

## **Cabinet**

**23 September 2025**

### **Local Government Reorganisation**

Portfolio Holder: Councillor Vince Maple, Leader of the Council

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#### **Summary**

This report provides an update on the progress made since the Secretary of State invited areas in England to submit proposals for local government reorganisation and invites the Cabinet to consider developing a full business case for a Medway proposal.

#### **1. Recommendations**

##### **1.1. The Cabinet is asked to determine if it wishes to**

1.1.1. Progress the Medway option (option 4d) to a full business case, and if so, whether it wishes to

1.1.2. Engage external support to assist with producing the business case.

##### **1.2. If Cabinet agrees to engage external support to assist with the development of a business case, Cabinet is asked to determine if it wishes to**

1.2.1. To engage an alternative lead provider of external support **or**

1.2.2. Engage the current provider (to the Kent and Medway authorities collectively) KPMG as the lead with others (if necessary), to support the Medway option.

#### **2. Suggested reasons for decision(s)**

2.1. To enable proper consideration of the Medway option for the reorganisation of local government in Kent and request external support in producing a business case for option 4d.

#### **3. Budget and policy framework**

3.1. This is a matter for Cabinet.

## 4. Background

- 4.1. On 6 February 2025 the Secretary of State wrote to twenty-one areas inviting them to submit proposals for local government reorganisation. The submissions would be considered in two stages
- a. outline proposals to be submitted by 21 March 2025
  - b. full business cases for one or more proposals submitted by 28 November 2025
- 4.2. The proposals for local government reorganisation would be considered against six criteria which needed to be supported with full business cases:
- Establishing a single tier of local government
  - Efficiency, capacity and withstanding shocks
  - High quality and sustainable public services
  - Working together to understand and meet local needs
  - Supporting devolution arrangements
  - Stronger community engagement and neighbourhood empowerment.
- 4.3. Since the initial letter was received there has been strong collaborative working across all 14 local authorities within the region of Kent, with meetings of Council Leaders and senior officers taking place regularly (Chief Executives and the steering group meet weekly).
- 4.4. All councils recognised very early that they did not have internal capacity to support this work stream and agreed to seek external support. The government provided specific grant funding of £514,000 to support this work. Following a competitive process a strategic partner, KPMG, was appointed to support the local authorities in Kent to consider and evaluate their early proposals.
- 4.5. As part of the initial development of proposals, ten outline models were proposed by one or more local authorities
- One unitary authority\*
  - One unitary authority with three assemblies
  - Two unitary authorities (two models)\*
  - Three unitary authorities
  - Four unitary authorities (four different models)
  - Five unitary authorities.

\*At a meeting of Kent Leaders, it was determined not to progress with these models to evaluation. The remaining seven were formally appraised by KPMG. Those proposals were considered and scored against the criteria issued by Government (see para 4.2 above).

## 5. Appraisal

- 5.1. The results of appraisal were shared with the Kent Leaders on 3 September, who voted to progress two models to full business case development, three unitaries (3a) and four unitaries (4b) (built on existing boundaries). The work for this this will be funded by the specific government grant (see para 4.4 above). The Medway model, (4d), based on boundary criteria proposed by government, captured the imagination of participants and generated significant discussion.
- 5.2. All of the models, save for 5a and the Medway model, are built on existing council boundaries which were drawn together in the early seventies as part of local government reorganisation which took place over 50 years ago.
- 5.3. Over that time the role of local government has changed significantly, as have the communities which are served, infrastructure, service demand and delivery challenges. It is likely that any changes to local authority boundaries that are agreed as part of this current process will last for many decades to come. Thus, any proposals for the future should not be constrained by history but rather developed by anticipating future needs and grasping the once in a lifetime opportunity.
- 5.4. KPMG will be developing two models to full business cases. It is important to note that the Secretary of State wrote to all 14 local authorities in Kent seeking their proposals and noted that whilst councils may be working collaboratively together, using the same data and assumptions, multiple proposals may be submitted.
- 5.5. Since the vote at Kent Leaders on 3 September, KCC has publicly announced that it will be developing its preferred model of a single unitary authority, in addition to the two models collectively voted though, to a full business case. It is also understood via private conversations that other models sponsored by one or more local authorities are also likely be developed to full business cases by those sponsors with or without external support, following their internal governance arrangements. Thus, at the time of writing, irrespective of the decision that Cabinet takes, it is likely that at least three business cases will be submitted to the Ministry of Housing, Communities and Local Government (MHCLG) by the November deadline, with varying levels of support by local authorities in Kent.
- 5.6. The Medway model proposes changes to existing boundaries, using as its building blocks criteria suggested by MHCLG, hard transport corridors and natural community cohesion. If this model is not developed into a full business case, it will not be considered by MHCLG as a potential option for new unitary boundaries.
- 5.7. If Cabinet determines to progress model 4d to a full business case, it needs to consider whether it wishes to engage external support for the development of a full business case. The local authorities in Kent, collectively and collaboratively, conducted a competitive process to engage an external provider, KPMG to develop full cases for the options voted through by the

councils collectively. In developing the Medway model, the Cabinet could determine to engage KPMG to work for Medway in addition to the other models approved or it could seek to appoint other providers.

- 5.8. A full business case needs to be ready for consideration by a special Council meeting scheduled for 13 November and consideration by Cabinet on 18 November, thus time is of the essence. Whilst our normal procurement rules could be waived due to urgency, if the Cabinet wishes to appoint another external agent support, there will inevitably be a period of delay due to selection and onboarding. In contrast, appointing KPMG may create professional conflicts for them in supporting all 14 authorities on developing the two agreed models and separately the Medway option. If Cabinet wishes to proceed with the development of business with KPMG or another provider, Cabinet is requested to note that the Assistant Director of Legal and Governance would likely be required to consider an exception waiver to the procurement rules to enable an appointment as matter of urgency so that work can be progressed in the limited time available.

## 6. Options

- 6.1. The Cabinet needs to consider if it wishes to progress the Medway option to the development of full business case.

| Pros   | Cons   |
|--|--|
| <ul style="list-style-type: none"> <li>Once in a lifetime opportunity to consider redraw boundaries for the next circa 50 years</li> <li>Full consideration of this option and if better represents the needs of the communities</li> <li>Full consideration of the option against all the government criteria</li> <li>Opportunity for Medway to show community leadership and forward thinking</li> <li>Opportunity to engage/ lead the broader public sector on public sector reorganisation and delivery models</li> <li>Service delivery better organised to meet the needs of our community</li> </ul> | <ul style="list-style-type: none"> <li>Use of scarce resources, (member and officer time, financial cost)</li> <li>Existing collaborative relationships may deteriorate</li> <li>Proliferation of options</li> <li>Disaggregation of support for models and no clear front runner with majority support</li> </ul> |

|  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• If agreed by MHCLG, this model would give a strong basis to proceed with Devolution for the region of Kent</li> </ul> |  |
|--|--|

## 7. Advice and analysis

- 7.1. The Leaders of local authorities in Kent have voted to progress two models to be developed into full business cases. However, it is clear that the models chosen do not have the unequivocal support of all the local authorities. In recent days KCC has announced it will be developing its own model to a full case and others may follow with their different preferences, resulting in multiple business cases being submitted to MHCLG.
- 7.2. This is a once in a lifetime opportunity to help to shape local government in Kent for many decades to come and the final outcome is also likely to be the foundations upon which delivery of other public sector services are also developed, e.g. health services and police.
- 7.3. The Medway option has been developed from first principles, adopting an approach that carefully considers established communities and definitive boundaries. Given the significant changes since the last reorganisation in the early 1970s, relying on arbitrary lines drawn on outdated maps may offer a convenient solution, but it does not necessarily represent the most appropriate or forward-thinking model for future development.
- 7.4. At this stage Cabinet is required to determine whether a business case should be developed, as opposed to committing to its submission to MHCLG, that decision is to be made later this year. Thus, on balance, considering the significant opportunities that may be unleashed by developing the business case as opposed to the risk averse option of not progressing the business case. it is recommended that option 4d be developed and that for expediency KPMG are appointed as the lead external support.

## 8. Risk management

- 8.1. Risk management is an integral part of good governance. The Council has a responsibility to identify and manage threats and risks to achieve its strategic objectives and enhance the value of services it provides to the community. The significant risks (non-comprehensive) arising are set out below.

| Risk   | Description   | Action to avoid or mitigate risk                                | Risk rating |
|--|---|---|-------------|
| Distraction from delivery of the One Medway Council Plan | Members and officers are distracted by this work stream | Engagement of external support to undertake the "heavy lifting" | CIV         |

| Risk  | Description   | Action to avoid or mitigate risk  | Risk rating |
|---|---|---|-------------|
| Use of scarce resources   | Use of financial resources to fund additional work                  | The Council has already set aside budgetary provision and officer time to prepare for local government reorganisation | CIV         |
| Loss of collaborative working with partners   | Some local partners may become less collaborative                   | The Council will continue to engage partners on all existing models being developed to full business case             | CIV         |
| Loss of opportunity to shape the future of local government and public service regionally | Once in a lifetime opportunity to shape delivery of public services | Consider all viable options for development to full business case   | CIV         |

For risk rating, please refer to the following table:

| <b>Likelihood</b>                                 | <b>Impact:</b>   |
|---|--|
| A Very likely<br>B Likely<br>C Unlikely<br>D Rare | I Catastrophic<br>II Major<br>III Moderate<br>IV Minor |

## 9. Consultation

- 9.1. The Council is actively engaging with stakeholders and the public in respect of local government reorganisation, in fact this is one of the factors for assessment by MHCLG of final business cases. Once final business cases have been developed there will be further engagement.
- 9.2. Members of the public and Council Members will have the opportunity to ask questions at the Cabinet meeting.

## 10. Climate change implications

- 10.1. The Council declared a climate change emergency in April 2019 - item 1038D refers and has set a target for Medway to become carbon neutral by 2050.
- 10.2. All Council officers have a responsibility to take action to reduce the carbon footprint associated with the services they provide. The decisions to be made in this report will not have any direct climate change/carbon emission implications arising from the report. Real opportunities to enhance climate change mitigations over a much wider geographical area and circles of influence will arise following the reorganisation.

## 11. Financial implications

- 11.1. At its meeting on January 2025, *“The Council agreed to delegate authority to the Chief Executive, in consultation with the Leader of the Council, to establish the appropriate support and resource to deliver this programme of change.”* £450,000 was subsequently included in the 2025/26 budget to create a new Policy and Partnerships team to lead the work around LGR and eventually devolution. Inevitably, the team was not recruited to immediately and indeed one whole post still remains vacant. The resultant underspend will fund development of the business case for option 4d.
- 11.2. The business cases for the 2 shortlisted options are being funded through the Government allocation of £514,000 for the transition.

## 12. Legal implications

- 12.1. These are contained within the body of the report.

### Lead officer contact

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### Appendices

Appendix 1 – Reorganisation options

### Background papers

None