

## **Cabinet**

**18 November 2025**

### **Local Government Reorganisation – 4D Business Case**

Portfolio Holder: Councillor Vince Maple, Leader of the Council

Report from: Richard Hicks, Chief Executive

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#### **Summary**

Following the publication of the English Devolution White Paper in December 2024, all councils in Kent and Medway were invited in February 2025 by the Secretary of State to submit proposals for local government reorganisation (LGR) for the region of Kent. This paper provides an overview of the collaborative work that has taken place since February 2025 on LGR between all Kent Councils, and the proposed business case due to be submitted to government by 28 November 2025.

This report presents all the business cases developed across Kent for Local Government Reorganisation (LGR) and seeks a Cabinet decision regarding Medway's preferred approach.

All of the business cases developed propose replacing the existing two-tier system in other parts of Kent, by establishing differing numbers of Unitary Authorities. These can then create the foundation for a Kent & Medway Combined County Authority (CCA) to deliver devolution, enabling greater local control over transport, housing, skills, and climate change programmes.

#### **1. Recommendations**

1.1. Cabinet is asked to note the steer given by full Council at the meeting held on 13 November 2025 and determine whether it wishes to submit a proposal to the Ministry of Housing, Communities and Local Government (MHCLG) for local government reorganisation across Kent and Medway and if so, which of the options listed below, it wishes to submit:

- a. option 1A (one unitary authority)
- b. option 3B (three unitary authorities)
- c. option 4B (four unitary authorities)
- d. option 4D (four unitary authorities)
- e. option 5A (five unitary authorities).

- 1.2. Cabinet is asked to agree to delegate authority to the Chief Executive, in consultation with the Leader, to finalise the proposal and its submission.
- 1.3. The Cabinet is asked to agree that recommendations 1.1 and 1.2 are considered urgent and therefore should not be subject to call in.

## 2. Suggested reasons for decisions

- 2.1. To ensure that Medway responds to the Secretary of State's invitation to submit a proposal for local government reorganisation and that the preferred option can be agreed and submitted to the government by the deadline of 28 November 2025.

## 3. Budget and policy framework

- 3.1. This decision falls within the Council's policy framework.
- 3.2. The submission of a proposal has no immediate financial implications for the Council's budget. Any decision on LGR is a matter for the Secretary of State and financial implications will flow from such a decision. Each of the appended Full Business Cases include an assessment of the financial implications.
- 3.3. Future budget implications will be reported as part of the annual budget setting process and local government reorganisation and transition planning stages.
- 3.4. Rule 15.11 Chapter 4, Part 5 of the Constitution, states that call-in can be waived where any delay likely to be caused by the call-in process would seriously prejudice the Council's or the Public's interests. In this case, the deadline for the Council to submit a proposal for its preferred option for a single tier of local government in Kent and Medway to the Ministry of Housing, Communities and Local Government is 28 November 2025.
- 3.5. The Chairperson of the Business Support and Digital Overview and Scrutiny Committee has been consulted and has agreed that if the Cabinet decision was subject to call in, it has the potential to frustrate a submission being made to the Secretary to State by the deadline. On the basis that the report and all options will have been debated at full Council before the Cabinet decision he has agreed that the decisions proposed are reasonable\* in all the circumstances and to them being treated as a matter of urgency and to waive call-in. (\*reasonable in this context mean legally reasonable i.e. made taking into relevant factors, ignoring irrelevant factors and within a range of decisions a properly informed public body could take).

## 4. Background

- 4.1. Kent and Medway's 14 Local Authorities have a strong history of working closely together on shared risks and opportunities, lobbying on significant areas of common interest, and on responding collectively to strategic developments nationally or regionally. This is primarily through existing groups including *Kent Council Leaders* (a group made up of Kent's 14 elected Council Leaders) and *Joint Kent Chief Executives* (a group made up of the

Chief Executives of Kent's 14 Local Authorities alongside our wider strategic local partners).

- 4.2. On 16 December 2024, HM Government published the *English Devolution White Paper* setting out its ambition to reshape local government in England. This would be through a combination of devolution to new strategic authorities and reorganisation of all of the remaining two-tier local government areas in England into unitaries. The *English Devolution and Community Empowerment Bill* published on 10 July 2025 formalised HM Government's intentions to enact these changes.
- 4.3. In response to the White Paper, Council Leaders in Kent were invited to apply for, and submitted a formal request to receive priority status to be included in the Devolution Priority Programme (DPP). If successful, this would have accelerated the devolution process and provided additional Government support for those Councils on the DPP.
- 4.4. On 5 February 2025 Government notified Councils in Kent and Medway in a letter from the then Local Government Minister that they were not selected to be on the DPP and instead received a statutory invitation to submit proposals for Local Government Reorganisation (LGR). This included guidance around the development of proposals and an expectation that all 14 Councils would collaborate.
- 4.5. The letter detailed a timeline for the process, including a requirement for a joint interim proposal by 21 March 2025 setting out direction of travel and intentions, and a deadline of 28 November 2025 to receive a final submission on reorganisation. Kent Council Leaders agreed to endeavour to work together to respond to the Minister's direction.
- 4.6. On 21 March 2025, Kent Council Leaders submitted an interim response setting out the Councils' commitment to working together on reorganisation, highlighting examples of exceptional challenges faced only by Kent, the importance of aligning devolution with reorganisation and the risks of not having a strategic countywide body for Kent. Alongside the collective response signed by all 14 Council Leaders, there were a number of 'side letters' from individual councils in Kent.
- 4.7. Government has been clear that councils are expected to work together to develop LGR proposals for their areas. Each area nationally has been awarded funding to contribute towards the development of proposals. Kent and Medway were awarded £514,410.
- 4.8. Kent Council Leaders agreed to use this money collectively to develop a shared evidence base, options appraisal and business case(s) to prepare for the 28 November 2025 submission and procure the necessary external support and expertise to meet the deadline. KPMG were appointed as the Kent Councils' Strategic Business Partner following a joint procurement process for Phases 1 and 2, as set out below, and commenced work with all 14 Councils in July 2025.

- 4.9. The work is split into 4 phases as follows:

**Phase 1 – Evidence Base and Options Appraisal**

- 4.10. KPMG has worked with all 14 Councils to develop a single, impartial, shared evidence base and options appraisal, identifying a long list of options (geographies) and appraising them according to the Minister's specified criteria. This work underpinned Kent Council Leaders' decision on which options to proceed to full business case.

**Phase 2 – Strategic Business Case Development**

- 4.11. Informed by Kent Council Leaders' decision, KPMG then worked with all 14 Councils on preparing and refining the chosen options into strategic business cases in preparation for the 28 November 2025 submission deadline.

**Phases 3 and 4 – Ongoing Support to Vesting Day Requirements**

- 4.12. Following Ministerial decision, significant work will then be required to prepare for transition from the existing 14 Councils to the new Unitary Council(s) in a safe and legal way. Phase 3 will run from Ministerial decision to election to shadow authority(s), and Phase 4 from election of shadow authority(s) to vesting day (the day upon which formal responsibility is handed over).
- 4.13. A further procurement process will be required for any additional external support determined necessary for Phases 3 and 4. The existing contract with KPMG is for Phases 1 and 2 only.
- 4.14. At an extraordinary Kent Council Leaders meeting 3 September 2025, Leaders were presented with the evidence base and options appraisal assembled by KPMG colleagues with significant input from staff across all 14 Councils. There were seven geographies in scope.
- 4.15. Each Leader was asked to select the option they would support progressing to strategic business case, the two with the most support then being prioritised for the collective process. As a result of the vote, Options 3A and 4B were selected to progress.
- 4.16. Subsequently, Kent County Council (option 1A), Medway Council (option 4D) and Gravesham and Dartford Borough Councils (option 5A) determined they were willing to self-fund strategic business cases for their specified options. Apart from 1A, these were progressed as part of the joint process with support from the jointly appointed strategic business partner and aligned with collective work around the shared evidence base and overarching governance and timescales. Ultimately, strategic business cases can be submitted by individual councils or groups of councils. Each council can only support one proposal.
- 4.17. Timescales leading up to 28 November 2025 submission have been tight and as such, a regular rhythm of collaborative governance meetings, milestones and activity was established. These include:

**Steering Group** – weekly officer meetings to oversee the activity leading into the strategic business cases and ensure it is delivered to time and on budget with the strategic business partner.

**Local Authority Chief Executives** – to provide a Programme Board role in terms of officer decision-making, oversight, and liaison with Leaders.

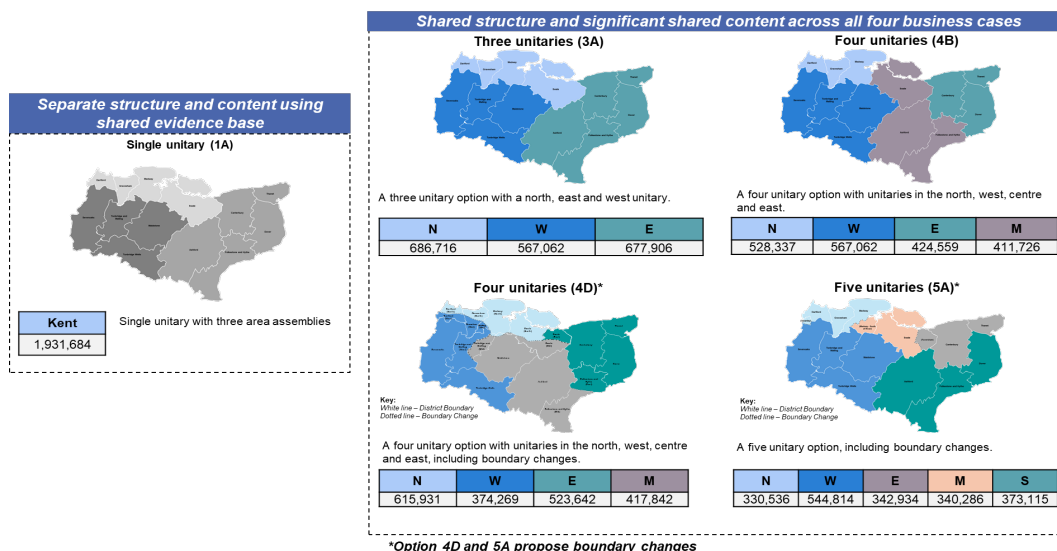
**Kent Council Leaders** – meetings at regular intervals and at key decision points to ensure the process is genuinely politically-led and proceeds as per Leaders' collectively agreed approach, ultimately producing what Leaders need to satisfy governance in each of their individual Councils and enable a submission on 28 November 2025.

### **After submission**

- 4.18. Following submission, it is likely there will be a period of several months until we receive notice of the Minister's decision on a selected option and geography. Early indications are this will likely be between Spring/Summer 2026.
- 4.19. In the interim, learning from other areas that have been through reorganisation before, it will be important for councils to collectively prepare for Phases 3 and 4 so that they will be ready to progress the necessary and extensive transition work required to ensure services are safe and legal on day 1 of the new Unitary Council(s).
- 4.20. Therefore, whilst waiting for a decision, it is envisaged that Kent Council Leaders and Chief Executives will work collaboratively and focus on putting in place the arrangements required and to determine any procurement activity they deem necessary for a strategic business partner for Phases 3 and 4.

## **5. Development of proposals**

- 5.1. The Government set out six criteria for successful local government reorganisation which informs the structure and content of business cases to be submitted by Kent councils:
  - 1. Establishing a single tier of local government
  - 2. Efficiency, capacity, and resilience to shocks
  - 3. High-quality, sustainable public services
  - 4. Collaboration to meet local needs
  - 5. Enabling devolution
  - 6. Strengthening community engagement and neighbourhood empowerment.
- 5.2. Councils across Kent currently operate within a two-tier system comprising Kent County Council and twelve district and borough councils, alongside the unitary authority of Medway. As set out previously, Kent and Medway councils have worked in close collaboration to identify and develop the following possible options for unitary authorities across the region for submission to Government as set out below:



5.3. Medway Council has consistently supported the view that four unitary authorities would be the best option for Kent and Medway, and accordingly a modified proposal, 4D, has been developed from Option 4B.

## 6. Options

6.1. Five full business cases have been developed setting out alternative proposals for LGR in Kent, and each has differing levels of support and promoters.

6.2. Members are requested to consider the executive summaries and full business cases appended to this report (**Appendices 1 - 5**) for a comprehensive review of each proposal, which for expediency is not rehearsed in the body of this report.

## 7. Advice and analysis

7.1. Option 4D proposes replacing the existing two-tier system of local government in Kent and Medway with four balanced, community-focused unitary authorities: North Kent, East Kent, Mid Kent and West Kent. Each new council would deliver all local services within its area, removing duplication, simplifying accountability, and ensuring decisions are made closer to their communities.



Unitary	Area	Population
<b>North</b>	Dartford (78%), Gravesham (87%), Medway (98%), Swale (81%), small parts of Tonbridge and Malling (3%) and Maidstone (2%)	615,931
<b>West</b>	Dartford (22%), Gravesham (13%), Medway (2%), Tonbridge and Malling (61%), Sevenoaks, Tunbridge Wells	374,269
<b>East</b>	Canterbury, Dover, Thanet, Folkestone and Hythe (64%), Swale (Faversham area – 17%)	523,642
<b>Mid</b>	Tonbridge and Malling (36%), Swale (3%), Folkestone and Hythe (36%), Maidstone (98%), Ashford	417,842

- 7.2. The four authorities would each serve between 375,000 and 615,000 residents, aligning with natural economic and transport corridors such as the Thames Gateway, M20/HS1 and East Kent coast. This model creates a simpler, smarter and stronger structure — local in identity, strategic in scale, and ready to unlock the benefits of devolution for Kent and Medway.
- 7.3. A key priority for the future is Children's and Adult health and social care services. This option offers a major opportunity to transform children's and adult social care across Kent, by creating four place-based authorities aligned with community identity, health partnerships, and education systems. It combines the benefits of local knowledge and relationship-based practice with the scale and stability needed to sustain quality, workforce, and innovation.
- 7.4. The extract below sets out the key rationale for supporting the proposed 4D model for Kent and Medway aligned to the six criteria for LGR set by Government:

<p><b>Criteria 1: Establishing a single tier of local government</b></p>	<p><b>Four strong unitaries, large enough for delivery at scale, small enough to preserve local identity and allow manageable service delivery</b></p> <ul style="list-style-type: none"> <li>• Four unitary authorities that are large enough to deliver high-quality services efficiently, yet small enough to preserve local identity and maintain close connection with residents. Leading to more responsive service design and closer alignment with local priorities.</li> <li>• At the lower end of the Government's 500,000 population guideline, the size of the unitaries provides headroom for growth while enabling more focused and responsive service delivery.</li> <li>• 4D demonstrates consistent alignment to major Kent industries, with strong internal industry links.</li> <li>• Balanced council tax base and population density, geographic area and transport connectivity despite imbalance in historic housing delivery and green-belt designation.</li> </ul> <p><b>Boundaries Aligned with Identity, Movement, and Geography</b> The proposed boundaries are designed to better reflect local identity, sense of place, travel-to-work areas, and health geographies, creating authorities that correspond to how residents live and move. This model also reflects historic and cultural geographies, balancing rural and urban areas and respecting natural transport corridors. Community-based boundaries make it easier for councils and the NHS to work together. The 4D model aligns with the local healthcare system and prioritises prevention and early intervention. Option 4D offers the best internal transport cohesion across unitaries – ideal for efficient service delivery and coherent policy implementation. Smaller areas such as Dartford, Gravesham, and Medway in the North unitary individually have lower travel times and well-connected infrastructure. This leads to more manageable geographies for efficient, responsive service delivery with fewer logistical barriers.</p> <p><b>Efficient and Representative Democratic Arrangement</b> Option 4D achieves the lowest range of elector ratios between authorities and a reasonable average elector ratio, ensuring fairness, effective governance, and stronger local democracy.</p>
<p><b>Criteria 2: Efficiency, capacity and withstanding shocks</b></p>	<p><b>Efficient Delivery at Scale</b></p> <ul style="list-style-type: none"> <li>• Four appropriately sized unitaries ensure operational resilience and efficiency.</li> <li>• Good balance in council tax and debt profiles supports fiscal resilience across all authorities.</li> </ul> <p>The inclusion of more economically diverse areas within individual authorities may offer opportunities to distribute resources more equitably and design budgets around localised needs.</p>



	<p><b>Financial Sustainability</b></p> <ul style="list-style-type: none"> <li>• Each authority has a robust tax base and economic capacity, with GVA per capita ranging from £24,127 (East Kent) to £37,204 (West Kent).</li> <li>• Council tax rates are closely aligned, minimising disruption and administrative complexity during transition.</li> </ul> <p><b>Resilience to Financial Shocks</b></p> <ul style="list-style-type: none"> <li>• Population and economic capacity distributed in a manner that aligns with the local identities, economics strategies, and existing partnerships, supporting effective delivery of core services and withstanding financial shocks.</li> </ul>
<p><b>Criteria 3: High quality and sustainable public services</b></p>	<p><b>Targeted Services</b></p> <ul style="list-style-type: none"> <li>• Smaller, focused authorities enable targeted, community-led delivery of statutory services such as adult social care, children's services, and public health.</li> <li>• Each unitary can focus more precisely on the specific needs of their smaller, defined populations, designing services that align to local challenges, for example East Kent can prioritise coastal services and tourism, while Mid Kent can focus on rural needs and agriculture. This can lead to better-tailored social care services and more efficient statutory service delivery.</li> <li>• Resources can be managed more effectively, ensuring adequate funding and staffing for social care and statutory services.</li> <li>• Better local knowledge – can draw from examples of commissioning and partnership working over a Medway and Swale footprint.</li> </ul> <p><b>Integration with Health and Education for Resilient Service Models</b></p> <ul style="list-style-type: none"> <li>• The model strengthens collaboration with NHS and education partners, supporting integrated health systems and local system leadership.</li> <li>• Place-based health and wellbeing strategies can be implemented, tackling health inequalities through prevention and early intervention:</li> <li>• The NHS 10 year plan published earlier this year very clearly sets out a primary focus is one of prevention, and early intervention. To achieve the scale of ambition contained within in the plan the NHS has said it will need to work in much closer partnership with local government and other local public services.</li> <li>• Option 4D will enable the implementation of place-based health and wellbeing strategies, tackling health inequalities through prevention and early intervention. The smaller scale facilitates faster decision-making, local innovation, and targeted deployment of resources</li> <li>• Integrated teams spanning local authorities, NHS trusts, and community providers can operate more effectively within manageable geographies.</li> </ul>

<p><b>Criteria 4: Working together to understand and meet local needs</b></p>	<p><b>Preserving Identity and Sense of Place</b></p> <ul style="list-style-type: none"> <li>• Preserves the cultural, historic, and geographic identities of Kent's communities, creating boundaries that reflect real community connections. This is best evidenced in Swale, where the residents of Faversham feel a closer connection to Canterbury or Ashford than to Sittingbourne and the rest of Swale which looks more towards Medway and relies on services such as Medway Foundation Trust.</li> <li>• Bold and forward-thinking: Taking the opportunity to develop a model of local government driven by allegiances and patterns of behaviour rather than lines on a map would align better with community ties and provide a solid framework for the next 50 years.</li> <li>• The smaller unitary sizes help to build a sense of place and community that could be difficult to achieve on a larger scale. We know that people inherently feel a sense of pride and belonging and engagement with their immediate geographical area, championing their place which would be difficult to achieve with larger unitaries.</li> <li>• There is a risk that three unitaries would be remote from the communities they serve, disconnected from residents, businesses and partners and more reactive in-service delivery.</li> <li>• Follows logical boundaries along natural transport routes and economic corridors, such as the M2, Thames Gateway, coastal zones, and importantly also recognises distinct existing communities throughout Kent socially, culturally and economically.</li> <li>• Keeps governance closer to residents, helping to protect local identities and maintain a stronger connection between decision-makers and their communities.</li> </ul> <p><b>Alignment with Local Preferences</b></p> <ul style="list-style-type: none"> <li>• Aligns with the preferences of public service partners and local organisations, emphasising proximity, local knowledge, and continuity of relationships.</li> </ul>
<p><b>Criteria 5: Supporting devolution arrangements</b></p>	<p><b>Foundation for Devolution</b></p> <ul style="list-style-type: none"> <li>• Four balanced authorities provide a strong foundation for future devolution, ensuring equitable representation and accountability within a Mayoral Combined Authority.</li> <li>• Each authority reflects a coherent economic geography, aligned with transport, housing, and employment patterns. This creates councils capable of participating meaningfully in county-wide or regional strategic planning and investment.</li> </ul> <p><b>Efficient and Democratic Governance</b></p> <ul style="list-style-type: none"> <li>• Populations around 400,000–600,000 allow for manageable council sizes (approx. 85–90 members), supporting effective local democracy. Larger unitaries of 650,000-750,000 residents would require unwieldy councils of over 115 members, undermining effective local democracy.</li> <li>• Smaller unitaries will fundamentally offer a more localised form of governance. It will ensure councillors and council officers remain</li> </ul>

	<p>connected to their local communities and decision making remains close to the communities they serve giving residents confidence their local authority understands their needs, their representatives listen to their views, building trust and confidence in their council.</p> <ul style="list-style-type: none"> <li>• A four unitary authority model would allow for a majority vote in scenarios where unanimity is not possible in a vote across the four unitary councils and the Mayoral Strategic Authority. A three unitary council model in Kent would provide four new entities overall and would come with an inbuilt barrier to decision-making which would cause undue delay and complication.</li> <li>• Our experience in Medway is that of an agile council, with a minimum of bureaucratic layering and an ability to make swift decisions when responding to challenge and opportunity that is representative of a population of &gt;292,000.</li> <li>• Four unitary councils (UAs) are better able to address the specific needs of our residents, being more closely attuned, providing services that are better tailored, benefitting from a closer local knowledge.</li> <li>• The Devolution assessment highlights that smaller, well-defined unitary councils provide stronger building blocks for a future Mayoral Combined Authority (MCA), a four unitary option would ensure equal-sized partners, promoting fair representation, shared leadership, and balanced influence across the region.</li> <li>• Four authorities may be incentivised to collaborate on shared priorities such as transport, housing, and environmental concerns. This could strengthen regional investment strategies, particularly in economic corridors like the Thames Gateway (North Kent) and the Channel Ports (East Kent).</li> </ul>
<b>Criteria 6: Stronger community engagement and neighbourhood empowerment</b>	<p><b>Deep Community Connections</b></p> <ul style="list-style-type: none"> <li>• The model is explicitly designed to reflect and reinforce local community identities, helping people feel more connected to their local services.</li> <li>• Smaller unitaries to foster stronger relationships with local voluntary, community, and faith sectors (VCFS)</li> <li>• Existing partnerships such as Medway Voluntary Action and the Gillingham Task Force demonstrate the benefits of proximity, shared trust, and responsiveness.</li> <li>• Enables us to make sure that services are held accountable and remain responsive to local needs. Knowing the community helps VCS organisations advocate more effectively for their needs and represent their interests in discussions with policymakers and other stakeholders.</li> </ul>

- More effective collaboration and support for community initiatives due to stronger, more personal and enhanced relationships with local voluntary organisations. This community engagement can enhance trust and cooperation between service providers and residents. This can improve the quality of care and support provided.

#### **Enhanced public engagement**

- Local authorities of manageable scale to lead community-centred regeneration, co-designing solutions with residents and local organisations.
- Proximity to residents allows smaller councils to engage more effectively with the community, ensuring that regeneration initiatives are informed by local insights and receive broader support.
- Our best example of this is perhaps our work in Chatham Intra, with the High Street Heritage Action Zone and the Chatham Design Code.

#### **Supporting Growth & Regeneration**

- Community-centric development and co-creation – smaller councils are more attuned to local needs and aspirations, enabling us to implement projects of local resonance; a good example of this is the work of the Gillingham Task Force; a forum which attracts the local MP, Cabinet Members and senior council officers and many local people. It would be impossible to replicate this approach across the number of towns linked to a larger 650k-750k authority.
- Strengthened community bonds: Smaller authorities in a four-unitary model can maintain a strong sense of community by preserving local identities and encouraging active civic participation, which is vital for social cohesion, inclusion and collective growth. Our best evidence of this is our Medway Place programme, where businesses and key stakeholders across Medway come together to provide an insight to their business or story, helping to shape Medway's Place Brand and opportunities across Medway.

#### **Tailored Services for Growth**

- As a recipient of UKSPF we have been able to operate a fund for local businesses which has not only delivered an intervention perfectly in line with the original policy intention, but one which has been able to support and celebrate Medway's uniqueness. In a much larger authority it would be very difficult to cater for the demand and run a process which serves the area so acutely well. An example of this in Medway is the method of delivery used for UKSPF, which also ensured that we could allocate resources more precisely to projects and communities that needed them the most, ensuring that social regeneration efforts are both effective and felt by our communities.

## 8. Diversity Impact Assessment

- 8.1. Detailed work on developing services and assessment of the impact on protected characteristics will be undertaken after notice is given of the Minister's decision on a selected option and geography. A draft Equality Impact Assessment is attached at Appendix 6 to the report, which reflects the work which has been undertaken so far between all 14 Kent councils.
- 8.2. The proposed 4D model aims to promote local accountability and proximity of decision-making, which will improve service access for communities experiencing disadvantage, including older people, disabled residents and those on low incomes. Aligning council boundaries with NHS Health & Care Partnerships will support more integrated health and social care outcomes, particularly for people with complex needs.

## 9. Risk management

- 9.1. LGR has been added to the Strategic Risk Register and will be overseen by the Cabinet and by Overview and Scrutiny. Reorganisation of councils on this scale has not taken place anywhere else in the country either in terms of the number of councils, the size of population or quantum of finances.
- 9.2. Delivery of business as usual by the current councils is potentially at risk, whilst attention is diverted to the formation of shadow authorities.
- 9.3. The financial difficulties of the Local Government sector are well documented and can be linked to systemic underfunding and a lack of local flexibility around taxation and income generation. Changes to the geography of councils does not overcome these financial issues, which require proper fiscal devolution.
- 9.4. The business cases developed do not include treasury management activities which could have fundamental implications for the cash-flow of the new unitaries, including headroom for further borrowing.
- 9.5. If a local authority decides not to submit a proposal to government by 28 November, the Minister will still take a decision on local government reorganisation, however, this would be unlikely to factor in detailed local knowledge and understanding of the area alongside its strategic opportunities and challenges.
- 9.6. There is a risk that a decision by the Minister on the chosen option and geography will be delayed and this will have subsequent impacts on the timeline for work to be completed in Phases 3 and 4. This can be mitigated by ensuring regular communication between MHCLG, Local Authority Chiefs, Kent Council Leaders, and planning timelines for completion of work in Phases 3 and 4 which includes some contingencies for delays.

Risk	Description	Action to avoid or mitigate risk	Risk rating
Government not agreeing the 4D option	There is a potential reputational risk to not supporting the 4D option in preference for an option which is detrimental to Medway and its residents.	A detailed business case has been developed with ongoing engagement with civil servants and Ministers. We will continue to press the case for four unitaries and 4D in particular until a final decision is reached.	BII
Breakdown of cross-authority collaboration	So far, all 14 councils have worked collaboratively. Should this cease there is a risk to future implementation and planning.	Continue to participate and engage in all cross County LGR and devolution activity across both members and officers.	CII
Implementation Cost Funding	There is current uncertainty from Government as to the arrangements for funding implementation, but it is highly likely that these costs will ultimately fall to the successor councils.	Implementation costs are crucial to transition and shadow arrangements ensure a 'safe and legal' day one of the new arrangements (Vesting Day)	All
Financial assumptions in the Business case – what's the risk?	The Kent Finance Officers Group provided data to support development of the financial assumptions underpinning the business case. These assumptions will be impacted by any future decision made by the shadow authority and their predecessors	Ensuring that the financial transition arrangements are robust and embedded in the 'Safe and Legal' framework of activity	All
Government decides not to go ahead with LGR and Devolution process	If for funding and cost reasons the Government decides it cannot afford to	This is a flagship policy for the government but we will ensure we	CIII

Risk	Description	Action to avoid or mitigate risk	Risk rating
	roll out the full LGR process in this parliament	remain in close contact with central government. We will continue to work in collaboration with all Kent councils to identify any opportunities that could arise from the work carried out so far.	
Uncertainty and possible loss of staff in the run up to the LGR decision	This is a long term project and some staff members may feel uncertain about their futures in local government in Kent and Medway and chose to leave their jobs for more secure employment.	We are working hard to ensure we keep all staff informed every step of the way in the LGR journey. There is an all staff teams briefing on 1 December and we will be holding regular updates, issuing newsletter and cascade information in the coming months to keep everyone informed and engaged.	BIII

For risk rating, please refer to the following table:

Likelihood	Impact:
A Very likely B Likely C Unlikely D Rare	I Catastrophic II Major III Moderate IV Minor

## 10. Consultation and Engagement

- 10.1. There was no statutory requirement on the Council to consult residents affected by a proposed reorganisation, however, the Secretary of State's invitation and guidance stated that it was for councils to decide how best to engage locally and in a meaningful and constructive way.
- 10.2. Awareness raising and engagement in respect of the Council's proposed preferred option has been undertaken. This has been via a county-wide process led by Canterbury City Council Communications Team, with input from officers from every Council, including Medway Council. This included an open public survey, open to anyone to complete.

10.3. Stakeholder and Partner engagement has been ongoing since February 2025 for the Interim Submission in March 2025. The engagement has sought to understand:

- What are the key factors that should be taken into account for reorganisation
- What opportunities could be realised by reorganisation
- What problems could be fixed by reorganisation
- What problems could be created or will not be fixed by reorganisation.

10.4. Kent Councils recognised the importance of close collaboration with their partners and the opportunities for Public Service Reform. Therefore, Workshops were also undertaken with key strategic partners (including Health, Police, Education, DWP). These workshops explored the options being considered, and having an open discussion on:

- Challenges in the current system and ways of working
- Strengths in current ways of working to be protected and/or built upon
- Opportunities that LGR brings to improve ways of working.

10.5. Crucially, the approach to public and stakeholder engagement was not aimed at gauging support for specific options, but rather at exploring the potential benefits and opportunities, alongside any concerns or challenges associated with the proposals. This enabled Councils to take a well-informed and thoughtful approach in addressing these factors within the proposals.

10.6. Engagement activity was undertaken in line with an agreed plan with a Kent-wide approach led and informed by a cross-Kent communications group and best practice from previous LGR areas. Stakeholders involved included:

- Residents (including in-person engagement events over the summer and Medway Matters Live in October 2025)
- Local businesses
- Community groups
- Council Members, staff and front-line officers (including Parish Councillors via the Rural Liaison Board)
- Members of Parliament
- Strategic partners across housing, health, emergency services, social care and safeguarding, education and skills, economic development, government, public sector and volunteering.

10.7. Detailed analysis is included within the business cases attached in the Appendices.

## 11. Climate change implications

11.1. The preferred 4D model aims to provide a stronger framework for delivering the county's net-zero commitments and responding to the climate emergency.

11.2. Each of the four new Unitary Authorities – North Kent & Medway, East Kent, Mid Kent and West Kent – will lead on local climate priorities that are most



relevant to them such as coastal resilience, air-quality management, sustainable transport, biodiversity and waste reduction, with the future Devolution deal enabling the coordination and funding of large-scale initiatives including renewable-energy generation, flood protection, and the transition to low-carbon infrastructure.

- 11.3. Consolidating waste, planning and transport responsibilities within single authorities will reduce duplication, improve resource efficiency, and enable consistent environmental standards.

## 12. Financial implications

- 12.1. The government provided specific grant funding to support the development of business cases for LGR. Kent Council Leaders agreed to use this money collectively to develop a shared evidence base, options appraisal and business case(s) to prepare for the 28 November 2025 submission and procure the necessary external support and expertise to meet the deadline. KPMG were appointed as Kent Councils Strategic Business Partner following a joint procurement process for Phases 1 and 2 and commenced work with all 14 Councils in July 2025.
- 12.2. The cost of developing a business case is being funded from a Government Grant of £514,410 paid directly to KCC. The procurement of management consultants was undertaken by KCC based on a specification determined by Kent Leaders and Chief Executives.
- 12.3. KPMG has provided and used a model to assess the unitary options developed by individual councils using the Government-defined criteria. Their approach is based on a high-level, top-down financial model that estimates the impact of disaggregating and aggregating existing services. This model applies broad assumptions regarding potential savings in staffing, property, and third-party expenditure based upon information requested by KPMG and supplied by the Kent Authorities.
- 12.4. The modelling is based on current budgeted 2025/26 spend and forecast spend in subsequent years from the 14 individual councils. As far as possible this spend has been compiled on a like for basis using the definitions used in statutory returns. These are based on net service spend before any income from central government grants or local taxation. This may differ from how spend is reported internally within the individual councils.
- 12.5. The Kent Finance Officer Group (KFOG) have collectively agreed on the following position on the analysis carried out:
  - LGR, whilst generally expected to be positive for local government finances in the long term, will not solve the cost, demand and associated funding challenges currently being faced. The scope of the financial modelling considers purely the impact of reorganisation, all other things being equal.
  - The work carried out at this stage is not a zero based exercise of the financial impact of LGR. Assumptions are based on the past LGR business cases produced to support other areas which have been through the LGR submission process in recent years.

- Due to the size and number of councils in Kent, there is not a fully comparable example of recent reorganisations elsewhere in the country to confidently benchmark against. Due to the level of complexity, payback periods in Kent may therefore be longer than some other reorganisations.
- The speed of delivery and level of savings post vesting day of the new councils will largely be impacted by decisions already made by the predecessor authorities and those taken by the new authorities. These include decisions in relation to contractual obligations, borrowing, transformation and wider public service reform.
- The financial modelling does not take account of how transition costs will be funded.
- The assumptions in the model have not been tested against actual outturn data for any of the previous local government reorganisation programmes.
- Given the context above, the modelling should not be seen as a set of targets that new authorities may be held to account for as setting the post-vesting day budget will be the responsibility of the new authorities.
- Consolidation of assets, reserves and debt is outside the scope of this work and will have material implications under any of the unitary options proposed.

12.6. Whilst being fully supportive of the long-term benefits of LGR, all Kent Finance officers agree that LGR does not in itself provide a viable solution to the scale of the financial challenge faced. The modelling is a high-level assessment of the quantum and timing of potential additional revenue costs and savings arising from the reorganisation of councils. The modelling is designed to enable a reasonable like for like comparison of the potential costs and savings and ultimately pay-back periods under the possible different new unitary configurations. As such it does not make any assessment of financial viability of future new unitary councils.

12.7. However, there are limitations to this methodology. The model does not fully reflect the operational complexities of local government, including:

- Evolving property usage post-pandemic, which may affect assumptions around estate rationalisation.
- Long-term contractual arrangements that may restrict the ability to realise economies of scale.
- Local variations in service delivery models and partnership arrangements.
- No compelling evidence as to the optimum size of local authority to deliver maximum efficiency.

12.8. With regards to income, the model assumes that council tax will be equalised. However, this is contingent upon two key factors, adherence to the council tax referendum principles and in particular Alternative Notional Amounts being issued by the Minister and secondly, acceptance by the public. Ultimately, this decision will rest with the newly formed unitary authorities, and the model reflects an assumption rather than a confirmed outcome.

12.9. The cost of reorganisation is substantial but there is no certainty that the modelled savings will materialise to the scale required to offset these costs in the short term.

12.10. This report is limited to the options being proposed.

- 12.11. The model does not incorporate the potential impact of the Fair Funding Review 2.0 and Business Rates Reset, nor does it account for existing budget gaps within individual authorities' Medium-Term Financial Strategies. These financial pressures will persist regardless of reorganisation and are not addressed within the scope of the options appraisal.
- 12.12. It is not clear how councils can fund the cash-flow requirements or the extent of any government funding. The majority of costs will occur in the early years of the new unitaries with the expectation that future savings can be delivered.
- 12.13. The long-term financial viability of local government and new unitary authorities remains questionable without a more realistic financial settlement and fiscal devolution.

### 13. Legal implications

- 13.1. The Secretary of State has invited the Leaders of all fourteen councils in Kent and Medway to submit proposals for a single tier of local government under Part 1 of the Local Government and Public Involvement in Health Act 2007 ('the 2007 Act').
- 13.2. The 2007 Act defines proposals as falling into one of four types, A, B, C and Combined, based upon existing districts or counties. Notwithstanding the legislative requirements the Secretary of State, in the guidance accompanying his letter of 5 February 2025 stated:

#### ***"Boundary Changes***

*Existing district areas should be considered the building blocks for your proposals, but where there is a strong justification more complex boundary changes will be considered.*

*There will need to be a strong public services and financial sustainability related justification for any proposals that involve boundary changes, or that affect wider public services, such as fire and rescue authorities, due to the likely additional costs and complexities of implementation. "*

- 13.3. The proposals contained within business cases 1A, 3B and 4B are built on existing district areas, whereas 4D and 5A are more complex arrangements. Notwithstanding the guidance provided by the Secretary of State, in order to minimise any potential risk of a proposal being considered as noncompliant, it is recommended that option 4D is submitted as a modification of 4B.
- 13.4. Whilst the decision on submission on LGR is significant for the Council, the actual decision rests with the Secretary of State. The decision to make a proposal to the secretary of state on LGR is an executive decision and hence rests with the Cabinet.
- 13.5. Engagement with all members of the council has been undertaken to date through various channels, including the Member Working Group on LGR and the Cross-Party Governance Group. A special meeting of the Council has been convened for 13 November 2025, in advance of the Cabinet meeting on

18 November 2025 to determine the submission, so that the Council can share its views on the options. The outcome agreed at the Council meeting is merely informative and not binding on the Cabinet.

- 13.6. Following the introduction but prior to the consideration of the agenda by the Cabinet on 18 November, due to the short passage of time in the interim, the Council's Chief Executive will provide a short verbal summary of the outcome of the Council meeting so that Cabinet Members can have regard to the views expressed in their broader consideration of all the proposals.
- 13.7. Once proposals have been received, the Secretary of State may refer them to the Boundary Commission and seek advice on the proposals or any other matter. The proposals and advice can be accepted with or without modification and once determined he will then undertake public consultation on the proposals in 2026. There is no requirement to consult on every proposal received.
- 13.8. Following consultation, if the Secretary of State decides to proceed with one of the reorganisation proposals (with or without modifications), then a detailed Structural Change Order dealing with the transfers of powers, property, assets, and staff, as well as any boundary and electoral changes necessary to give effect to the reorganisation will need to be laid in Parliament. This will also set out a timescale for implementation of the new structures and set out interim arrangements.

## Lead Officer Contact

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## Appendices

Appendix 1: Option 1A, One unitary business case (to follow for full Council)

Appendix 2: Option 3A, Three unitary business case (to follow for full Council)

Appendix 3: Option 4B, Four unitary business case (to follow for full Council)

Appendix 4: Option 4D, Four unitary business case (Modified) (to follow for full Council)

Appendix 5: Option 5A, Five unitary business case (to follow for full Council)

Appendix 6: Draft Equality Impact Assessment

## Background papers

[English Devolution White Paper: Power and partnership: Foundations for growth](#)