

From: Linden Kemkaran, Leader
Amanda Beer, Chief Executive

To: **County Council, 06 November 2025**

Subject: KCC's Draft Strategic Business Case for Local Government Reorganisation in Kent and Medway

Classification: **Unrestricted**

Summary:

This paper provides an overview of Kent County Council's draft Strategic Business Case for Local Government Reorganisation in Kent and Medway and sets out the administration's rationale for supporting a single unitary with three Area Assemblies.

Recommendations:

County Council is asked to:

- (1) CONSIDER and DEBATE the proposal as part of ensuring all-Member input to inform the proposed Cabinet Decision to approve and submit the Strategic Business Case to Government.
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1. Background

- 1.1. Councils in Kent and Medway received a statutory invitation to submit proposals for Local Government Reorganisation (LGR) in a letter from the Minister of State on 5 February 2025.
- 1.2. Areas were required to submit their Interim Plans for LGR to Government by 21 March indicating their initial thinking and providing an opportunity to seek clarity from Government on the process.
- 1.3. On 15 May 2025, Kent and Medway councils received a response from Ministry of Housing, Communities and Local Government (MHCLG) to their Interim Plan submissions. This was a pro-forma response sent to all county areas, with the noticeable exception of it raising concerns about the impact of the Kent ports on services such as highways and children's social care, and a request for reorganisation proposals to set out how such impacts could be mitigated through future council structures.
- 1.4. The deadline by which councils in Kent and Medway are invited to submit their final proposals to Government is 28 November 2025.
- 1.5. An indicative timeline setting out the next stages of the LGR process is provided for information as Appendix 1 to this report. It is important to note that the timings are subject to change at Government's discretion.

2. Options appraisal and business case development

- 2.1.** KCC has undertaken preparatory work since receiving the statutory invitation earlier this year, both through a joint options appraisal (completed by KMPG on behalf of Kent Council Leaders) and through an internal options appraisal conducted by KCC. The findings of the internal options appraisal were presented to the Cabinet Committee for Devolution and Local Government Reorganisation in July.
- 2.2.** Having considered the findings of both the internal and joint options appraisals, it is KCC's position that it will submit an independent Strategic Business Case to Government for the single-unitary option covering Kent and Medway, supported by three Area Assemblies.
- 2.3.** The Strategic Business Case has been developed through detailed internal analysis, independent financial modelling, and active participation in the joint Kent and Medway process.
- 2.4.** The Strategic Business Case is attached as a draft and is subject to change (see Appendix 2). Some of the sections are incomplete but will be finalised in the version presented to Cabinet. This includes the foreword by the Leader and the final list of appendices. The section on public and stakeholder engagement will also be updated as engagement was ongoing when the draft was being prepared. An interim summary of the key feedback from stakeholder engagement is included in the draft (section 5) and an interim report based on the first two weeks of the public survey is provided as Appendix 3 to this report. The final Strategic Business Case will include the key findings of stakeholder and public engagement with full findings provided as appendices.
- 2.5.** Whilst KCC has developed its business case independently, consistent commitment to the joint process has remained. In line with government expectations for councils to contribute to a shared evidence base, KCC has shared information and analysis with partner authorities, to ensure that all councils have had access to information about the likely impacts of LGR on current KCC services. Equally, KCC has considered evidence provided by other councils in shaping its proposal.
- 2.6.** KCC will continue to be open, pro-active and transparent while working with partner authorities as the LGR process evolves.

3. Rationale for a single unitary

- 3.1.** The administration is clear that a single unitary for Kent and Medway is the most viable financial and strategic option to address the unique challenges that the county faces. The key reasons for supporting a single unitary are set out below.

3.2. Financial viability

Given the funding pressures facing Local Authorities, financial sustainability is paramount. The ongoing delivery of sustainable services to residents depends on future authorities being financially resilient. Financial modelling undertaken by KPMG shows that, in the five unitary option the costs might never outweigh the benefits, and in the other multi-unitary options the payback period is multiple years during which time the additional financial pressures would need to be managed within the county, potentially impacting service delivery and Council Tax rates. Conversely, KCC's proposed option of a single unitary has lower transition costs, a shorter payback period and is predicted to deliver greater savings. The administration is clear that the financial disbenefits of the multi-unitary options do not represent good value for money for Kent and Medway taxpayers.

Disaggregation risks

- 3.3.** Evidence suggests that splitting up countywide, people-based services such as social care and SEND, which represents the majority of council spend in Kent and Medway, would incur significant costs and risk disruption and reductions in service quality. Disaggregating critical services on this scale across a county as large as Kent would be incredibly challenging, both operationally and financially. Whilst shared service arrangements could be developed in an attempt to mitigate some of the risks and costs associated with disaggregation, allowing the management of key services such as social care to be retained at a county level, there are few if any successful examples of such arrangements and they are often associated with increased cost and loss of control and accountability for the constituent authorities and reduced quality of service for residents. These types of shared service arrangements would be voluntary, which means they are often difficult to agree in the first place and there is a risk that authorities could withdraw over time, especially if one partner is disproportionately affected.

3.4. Unique geography

Kent's unique geography and border position means that maintaining countywide scale is critical. As the gateway to Europe, Kent is of strategic importance, both regionally and nationally. In order to effectively manage the border, including our UAS Children responsibilities, the strategic highway network and border infrastructure must operate countywide, with Kent and Medway working with partners to manage traffic flow and port resilience. Kent and Medway has an established track record of working with partners at a pan-county level to respond to unique challenges such as these and is a responsive and reliable partner to Government to manage issues of national importance.

As a peninsula surrounded on multiple sides by 350 miles of coastline, Kent also faces economic and social challenges. This impacts on the effective provision of public services in the area, with Kent only able to look to markets in the West for the provision of services, limiting options for procurement on the most competitive terms. It is therefore important that Kent and Medway has sufficient capacity and capability within its own borders, using its scale to shape markets and develop the skilled workforce our services rely on.

3.5. Disaprities in deprivation

There are varying levels of deprivation across Kent and Medway, with areas in Thanet and Swale for example in the top 10% of most deprived areas in the country according to the Index of Multiple Deprivation. Conversely, there are very few of these most deprived neighbourhoods in West Kent (none in some Districts). Higher levels of deprivation results in greater demand for services, limits funds that councils are able to raise through Council Tax and can create other challenges in supporting local communities. Some of the multi-unitary options group particularly deprived areas together (e.g. Thanet and Swale), leading to significant pressure on statutory services. Splitting the county through the process of LGR also risks embedding disparities between more and less deprived areas. Meanwhile, operating as a single unitary means demand pressures, income and spend can be spread across the county rather than being concentrated in individual smaller unitaries, avoiding unmanageable demand in specific localities, whilst also ensuring that resource can be targeted where it is needed most to address any disparities.

3.6. Legacy debt

The uneven distribution of debt across Kent and Medway is a key issue. West Kent districts have significantly lower levels of debt compared to other districts across the county, which means negotiations around the fair distribution of debt would likely be challenging. It also means there is a risk that smaller unitaries may inherit high levels of debt that they are unable to manage. Operating as a single unitary, meanwhile, would ensure legacy debt is manageable by spreading it across the county.

3.7. Local identity

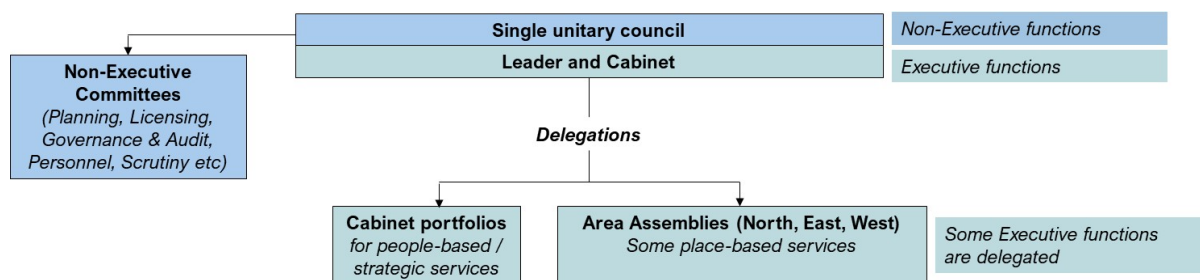
Area Assemblies will be locally responsive and have responsibility for some place-based services. The geography of the proposed Area Assemblies in North, East and West Kent reflect sub-regional identities and are consistent with residents' travel to work, education and healthcare patterns. The geographic configurations also mirror the existing service delivery footprints of key partner agencies, allowing Area Assemblies to build on established relationships and ways of working to deliver tailored, community-based services for residents.

3.8. No timeline for devolution

At present, the government has not set out a timetable for further rounds of devolution, which means the future for Kent and Medway is unclear. The creation of a single unitary ensures that there is an appropriate strategic vehicle for the county in the absence of a Mayoral Strategic Authority. Given the challenges outlined above, it is imperative that Kent and Medway retains countywide scale and critical mass.

4. How the single unitary would work

- 4.1.** The proposed governance for the Kent unitary is summarised in the following diagram:



- 4.2.** The single unitary council for Kent and Medway (the Full Council) would be the Non-Executive, strategic level decision-making body, which would set the overall county strategy and budget. The Full Council would also oversee several statutory Non-Executive committees.
- 4.3.** The Leader and Cabinet would take executive decisions and be responsible for critical *people-based and strategic services*, to maximise economies of scale and minimise disruption for residents and critical services and functions.
- 4.4.** Area Assemblies would be local-level, Executive decision-making bodies. They would be committees of the unitary council that sit at area level – divided into North, East and West.
- 4.5.** Membership of the Area Assemblies would be the councillors of the Kent and Medway unitary whose divisions are in the geographical areas that the Area Assemblies cover. The unitary council would have flexibility in how it arranges the Area Assemblies, and over time, the initial boundaries could change incrementally to reflect community/population changes.
- 4.6.** Area Assemblies would have delegated responsibility from the Leader of the Kent unitary for some *place-based Executive functions*. The table below presents a very high-level, non-exhaustive, indicative split of how the services and functions could be arranged, with further detail set out in the draft Strategic Business Case.

Countywide <i>People-based & Strategic services / functions</i>	Area Assemblies <i>Some Place-based services / functions</i>
Strategic planning (Housing / Infrastructure Strategy) <ul style="list-style-type: none"> Building development (Spatial Development Strategy (SDS)); Local Plan; Local Development Framework (LDF)) Housing delivery Minerals Planning applications 	Housing & Planning <ul style="list-style-type: none"> Housing options service (assessing local housing needs, advice and assistance) Building control

Transport strategy <ul style="list-style-type: none"> • Highways & Transport (traffic management) planning & operations • Home to School Transport & Appeals; Concessionary travel & Public & Community transport • Cycle routes • Road safety • Street lighting & furniture 	Highways maintenance <ul style="list-style-type: none"> • Potholes etc.
Regulatory services & Licensing <ul style="list-style-type: none"> • Trading standards & Consumer protection • Taxis • Alcohol • Public entertainment • Gambling 	Community services <ul style="list-style-type: none"> • Museums & Arts/Culture • Leisure • Markets • Libraries and Registration • Youth services • Village halls / community facilities
Public protection <ul style="list-style-type: none"> • Emergency Planning & County resilience 	Public protection <ul style="list-style-type: none"> • Community safety, including Community Wardens

4.7. The Area Assemblies would be decision-making bodies, able to take Key Decisions, and would be responsible for delegated budget/s, strategy development and oversight of services delegated to them.

4.8. The new constitution of the Kent unitary would set out the arrangements for Area Assemblies and include protections to provide long-term stability for the model.

5. Number of councillors

5.1. The Local Government Boundary Commission for England (LGBCE) has advised a minimum of 30 Councillors and a maximum of 100 Councillors for new unitary authorities, and that any exceptions to this need a strong justification.

5.2. In determining the most appropriate size for the Kent unitary, it has been important to strike the right balance between ensuring effective democratic representation for the people of Kent and Medway and ensuring that the council has a workable number of councillors to support the efficient discharge of the council's functions.

5.3. As the Kent unitary will represent a large number of people, research was undertaken to compare current unitary councils with higher ratios of people to councillors. Birmingham Council has the highest, with 11,420 people per councillor. Applying this ratio to the Kent and Medway population, this would

mean 165 councillors for the Kent unitary. This is within the same range as the initial number of councillors for the Buckinghamshire unitary when it first formed (147).

- 5.4.** However, 165 councillors could fail to strike the right balance of being a workable number for a single council. Taking the mid-point between KCC's current ratio of 20,234 people to per councillor and the Birmingham figure provides a ratio of 15,874. For the Kent and Medway population, this would give 118 councillors. 118 councillors is a workable number for a large unitary, similar to the number of councillors in Somerset (110), for example.

118 councillors

15,874 people per councillor (Kent & Medway population of 1,875,893)

11,430 electors per councillor (Kent & Medway electorate of 1,348,857)

- 5.5.** At 11,430 electors per councillor, this is a reduction in the ratio of elector to councillor compared with Kent County Council's current position of 14,266. This reduction would allow capacity for councillors to cover the services and functions provided by a unitary council, which are currently separated between the two-tiers. Further detail on how Members would be supported is set out in the draft Strategic Business Case.
- 5.6.** It is recognised that a single unitary of this size and scale could be criticised as being too large and remote for residents and partners to engage with. To address these concerns, it is proposed that an Enhanced Community Engagement function would be created, which would serve as a direct and responsive link between communities and the new unitary council, ensuring that local voices are heard, needs are understood, and services are shaped around people. Further detail on how the Enhanced Community Engagement function would work in practice is set out in the draft Strategic Business Case.

6. Financial implications

- 6.1.** To support comparability of financial analysis across options, KCC commissioned KPMG, Kent and Medway's strategic partner for LGR, to provide financial modelling using data from all councils. This is an additional piece of work within the existing contract with KPMG to support the joint process at an expected cost to KCC of less than £30,000. This has ensured that the methodology used to model costs and benefits for KCC's preferred option has been consistent with that used for the other Kent and Medway options.
- 6.2.** The table below sets out the high-level unitarisation costs for each of the different options. It compares the initial transition/implementation costs associated with moving to a new unitary model, the ongoing disaggregation costs (i.e. the additional recurring expenditure that results from splitting up countywide services), and the net recurring annual savings that can be unlocked through reorganisation. It also compares the estimated payback period and the 10 year cumulative impact. Further detail on the financial assessment is set out in the Strategic Business Case.

LGR option	Implementation costs (one off) (£m)	Reorganisation savings (gross) (£m)	1a enhancement / Disaggregation costs (£m)	Recurring annual savings (£m)	Estimated payback period (years)	10-year cumulative impact of transformation (£m)
1a	(99.4)	75.0	(6.0)	69.0	3.3	457.4
3a	(127.7)	69.4	(19.7) - (29.2)	49.7 - 40.2	5.4 - 6.7	132.1 – 226.5
4b	(130.9)	67.5	(32.9) - (48.6)	34.6 - 18.9	7.8 - 14.3	(80.6) – 76.7
4d	(135.9)	67.5	(32.9) - (48.6)	34.6 - 18.9	7.9 - 14.5	(85.6) – 71.7
5a	(139.1)	65.7	(46.0) - (68.1)	19.7 - (2.4)	14.0 – no payback	(298.1) – (77.9)

- 6.3.** It is important to note that at this stage the submission of the Strategic Business Case does not require KCC to commit any financial resource. Government will first consider all of the proposals submitted by councils in the Kent and Medway area and then decide which business case will be progressed for implementation following a statutory consultation. Further Key Decisions will then be taken by KCC as necessary during the implementation phase for any specific policy proposals and service restructures, as well as for any significant savings or expenditure programmes.

7. Legal implications

- 7.1.** Kent County Council, together with Medway Council and the 12 District and Borough Councils, were invited by the Minister of State in February to submit a request for local government reorganisation by November 28, 2025. The legislative basis for this was set out by the Government in this invitation, which can be accessed here: [Letter from MHCLG](#).
- 7.2.** It is important to note that Local Government Reorganisation is a government-led process initiated by the Secretary of State. Councils are therefore unable to stop or delay LGR. The Secretary of State can decide to take forward proposals that are submitted by areas with or without modification and will ultimately make the final decision on which business case is implemented following the statutory consultation. KCC is therefore not the decision-maker.

8. Equalities implications

- 8.1.** A draft Equality Impact Assessment (EqIA) has been undertaken on the proposed decision to submit a Strategic Business Case to government to establish a single unitary authority for Kent and Medway (attached as Appendix 4). The draft EqIA identifies potential impacts for a number of protected characteristics under the Equality Act 2010. Key issues include potential risks to service continuity, communication challenges, and visibility of local needs within a larger strategic framework. The assessment also acknowledges potential workforce impacts.

- 8.2.** Regarding positive impacts, the model is expected to improve consistency and equity in how services are planned, commissioned, and delivered across the county by consolidating governance and service delivery into a single authority. This is particularly relevant for groups who may currently experience variation in access or outcomes due to the fragmented nature of the two-tier system. A unified structure will help reduce postcode lotteries and ensure that residents with protected characteristics receive a more consistent standard of support regardless of where they live. Furthermore, unlike multi-unitary options, which would disaggregate key services such as adult social care, SEND, and public health, the single unitary model preserves the scale and integration needed to manage complex countywide challenges. This is particularly critical for older residents and children and young people who rely on consistent, joined-up support across service boundaries.
- 8.3.** The draft EqlA will be updated as necessary following public engagement to reflect the feedback received. The final EqlA will then be published as part of the Key Decision paperwork and will be included as a separate appendix within the Strategic Business Case.
- 8.4.** Further EqlAs will be undertaken as necessary for specific policy proposals, service restructures, or operational changes that emerge from the reorganisation process, ensuring that equality considerations are embedded at every stage of implementation.

9. Data Protection implications

- 9.1.** Internal advice has been sought from the Council's Data Protection team, who have confirmed that a Data Protection Impact Assessment does not need to be conducted at this stage as no personal data has been processed as part of developing the Strategic Business Case.
- 9.2.** Data Protection Impact Assessments will however be undertaken as necessary during the next stages of the LGR process. This will be particularly important during the transition phase, where it is highly likely that large volumes of client data will need to be migrated from KCC to the new successor authority/authorities.

10. Conclusion

- 10.1.** The KCC administration is clear that the most viable option for LGR in Kent and Medway is a single unitary authority. The model is uniquely designed to meet the scale, complexity, and strategic importance of the county. It delivers the benefits of reorganisation while avoiding the risks of fragmentation. Critically, it is also the most financially viable option, in both the short and the long term, helping to put Kent and Medway on a firmer financial footing.

11. Next steps

- 11.1.** Comments and feedback from Members will be reflected in the final draft of the Strategic Business Case, which will be presented to Cabinet on 19 November 2025.
- 11.2.** Following Cabinet's approval via a Key Decision (subject to call-in), KCC's Strategic Business Case will be submitted to Government in time for the deadline of 28 November 2025.
- 11.3.** The Strategic Business Case is currently being professionally designed in-house ready for publication on KCC's website following submission to Government.
- 11.4.** The business cases supported by other councils in Kent and Medway are due to be published by 05 November 2025 on the [Kent Councils Leaders website](#). Once published, a link will be sent to all Members so that they can view the other options which are being proposed across the area.

Recommendations

The County Council is asked to:

- (1) CONSIDER and DEBATE the proposal as part of ensuring all-Member input to inform the proposed Cabinet Decision to approve and submit the Strategic Business Case to Government.
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Relevant Director:

David Whittle, Director of Strategy, Policy, Relationships and Corporate Assurance – david.whittle@kent.gov.uk

Report Authors:

Jenny Dixon-Sherreard, Strategy Manager, Strategy, Policy, Relationships & Corporate Assurance – jenny.dixon-sherreard@kent.gov.uk

Ryan Thomas, Policy and Strategy Officer, Strategy, Policy, Relationships & Corporate Assurance – ryan.thomas@kent.gov.uk

Appendices:

Appendix 1: LGR Process Timeline

Appendix 2: KCC's draft Strategic Business Case for Local Government Reorganisation in Kent and Medway

Appendix 3: Public Engagement Report – Interim Findings

Appendix 4: Draft Equality Impact Assessment

Background documents:

Papers to Devolution and LGR Cabinet Committee, 30 September 2025, available at <https://democracy.kent.gov.uk/ieListDocuments.aspx?CId=979&MId=9845>

Paper to Devolution and LGR Cabinet Committee, 28 July 2025, available at <https://democracy.kent.gov.uk/ieListDocuments.aspx?CId=979&MId=9870&Ver%20=4>

KCC webpage for Local Government Reorganisation and devolution, containing letters to and from KCC and government and further information regarding LGR and devolution, available at <https://www.kent.gov.uk/about-the-council/local-government-reorganisation-and-devolution>

English Devolution White Paper, Power and partnerships: Foundations for growth, Ministry of Housing, Communities and Local Government, 16 December 2024 available at <https://www.gov.uk/government/publications/english-devolution-white-paper-power-and-partnership-foundations-for-growth>

English Devolution and Community Empowerment Bill, July 2025, available at <https://publications.parliament.uk/pa/bills/cbill/59-01/0283/240283.pdf>