

From: Linden Kemkaran, Leader
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To: **Devolution and Local Government Reorganisation Cabinet Committee, 14 May 2026**

Subject: LGR update

Classification: **Unrestricted**

Summary:

This paper provides an update on national Local Government Reorganisation (LGR) developments since the previous Cabinet Committee on 23 March 2026. This includes the government's decisions on the Devolution Priority Programme (DPP) geographies, progress of the DPP areas, and the key learning for Kent and Medway.

Recommendation:

The Cabinet Committee is asked to:

- (1) **Note** and **comment** on this update
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1. Introduction

1.1. This paper provides an update on national Local Government Reorganisation (LGR) developments since the previous Cabinet Committee on 23 March 2026. This covers:

- An overview of recent government LGR announcements and activity
- The government's decisions on the Devolution Priority Programme (DPP) geographies in full for the first time, and the key learning from these for Kent and Medway.
- Progress of the DPP areas, including:
 - DPP Structural Changes Orders (SCOs)
 - governance arrangements, including progress on Joint Committees and community governance arrangements in both the DPP areas and the LGR 'fast track' area of Surrey.
 - section 24 arrangements

2. Overview of recent Government LGR announcements and activity

2.1 25 March – DPP unitary council geographies (Tranche 2): A Parliamentary [Written Ministerial Statement](#) (WMS) made to Parliament outlined the Government's decision to implement the following new unitary council geographies in the following DPP areas:

- *Essex*: 5 unitary councils in Essex, Southend-on-Sea and Thurrock
- *Hampshire*: 5 unitary councils in Hampshire, Isle of Wight, Portsmouth and Southampton

- *Norfolk*: 3 unitary councils in Norfolk
 - *Suffolk*: 3 unitary councils in Suffolk
 - *East and West Sussex*: The Government decided not to proceed with any of the proposals submitted for East or West Sussex, instead opting to reconsult on a modified option.
- 2.2 The Secretary of State has recently reconfirmed that he is ‘fully committed to delivering reorganisation’, and has said in letters to [East Sussex and Brighton and Hove council](#) and [West Sussex councils](#), that ‘the additional consultation ‘does not affect the intended timetable for new councils, as the timeline will now move to align with the ‘Tranche 3’ areas, where decisions are due to be made in the summer, with new councils still to ‘go live’ in April 2028’.
- 2.3 25 March – Thurrock Council debt:** Through the [WMS](#) the Ministry of Housing, Communities and Local Government (MHCLG) also confirmed it’s ‘commitment to repay in-principle £200m of Thurrock Council’s debt in 2026-27’. Government has said that ‘To prevent failures like those seen in Thurrock and Woking from happening again, [they] will now bring into operation the statutory powers enacted in 2023...which allow direct intervention where authorities take excessive risks in their borrowing and investment practices’.
- 2.4 25 March – LGR transition funding allocations and local administration:** The [WMS](#) also lays out how the £63 million in transition funding announced in February this year will be allocated. The detail of this is covered in Section 5.
- 2.5 26 March – DPP LGR ‘implementation letters’:** On 31 March 2026, the MHCLG published a suite of LGR ‘implementation letters’, sent on 26 March, to the Chief Executives of:
- [Essex, Southend-on-Sea and Thurrock](#)
 - [Hampshire, Isle of Wight, Portsmouth and Southampton](#)
 - [Norfolk](#)
 - [Suffolk](#)
- 2.6 The letters outline the well-rehearsed LGR implementation processes. However, they also provide new information on ‘the decisions Ministers have [already] taken in relation to [the SCO], the additional information [MHCLG] requires from [the councils] before [29th] of May, the processes for administering the allocations of grant funding for the new unitary councils, and the next steps in the process’.
- 3. Government decisions on DPP geographies**
- 3.1 As stated on Section 2, on 25 March the Government [announced](#) which geographies they had settled on for four of the DPP areas (Essex, Hampshire, Norfolk and Suffolk).
- 3.2 For the remaining two areas of East and West Sussex, the Secretary of state for Local Government said that he had ‘not yet made a decision, due to concerns regarding all four of the proposals [he] received’. The Government has proposed ‘an option for potential modification of the proposals for a

further technical consultation' in May/June this year. This appears to be predicated on expanding the Brighton and Hove City Council boundary.

3.3 The table below presents a summary of the DPP decisions. This includes the current whole population of the DPP area, new unitary population sizes, and the main population focus areas of the new unitary areas.

DPP area	No. of new councils	Current population	New council population sizes	Population focus areas
Norfolk	3	940,359	<ul style="list-style-type: none"> • Greater Norwich: 278,000 • East Norfolk: 336,000 • West Norfolk: 300,000 	<ul style="list-style-type: none"> • Norwich City Council • King's Lynn • Great Yarmouth
Suffolk	3	786,231	<ul style="list-style-type: none"> • Western: 254,700 • Central & Eastern: 253,416 • Ipswich & Southern: 252,552 	<ul style="list-style-type: none"> • Ipswich • Felixstowe • Bury St. Edmunds • Sudbury • Newmarket • Stowmarket • Lowestoft
Essex	5	1,929,610	<ul style="list-style-type: none"> • West: 325,609 • North East: 510,162 • Mid: 331,757 • South West: 368,745 • South East: 360,317 	<ul style="list-style-type: none"> • Chelmsford City Council • Colchester City Council • Basildon & Thurrock • Harlow • Southend-on-Sea
Hampshire	5	1,920,959	<ul style="list-style-type: none"> • North: 394,648 • Mid: 461,194 • South West: 473,332 • South East: 565,792 • Isle of Wight: 141,660 	<ul style="list-style-type: none"> • Portsmouth City Council • Southampton City Council • Winchester • Basingstoke
Sussex (East & West combined)	4 (Proposed by central Government & open to a further technical consultation)	1,759,789 (East Sussex: 844,752 West Sussex: 915,037)	<ul style="list-style-type: none"> • Unitary A (Eastbourne, Hastings, Rother, Wealden & parts of Lewes): 537,000 • Unitary B (Arun, Adur & Worthing): 349,000 • Unitary C 	<ul style="list-style-type: none"> • Brighton & Hove City Council • Chichester • Lewes • Eastbourne

			(Brighton + Wards & Parishes from Lewes – East Saltdean & Telscombe Cliffs, Peacehaven West, Peacehaven East, Peacehaven North & Falmer Parish: 308,000 • Unitary D (Crawley, Chichester, Horsham & Mid Sussex): 566,000	
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4. Key learning for Kent and Medway from the DPP geographies decisions

- 4.1 The Secretary of State has said that the Government’s decisions on DPP geographies and previously in Surrey, ‘do not set any precedent’ for the other 14 remaining areas going through LGR. Notwithstanding this, there are some key learning points to highlight from the DPP decisions for Kent and Medway.
- 4.2 **None of the proposals being taken forward has been proposed by a County Council.** The conclusion drawn is that this could be the case in the next tranche of remaining 14 areas going through LGR.
- 4.3 **500,000 is a guide, not a threshold.** The government’s original minimum population criteria for new unitary councils was 500,000. However, looking at the DPP decisions, the average size of a new unitary council is 300,000, with the smallest new unitary (‘Ipswich & Southern’) having a population of 252,552. Whilst the largest new unitary (‘North East Essex’) has a population of 510,162. There are disaggregation and financial stability concerns of having unitary councils formed from a low population base.
- 4.4 **Boundary modifications appear to be normal part of the process and there is focus on expanding the boundaries of City Councils.** The government’s original proposal was to use existing District, Borough and City boundaries as the ‘building blocks’ for new unitary council boundaries. However, in Hampshire, Norfolk and Suffolk the geographies being taken forward will necessitate significant boundary changes. The Secretary of State has also suggested modified proposals in East and West Sussex. The conclusion is that a final approved structure need not precisely match any single submission.

- 4.5 **Majority council support appears to matter and collaboration is a requirement.** Each decision letter cites that majority council support has been given to a proposal. While not a formal criterion, it is a powerful reason for collaboration. The Sussex decision was also deferred in part due to insufficient joint working. Proposals developed without genuine cross-authority partnership probably face a higher risk of rejection. In Kent and Medway, no single option commands majority council support. A lack of a majority support for options could be a key structural risk. This is a difference from the DPP areas - where 5/6 or 6/8 councils backed the successful proposals. It is the primary factor that could prompt a Sussex-style deferral for further consultation.
- 4.6 **The criteria to assess proposals appears to have widened.** The original criteria were set out in the MHCLG [invitation letter](#). However, the [WMS](#) implies that the DPP decisions were also assessed using economic growth, housebuilding, and local identity criteria. Unitaries capable of driving housing delivery and urban growth are preferred. Portsmouth, Southampton, Norwich and Brighton all have had boundaries expanded for this reason. Local identity - not population size - was a primary differentiator in every decided area. Every decision letter uses identical language about 'distinct urban, rural and coastal identities'.

5. Progress of the Devolution Priority Programme (DPP) areas

- 5.1 LGR transition funding allocations and local administration
- 5.2 The [WMS](#) lays out how the £63 million in transition funding announced in February this year will be allocated. This is fully detailed in Section 5. There will be 'at least' £900,000 for each new unitary council 'to help establish effective services and governance arrangements'. For example, Essex will receive £4.5 million; Hampshire - £3.6 million; Norfolk - £2.7 million; and Suffolk - £2.7m. The Surrey 'fast-track' LGR area will also receive £1.8 million. The Secretary of State has said that the criteria used 'reflects the differing levels of complexity involved across areas and allows for a small central reserve to be used later for targeted support if needed'. Based the options being considered and the government's allocation criteria, Kent and Medway could receive anywhere between £900,000 to £4.5 million in transition funding.
- 5.3 The subsequent 'implementation letters' to Chief Executives of the DPP areas, referred to in section 2.5, detail how the Government would like this funding to be administered locally. The letters describe how, unlike in Surrey, although a Chief Executive of a County Council will be the 'leader' of the Implementation Team for a county area going through LGR, there will also be a 'Deputy Team Leader to be agreed locally from a District/Borough/Unitary in each new unitary area'. DPP councils have expressed a concern about the potential blurred lines of accountability of this arrangement.

- 5.4 Government 'intend to pay' the LGR transition funding 'directly to the councils that are the employers of the Deputy Team Leaders'. Alternatively, if councils can 'inform [MHCLG] that [they] have agreed locally it should be paid to a different council [MHCLG agree they] can do this', subject to 'unanimous agreement of all those councils within the area of the new unitary council'.
- 5.5 In Kent and Medway, the Local Authority Chiefs LGR Programme Board has agreed a Memorandum of Understanding (MoU), prepared by Kent Finance Officers (KFOA), including the establishment of a shared 'LGR Implementation Reserve'. Future transition funding will be allocated into this Reserve. The MoU sets out how transition costs will be funded, managed and governed up to vesting day, including cost estimates, the pooling of the anticipated government funding, and oversight arrangements. The MoU also covers funding for the Strategic Business Partner, Project Management Officer (PMO) and Programme Director, supported by mutual letters of comfort between Kent County Council, Medway Council, and the District and Borough Councils.
- 5.6 DPP Structural Changes Orders (SCOs)
- 5.7 To recap, a Structural Change Order (SCO) is essentially the legal mechanism for forming a new unitary council.
- 5.8 The LGR 'implementation letters' confirm the Government is keen to expedite the LGR process and finalise SCOs for DPP areas speedily. However, DPP SCO's will not be finalised until after 29 May - after this May's local elections - due to the Government requiring supplementary information. In addition, for political, but also for practical reasons - many council staff are involved in election preparation - County Councils in DPP areas are largely in a holding position.
- 5.9 The supplementary information that MHCLG requires from DPP areas (Tranche 2) is:
- who should be named as the Returning Officers for the inaugural elections for each new council area.
 - suggested interim warding arrangements for each of the new councils for inclusion in the Order. 'Ideally, the proposed warding would be collectively agreed by the councils in the area of each new council'.
 - the 'current electoral cycles for Parish Councils in the area of each new council and [areas] preferences as to if and how alignment with the new councils' elections should best be achieved'.
- 5.10 Non-DPP areas (Tranche 3) can reasonably expect to be asked for similar information relatively soon after a decision, and this is something which Kent and Medway may wish to factor into their work programme.
- 5.11 Joint Committees
- 5.12 To recap, a Joint Committee is created for each new unitary council to act as an implementation body. They are detailed in the SCO and comprise of

Members from County Councils, District and Borough and City Councils. The Committees are dissolved and replaced by a new, different implementation bodies comprised of elected Members after the inaugural elections to new unitary councils. A Joint Committee is responsible for:

- overseeing development of the Implementation Plan
- preparing draft constitutions and governance frameworks for the new councils
- recommending interim statutory appointments to the shadow authorities

5.13 The DPP implementation letters state that the governance arrangements for Joint Committees that will largely remain the same as for Surrey, in that where a new unitary council comprises a former County and Districts/Boroughs, '50% of the membership are to be councillors representing the County Council and 50% are to be councillors representing Districts/Boroughs collectively'. 'The proceedings and identification of the Chair and Deputy Chair are to be determined by the Joint Committee'.

5.14 However, in those areas with existing unitary councils, there are three significant changes from that used in Surrey.

- Government have said that they 'expect Deputy Leads to have a significant role in supporting their respective Joint Committees'.
- Where a new Unitary Council involves a former unitary council, '50% of the membership are to be councillors representing the existing unitary councils...with the other 50% to be Councillors representing the County, Districts and Boroughs'.
- The Chair is also 'to be a member of the unitary council, with the Deputy Chair determined by the Joint Committee and to not come from the unitary council'.

5.15 DPP areas are not implementing Joint Committee structures until after the local elections. Areas have taken note of the experience of Surrey County Council who have advised that if you create Joint Committees too early there might not be enough activity for elected Members to be involved in. Consequently, the timescales by which DPP areas are setting up their Joint Committees range from June to September. This will allow respective areas to set up their programme and Implementation Teams in advance of Joint Committee creation and activity. This is learning which Kent and Medway may wish to factor in when considering the setting up Joint Committees on a voluntary basis prior to the SCO coming into force.

5.16 Surrey's community governance pilots

5.17 The Government expects new unitary councils to set-up neighbourhood governance structures such as 'Neighbourhood Area Committees' (NACs) to strengthen local community engagement. As the LGR 'fast-track' area, Surrey County Council has been at the forefront of creating NACs. The County Council launched a pilot programme of four NACs in 2025, and an evaluation was undertaken in January this year. The intention is to share the learning from the pilot evaluation with partners across Surrey, including the new Shadow Authorities, once they are established in May 2026.

- 5.18 The pilot NACs were not constituted and had no direct decision-making powers. They operated as advisory bodies, supported by the County Council and partners, acting as focal points for local engagement, insight gathering, and partnership working. Councils and partners were not required to implement any recommendations from the NAC but agreed that identified priorities and actions could be progressed where appropriate.
- 5.19 NAC pilot areas were selected based on the latest Boundary Commission electoral divisions and the average population per area, while accommodating Surrey's urban-rural diversity in order to test the approach across a range of communities. A combination of parished and unparished areas were included. Existing relationships between the involved organisations were also considered due to the fast-paced rollout of the pilots.
- 5.20 Each NAC pilot adopted 12 core principles:
- Community focused
 - Councillors to provide visible leadership while participating as equal partners.
 - Electoral divisions as the building blocks for logical geographies of collaboration
 - Fully inclusive of all partners
 - Enable direct representation from residents
 - Data and evidence informed
 - Draw on insights from a range of creative and inclusive local engagement methods, in person and digital
 - Agree areas of local priority focus within the wider strategic frameworks set by the Unitary Councils
 - Drive action and improvement
 - Connected to local service delivery teams, but not an additional management layer
 - Ensure productive collaboration with Town and Parish Councils and Residents Associations where they operate
 - Operate within a framework of defined parameters for the appropriate range of responsibilities and delegated budgets, to enable the arrangements to have real impact.
- 5.21 All the submitted LGR options in Kent and Medway would require a community governance structure to be incorporated, whichever option the Government decides to proceed with, and we can learn from the Surrey experience, particularly from their evaluation process.
- 5.22 Whist, Surrey County Council has fully involved their Town and Parish Councils in the NACs scheme, they are not supportive of additional Town and Parish Councils being created. The creation and the processes around new Town and Parishes are, like in all English County areas, via a Community Governance Review which is led by the District and Borough Councils. In Surrey, there have recently been several Reviews and from these some new Town or Parish Councils have been supported by the local population and are progressing, but some proposals have not been supported and are not

progressing. In Kent there have been similar Community Governance Reviews which have proposed new Town Councils for urban centres which are currently unparished.

5.23 Section 24 arrangements

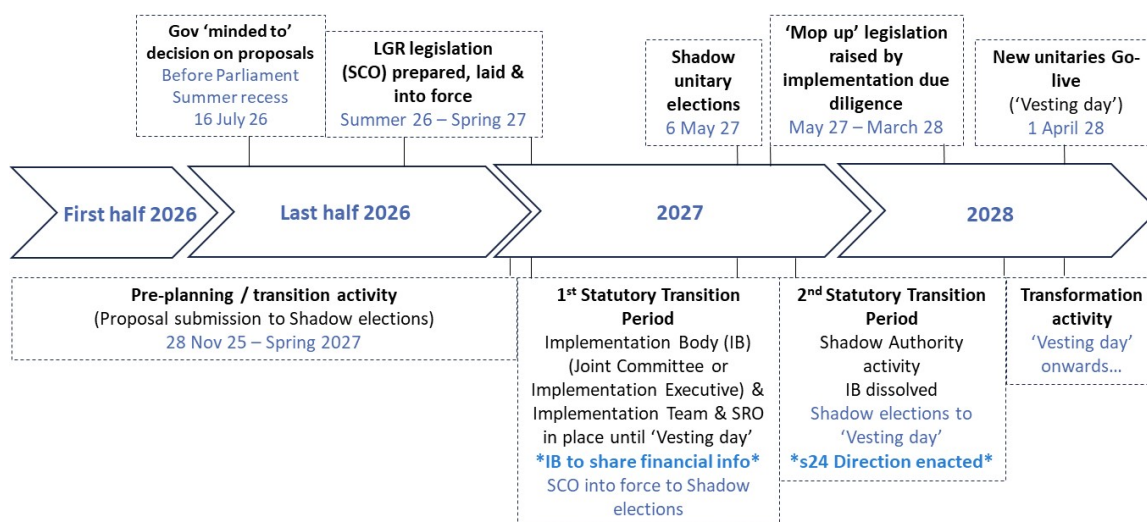
5.24 In previous rounds of Local Government Reorganisation (LGR), Government has issued financial directions to councils going through Local Government Reorganisation (LGR) under [Section 24 \(s24\) of the Local Government and Public Involvement in Health Act 2007](#). This is to ensure that existing (predecessor) councils do not enter into new financial agreements which 'undermine or diminish the benefits or savings anticipated as a result of unitarisation, or which may have an effect on the financial position of the new council/s'. It is anticipated that DPP areas will have sight of a draft of their Section 24 directions in the summer, with them coming into force in the Autumn.

5.25 The process for a Section 24 coming into place is as follows:

<p>After LGR 'minded to' decision</p>	<ul style="list-style-type: none"> • Voluntary Joint Committee/s are set-up. • Joint Committees are encouraged to voluntarily share financial decisions as part of their Terms of Reference (ToR) – a s24 direction is only mandatory when a Shadow Council is established. • LGR Implementation programme to establish a 'good governance' principle requiring councils to notify each other and Joint Committee of any actions which would result in changes to the financial position of successor authorities. They would also share information on contracts, sale of assets and capital investments. • Government has said that it expects councils to continue to 'maintain strong accounting and governance disciplines, prepare their accounts on a timely basis, and work closely with their auditors to rebuild assurance where accounts have been disclaimed and to ensure that all assets, liabilities and key risks are correctly identified and reported'. They also 'expect all councils in an area to work together in sharing information and making decisions that are in the best interests of the whole area'. In summary, councils will have to continue to meet their statutory duties until vesting day and this includes adhering to the Best Value Duty, evidencing Value for Money (VfM) and maintaining robust financial governance.
<p>SCO is in place</p>	<ul style="list-style-type: none"> • The Government has said it intends to issue directions once SCOs have been made, 'to specify a person to give consent for all relevant matters and how that power is to be exercised'. It is anticipated

	that directions will say ‘that written consent from [a] 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)’.
After first formal meeting of Shadow Councils	<ul style="list-style-type: none"> After the first formal meeting of the new Shadow Council/s Executive, the s24 Direction comes into being.
Section 24 enacted	<ul style="list-style-type: none"> Once the s24 direction is enacted, the Shadow Executive is responsible for consent being given to predecessor councils entering into financial transactions listed in the Section 24 Direction.
Vesting Day	<ul style="list-style-type: none"> The s24 direction ends on Vesting Day.

5.26 The diagram below illustrates the s24 direction process within the wider LGR timelines.



Recommendations

The Cabinet Committee is asked to:

- (1) **Note** and **comment** on this update

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Background documents:

Previous papers to the Devolution and LGR Cabinet Committee, available at: <https://democracy.kent.gov.uk/ieListMeetings.aspx?CId=979&Year=0>

Parliamentary Written Ministerial Statement on LGR and DPP geographies, 25 March 2026, available at: <https://questions-statements.parliament.uk/written-statements/detail/2026-03-25/hcws1455>

Government LGR policy and programme updates, available at: <https://www.gov.uk/government/collections/local-government-reorganisation-policy-and-programme-updates#policy-documents>

Government summary of the LGR process, available at: <https://www.gov.uk/government/publications/local-government-reorganisation-letter-to-areas-invited-to-submitted-final-proposals/summary-of-the-local-government-reorganisation-process>

Government guidance on LGR implementation, available at: <https://www.gov.uk/government/publications/local-government-reorganisation-implementation-guidance>

Government correspondence on the financial decisions before LGR, available at: <https://www.gov.uk/government/publications/local-government-reorganisation-letter-to-areas-invited-to-submitted-final-proposals/financial-decisions-before-local-government-reorganisation>

Surrey County Council Cabinet agenda item on Neighbourhood Area Committees, 27 January 2026, available at: <https://mycouncil.surreycc.gov.uk/ieListDocuments.aspx?MId=9778>

Local Government Information Unit (LGIU) briefing on navigating a section 24 direction, available at: <https://lgiu.org/local-government-reorganisation-explained-navigating-a-section-24/>