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To: Devolution and Local Government Reorganisation Cabinet Committee, 23 March 2026

Subject: Local Government Reorganisation: Governance Overview

Status: Unrestricted

1. Introduction

- a) One common factor across all areas where there is currently a programme of Local Government Reorganisation (LGR) is the legal framework within which it takes place. This is set out in Part 1 of the Local Government and Public Involvement in Health Act 2007 ('the 2007 Act').
- b) In Kent and Medway, the current process was formally commenced within this framework by the Secretary of State inviting proposals for local reorganisation. This happened on 5 February 2025. Following submission of these proposals, at the time of this report the Government is consulting on the different options¹.
- c) The purpose of this report is to outline the legal and governance aspects of how LGR will progress following the closure of the consultation on 26 March 2026, and highlight some areas for further consideration.

2. LGR: Decision and Implementation

- a) Under the 2007 Act, it is for the Secretary of State to determine whether to take forward any of the proposals, and if so, which one (with or without modifications). The Secretary of State does have the option to seek advice from the Local Government Boundary Commission for England ('the Commission') which may impact the final shape of the proposals. The Commission have indicated that they are not planning to look at any proposals until after implementation.
- b) Whatever the decision of the Secretary of State, the affected local authorities do not have the power to pause or prevent any proposed changes.
- c) However, there will be discussions between central government and the affected local authorities on the practical detail of implementing reorganisation and this will be an opportunity to shape what this looks like and raise awareness of how the local context may need specific arrangements.
- d) The framework for taking a specific LGR proposal forward will be formally set out through the following²:

¹ [Proposals for local government reorganisation in Kent and Medway - GOV.UK](#)

² Depending on the proposal taken forward, if any, other pieces of legislation may be required. However, these three ways apply across the board.

- i. Structural Change Orders (SCO).
 - ii. Directions under section 24 of the 2007 Act.
 - iii. Technical and consequential matters.
- e) The 2007 Act does not set out a timetable for when the different stages of taking an LGR proposal need to be taken forward. This is a policy choice of central government.

3. Structural Change Orders

- a) Structural Change Orders codify into legislation the proposal being taken forward. In reorganisations elsewhere, there has been a single SCO covering the whole of the area impacted, regardless of the number of unitary authorities that are coming into existence.
- b) SCOs are Statutory Instruments (secondary legislation) and are usually approved through the affirmative procedure. This means a draft of the SCO is laid before parliament and requires approval before it becomes law. Parliament cannot amend the draft. It is either approved, or it is not³. It is important, therefore, that the draft laid before parliament is fit for purpose. The practice has been for government to engage with the relevant local authorities on the content of the SCO following the announcement of the decision regarding which proposal is being progressed. There is often only a short period of time between the SCO coming into force and action being required; the longer lead-in period is to allow authorities to prepare voluntarily.
- c) The core purpose of an SCO is to set out how reorganisation will be implemented. It sets out where the decision-making responsibility will lie to make the practical and operational decisions to get the new authorities up and running. An SCO can also go into prescriptive detail as to how these decisions are made and these prescriptions are legally binding on outgoing and incoming authorities.
- d) The 2007 Act does not set out a specific model for where the authority for decision-making will reside. The proposal being taken forward and the existing structures will influence which model is introduced through the SCO. Broadly speaking, there are two:
 - i. Joint Committee and Shadow Authority Model.
 - ii. Continuing Council Model.

4. Joint Committee and Shadow Authority Model

- a) Under the joint committee and shadow authority model, once the SCO comes into force one or more joint committees must be established. There will be one joint committee for each incoming authority. Each existing authority within that footprint will be represented on the joint committee, in a manner set out in the SCO. This is the model which will be used in Surrey⁴.
- b) Joint committees usually need to be established within 14 days of the SCO coming into force. There is nothing to prevent joint committees being

³ Once approved, any revisions would usually require further legislation.

⁴ [The Surrey \(Structural Changes\) Order 2026](#)

established earlier as there are existing mechanisms for doing so. Surrey established voluntary joint committees⁵.

- c) The main role of the joint committee is to prepare for the establishment of the shadow authority, which will operate across the same footprint and replace the joint committee. There are restrictions on what activities a joint committee can do, but as a minimum they are usually required to:
 - i. Develop an Implementation Plan for the incoming authority on that footprint.
 - ii. Develop a code of conduct for adoption by the shadow authority.
- d) Joint committees are dissolved the day after the first meeting of the shadow authority with the executive (leader and cabinet) of the shadow authority taking the lead on decision-making on implementation.
- e) A shadow authority is a body established for the purposes of ensuring all the necessary actions are taken to establish the new authority on the same footprint and ensuring the continuity of the delivery of public services leading up to and beyond vesting day (the day when the new authority comes into legal existence and assumes its functions). In most cases where a shadow authority has been established, it has been a directly elected body.
- f) At its first meeting, the shadow authority must:
 - i. Establish a leader and cabinet model of governance.
 - ii. Determine core governance arrangements.
 - iii. Adopt a member code of conduct. A draft would have been prepared by the joint committee.
 - iv. Appoint the following interim officers – Monitoring Officer (MO), Chief Finance Officer (CFO), Head of Paid Service (HOPS). These are usually existing officers of the relevant district/county authorities.
- g) The shadow authority is required to do the following, either on an ongoing basis, or at the first or a later meeting:
 - i. Adopt a Members Allowances Scheme for the shadow authority and for the incoming unitary authority/authorities. The requirement for an independent remuneration panel report remains.
 - ii. Appoint a substantive HOPS, CFO, and MO by 31 December of the transition year. These appointments will commence from the day of appointment and continue into the incoming authority.
 - iii. Revise and review the implementation plan agreed by the relevant joint committee.

⁵ [DLGR Update to Cabinet January 2026.pdf](#)

- h) Aside from the responsibility of service delivery, shadow authorities are required to act as regular authorities and are subject to the same legal framework of audit, governance, financial management and so forth.
- i) The costs of the shadow authorities, and associated elections, are to be shared between the relevant authorities in a manner that they determine. If they cannot agree, the Secretary of State can determine the share or task an arbitrator to do so.
- j) The wards for election to the shadow authority are set out in the SCO. Members elected to the shadow authority automatically become Members of the new authority at vesting day and the practice is for there to be a full four-year term before the next election (i.e., members serve 5 years, all other things being equal – 1 year on the shadow authority and then 4 on the incoming authority). There are indications that the Commission will carry out an electoral boundary review of new unitary authorities between the first and second round of elections.
- k) Individuals can serve as elected members on a shadow authority and an outgoing authority at the same time. Conflicts of interest would need to be managed in accordance with the principles of good governance.

5. Continuing Council Model

- a) With the continuing council model, a new unitary authority is based on borough/city/district council functions transferring to the legal entity of the county council and the county council being reorganised to create the new unitary authority.
- b) An implementation executive is set up as a committee of the continuing council's executive, usually within 14 days of the SCO coming into force. Representatives of all authorities impacted by LGR are represented and it is responsible for preparing an implementation plan and other transitional activities.
- c) Following elections to the continuing council, to new electoral divisions, the executive of the continuing council takes on the transitional functions and the implementation executive is dissolved.
- d) This was the model used in North Yorkshire's LGR in 2022⁶ where 1 county council and 7 district councils were replaced by a single unitary covering the county. North Yorkshire Council (covering the whole county) was the continuing council with the 7 districts being dissolved in 2023.

6. Shared Elements

- a) In broad terms, whichever model is put in place, the shadow authority/continuing council and executive are empowered to undertake the following:
 - i. Preparation for assumption of full authority powers.

⁶ [The North Yorkshire \(Structural Changes\) Order 2022](#)

- ii. Prepare budgets (including setting Council Tax) and policies/plans required for new authorities.
 - iii. Run themselves as an authority.
 - iv. Liaise with councils and other shadow authorities to ensure continuity of services.
- b) Within each SCO there is usually prescriptive content to ensure that Implementation Teams are established, drawing on Officers from across all authorities. Legal duties are placed on all authorities to co-operate with each other and release staff for duties relating to the transition.

7. Section 24 Directions

- a) Section 24 of the 2007 Act enables the Secretary of State to set parameters on the decisions an outgoing authority can take without the consent of the relevant shadow authority.
- b) The Best Value Duty applies to all local authorities which means they must be able to demonstrate “continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.”⁷ Robust financial governance is essential through the transition period and section 24 directions are intended to help ensure that the decisions and financial strategy of outgoing authorities do not fetter future decision-making and the financial sustainability of new authorities.
- c) As with the contents of SCOs, there are likely to be discussions with central government on the detail of any directions to be issued. Unlike SCOs, section 24 directions come directly from the Secretary of State and so do not need parliamentary approval, with the Secretary of State having the final say. They automatically expire on vesting day.⁸
- d) On 25 July 2025, the government issued the explanatory note “Financial decisions before local government reorganisation.”⁹ This contained the following:
- a. “The government intends again to issue directions under section 24 of the 2007 Act, once Structural Changes Orders have been made, to specify a person to give consent for all relevant matters and how that power is to be exercised. We anticipate that these directions will follow the precedents previously set, namely that written consent from the successor council will be required for land disposals worth more than £100,000, entering contracts of more than £1,000,000 for capital and entering contracts of more than £100,000 for non-capital (whole life costs).”¹⁰

⁷ Section 3, Local Government Act 1999, [Local Government Act 1999](#).

⁸ For an example of a section 24 direction see [Cumbria, Somerset and North Yorkshire councils: direction - GOV.UK](#)

⁹ [Financial decisions before local government reorganisation - GOV.UK](#)

¹⁰ Ibid. Paragraph 7.

- e) This is in line with the levels of materiality set in the 2007 Act¹¹, and the contract thresholds are cumulative where multiple contracts are entered into with the same organisation. Together this means that an outgoing authority's ability to make business as usual decisions and maintain statutory services will be impacted by the restrictions put in place and the need to take decisions through the governance processes of two authorities. Urgency provisions would also need to be put in place for taking decisions where the full process could not be undertaken.
- f) Other areas have made use of a mechanism called general consent. This is where the transitional executive sets out its own parameters as to where outgoing authorities can continue to make decisions without the transitional authority needing to also give permission. Where there is a shadow authority established, the general consent would be given to the outgoing authorities. In the case of a continuing council model, the general consent would be given to the outgoing borough/city/district councils. The general consent could cover such things as specific areas of activity or category of contract, and/or amend some of the materiality or cumulative contract restrictions¹².
- g) Where a general consent has been given, there remains an expectation that outgoing authorities act so as to ensure that new authorities have maximum flexibility in contracts and agreements in order to meet their own Best Value Duty.
- h) There are potentially serious consequences for acting outside section 24 directions and general consents – any contracts entered into by an authority without the required consent will be legally unenforceable by, or against, the authority in question and its successor new unitary council, and any transfer or acquisition relating to land will be void.
- i) Due to the need for a shadow authority to positively agree any general consents, the timing of a section 24 direction and shadow authority executive meetings is important. Once issued, the direction applies until the general consent can be given, with all the applicable restrictions.

8. Technical and Consequential Matters

- a) The SCO covers the formal legal aspects of the dissolution of outgoing authorities and the establishment of new ones. There are many technical and consequential matters which may require further provisions to ensure these are managed.
- b) These can come in the form of a 'supplementary' Statutory Instrument covering specific points. For example, one issued in 2023 for Cumbria, North Yorkshire and Somerset covered pensions and Harbour Revision Orders, amongst other matters¹³.

¹¹ Under section 29 of the 2007 Act, the Secretary of State may amend these figures, by order (i.e., through secondary legislation).

¹² An example of a general consent from a shadow authority can be seen at item 7 here - [Agenda for Shadow Executive on Wednesday 15 June 2022, 10.30 am | Cumberland Council](#), and for a continuing council at item 4 here [Agenda for Executive on Monday, 23 May 2022, 11.02 am | North Yorkshire Council](#).

¹³ [The Local Government \(Structural Changes\) \(Supplementary Provision and Amendment\) Order 2023](#).

9. Civic and Ceremonial Matters

- a) Where relevant, the SCO can cover civic/ceremonial matters. For example, that for Cumbria amended the Lieutenancies Act 1997 to establish that the Lord-Lieutenant of Cumbria would cover the area of the two new unitary authorities.
- b) As part of the LGR process, other areas have set up charter trustees to maintain continuity of a town/city charter once a city/borough council has been abolished. The SCO for North Yorkshire set up two (Harrogate and Scarborough), with a supplementary SCO establishing two in Cumbria (Barrow and City of Carlisle).

10. Recommendation

The Devolution and Local Government Reorganisation Cabinet Committee is asked to NOTE the report.

11. Background Documents

None.

12. Report Authors and Relevant Director

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