though specific timing of the establishment of voluntary Joint Committees is likely to vary between areas.
3. The **second transition** period takes place following the inaugural elections to the Shadow Council, up to vesting day. During this period the Joint Committee is dissolved following the first meeting of the Shadow Council, which takes place within 14 days of the inaugural elections.
4. The **Implementation Team** is a single team of officers from all current councils in the area that are released from (some of) their day to day duties as reasonably required to support preparation for implementation as needed by the new councils ahead of go live. High level membership and appointment of the Implementation Team Leader (often known locally as the Senior Responsible Officer) is often specified in the SCO.
5. Areas that are instead using the **preparing council** model (which is most appropriate where an existing council operates on the same geography as a future unitary council) have an Implementation Executive that operates for a similar period to the Joint Committee. It is dissolved within 4 days of the inaugural elections to the new council with the functions then transferring to the executive of the Preparing Council.
6. For the purposes of this note, the Shadow Council is largely equivalent to the Preparing Council. The principal distinction is that a Preparing Council has a dual role: it continues to discharge the full range of its existing statutory service delivery functions, while also undertaking the preparatory work required to take on additional functions and become a new unitary authority. Councillors in a Preparing Council carry out both roles. For example, where a county council is designated as the Preparing Council, it will continue to deliver county services, while preparing for the transfer and integration of district council services. In this example, district councils in the area continue to deliver their services until vesting day.

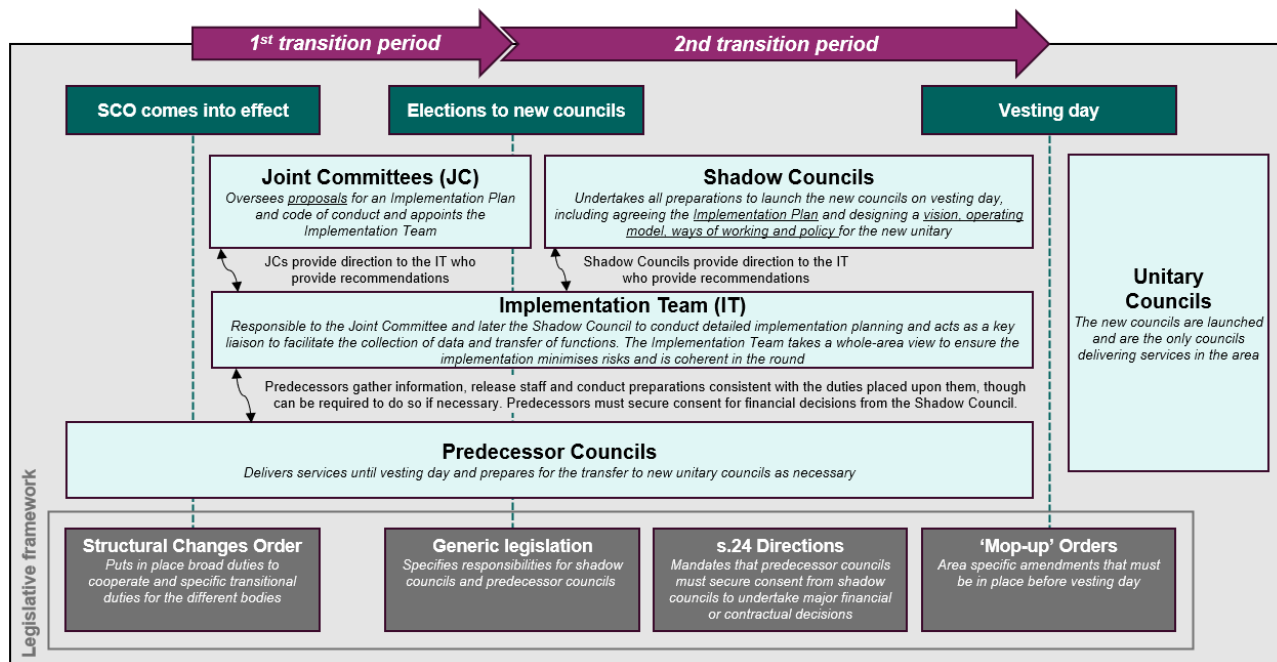
The role and operation of the Shadow Council

7. A Shadow Council is established to facilitate the transition of local authority functions from the predecessor councils to the new unitary council between the inaugural elections and vesting day. It is given specific functions in the transition period, both in the SCO and in generic legislation, to enable it to prepare to assume full local authority powers on vesting day.
8. While a Shadow Council is not a local authority until vesting day, it is required to build the core components of the new council ahead of “go live”. Members are elected who then go on to appoint a ‘golden triangle’ of senior officers to enable robust preparations and other statutory officers as required. These members remain members of the new council following vesting day and the SCO specifies the arrangements for terms of offices. Councillors elected to the Shadow Council operate within the preparatory remit until vesting day, taking decisions and engaging with residents on the preparations for the new council, and then take on the full range of member responsibilities after vesting day with the assumption of full local authority powers.
9. During the shadow period, the Shadow Council operates in a preparatory capacity as the future new authority. It is responsible for developing the vision, operating model (reflecting the required aggregation or disaggregation of services) and ways of working for the new council, and for taking the key preparatory decisions required in the year before vesting. This includes setting the budget and council tax necessary to enable the new authority to operate from day one, and taking decisions needed to ensure continuity of services.
10. The Shadow Council must work closely with the predecessor councils and other shadow councils in the area to ensure that the new council is fully functional, aids a safe and legal transition from vesting day and that the council fulfil its statutory duties, including the Best Value Duty.
11. A key difference from a local authority is that the Shadow Council does not deliver services in the transition period. Another difference is that the functions of the Shadow Council can be discharged by the Shadow Executive rather than full council, unless specified otherwise in legislation. The Shadow Council also cannot incur expenditure or acquire a liability without agreement from the relevant predecessor councils. Expenditure incurred by the Shadow Council is to be divided between the predecessor councils in proportions agreed by them. There is an arbitration process available in exceptional circumstances if agreement cannot be reached. Where decisions cannot be agreed at a local level, the Secretary of State may determine the proportions in which expenditure is to be divided and paid, or indeed appoint an arbitrator for that purpose. Councils are expected to act reasonably and responsibly to resolve issues locally wherever possible.

Duties and responsibilities

12. The legislation that comes into effect at different points in the transition sets the framework for the duties of the different Implementation Bodies. There are four components that are described in more detail in this note and captured in the diagram below:
 - a) Structural Changes Order – This provides both broad duties to cooperate and undertake necessary preparations, as well as specific transitional duties, such as appointing to key roles and agreeing Implementation Plans.

- b) Generic legislation – This sets out further responsibilities for Shadow Councils, predecessor councils and new unitary councils in relation to different matters e.g. finances, staffing, etc. Where agreement is needed between councils, there is also an arbitration process available, although it is not expected to be needed.
- c) Section 24 Directions – These directions have a specific purpose to require predecessor councils to obtain consent before entering into major financial or contractual commitments.
- d) ‘Mop-up’ legislation – These orders create area specific amendments ahead of vesting day so that the new council has legislative continuity.



Duties under the SCO

13. The SCO will set out the functions and responsibilities of the Shadow Council in the second transition period and make provisions for the inaugural elections. The Joint Committee will have prepared an implementation plan and proposals, such as for a code of conduct, for the Shadow Council to consider, approve – with or without amendment – and take forward.
14. The Shadow Council must take all the necessary or expedient practicable steps to prepare for full local authority functions and powers and ensure continuity of public service delivery following vesting day. All councils in the area – including other shadow councils – will be under a duty to cooperate to prepare for transfer, including preparations for aggregation and disaggregation.
15. At its first meeting the Shadow Council must:
 - a. Adopt a leader and cabinet model of governance.
 - b. Adopt a councillor code of conduct.

- c. Designate on an interim basis an officer from one of the predecessor councils within its area to perform the duties of interim head of paid service (chief executive), interim chief finance officer (section 151 officer) and interim monitoring officer. In making these interim designations, Shadow Councils should seek to adopt a similar procedure to those set out in the key legislation on how councils appoint statutory officers.
16. Following its first meeting and throughout the second transition period, the Shadow Council has responsibilities to:
- a. Review and revise implementation plans prepared earlier by the Joint Committee.
 - b. Undertake decisions on staffing (as is required by the Staffing Regulations, TUPE Regulations and relevant Structural Changes Order), budgets, operating models and policy for the new council. Policies do not take full effect until the new council officially assumes service delivery of the functions. Where the Shadow Council does not prepare a replacement policy ahead of vesting day, continuity provisions mean that relevant predecessor council policies continue to have effect until replaced, subject to any statutory requirements to review or replace them within a specified period after vesting day.
 - c. Make substantive appointments to the head of paid service (chief executive), chief finance officer (section 151 officer) and monitoring officer for the new authority to be in post by a specified date ahead of vesting day. In making these appointments, Shadow Councils will need to have regard to the relevant legislation on making local authority statutory officer appointments. As well, Shadow Councils will also need to be aware of the requirements of [the Staffing Regulations 2008](#) in making any decisions on the appointment of a chief executive for the new council – in particular, that if the Shadow Council does not appoint the head of paid service via open competition, the new council will need to ensure it has run an open competition within 12 months of vesting day.
 - d. Adopt a scheme for the payment of allowances to its members.
 - e. Undertake necessary steps to commence and sustain their running as a Shadow Council.
 - f. Prepare for the assumption of local government functions and full local authority powers on vesting day. Shadow Councils must liaise with predecessor councils and other Shadow Councils in the area to ensure continuity of service delivery.
17. The Shadow Council must set out its vision, design, operating model and its services as well as set its budget and taxes. While Shadow Councils are not local authorities and do not have full local authority functions until vesting day, the SCO provides local authority powers so far as needed to discharge their transitional functions during the shadow period. Accordingly, they may appoint staff in addition to those required by the Order. In making any appointments, Shadow Councils should be mindful of their obligations under the Staffing Regulations and TUPE and should take independent advice on whether such an appointment is permitted. They will develop supporting documentation, with statutory officers having a key role in this work. This is not an alternative to the Implementation Plan that sets out the key activities and timescales for the transition to new unitary councils to take place.
18. There are backstops in place if duties are not carried out or agreements cannot be reached and Shadow Councils can request predecessor councils undertake necessary preparations. The SCO creates a duty to cooperate and legal obligation that councils are expected to comply with. Government action to encourage compliance is not expected to be needed.

19. The Shadow Council does not appoint an alternative Implementation Team, as the Implementation Team formed during the first transition period remains in place throughout the implementation process. Statutory officers appointed by a Shadow Council in accordance with the SCO support implementation but do not replace the Implementation Team, which is the mechanism for the predecessor councils to fulfil the duties that have been placed on them. These include the duty to prepare for and facilitate the economic, effective, efficient and timely transfer to the new council of its functions, property, rights and liabilities, and to consult with each other to fulfil that duty. However, appointed statutory officers may work closely with the Implementation Team to ensure the developing needs of the Shadow Councils are reflected in the implementation activity.
20. Operationally, the requirements on the Implementation Team will change through the period, as the Implementation Plan is revised and delivered and as staffing and transfer arrangements (including aggregation and disaggregation) are confirmed. Throughout it has a key role in facilitating the transition across the area as captured in the Implementation Plan(s) to ensure risks are minimised, as well as acting as a liaison with predecessor councils to gather relevant information and conduct required preparations.

Electoral matters

21. The SCO will specify who is to act as Returning Officer for the inaugural elections. Shadow Councils need to then review electoral matters including interim acting and local returning officers and post-reorganisation registration officers and returning officers, noting there could be elections to fill casual vacancies.
22. Predecessor Councils should note in accordance with section 89(3) of the Local Government Act 1972 that there will be no requirement to hold a by-election where a casual vacancy arises for a councillor six months before the predecessor council abolition – due to the short time the office is available. However, where there is a total number of vacancies exceeding one third of the councillor member number, a by-election will then be required. An SCO will ordinarily provide for this in the part focused on electoral matters.

Duties under generic regulations

23. In addition to responsibilities set out in the SCO, generic regulations apply to local government reorganisation. These further specify the responsibilities of the Shadow Council and predecessor councils. All councils need to have regard to these regulations that set out requirements for staffing, assets, plans, continuity, and the exercise of certain functions in the transition period (such as the creation of town or parish councils) and assist the Shadow Council where necessary to facilitate the transfer of these functions.

24. Some key aspects are set out below ¹:

Finance ²:

- Shadow Councils are responsible for calculating budget requirements, council taxes and business rates and issuing notices for them.
- Predecessor councils must share reports of statutory audits, inspections and investigations with the relevant Shadow Council. They are also required to consult Shadow Councils and take their views into account in respect of any of its policies, procedures or structures for the purposes of statutory reports and related recommendations.

Staffing ³:

- The Staffing Regulations 2008 make provision in respect of the transfer of staff and other staffing matters during local government reorganisation. In particular, they provide that the transfer of functions from a predecessor council to a new single tier council shall be treated as a “relevant transfer” within the meaning of the TUPE Regulations. Non-statutory staffing guidance covers these elements in more detail.
- By applying TUPE in this way, the Government is seeking to ensure employees of predecessor councils who are in post immediately before the reorganisation date and whose terms and conditions of employment provide for their employment to continue beyond that date, become employees of the single tier council that succeeds their predecessor council, and that they shall transfer, subject to the operation of the TUPE Regulations, on the same terms and conditions as they had enjoyed immediately beforehand. It also seeks to ensure that employees of a preparing council, as affected employees, will benefit from prescribed protections under the TUPE Regulations.
- In addition to the Staffing Regulations, each area will be subject to its own individual SCO. The Staffing Regulations are subject to the specific provisions in an area’s SCO and therefore councils will need to have regard to any specific staffing provisions in the SCO.

Service planning ⁴:

- Continuity provisions apply to policies and service arrangements. Some policies will have a required period for replacement after vesting day, such as licensing and housing allocation policies. Shadow Councils may wish to start preparatory work on key reviews ahead of vesting day.

¹ Also of note are [The Local Government \(Structural Changes\) \(Transitional Arrangements\) \(No.2\) Regulations 2008](#); [The Local Government \(Structural Changes\) \(Further Transitional and Supplementary Provision and Miscellaneous Amendments\) Regulations 2009](#); [The Local Government \(Boundary Changes\) Regulations 2018](#).

² [The Local Government \(Structural Changes\) \(Further Transitional and Supplementary Provision and Miscellaneous Amendments\) Regulations 2009](#); [Local Audit and Accountability Act 2014](#); [Accounts and Audit Regulations 2015](#) (as amended); [The Accounts and Audit Regulations 2015](#).

³ [The Local Government \(Structural and Boundary Changes\) \(Staffing\) Regulations 2008](#); [The Transfer of Undertakings \(Protection of Employment\) Regulations 2006](#).

⁴ Continuity provisions within the Local Government (Structural Changes) Regulations 2008–2009: [The Local Government \(Structural Changes\) \(Transitional Arrangements\) \(No.2\) Regulations 2008](#).

Assets, property, income, rights and liabilities ⁵:

- The relevant Shadow Councils must agree how to disaggregate assets, property, income, rights and liabilities at least three months before vesting day, and ideally earlier. If councils fail to agree, then an arbitration process is set out, that may involve assets being held by a caretaker council on trust until there is agreement, or the ultimate appointment of an arbitrator. Councils are expected to resolve issues locally wherever possible.

Ceremonial matters ⁶:

- Shadow Councils should work with predecessor councils to consider the transfer of historic property and rights, whether charter trustees are required for unparished areas, and whether any further matters should be included in supplementary ‘mop up’ legislation.

Community Governance Reviews ⁷ :

- The Shadow Council has the final sign off on any Community Governance Reviews underway. This means that while Predecessor Councils are able to undertake Community Governance Reviews, they are not able to conclude these without sign off from the Shadow Council or future unitary council.

Engagement on further legislation – Mop-up legislation

25. There will be further consequential legislation (known as ‘mop-up’ legislation) needed to make area-specific amendments that must be in place prior to vesting day. All councils are responsible for identifying the relevant legislation that requires updating as part of implementation for their area.
26. Development of legislation will be an iterative process between the department, predecessor councils and shadow councils. While decisions on what should be included are for Ministers, the department will work with councils throughout. It is likely that area-specific amendments may be grouped with other area-specific amendments when it comes to preparing an Order.
27. Typical area-specific provision can include matters such as pensions administration, housing financing arrangements, membership of boards or external bodies, and ceremonial arrangements, as set out in the table below.

⁵ [Local Government and Public Involvement in Health Act 2007](#); [The Local Government \(Structural Changes\) \(Transitional Arrangements\) \(No.2\) Regulations 2008](#) and [The Local Government \(Structural Changes\) \(Further Transitional Arrangements and Staffing\) Regulations 2009](#) ; relevant Structural Changes Orders.

⁶ [The Charter Trustees Regulations 2009](#); [Lieutenancies Act 1997](#); [Sheriffs Act 1887](#).

⁷ [Local Government and Public Involvement in Health Act 2007](#); [The Local Government \(Structural Changes\) \(Transitional Arrangements\) Regulations 2008](#)

Provision	Considerations
Ceremonial matters	• The Shadow Councils, working with the predecessor councils, must determine whether there are bodies in place to maintain ceremonial aspects/provisions in the areas under each respective unitary council. • The Order can create charter trustees in unparished areas to ensure historic rights and privileges are maintained and vested in the Charter Trustee for the relevant area where there is no parish or town council. • The Order will, if necessary, also amend the statutory definition of the area of the ceremonial county in the Lieutenancies Act 1997 and Sheriffs Act 1887, to include the new local government areas of the new unitary councils. The amendments would reflect the names of the new authorities and their areas, and do not involve any amendment to the ceremonial boundaries.
Pensions	• If needed, provision can be made to transfer pension arrangements in the new councils to ensure that the rights, assets, and liabilities of the relevant Pension Fund transfer to one of the new unitary councils as the new administering authority of the pension. • It can also provide that the pension assets and liabilities relating to the predecessor councils transfer to the new unitary councils in proportions determined by the new council. This will ensure that there is clarity on who is taking over the responsibility for funding existing pensions accrued - This prevents exit payments arising under the regulations which would normally be triggered where an employer leaves the scheme. • If a different arrangement, such as a Single Purpose Pension Authority is under consideration then this will be in a separate order/process
Miscellaneous	The Shadow Councils, working with the predecessor councils, must look at area specific issues where these are not addressed by existing regulations of generic application to determine whether amendments are required. Examples can include, but are not limited to: • Area of Outstanding Natural Beauty/National Landscapes • National Park Authorities • Fishery Authorities • Harbour authorities • Devolution arrangements • Sub national bodies e.g. Transport for the North

Duties under a Section 24 direction

28. The programme expects to put Section 24 directions in place to avoid predecessor councils binding new councils with new, significant financial and contractual obligations without their knowledge. Once a Section 24 direction is made, this will mandate that predecessor councils obtain the written consent of the relevant Shadow Councils to major financial decisions (such as land or property transactions) or contracts from a specified date. It is for the Shadow Council to decide how to grant consents for financial decisions from predecessor councils. However, Shadow Councils should put in place proportionate arrangements, such as general consent for particular types of spend, to provide appropriate oversight while avoiding unnecessary delays or risks to service delivery. This is often achieved through Shadow Councils establishing a strict consent based review process where the S151 officer plays a significant role in approving expenditures above certain thresholds.