

## Appendix 2: Rationale for Options Appraisal scoring

**Criterion A: A proposal should seek to achieve for the whole of the area concerned the establishment of a single tier of local government**

**Overall scores:**

Option 1 3 unitary (N,E,W)	Option 2 4 unitary (W,N,E,S)	Option 3 4 unitary (M,W,N,E)	Option 4 4 unitary (N,E,M,W)	Option 5 2 unitary (E,W)	Option 6 1 unitary – benchmark (K&M)
3	1	2	1	4	5

### **Summary for Criterion A**

Inevitably, a theoretical single unitary would be the most effective way to ensure that the taxbase is appropriate for the area and there is no undue advantage for one part of the county over another. A single unitary would also maximise the available area over which to manage housing demand, helping to overcome spatial constraints and removing authority boundaries that can hamper housing delivery. These advantages also apply to the two-unitary option to a lesser extent, but this option would introduce small disparities in income between East and West. Councils in the four-unitary options are more likely to experience challenges in meeting housing need, and modelling suggests that there will be significant disparities between unitaries in the cost of social care and SEND, which is exacerbated in some options by the location of major adult's residential social care providers and concentrations of deprivation in proposed unitaries. Newton have indicated that the disparities in spend between unitaries in the four-unitary options are higher than they have seen in options being considered in other parts of the country, primarily because the proposed populations are small. Given Government's current direction of travel the delivery of housing supply and the associated increase in Council Tax receipts will be important to the financial viability of local authorities.

Two sub-criteria were considered to generate the overall score for Criterion A:

- 1) Sensible economic areas with an appropriate tax base, no undue advantage for one part of the area
- 2) Sensible geography which will help to increase housing supply and meet local need

### **Sub-criteria:**

1) Sensible economic areas with an appropriate tax base, no undue advantage for one part of the area

Option 1 3 unitary (N,E,W)	Option 2 4 unitary (W,N,E,S)	Option 3 4 unitary (M,W,N,E)	Option 4 4 unitary (N,E,M,W)	Option 5 2 unitary (E,W)	Option 6 1 unitary – benchmark (K&M)
4	1	2	2	4	5

## Rationale

Overall assumptions and considerations:

- Government's Fair Funding Review 2.0 launched in late June 2025 proposes changes to local government funding formulas including how deprivation and Council Tax income will affect the distribution of funding. At the time that this options appraisal was carried out, the impacts of these changes were not yet known. Further financial modelling will be required once this information becomes available.
- For the purposes of this assessment, an appropriate tax base that does not create undue advantage has been defined as a total tax base that is relatively equitable between proposed authorities within a model.
- In-house financial modelling has been undertaken to capture the likely income from Council Tax for each new unitary authority - this is expressed as overall Council Tax yield and has been calculated at the average rate of harmonisation. Total Council Tax yield has predominately been used to inform the options appraisal, as a judgement was made that the total quantum of income available to the new unitaries would be of greater interest to Government than the amount per head, but the per head information is also included in the Financial Assessment. As the level at which Council Tax harmonisation is set will be a political decision for the new unitaries, the average rate has been used to inform scoring. Harmonising to the highest or lowest point would have different impacts.
- In addition, the impacts for people-based services through Newton's analysis provides evidence on the variation of increases in costs for adults' and children's social care and SEND between proposed unitaries in the different options.
- Analysis of disaggregation costs by KCC's Finance team shows that the 'legacy' costs of Adult Social Care (ASC) would be particularly high in Folkestone & Hythe and Dover because a high proportion of the county's residential placements are in these districts. This means that unitary authorities which contain these districts will inherit high ASC costs.
- The analysis by KCC's Finance team also shows that costs for Children's Social Care (CSC) correlate with areas of higher deprivation, with costs particularly high in Thanet, Swale, and Folkestone & Hythe. Unitary authorities which contain these districts will therefore inherit high CSC costs.

Option 1 (3 unitaries) – score 4/5

- Internal KCC analysis shows that, at the average rate of harmonisation, the overall tax yield for the East Kent unitary authority would be £427m, £391m in the North Kent unitary authority, and £414m in the West Kent unitary authority. The difference between the highest and lowest is £36m and the balance ratio is 1.09 which indicates a good balance.
- The increase in required spend per resident on social care and SEND in year 1 varies by 27.7% between the unitaries. This is less variance than the 4 Unitary Authorities (4UA) options but more variance than the 2 Unitary Authorities (2UA) and 1 Unitary Authority (1UA) options.
- KCC's analysis of legacy costs of ASC and CSC found that there would be disparities between the unitary authorities with the West Kent unitary authority inheriting lower costs per resident than the North Kent and East Kent unitary authorities. In East Kent the costs for ASC would be £402 per resident and £291 in West Kent. In this model the cost pressure for ASC is concentrated in the East Kent unitary, whereas in the 4-unitary options the

higher cost areas in the East are split with two unitaries inheriting high costs. The cost for CSC in East Kent would be £152 per resident, in North Kent it would be £153 and in West Kent it would be £79.

#### Option 2 (4 unitaries) – score 1/5

- Internal KCC analysis shows that, at the average rate of harmonisation, the overall tax yield varies from £241m in South Kent to £414m in West Kent – a difference of £173m. This is a balance ratio of 1.72 which is the highest of all the options.
- The increase in required spend per resident on social care and SEND in year 1 varies by 34.9% between the unitaries.
- KCC's analysis of legacy costs of ASC and CSC found that there would be disparities between the unitary authorities, with the West Kent unitary authority inheriting lower costs per resident than the other unitary authorities. In South Kent the costs for ASC would be £440 per resident - which is the highest of all the options - and in West Kent it would be £291. The cost for CSC in East Kent would be £171 compared to £79 in West Kent (the biggest difference in cost across all options). In this option, the South Kent unitary authority would inherit the highest costs per resident for people-based services out of all of the options.

#### Option 3 (4 unitaries) – score 2/5

- Internal KCC analysis shows that, at the average rate of harmonisation, the overall tax yield varies from £258m in Mid Kent to £414m in West Kent - a difference of £156m. This is a balance ratio of 1.6 which is relatively high.
- The increase in required spend per resident on social care and SEND in year 1 varies by 29% between the unitaries (the least variance of all the 4UA options).
- As above, there would be disparities in the legacy costs for ASC and CSC, with West Kent inheriting lower costs compared to the other unitary authorities. In East Kent the costs for ASC per resident would be £389, in Mid Kent it would be £366, North Kent would be £216, and West Kent would be £291. For CSC, the costs per resident in East Kent would be £153, in Mid Kent it would be £162, North Kent would be £134 and West Kent would be £79. Of the 4UA options, this option has the most even distribution of inherited costs (though there would still be significant pressures on East Kent and Mid Kent) largely because in this option, Dover and Folkestone & Hythe are in different unitary authorities.

#### Option 4 (4 unitaries) – score 2/5

- Internal KCC analysis shows that, at the average rate of harmonisation, the overall tax yield is relatively even across the four unitaries. with a discrepancy of approximately £54m between the highest (East Kent - £338m) and lowest (West Kent - £284m). This is a balance ratio of 1.19 which is the most even of the 4UA options (but not as even as the 3 Unitary Authorities (3UA) option). Inclusion of Maidstone in the Mid Kent Unitary contributes to the improved financial viability of this authority and helps mitigate the undue advantage that exists in the other four unitary options.
- However, the increase in required spend per resident on social care and SEND in year 1 varies by 38.5% between the unitaries. This is the biggest variance across all of the

options. As with option 2, this model puts Folkestone & Hythe and Dover in the same small unitary, creating significant Adult Social Care pressures.

- As above, there would be disparities in the legacy costs for ASC and CSC, with West Kent inheriting lower costs compared to the other unitary authorities. In East Kent the costs for ASC per resident would be £438, in Mid Kent it would be £271, North Kent would be £216, and West Kent would be £302. For CSC, the costs per resident in East Kent would be £160, in Mid Kent it would be £126, North Kent would be £134 and West Kent would be £76. The distribution of inherited ASC and CSC legacy costs are unevenly distributed in this model, although they are marginally more balanced when compared to option 2 (4UA model). This, coupled with the fact this model results in the most equitable distribution of council tax yield between unitaries out of all the 4UA models, results in this option scoring 2/5.

#### Option 5 (2 unitaries) – score 4/5

- Internal KCC analysis shows that, at the average rate of harmonisation, the overall tax yield between the two authorities is approximately £195m, with West Kent raising £713m and East Kent £518m. This is a balance ratio of 1.38.
- The increase in required spend per resident on social care and SEND in year 1 varies by 21.2% between the unitaries which is the lowest variance.
- There would be disparities in the legacy costs for ASC and CSC, with West Kent inheriting lower costs compared to East Kent. However, the disparity would be lower than in other options due to the larger unitary authorities being able to spread the costs across their areas. The cost per resident for ASC would be £379 in East Kent and £269 in West Kent. And the cost for CSC in East Kent would be £158 compared to £95 in West Kent. This model results in the most equitable distribution of inherited ASC and CSC legacy costs between the unitaries across all options.

#### Option 6 (1 unitary - benchmark) – score 5/5

- Creation of a single unitary authority theoretically ensures an appropriate tax base which is sufficiently large by collating tax yield from all areas.
- No undue advantage is generated due to creation of one single authority with total council tax receipts equally divided across the entire Kent and Medway population.
- The costs for ASC and CSC would be spread across the entire county area which would help absorb some of the pressures from the areas where spend is concentrated (i.e. Folkestone & Hythe, Dover, Thanet, and Swale).

## 2) Sensible geography which will help to increase housing supply and meet local needs

<b>Option 1</b> <b>3 unitary</b> <b>(N,E,W)</b>	<b>Option 2</b> <b>4 unitary</b> <b>(W,N,E,S)</b>	<b>Option 3</b> <b>4 unitary</b> <b>(M,W,N,E)</b>	<b>Option 4</b> <b>4 unitary</b> <b>(N,E,M,W)</b>	<b>Option 5</b> <b>2 unitary</b> <b>(E,W)</b>	<b>Option 6</b> <b>1 unitary –</b> <b>benchmark</b> <b>(K&amp;M)</b>
2	2	2	1	3	4

### Rationale

Overall assumptions and considerations:

- To consider the impact of LGR on the capability of new unitaries to meet local housing supply needs, two metrics have been developed: 1) the percentage of the new annual housing target that has been delivered (on average) in districts in the last six years, and 2) the percentage of the four year housing target that has been identified for development and included in the Housing Information Audit (the trajectory of expected housing completions in districts).
- Whilst this evidence helps indicate which unitary authorities might experience the greatest challenges in meeting housing supply need, the overall usefulness of this data is limited as it does not indicate which factors are contributing to the challenges. This could range from political choice, availability of land and planning constraints, or local community response to development proposals. Any number of these factors could be impacted by reorganisation. To reflect this, scores for this sub-criterion are moderate for all options as there is insufficient evidence to conclude that the sub-criterion is either not met or strongly met.
- Also this does not take into account any information on existing housing stock, and does not consider homelessness and temporary accommodation need, which are not specifically included by Government in this criterion.
- Where smaller authorities are established, there is likely to be less flexibility for strategic planning of housing due to the limitations presented by area boundaries.
- It should be noted that the challenge for West Kent to deliver the four-year housing target is common across all options (excluding option 6), owing to its significant greenbelt geography.

Option 1 (3 unitaries) – score 2/5

- Considering the percentage of the four-year housing target that has been identified for development, West Kent is likely to experience the greatest challenges in delivering this and is currently projected to meet only 67% of this target.
- Division into three unitaries is likely to have only minimal benefits in terms of mitigating existing challenges around limitations of authority boundaries for planning.

Option 2 (4 unitaries) – score 2/5

- Whilst this option creates an East Kent Unitary that has met only 56% new housing targets in the last six years, projected delivery data suggests that this authority would be on track

to deliver 108% of the four-year target. The position of the West Kent Unitary within this option is more problematic, as it is only projected to achieve 67%. Despite this, this option is likely to be the best performing across the options that establish four unitaries.

- Division into four unitaries is likely to generate more challenges (or at least will not mitigate existing challenges) around limitations of authority boundaries for planning.

#### Option 3 (4 unitaries) – score 2/5

- Whilst this option creates an East Kent Unitary that has met only 52% new housing targets in the last six years, projected delivery data suggests that this authority is on track to deliver 111% of the four-year target. The position of the West Kent Unitary within this option is more problematic, as it is only projected to achieve 67%.
- As above, division into four unitaries may not mitigate limitations of authority boundaries for planning.

#### Option 4 (4 unitaries) – score 1/5

- In terms of past delivery and projected future delivery, this option sees the poorest potential outcomes, with a West Kent authority which delivered only 45% of the new annual housing target in the last six years, and which is projected to deliver only 64% of the four-year target. This arises from the configuration of this authority which removes Maidstone and combines the three West Kent districts that historically have the lowest delivery levels.
- As above, division into four unitaries may not mitigate local resistance and limitations of authority boundaries for planning.

#### Option 5 (2 unitaries) – score 3/5

- Creation of two unitary authorities largely evens out the difference in past housing delivery. Whilst this option sees the West Kent authority in its strongest position (projected to deliver 76% housing target), this is still unbalanced compared to East Kent (projected to deliver 106%).
- Division into a smaller number of unitaries is also likely to help councils meet increasing housing supply need, with fewer authority boundaries complicating planning.

#### Option 6 (1 unitary - benchmark) – score 4/5

- By grouping together all districts across Kent and Medway, housing delivery challenges in some areas are evened out/mitigated by opportunity in other areas.
- Furthermore, the creation of a single unitary is likely to significantly improve the ability/capacity to meet increasing housing supply need. With access to the entire geography of Kent and Medway, the authority would have greater flexibility and capacity to be strategic with the location of new housing that is more sensible and less restricted by district boundaries.

**Criterion B: Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks**

**Overall scores:**

Option 1 3 unitary (N,E,W)	Option 2 4 unitary (W,N,E,S)	Option 3 4 unitary (M,W,N,E)	Option 4 4 unitary (N,E,M,W)	Option 5 2 unitary (E,W)	Option 6 1 unitary - benchmark (K&M)
3	1	1	1	4	3

**Summary for Criterion B**

While the three-unitary option provides the best match for Government's expectations on population size, the two- and single-unitary options would provide greater efficiencies and value for money, lower transition costs that could be more quickly repaid and easier management of debt. The stronger financial position would provide more capacity to maximise transformation opportunities and invest-to-save projects. The two-unitary option scores highest on this sub-criterion as it would balance capacity with responsiveness to localised needs between the East and West to target transformation activity. Conversely, the four-unitary options score poorly on value for money and transition costs as they have no pay-back period (i.e. they would never return to a breakeven point). They could lack capacity and resilience to deliver meaningful transformation. The single unitary option provides significant financial advantages but fundamentally does not meet Government expectations around population size, which reduces its overall score.

Five sub-criteria were considered to generate the overall score for Criterion B:

- 1) Population of 500,000 or more
- 2) Delivers efficiencies and best possible value for money for taxpayers
- 3) Transition costs are manageable
- 4) Opportunities for transformation from existing budgets and invest-to-save projects
- 5) Debt is manageable within the new structures

**Sub-criteria:**

**1) Population of 500,000 or more**

Option 1 3 unitary (N,E,W)	Option 2 4 unitary (W,N,E,S)	Option 3 4 unitary (M,W,N,E)	Option 4 4 unitary (N,E,M,W)	Option 5 2 unitary (E,W)	Option 6 1 unitary – benchmark (K&M)
5	2	2	2	2	1

**Rationale**

Overall assumptions and considerations:

- Whilst this criterion requires a minimum population size of 500k per unitary authority, this appraisal considers whether populations fall within the broader range that government has indicated is likely to be acceptable (300,000 to 800,000) in order to acknowledge the wide range of population sizes in the options being considered.

Option 1 (3 unitaries) – score 5/5

- All three unitary authorities within this model meet the minimum population requirement of 500k. It is the only option where all unitaries would have populations close to 500,000.

Option 2 (4 unitaries) – score 2/5

- All four unitary authorities fall within the 300k-800k population range. Two are in excess of 500k (North Kent and West Kent) and the other two are below, with one (South Kent) significantly below at 363,320. According to population growth estimates, it is possible that one or both of the smallest two unitary authorities will still have a population below 500,000 in 2035.

Option 3 (4 unitaries) – score 2/5

- All four unitary authorities fall within the 300k-800k population range. Two are in excess of 500,000 (North Kent and West Kent) and the other two are under (East Kent at 415,712 and Mid Kent at 400,466). According to population growth estimates, the smallest two unitary authorities will still have a population below 500,000 in 2035.

Option 4 (4 unitaries) – score 2/5

- All four unitary authorities fall within the 300k-800k population range. Two are in excess of 500k (North Kent and East Kent) and one is significantly below at 370,795. According to population growth estimates, the smallest unitary authority (West Kent) will still have a population below this level in 2035.

Option 5 (2 unitaries) – score 2/5

- Whilst division of Kent and Medway into two unitary authorities meets the requirements for this criterion, both East Kent (816,178) and West Kent (1,059,715) would see populations in excess of the 800k mark, which could pose practical challenges for the delivery of local government. Some other areas are proposing unitaries with populations of over 900,000 as Government has not set a definite upper limit, so it is yet to be seen if populations of this size might be considered acceptable.

Option 6 (1 unitary - benchmark) – score 1/5

- Whilst creation of a single Kent & Medway unitary authority delivers a population in excess of the 500k target, this significantly exceeds the broader range of 300k-800k with a total of 1.9million and therefore poses significant practical challenges for the delivery of local government and importantly the viability of this option for LGR.



## 2) Delivers efficiencies and best possible value for money for taxpayers

<b>Option 1</b> <b>3 unitary</b> <b>(N,E,W)</b>	<b>Option 2</b> <b>4 unitary</b> <b>(W,N,E,S)</b>	<b>Option 3</b> <b>4 unitary</b> <b>(M,W,N,E)</b>	<b>Option 4</b> <b>4 unitary</b> <b>(N,E,M,W)</b>	<b>Option 5</b> <b>2 unitary</b> <b>(E,W)</b>	<b>Option 6</b> <b>1 unitary –</b> <b>benchmark</b> <b>(K&amp;M)</b>
3	1	1	1	4	5

### Rationale

Overall assumptions and considerations:

- The main indicators of efficiency and value for money for residents that have been used are net recurring benefit and estimated payback period.
- The ongoing costs of splitting council services across multiple unitaries has significant impact on both of these indicators so information on these costs have been considered for this criterion. Both PwC and Newton estimated ongoing costs. PwC's estimate is for all upper tier services and looks at the costs arising from diseconomies of scale and duplication, for example of senior posts, but does not model the specific costs associated with levels of demand on individual unitaries. Newton's modelling covers adults' and children's social care and services for children with special educational needs and disabilities (SEND) and uses Kent and Medway data to estimate total disaggregation costs. More attention has been given to the Newton estimates here as it used a more specific methodology and the services it covers which will make-up the majority of costs from splitting upper tier services.
- Debt and transition costs will also impact the delivery of efficiencies and value for money, but these are scored separately below.
- For the four-unitary options, PwC financial estimates have been generated overall – not modelled for each different geographical configuration.

Option 1 (3 unitaries) – score 3/5

- Moderate net recurring benefit of £9.3m (before transition costs).
- Does pay back but takes 8.2 years.
- Disaggregation costs are moderate compared to the four unitary options – there would be an estimated increase in annual spend on children's and adults' social care and SEND across Kent and Medway of £14.9m (not taking into account any demand pressures that would also be added over time).

Options 2, 3 and 4 (4 unitaries) – score 1/5

- Net recurring benefit is negative (loss) of £5.4m (before transition costs).
- There is no predicted payback period as recurring costs continue to exceed benefits. New unitaries could struggle to be financially viable and might need to make significant increases in Council Tax and / or reductions in service delivery.

- Disaggregation costs are inevitably higher with more unitaries – there would be an estimated increase in annual spend on children’s and adults’ social care and SEND across Kent and Medway of £19.1m (option 4), £20.8m (option 3) and £22.7m (option 2).

#### Option 5 (2 unitaries) – score 4/5

- Higher net recurring benefit of £16.5m (before transition costs).
- Relatively short payback period of 3.8 years.
- Estimated disaggregation costs are significantly smaller with two unitaries - there would be an estimated increase in annual spend on children’s and adults’ social care and SEND across Kent and Medway of £4.9m.

#### Option 6 (1 unitary - benchmark) – score 5/5

- High net recurring benefit of £49.4m (before transition costs).
- Very short payback period of less than one year.
- There are no disaggregation costs with a single unitary – there would be an estimated saving in spend on children’s and adults’ social care and SEND across Kent and Medway of £16.2m per year.

### 3) Transition costs are manageable

<b>Option 1</b> <b>3 unitary</b> <b>(N,E,W)</b>	<b>Option 2</b> <b>4 unitary</b> <b>(W,N,E,S)</b>	<b>Option 3</b> <b>4 unitary</b> <b>(M,W,N,E)</b>	<b>Option 4</b> <b>4 unitary</b> <b>(N,E,M,W)</b>	<b>Option 5</b> <b>2 unitary</b> <b>(E,W)</b>	<b>Option 6</b> <b>1 unitary –</b> <b>benchmark</b> <b>(K&amp;M)</b>
2	1	1	1	4	5

### Rationale

#### Overall assumptions and considerations:

- Assessment of transition costs has been considered in relative rather than absolute terms to appropriately demonstrate the difference in outcomes between different options.
- Aside from the overall affordability of transition costs, further consideration needs to be given to how these costs will be distributed amongst Kent and Medway’s councils. Some of Kent’s district councils have little in reserves to meet transition costs. It will therefore be important to consider in more detail how to ensure equity of cost distribution. Other areas have experienced inequity in proportions of transition funding being provided by upper- and lower-tier authorities, which is not proportionately reflected in transition decision-making.

#### Option 1 (3 unitaries) – score 2/5

- Transition costs are high at £42.6m over three years. Payback is over 8 years.

#### Options 2, 3 and 4 (4 unitaries) – all scored 1/5

- Transition costs are highest at £54.7m.

- Transition costs are not manageable as financial modelling has demonstrated that there is no payback period for options that create four unitary authorities.

Option 5 (2 unitaries) – score 4/5

- Transition costs are more manageable at £25.8m.
- This option would achieve net benefit within a manageable period of 3.8 years.

Option 6 (1 unitary - benchmark) – score 5/5

- This option generates the lowest transition costs (one-off cost of £23.2m).
- This option would achieve net benefit in less than a year.

#### 4) Opportunities for transformation from existing budgets and invest-to-save projects

<b>Option 1</b> <b>3 unitary</b> <b>(N,E,W)</b>	<b>Option 2</b> <b>4 unitary</b> <b>(W,N,E,S)</b>	<b>Option 3</b> <b>4 unitary</b> <b>(M,W,N,E)</b>	<b>Option 4</b> <b>4 unitary</b> <b>(N,E,M,W)</b>	<b>Option 5</b> <b>2 unitary</b> <b>(E,W)</b>	<b>Option 6</b> <b>1 unitary –</b> <b>benchmark</b> <b>(K&amp;M)</b>
4	2	2	2	5	3

#### Rationale

Overall assumptions and considerations:

- In assessing each unitary option, the scoring was guided by the assumption that transformation is most viable where there is both sufficient financial capacity to fund upfront investment and the structural coherence to deliver long-term savings and service improvements.
- At this point it is not possible to predict what specific invest-to-save projects or budget savings might be delivered and the value of these.
- A key consideration across all options was the ability to absorb transition costs while still enabling invest-to-save initiatives—such as digital transformation, integrated commissioning, and service redesign. Larger unitary options (e.g. 1UA and 2UA) were assumed to have greater economies of scale and strategic capacity, which support transformation, but also carry risks of reduced local responsiveness and agility. Conversely, smaller options (e.g. 3UA and 4UA) were seen as more agile and locally attuned but less financially resilient and more fragmented, limiting their ability to deliver consistent, scalable transformation.
- The strength of evidence varied: while financial modelling and service demand projections provided a robust basis for comparing scale and capacity, assumptions around local responsiveness and partnership effectiveness were more qualitative, relying on stakeholder insights and professional judgement. Ultimately, the scoring reflects a balance between financial viability, operational scale, and the ability to deliver transformation that is both strategic and locally responsive.

#### Option 1 (3 unitaries) – score 4/5

- The 3UA option offers a strong platform for transformation by balancing scale with local responsiveness. It provides sufficient financial capacity and operational scale to support meaningful invest-to-save initiatives, such as integrated care models and digital transformation. While not as financially robust as the 2UA option, it still enables strategic investment in service redesign and innovation. Its alignment with existing sub-regional geographies also facilitates efficient partnership working, which is critical for delivering transformation within constrained budgets.

#### Options 2, 3 and 4 (4 unitaries) – score 2/5

- The 4UA option significantly limits opportunities for transformation from existing budgets. The smaller scale of each authority reduces financial resilience and the ability to absorb upfront costs associated with invest-to-save projects. High disaggregation and transition costs further constrain available resources, and the fragmentation of services increases the risk of duplication and inefficiencies. The option also introduces disparities in service demand and financial capacity, making it harder to deliver consistent transformation across the county.
- Options 2 and 4 that group Dover and Folkestone & Hythe are the areas with the highest adult social care spend, potentially compounding budget pressures and limiting the scope for transformation or invest-to-save initiatives due to reduced financial flexibility.
- Option 3 creates a 'Mid Kent' authority that would be less aligned with existing service delivery boundaries and partnerships (e.g. NHS, police, VCSE), and could therefore face higher coordination costs and fragmented planning, which reduces its ability to pool budgets or jointly invest in transformation. This misalignment could make it harder to deliver efficient, joined-up services and limit access to shared funding or strategic invest-to-save projects, ultimately weakening the financial case for transformation and reducing the return on investment.
- However, smaller, more local unitaries may have greater agility to respond to transformation opportunities tailored to local need and context within their areas.

#### Option 5 (2 unitaries) – score 5/5

- The 2UA option is conducive to transformation from existing budgets and invest-to-save projects. It combines the strategic scale needed to deliver large, high-impact transformation initiatives with local responsiveness to tailor services effectively.
- This option supports balanced service demand and financial capacity across both authorities, enabling more equitable and sustainable investment in transformation. It also reduces duplication and enables streamlined governance, which enhances the efficiency of transformation efforts. With stronger reserves, pooled budgets, and better alignment with existing partnerships, the 2UA option could facilitate a positive environment for delivering long-term value through transformation.

#### Option 6 (1 unitary - benchmark) – score 3/5

- The 1UA option offers the greatest theoretical potential for transformation due to its economies of scale, unified governance, and strong financial base. It can support large-scale invest-to-save projects and has the capacity to implement strategic, county-wide transformation initiatives. However, its size also introduces risks: reduced local responsiveness, potential bureaucratic inertia, and a potential tendency to default to large contracts that may limit flexibility and innovation. While this option can deliver transformation, its effectiveness depends heavily on how well it maintains local insight and agility. These trade-offs justify a mid-range score.

#### 5) Debt is manageable within the new structures

<b>Option 1 3 unitary (N,E,W)</b>	<b>Option 2 4 unitary (W,N,E,S)</b>	<b>Option 3 4 unitary (M,W,N,E)</b>	<b>Option 4 4 unitary (N,E,M,W)</b>	<b>Option 5 2 unitary (E,W)</b>	<b>Option 6 1 unitary – benchmark (K&amp;M)</b>
2	2	2	1	4	5

#### Rationale

Overall assumptions and considerations:

- KCC currently has £2.61 of debt for every £1 held in reserves. In all scenarios the position will worsen for at least one of the unitaries compared to this starting point. In order to compare the options, the total Reserves to Debt for each unitary and the level of disparity between them has been calculated.
- Districts in West Kent have significantly lower levels of debt compared to the rest of the county which creates a skew in debt to reserves in most options. Conversely Medway has very high levels of debt. Addressing this issue through LGR negotiations to agree a fair distribution of the debt burden will be essential to support the financial viability of the new unitaries. This has not been factored into scoring.

#### Option 1 (3 unitaries) – score 2/5

- This option scores poorly as it concentrates financial risk in North and East Kent. Debt is distributed unevenly across the county, with North Kent having £5.05 of debt and East Kent having £4.50 for every £1 held in reserves. In comparison West Kent would have £0.52 of debt per £1 in reserves.

#### Option 2 (4 unitaries) – score 2/5

- This option also results in an inequitable distribution of debt. West Kent maintains low levels of debt compared to reserves (with £0.52 of debt for every £1 held in reserves), followed by £2.99 in East Kent, £4.79 in South Kent and £5.78 in North Kent.
- Compared to the 3 unitary option, levels of debt fall in East Kent as the number of districts reduces from 5 to 3, with financial risk transferred to North and South Kent.

Option 3 (4 unitaries) – score 2/5

- Similar to the above, West Kent maintains low levels of debt compared to reserves (£0.52 debt per £1 in reserves), whilst North Kent has the highest level of debt to reserves (£5.78). Mid Kent has the second highest level of debt to reserves at £5.00 whilst East Kent has £3.35 of debt per £1 in reserves.

Option 4 (4 unitaries) – score 1/5

- This is the least equitable option, with West Kent having even lower levels of debt compared to reserves - £0.19 of debt per £1 in reserves - than the other unitaries (£3.30 in Mid Kent, £3.71 in East Kent and £5.78 in North Kent). This is because Maidstone joins Mid Kent, leaving just Sevenoaks, Tonbridge & Malling and Tunbridge Wells in West Kent, who all have comparatively lower levels of debt.
- This option results in the widest disparity between West and North Kent.

Option 5 (2 unitaries) – score 4/5

- This option results in the most balanced distribution of debt. East Kent would have £4.04 of debt per £1 in reserves and West Kent would have £3.24. Northern areas' relatively high levels of debt and low reserves are offset by the higher reserves and lower debt seen in other West Kent districts (Sevenoaks, Tunbridge Wells and Tonbridge and Malling).

Option 6 (1 unitary - benchmark) – score 5/5

- All current debt and reserves are evened out across the single unitary authority, which inherently produces no disparity and creates the most manageable situation with regard to debt.

**Criterion C: Unitary structures must prioritise the delivery of high-quality and sustainable public services to citizens**

**Overall scores:**

<b>Option 1 3 unitary (N,E,W)</b>	<b>Option 2 4 unitary (W,N,E,S)</b>	<b>Option 3 4 unitary (M,W,N,E)</b>	<b>Option 4 4 unitary (N,E,M,W)</b>	<b>Option 5 2 unitary (E,W)</b>	<b>Option 6 1 unitary – benchmark (K&amp;M)</b>
4	2	2	2	4	4

**Summary for Criterion C**

The major issues that have shaped scoring on this criterion are the costs and risks of the disaggregation of county-wide services (which increase with more unitaries) and striking a balance between capacity and local responsiveness to deliver high-quality services. The alignment of new unitary boundaries with the existing delivery arrangements of partners (Health and Police) is also an important consideration in how well the options will unlock potential for public service reform. For these reasons, option 1 (3UA) has scored well because of its alignment of unitary boundaries with partner boundaries and because it could provide a good mid-point between capacity and scale to manage disaggregation and need within unitary

areas. Options 5 and 6 have scored highly because they provide unitaries with the greatest capacity and minimise (or remove) risks and costs around disaggregation. However, they lose some of the advantages of alignment with partners, and localised opportunities for reform might be slowed by large centralised decision-making structures. While the four-unitary options could be more locally responsive, they introduce more boundaries between service delivery and could lack the capacity to manage disaggregation costs and invest in public service reform, potentially putting crucial services at higher risk.

Three sub-criteria were considered to generate the overall score for Criterion C:

- 1) Will improve local government and service delivery and avoid unnecessary fragmentation of services
- 2) Provides opportunities to deliver public service reform, including where this will lead to better value for money
- 3) Manages impacts for crucial services - social care, children's services, SEND and homelessness, and for wider public services including for public safety.

#### **Sub-criteria:**

1) Will improve local government and service delivery and avoid unnecessary fragmentation of services

<b>Option 1 3 unitary (N,E,W)</b>	<b>Option 2 4 unitary (W,N,E,S)</b>	<b>Option 3 4 unitary (M,W,N,E)</b>	<b>Option 4 4 unitary (N,E,M,W)</b>	<b>Option 5 2 unitary (E,W)</b>	<b>Option 6 1 unitary – benchmark (K&amp;M)</b>
3	2	2	2	4	5

#### **Rationale**

Overall assumptions and considerations:

Improving local government and service delivery could encompass a wide range of issues. The Transformation assessment has identified four key problems with local government and service delivery under the current two-tier arrangements that are both significant challenges and which have the potential to be improved through LGR. We have therefore scored each option on the extent to which it is able to address each of the four problems, and then subsequently scored on the level of unnecessary fragmentation each model introduces, in order to arrive at an overall score for this sub-criterion.

Assumptions which underpin this analysis include:

- Larger authorities have greater strategic capacity and are able to take advantage of economies of scale.
- Larger authorities are also more resilient to demand fluctuations and financial pressures.
- Smaller authorities are more embedded in communities and may therefore be more responsive to local need.
- Increased fragmentation will result in greater ongoing disaggregation costs.

Problem areas	Option 1 3 unitary (N,E,W)	Option 2 4 unitary (W,N,E,S)	Option 3 4 unitary (M,W,N,E)	Option 4 4 unitary (N,E,M,W)	Option 5 2 unitary (E,W)	Option 6 1 unitary – benchmark (K&M)
Sustainable market shaping	4	2	2	2	5	3
Prevention	3	2	2	2	3	4
Spatial planning	3	2	2	2	4	5
Visible place-based services	4	2	2	2	3	3

Unnecessary fragmentation	3	2	2	2	4	5
---------------------------	---	---	---	---	---	---

### **Sustainable market shaping**

This problem statement explores how LGR can act as a catalyst for more effective market shaping. By transitioning to unitary authorities, councils can streamline governance, reduce duplication, and commission people-based services at a more local level. With smaller unitaries, economies of scale may be lost but there is potentially an opportunity to gain more detailed local knowledge to commission in a more agile way.

Key considerations which informed this conclusion relate to efficiency benefits such as economies of scale, stronger commissioning power, and greater capacity for strategic investment, while maintaining a level of local responsiveness that is critical for tailoring services to diverse community needs. The 2-unitary option scored highest as it provides the best compromise between these factors, followed by the 3-unitary option which provides the second-best compromise. The single-unitary option provides increased capacity and economies of scale but this is traded-off with a loss of local responsiveness and therefore scored 3. The four-unitary options have the advantage of local agility but this is significantly outweighed by their reduced economies of scale and purchasing power.

### **Prevention**

Demand for Adults' and Children's social care continues to rise both at a national level and within Kent and Medway. Rising demand is coupled with the rising cost of assessing need and delivering interventions. It is recognised that these interventions are frequently provided when a situation reaches crisis point, i.e. services are reactive and often unsustainable and not well co-ordinated with partners (such as health, police and education) and the Voluntary, Charity and Social Enterprise (VCSE) sector. This reactive approach not only strains limited resources but also fails to provide timely support to those in need, leading to a cycle of escalating issues and increased pressure on services. By focusing on prevention, services can address issues before they escalate, leading to better outcomes for individuals and more efficient use of resources, including opportunities to share information and data to identify and prioritise



those most likely to develop ongoing need for health and social care support before they reach crisis point.

Local Government Reorganisation (LGR) presents a unique opportunity to address these challenges through unitarisation. By bringing together services such as housing, leisure, education and social care under a single unified structure, LGR simplifies integration with other partners and creates new opportunities for prevention. Reorganisation allows for a more proactive approach, enabling early intervention and better coordination of services. As a result, it can help to reduce the demand on crisis services, improve outcomes for individuals and families, and create a more sustainable and efficient system overall. Prevention requires dual-running of new preventative models that will take time to embed with traditional services and invest-to-save proposals, both only possible with sufficient capacity.

Although smaller unitary authorities may have a better understanding of local need, they may not have the necessary financial resource to invest in preventative services. Moving to a 3 or 4 unitary model would also present a risk from fragmentation of services. These points resulted in the 1 unitary model being scored highest, as theoretically this is the largest area and therefore should have the greatest capacity to deliver invest-to-save projects, whilst also having the least risk of service fragmentation.

### **Spatial planning**

The existing two-tier system can lead to fragmented planning, inefficiencies, and missed opportunities for coordinated growth. Planning is localised, making it harder to effectively address county-wide needs, and infrastructure development is fragmented.

LGR presents significant transformation opportunities to address these challenges. Unitary authorities are able to plan at scale more effectively by integrating key services such as housing, transport, and infrastructure planning. They are also better placed to use developer contributions to support local services and meet housing needs and targets more effectively. There is evidence that larger authorities are best positioned to manage these responsibilities and deliver these functions. As a result, the 1 unitary option scored the highest as it offers the strongest strategic alignment between planning, infrastructure, and growth, followed by the 2 unitary option which presents the best alternative by offering a balance between retaining many of the benefits of scale and maintaining strategic oversight of planning functions, whilst allowing for more flexibility and regional tailoring than possible in a 1 unitary option. In comparison, the three-unitary (3UA) and four-unitary (4UA) options offer more localised control, but carry greater risks of fragmented planning, inconsistent delivery, and reduced strategic coordination.

### **Visible place-based services**

Over half of KCC's budget (circa 60%) is spent on Adult and Children's support services. This means that a considerable amount of council resource is being used to support a very small cohort of people (approximately 3% of the Kent population are in receipt of adults or children's social care). This imbalance, caused by growing demand in people services and continued under-investment in visible place services (by comparison only 6% of the KCC budget is put towards waste services and highway maintenance), contributes to residents' negative perception of quality of life and value for money from their local councils. Essentially, residents can feel as though they are paying more for less.

The challenge for any local authority, therefore, is the extent to which they are able to balance the delivery of statutory services for people who draw on care and support, with the need to invest in universal provision for all residents. The 3 unitary option is considered to offer the best balance here, creating authorities that are large enough to be able to deliver sustainable social care services across manageable geographical footprints, whilst also small and agile enough to be able to respond to local need and deliver effective place-based/visible services so people can more easily see where their Council Tax is being spent.

### Unnecessary fragmentation

Any arrangement that creates more than one unitary council will lead to the fragmentation of county-wide services, which financial modelling shows will add substantial cost. There may also be service delivery and quality risks. This is a sliding scale; with greater costs and increased risk as more unitary councils are created. The 1 unitary option therefore scored highest, and the four unitary options scored lowest.

2) Provides opportunities to deliver public service reform, including where this will lead to better value for money

<b>Option 1 3 unitary (N,E,W)</b>	<b>Option 2 4 unitary (W,N,E,S)</b>	<b>Option 3 4 unitary (M,W,N,E)</b>	<b>Option 4 4 unitary (N,E,M,W)</b>	<b>Option 5 2 unitary (E,W)</b>	<b>Option 6 1 unitary – benchmark (K&amp;M)</b>
5	2	2	1	3	2

### Rationale

Overall assumptions and considerations:

- Aligning council services with other public sector bodies presents opportunities for public service reform. Public Service Reform (PSR) is rooted in the principle that working with key partners such as the NHS and the Police, councils can help improve outcomes for residents, reduce duplication across public services, deliver better value for money, and respond more effectively to the complex needs of communities.
- Partnership working is most effective where public service boundaries are coterminous.
- At present, the best way to achieve public service reform is through service integration at an operational level – e.g. councils working more closely with Health and Care Partnerships and Police Command Units. Therefore, alignment to operational delivery has been viewed as more beneficial than retaining alignment with the strategic county-wide structures of other partners.
- Further opportunities for public service reform could be unlocked through devolution.

Option 1 (3 unitaries) – score 5/5

- Under this option, unitary boundaries are coterminous with other public sector bodies, allowing areas to aggregate frontline services. Examples include Kent Police Command Units and hospital trusts and Health and Care Partnerships. The ICB have indicated the three-unitary option is their preferred option. This would allow partners to build on established relationships and ways of working to accelerate tailored, community-based

integration and reform including on crime and community safety and health and social care.

- Aligning with current service delivery boundaries will minimise disruption for wider public services during the transition and provide the most efficient way for partners to work together in the longer-term.
- Greater opportunity to pool budgets with partners across large geographical areas to maximise use of shared resource and deliver better value for money, while balancing local responsiveness.

#### Option 2 (4 unitaries) – score 2/5

- This option aligns fairly well with Health and Care Partnership boundaries, with the South Kent and East Kent Authorities matching up with East Kent HCP, whilst the geography of the West Kent Authority mirrors the West Kent HCP footprint.
- That being said, the creation of four unitary authorities introduces additional parties into an already complex system across Kent and Medway, potentially making it harder to coordinate services across different public sector bodies.
- The advantage of smaller authorities (applicable to all of the 4 unitary options) is that they are best placed to work with partners at a hyper local level (e.g. through the development of neighbourhood health and care models, or through working with community healthcare providers and Primary Care Networks). Smaller authorities should also be able to work more closely with the local voluntary and community sector, ensuring best use of shared resource.
- However, ultimately it is likely that the four-unitary options will lack the financial resilience and strategic capacity to progress public service reform opportunities.

#### Option 3 (4 unitaries) – score 2/5

- One of the least favourable options as it creates a ‘Mid-Kent’ authority. There are no public service partnerships that exist across Mid-Kent, which limits opportunities for public service reform in this area. As a result, new partnerships and structures would most likely have to be created (e.g. shared service models, joint delivery arrangements, inter-authority partnerships etc) which could prove both costly and resource intensive.

#### Option 4 (4 unitaries) – score 1/5

- This option scores lowest as it must contend with the same challenges discussed above, but the fragmentation is more pronounced. For example, under this configuration the Mid-Kent Authority would have to work with three different Health and Care Partnerships (East Kent HCP for Ashford, West Kent HCP for Maidstone and Medway and Swale HCP for Swale), whilst also working with three separate Police Command Units. This fragmentation would make it harder to align council services with key partners and would limit opportunities for public service reform.

#### Option 5 (2 unitaries) – score 3/5

- Having fewer authorities should make it easier to coordinate with key partners such as the NHS, police, and voluntary sector. Larger areas create opportunities to pool substantial budgets and individual unitaries would likely have financial capacity to progress PSR. However, large authorities would need to put in place arrangements to respond to local needs and work across partner boundaries.
- Existing police units align to some extent into this model of unitarisation, with North and West Kent Police Command Units falling under the West Kent Authority, and the East Kent Police Command Unit falling under the East Kent Authority. Swale would be a constituent region of East Kent but its local police force would be aligned to North Kent.
- There is a similar picture with Health and Care Partnership boundaries.

#### Option 6 (1 unitary - benchmark) – score 2/5

- Significant resource requirement, as a single unitary would have to work with multiple partners (e.g. x4 Health and Care Partnerships, x3 Police Command Units). May make strategic coordination with partners simpler, but operational ('on the ground') service delivery more complex.
- Having one overarching governance structure may cause unnecessary bureaucracy. There might be no meaningful decision-making at a local level, with all decisions having to be passed upwards. There would be less scope for smaller areas to seize localised opportunities to innovate and pilot new initiatives without central approval. This could slow-down opportunities for budget pooling with partners as this would have to be centrally approved and arrangements would likely vary across the county, potentially complicating public service reform.
- It may be difficult to coordinate service delivery with VCSE partners due to the complexity of the sector across Kent and Medway.

3) Manages impacts for crucial services - social care, children's services, SEND and homelessness, and for wider public services including for public safety

<b>Option 1</b> <b>3 unitary</b> <b>(N,E,W)</b>	<b>Option 2</b> <b>4 unitary</b> <b>(W,N,E,S)</b>	<b>Option 3</b> <b>4 unitary</b> <b>(M,W,N,E)</b>	<b>Option 4</b> <b>4 unitary</b> <b>(N,E,M,W)</b>	<b>Option 5</b> <b>2 unitary</b> <b>(E,W)</b>	<b>Option 6</b> <b>1 unitary –</b> <b>benchmark</b> <b>(K&amp;M)</b>
3	2	2	2	4	5

#### Rationale

Overall assumptions and considerations:

- Cost and risk to service delivery presented by disaggregation is fundamental when considering the impact on the crucial services that this sub-criterion focusses on. As such, this was given greater weight when determining scores. Work is ongoing to better understand delivery risks and opportunities, and this will need to be included in any future LGR Business Case(s).

- Similarly, given the relationship between demand for people-based services and financial sustainability of authorities, opportunities and challenges relating to demand spread and management were also considered.
- Government is considering the potential for other policy and service delivery solutions for adults' and children's social care through vehicles such as social care partnerships; this is something that will continue to be monitored.
- Newton's modelling of demand and cost for people-based services provided useful background evidence to support the Transformation assessment report and the scoring of this criterion.

#### Option 1 (3 unitaries) – score 3/5

- Impact of disaggregation on crucial services is likely to be significant. Disruption to crucial service delivery, dilution of expertise, reduced capacity for innovation, duplication of systems and infrastructure, fragmentation of well- established and performing services and lower capacity for central functions like quality assurance is more likely in this option than in 1 and 2 unitary options.
- Purchasing power and market influence would reduce in this option compared to 1 and 2 unitary options but is higher than the 4-unitary options.
- This option maintains scale while introducing opportunities that are presented by smaller unitaries e.g. improved knowledge of local need, agility, flexibility and responsiveness.

#### Option 2, 3 & 4 (4 unitaries) – all scored 2/5

- Given reduced buying power, limited market shaping ability, cost of disaggregation, lack of scale to absorb cost surges or market issues and increased service delivery costs associated with smaller authorities, delivery of crucial services will be challenging. Scope to invest beyond this will be limited, e.g. in prevention or wider visible services as these authorities are likely to be all consumed by high-cost critical people services over which they will have limited control.
- This option creates the most imbalanced demographics across the unitary authorities, including for age and levels of deprivation which are both significant determinants of service demand, costs and revenue. For levels of deprivation, the 4UA options create the most disparity in deprivation between the authorities.
- Risk, complexity and cost of disaggregation would be felt most intensely in the 4 unitary options. This includes but is not limited to: risks associated with disruption/fragmentation of service delivery (particularly around safeguarding), diluted expertise across 4 organisations, increased significant cost through duplication of systems, risk associated with data transfer, disparity in service offer leading to a feeling of 'postcode lottery' for residents, and destabilisation of the market through introduction of additional parties and competition. Work is ongoing to better understand the disaggregation service delivery risks. The major risks of disaggregation had a significant impact on this score.
- The 4 unitary options scored 2 rather than 1 due to benefits presented by smaller authorities to potentially tailor services to local needs, increase agility in service delivery

models and contracts and increase responsiveness. However, these opportunities were mostly outweighed by the significant risks outlined above.

#### Option 5 (2 unitaries) – score 4/5

- Impact of disaggregation on crucial services is likely to be more manageable in a 2 unitary option. This option maintains enough scale to ensure authorities have the resilience to absorb transition costs and withstand the volatility and complexity associated with the delivery of crucial services.
- Purchasing power and market influence would still be significant in this option.
- Despite the disparity between East and West Kent, given the scale of the authorities in this option, resilience to meet the needs of areas of concentrated demand is still more manageable in a 2 unitary authority model than in options that offer 3 or more unitaries.
- For social care, the lower the number of authorities, the less disparity there is between authorities in current and future predicted demand across most types of adult and children social care including nursing, residential, domiciliary, children in care, children in need, child protection plans and referrals (from the Newton analysis).
- This option maintains scale while introducing opportunities that are presented by smaller unitaries e.g. Improved knowledge of local need, agility, flexibility, responsiveness.
- Many of the advantages of a single unitary apply to a lesser extent with this option.

#### Option 6 (1 unitary - benchmark) – score 5/5

- This option is the most likely option to be able to manage the risk associated with complex delivery of crucial services. The significant risk of disruption to service caused by disaggregation, particularly for safeguarding, is removed, although there would still be some potential for disruption by bringing together KCC and Medway Council services.
- Modelling shows that the probability of an authority achieving good or outstanding Ofsted rating for children's services reduces as the size of the authority shrinks. Given KCC's 'Outstanding' Ofsted rating for children's services and Medway Council's 'Good' Ofsted rating, it is important that the best aspects of current service delivery are not lost. For adult social care, CQC quality reporting data indicates an increased likelihood of a good CQC rating for larger local authorities.
- This option could give increased purchasing power, more market influence, greater capacity to shape more resilient and responsive markets. Newton's cost modelling for Adults' and Children's Social Care in Kent illustrates that scenarios involving multiple smaller authorities lead to higher service costs.
- This option creates fully balanced service demand levels for both adult and children social care.
- This approach maximises specialisation by leveraging the scale and capacity of a single, large authority. With increased resources and funding, this option allows for investment in dedicated teams, targeted training, and advanced technologies, enabling the development of expertise across key service areas such as safeguarding, housing and disability support.

- This option would have greatest financial stability to invest in prevention, it would also have greater capacity and strategic overview when developing strategy linked to prevention, and the expertise, infrastructure and data to deliver successful prevention.
- This option would have enough capacity to potentially design services in a way that harnesses the same or more benefits that smaller unitaries could through localised delivery models, if that is the decision of the new unitaries.
- This option is likely to ensure Kent retains a strong voice, when working with partners in other public sector services (NHS, Police etc) and Government, particularly on Kent based issues impacting crucial services e.g. issues related to the border with the EU.

**Criterion D: Proposals should show how councils in the area have sought to work together in coming to a view that meets local needs and is informed by local views**

**Overall scores:**

Option 1 3 unitary (N,E,W)	Option 2 4 unitary (W,N,E,S)	Option 3 4 unitary (M,W,N,E)	Option 4 4 unitary (N,E,M,W)	Option 5 2 unitary (E,W)	Option 6 1 unitary – benchmark (K&M)
4	2	2	2	2	2

#### Summary for Criterion D

Before engaging residents and partners, it is difficult to draw firm conclusions on local views and these scores will need to be re-visited after any engagement takes place. However, based on proxy engagement intelligence along with evidence on deprivation, travel and living patterns, local service delivery geographies and the natural identities within the county, the three-unitary model is the most advantageous. It has good alignment with established identities and ways of living and provides the best middle ground between providing moderate value for money while not being too large and remote for residents and partners to engage with. The four-unitary options separate established communities and in some cases create unitaries with concentrated levels of deprivation. The two- and single-unitary options are likely to be too large to reflect local identities and be understood and accepted by residents, and risk not being able to respond to specific local needs.

Two sub-criteria were considered to generate the overall score for Criterion D:

- 1) Supported by partners and residents
- 2) Sensitive to issues of local identity and cultural and historic importance

#### **Sub-criteria:**

##### 1) Supported by partners and local residents

Option 1 3 unitary (N,E,W)	Option 2 4 unitary (W,N,E,S)	Option 3 4 unitary (M,W,N,E)	Option 4 4 unitary (N,E,M,W)	Option 5 2 unitary (E,W)	Option 6 1 unitary – benchmark (K&M)
4	2	2	2	3	2

## Rationale

Overall assumptions and considerations:

- How much more Council Tax residents would have to pay through Council Tax harmonisation has been assumed to be a factor in how positively people might feel about the options.
- Council Tax and value for money are the most important things for residents, but there was also strong proxy evidence that showed residents expect:
  - Local, accessible services, that are responsive and easy to navigate with geography being less important than design.
  - Some say in local democratic decision making, but in reality, opportunities are not taken up by large numbers of residents, concluding that the perception that people can get involved is more important. A small proportion of the population will engage so the larger the area, the more representation.
  - Fair Council Tax distribution is important, and residents want to see where it has been spent. Most do not value back-office functions, management overheads and assets. There is some support for the concept of charging for non-statutory services.
- Engagement with the public has not yet been conducted, so this is a proxy exercise based on national research and local intelligence from resident feedback from a variety of sources about council services and relationships, including the annual budget consultation. To reflect this, scores for this sub-criterion are moderate for all options as there is insufficient evidence to conclude that the sub-criterion is not met or strongly met.
- Through the Kent Leaders work to develop the Interim Plan, key partners were asked which model they would prefer, and this has been taken into account. No specific geographies were outlined when partners were asked for feedback and views might have changed subsequently and change in the future.

Option 1 (3 unitaries) – score 4/5

- Partners had previously supported this option when asked and this model best matches the operational delivery arrangements for Health and Police.
- 50% of residents would pay more Council Tax, and 50% would pay less.
- This is a good ‘middle ground’ of strategic versus local that supports engagement in local decision making and visibility of services and where Council Tax is spent, while being more financially viable.
- Fewer council boundaries (compared to four-unitaries) mean less complexity for residents to access services and for partners to navigate.

Option 2 (4 unitaries) – score 2/5

- Locality is important to some residents who would prefer the smaller, more local unitaries that the four-unitary options offer.



- However, value for money and the reduction of back-office costs are important to residents and the four-unitary options are the least financially viable and deliver lowest efficiency.
- There is more fragmentation and the opportunity for strategic planning is reduced - people were interested in coordinated infrastructure such as transport links.
- More boundaries between unitaries would be introduced and residents might be charged to use services/assets across boundaries which might not be welcomed.
- Increased complexity for partners to work with councils across their delivery boundaries.
- 57% of residents would pay more Council Tax in this option.

#### Option 3 (4 unitaries) – score 2/5

- As above.
- 65% of residents would pay more Council Tax.

#### Option 4 (4 unitaries) – score 2/5

- As above.
- 54% of residents would pay more Council Tax.

#### Option 5 (2 unitaries) – score 3/5

- Efficiency and value for money for residents is higher in the two-unitary option, but this would be countered with concerns about more remote and less locally engaged councils.
- Less than half of residents would pay more Council Tax (48%) which might make it slightly better supported, and Council Tax increases may not need to be as severe due to the better financial position of these larger unitaries, although this is a decision for the new unitaries.
- Compared to other options, East and West are relatively well-balanced on deprivation and other factors, but communities in current West Kent Districts might perceive unfairness that they are levelling out deprivation, demand and debt in the North.

#### Option 6 (1 unitary - benchmark) – score 2/5

- Highest efficiency and value for money but countered by being the largest and least local arrangement – residents might feel this is too big and remote and would not be able to see where their Council Tax is being spent.
- Less than half of residents would pay more Council Tax (48%) which might make it slightly better supported, and Council Tax increases may not need to be as severe due to the better financial position of these larger unitaries, although this is a decision for the new unitaries.
- While there are no intra-county boundaries to navigate, the council might seem too large and complex for residents and local partners to engage with.

- Merging Kent and Medway as a single area would be unlikely to receive local or national support, as this is against Government's current policy position.

## 2) Sensitive to issues of local identity and cultural and historic importance

<b>Option 1 3 unitary (N,E,W)</b>	<b>Option 2 4 unitary (W,N,E,S)</b>	<b>Option 3 4 unitary (M,W,N,E)</b>	<b>Option 4 4 unitary (N,E,M,W)</b>	<b>Option 5 2 unitary (E,W)</b>	<b>Option 6 1 unitary – benchmark (K&amp;M)</b>
4	2	3	3	2	2

### Rationale

Overall assumptions and considerations:

- All of the 4UA options have higher peak scores for Indices of Multiple Deprivation (IMD) compared to the 2UA and 3UA options, and therefore produce UAs that are more deprived overall as well as creating wider disparities between UAs.
- The polycentric nature of Kent and Medway means that employment and economic drivers are spread across different parts of the county – having higher number of UAs could mean that individual areas become over-dependent on fewer economic drivers.
- Resources will be required by UAs regardless of size to foster local identities, but their particular challenges around size and resource invert. Larger UAs will have more capacity/resource but will have bigger challenges to protect and build identities, heritage and culture at localised levels, whereas smaller UAs will be closer to their areas in this regard but will be more financially challenged in being able to resource place-shaping/protecting.
- For a number of the options, particularly Option 1, there is a case to consider boundary changes to incorporate Swanley into a North Kent UA and to incorporate East Swale/Faversham into an East Kent unitary to best reflect local identities and patterns.
- The four-unitary options have been identified by the Kent Leaders joint work on LGR so it is assumed there is some local support and reasoning for these groupings.

#### Option 1 (3 Unitaries) – score 4/5

- Comprises UAs that are smaller and therefore closer to residents than in the 1UA and 2UA options, but large enough to encompass broad and complementary identities, e.g. grouping coastal communities and those spanning the Thames Estuary (also being the only multiple UA option that keeps Medway and Swale together), which it was felt the 4UA options were unable to do.
- Largely coterminous with strategic partners' delivery models, and aligns with residents' travel to live patterns (work, education, healthcare).

#### Option 2 (4 Unitaries) – score 2/5

- This option groups Thanet and Swale together, making it the most deprived version of an East Kent UA which would likely have significant spending pressures meaning they will

have to focus resources on statutory services rather than place-making. It creates the biggest disparity between areas for deprivation.

- Splits up logical groupings, e.g. Swale from Medway, and Thanet from the other coastal areas of Dover and Folkestone & Hythe.
- However, this is one of the options generated by the Kent Leaders joint work so is assumed to have some local support.

#### Option 3 (4 Unitaries) – score 3/5

- The same area groupings are broken up as in option 2, but the disparity is not as pronounced as Option 2 from a deprivation perspective, because Swale and Thanet are not in the same UA. It does, however, preserve the recognised 'East Kent Triangle' of Canterbury, Thanet and Dover as a UA in itself.
- Putting Swale and Folkestone & Hythe into the same unitary does not seem a logical fit for aligned identities, economic areas or travel to work patterns.
- However, this is one of the options generated by the Kent Leaders joint work so is assumed to have some local support.

#### Option 4 (4 Unitaries) – score 3/5

- The groupings are not particularly well aligned, although the East Kent coastal communities are grouped together, Medway and Swale are still separated, as is Maidstone from West Kent - travel to work patterns are dissected.
- Creates the most affluent version of a West Kent UA: could entrench socio-economic divisions, and creates the UA with the highest area of protected land. This could make place-making harder in West Kent.
- However, this is one of the options generated by the Kent Leaders joint work so is assumed to have some local support.

#### Option 5 (2 unitaries) – score 2/5

- The scale of two unitaries could limit how reflective of local identities they would be and how agile and effective they could be in meeting specific local needs.
- This configuration could create an unhelpful East vs West dynamic; either East Kent feeling left behind or conversely resentment from West Kent if East Kent gets the majority of the resource/funding which could contribute to deadlock between the two UAs on pan-county issues.

#### Option 6 (1 unitary - benchmark) – score 2/5

- This option could have a better strategic approach to Kent as a destination/investment opportunity whereas this would be fragmented in the other options in the absence of a mayor/Mayoral Strategic Authority.
- However, it is just as remote as Option 5, albeit without a potentially divisive East/West boundary – the UA will have to work hard at fostering place-shaping at a local level and do it equitably, and would have to insert layers of local democracy/engagement to facilitate this.

## Criterion E: New unitary structures must support devolution arrangements

### Overall scores:

Option 1 3 unitary (N,E,W)	Option 2 4 unitary (W,N,E,S)	Option 3 4 unitary (M,W,N,E)	Option 4 4 unitary (N,E,M,W)	Option 5 2 unitary (E,W)	Option 6 1 unitary – benchmark (K&M)
5	2	2	2	2	1

### Summary for Criterion E

In the Devolution Priority Programme feedback letter, Government indicated that Kent and Medway requires LGR to create unitaries with more equally sized populations before devolution can be progressed. The three-unitary model fulfils this requirement and also has the advantage that the unitaries are functional economic areas, sensible planning geographies and would be relatively more financially sustainable than smaller unitaries, factors which could all support delivery of Mayoral Strategic Authority (MSA)/mayoral priorities. Under current Government policy, a single unitary would preclude devolution. The two-unitary option creates large and unequally sized populations and creates possible 'deadlock' in decision-making. In the four-unitary options, unitaries would lack capacity and financial resilience to both act as delivery arms for MSA/mayoral priorities and engage strategically as members of the MSA.

Two sub-criteria were considered to generate the overall score for Criterion E:

- 1) Will help unlock devolution
- 2) Sensible population size ratios between local authorities and any strategic authority, with timelines that work for both priorities

### Sub-criteria:

#### 1) Will help unlock devolution

Option 1 3 unitary (N,E,W)	Option 2 4 unitary (W,N,E,S)	Option 3 4 unitary (M,W,N,E)	Option 4 4 unitary (N,E,M,W)	Option 5 2 unitary (E,W)	Option 6 1 unitary – benchmark (K&M)
5	2	2	2	2	1

### Rationale

Overall assumptions and considerations:

- Without a Mayoral Strategic Authority (MSA) and a directly elected mayor, services that benefit from county-wide coordination, could become more fragmented, for example, strategic transport and planning and management of issues related to Kent's position at the border with Europe.
- Smaller unitary councils may face capacity challenges and lack economies of scale which is likely to reduce efficiency in service delivery of MSA/mayoral priorities and devolved responsibilities. Additionally, a unitary authority that is struggling financially may not have the ability to be a reliable partner at a pan-Kent level to contribute to collective strategy.

#### Option 1 (3 unitaries) – score 5/5

- Unitaries would have sufficient scale to engage directly with an MSA to deliver devolution and work with an MSA to address the socio-economic inequity across the county. The three unitary areas are functional areas to deliver a mayor's Strategic Planning responsibilities via Sustainable Development Strategies (SDSs).
- Broadly coterminous public service boundaries (Police, Health). The boundaries also match subregional economic areas, travel-to-work and learn.
- All infrastructure in the county to manage the movement of goods and people across the border is in one unitary (Eurotunnel, Port of Dover, Sevington Inland Border Facility and Manston Arrivals and Processing Centre).
- However, the East and North unitaries would be less financially resilient due to demand and debt levels in these areas.

#### Option 2 (4 unitaries) – score 2/5

- In this model there are accentuated financial and socio-economic disparities between East Kent, compared to North, and particularly West Kent. This option groups Swale and Thanet in East Kent, which are two of the most deprived Kent Districts, leading to a mayor, potentially, spending a disproportionate amount of effort on East Kent.
- 4UA's could be more focused on local priorities, ensuring more voices in local decision-making. Conversely, this could also lead to inertia. The unitaries would also not be as financially stable to deliver those priorities.
- This option separates the Manston Arrivals and Processing Centre from other infrastructure in the county to manage the movement of goods and people across the border, leading to an MSA having to work across multiple unitaries on border issues.
- A North Kent unitary may be less engaged with Kent and more so with the Mayor of London.

#### Option 3 (4 unitaries) – score 2/5

- There are financial and socio-economic disparities between East and West Kent. Although the 'East Kent Triangle' (Canterbury, Thanet and Dover) is an acknowledged functional area, it would still have financial and socio-economic challenges, compared to the other unitaries. This could lead to reduced capacity to work on mayoral priorities such as regeneration, particularly coastal regeneration. An MSA (particularly the mayor) could spend a disproportionate amount of effort on one unitary.
- 4UA's could be more focused on local priorities, ensuring more voices in local decision-making. Conversely, this could also lead to inertia.
- This option separates the Eurotunnel (Folkestone) and Sevington Inland Border Facility (Ashford) from the Port of Dover and Manston Arrivals and Processing Centre, leading to an MSA having to work across multiple unitaries.
- A North Kent unitary may be less engaged with Kent and more so with the Mayor of London.

#### Option 4 (4 unitaries) – score 2/5

- The financial and socio-economic differences between East Kent and West Kent are more acute than in Option 2 due to West Kent being consolidated into the affluent Districts of Sevenoaks, Tonbridge and Malling and Tunbridge Wells. This could impact on East Kent's ability to engage on an MSA level. An MSA (particularly the mayor) could spend a disproportionate amount of time on East Kent, with Mid Kent becoming overlooked.
- 4UA's could be more focused on local priorities, ensuring more voices in local decision-making. Conversely, this could also lead to inertia.
- Sevington Inland Border Facility is separate from all other infrastructure in the county to manage the movement of goods and people across the border
- This option may create issues for spatial planning, with the West unitary being resistant and unable (due to Green Belt restrictions and politics) to pursue higher levels of housing expansion.
- A North Kent unitary may be less engaged with Kent and more so with the Mayor of London.

#### Option 5 (2 unitaries) – score 2/5

- There would be a significant population disparity between the East and West unitaries. This option also groups Swale and Thanet in East Kent, which are two of the most deprived Kent Districts, leading to a mayor, potentially, spending a disproportionate amount of effort on East Kent.
- Unitaries would have sufficient scale to engage directly with an MSA to deliver devolution; and work with an MSA to address the socio-economic inequity across the county.
- The governance between an MSA and 2 unitary councils could be problematic in terms of decision-making, as the Mayor would not have a casting vote for all policy issues.
- This model provides greater capacity and resources to manage border impacts and place-based work – for example, coastal regeneration, however these roles could fall disproportionately on the East Kent unitary.
- Large unitaries could lack the localised understanding to respond to planning development.

#### Option 6 (1 unitary - benchmark) – score 1/5

- A single unitary council and MSA cannot be established on the same geographical footprint, as the new Kent and Medway council would have to combine with a neighbouring upper-tier authority to form an MSA. This is not possible, as all our neighbours are either on the Devolution Priority Programme (DPP) (Essex & Sussex) or the fast-track LGR programme (Surrey).
- A model that sought to subsume Medway Unitary Council could be unlikely to be supported locally and nationally.

- Significant negotiation and lobbying would be required to put an argument to government that the new Kent and Medway unitary could get devolution as a single area, as this is against their current policy position and is unlikely to be successful.

2) Sensible population size ratios between local authorities and any strategic authority, with timelines that work for both priorities

<b>Option 1 3 unitary (N,E,W)</b>	<b>Option 2 4 unitary (W,N,E,S)</b>	<b>Option 3 4 unitary (M,W,N,E)</b>	<b>Option 4 4 unitary (N,E,M,W)</b>	<b>Option 5 2 unitary (E,W)</b>	<b>Option 6 1 unitary – benchmark (K&amp;M)</b>
5	2	2	2	2	1

### Rationale

Overall assumptions and considerations:

- Government's criteria for new Mayoral Strategic Authorities (MSAs) are a combined population of 1.5 million, or above. Kent and Medway's population size is estimated to be approximately 1,879,100. This would enable a Strategic Authority (SA) across the county footprint whichever option is applied.
- It is assumed that Government would prefer a broad equity of population size for new unitary councils within an MSA area, to conform with the 'guiding principle' of a 500,000 population.
- Timelines for devolution have not yet been confirmed by Government so this has not been considered in scoring. It is unlikely in Kent and Medway that there would be differences between timelines for different options.

Option 1 (3 unitaries) – score 5/5

- This model creates three substantial unitaries with similarly sized populations close to government's 'guiding principle' of a 500,000 population for LGR arrangements (North: 663,000, East: 662,000, West: 551,000) creating equal partners under an MSA.
- Population is the most well-balanced between authorities (only 20% disparity between the smallest and biggest unitaries).

Option 2 (4 unitaries) – score 2/5

- Two unitaries do not meet the 500,000 criteria - South Kent would be significantly under at 363,000 and East Kent at 452,858.
- This division produces a population disparity of 34% between the smallest and largest unitary authorities (South Kent and West Kent respectively).

Option 3 (4 unitaries) – score 2/5

- Two unitaries do not meet the 500,000 criteria – East (415,712) and Mid (400,466).
- This division produces a population disparity of 27% between the smallest and largest unitary authorities (Mid Kent and West Kent respectively).

Option 4 (4 unitaries) – score 2/5

- Two unitaries do not meet the 500,000 criteria - West (370,795) and Mid (470,657).
- This division produces a population disparity of 29% between the smallest and largest unitary authorities (West Kent and East Kent respectively).

Option 5 (2 unitaries) – score 2/5

- This would result in population ratios significantly higher than the 500,000 level and therefore presents a risk of not meeting the Government's criteria (although other areas are submitting proposals including populations of over 800,000).
- This division creates a 23% disparity in population size between the two proposed unitary authorities, which is unlikely to significantly narrow with projected population growth by 2035.

Option 6 (1 unitary - benchmark) – score 1/5

- This would result in a population very significantly higher than 500,000 at 1.9m, with the conclusion this would not meet the Government's criteria and therefore could not be said to support devolution ambitions.

**Criterion F: New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment**

**Overall scores:**

<b>Option 1 3 unitary (N,E,W)</b>	<b>Option 2 4 unitary (W,N,E,S)</b>	<b>Option 3 4 unitary (M,W,N,E)</b>	<b>Option 4 4 unitary (N,E,M,W)</b>	<b>Option 5 2 unitary (E,W)</b>	<b>Option 6 1 unitary – benchmark (K&amp;M)</b>
3	3	4	4	2	2

#### **Summary for Criterion F**

Two of the four-unitary options have received the highest scores because, overall, smaller unitaries will operate more closely to communities, which some residents and partners feel is important. These options also meet the Boundary Commission's recommended councillor to resident ratio, whereas the other options exceed this. However, smaller unitaries might lack the resource capacity to run effective community engagement and address the local issues that are raised through these mechanisms. This is why the 4-unitary option with the highest levels of deprivation and disaggregation costs (option 2) has received a lower score. This is also why all scores for this criterion are in the medium range – there will always be a compromise between capacity and locality. How the new unitaries design their engagement mechanisms will be instrumental in how successful they are in enabling and empowering communities.

One sub-criterion was considered to generate the score for Criterion F:

- 1) Will enable strong community engagement



## Rationale

Overall assumptions and considerations:

- UAs (primarily the 4UA options) covering smaller areas/populations are closer to residents and communities, and theoretically more capable of developing locally suitable engagement models. However, they may have financial challenges which might impact effective community engagement.
- UAs covering larger geographic areas and larger, more diverse populations could face greater challenges in engaging at a local level – they would need to have significant resource in place to manage relationships and develop/maintain suitable and flexible models for all areas. Large LAs have the capacity to engage but will not necessarily be able to do it effectively – this poses a risk.
- Analysis about the councillor to electorate ratios was based on the Local Government Boundary Commission for England (LGBCE)’s recommendation of a minimum of 30 and a maximum of 99 councillors for new unitaries, and their review of Cornwall Council’s electoral arrangements which recommended a number of councillors that produced a ratio of 5,163 electors per councillor.
- Larger infrastructure VCSE organisations will be more comfortable engaging with larger, fewer UAs, but small or micro VCSE organisations will engage at a much more local level.
- Introducing layers of local democracy (e.g. through strengthened or increased numbers of town/parish councils) and community engagement (e.g. through local community boards or forums) will be required in all of the UA options in a sliding scale. Town and parish council coverage is inconsistent across Kent and Medway so would need considerable development to use this as a viable and standardised option across the UAs. In addition, the anticipated Communities white paper’s position on the precepting of new town or parish councils is, as yet, unknown – this might pose a significant challenge for viability.
- Further work will be needed to understand the scale and costs of introducing and sustainably running local community boards (or the Government’s favoured ‘Neighbourhood Area Committees’ which are as yet undefined) at a meaningful community level within prospective UAs.
- It is also necessary to engage with local communities to understand their preferences for local involvement and democracy.

Option 1 (3 unitaries) – score 3/5

- This option provides a councillor ratio between 79 to 92 per UA, which is close to the upper limit of LGBCE’s recommended ratios.
- This option’s logical local place/area groupings might facilitate more effective local engagement about what affects those communities (e.g. engaging coastal communities on coastal issues) but unitaries would operate further from local communities than in the four-unitary options.

Option 2 (4 unitaries) – score 3/5

- The councillor numbers of between 49 and 79 per UA best suit the LGBCE's recommended councillor ratio.
- However, this option scores lower than the other 4UA options because its highest deprivation factor may result in spending pressures affecting unitaries' ability to resource community engagement/localised democracy.

Option 3 (4 unitaries) – score 4/5

- The councillor numbers of between 53 and 79 per UA best suit the LGBCE's recommended councillor ratio.
- Scores joint highest with Option 4 because this model puts the UAs closest to their residents.

Option 4 (4 unitaries) – score 4/5

- Councillor numbers of between 53 and 71 per UA best suit LGBCE's recommendations. This option also creates the most even spread of councillors across the four UAs.
- Scores joint highest with Option 3 because this model puts the UAs closest to their residents.

Option 5 (2 unitaries) – score 2/5

- This option's Councillor numbers (East 111, West 150) and electorate ratios (East 5801 per councillor, West 7824 per councillor) are in excess of LGBCE's recommendations.
- Unitaries would have greater capacity to invest in community engagement mechanisms.
- However, due to the large size of the two UAs, it is likely that significant resource and mechanisms would be required to manage meaningful community engagement at a sufficiently local level across the county area to capture and act on community needs adequately. In addition, most of the north's population live in unparished urban areas and without town councils and are much more ethnically and religiously diverse – a stark difference to the rest of communities in this version of a West Kent UA which would require tailored engagement approaches.

Option 6 (1 unitary - benchmark) – score 2/5

- Councillor numbers (261) and elector ratio of 13,625 per councillor are in considerable excess of the LGBCE's recommendations.
- As with Option 5, the unitary would have greater capacity for community engagement but due to the considerable size of a single UA, significant resource and mechanisms would be required to manage meaningful community engagement at a sufficiently local level across the county area to capture and act on community needs adequately.