From: Simon Jones, Corporate Director – Growth, Environment and Transport

To: Richard Palmer, Cabinet Member for Community and Regulatory Services

Subject: Transition of Active Kent & Medway to an independent legal entity and conclusion of hosting arrangements

Decision no: 26/00045

Classification: Unrestricted

Past Pathway of report: Growth, Environment and Transport Cabinet Committee – 9 September 2026

Electoral Division: Countywide

Is the decision eligible for call-in? Yes

Summary: Active Kent & Medway (AKM) is Sport England's recognised Active Partnership for Kent and Medway. It is currently hosted by Kent County Council (KCC), with KCC acting as accountable body for funding, employment and governance arrangements. The existing hosting arrangements (Key Decision 24/00104) are due to conclude in March 2027.

The independent AKM Board has confirmed, following a structural review, that AKM's preferred future operating model is as an independent legal entity. This report sets out the proposal for KCC to cease its hosting and funding accountable body arrangements for AKM, and to confirm necessary arrangements to facilitate an effective transition to the new operating model which will be handled under Officer delegation.

The move to independence is recognised as beneficial to AKM because it supports clearer accountability, stronger governance, direct responsibility for funding and delivery, continued recognition as Kent and Medway's Active Partnership, and greater long-term organisational resilience. Local government reorganisation is relevant context, but it is not the primary driver for independence. The central rationale is to establish a sustainable operating model that preserves the single, countywide Active Partnership mandate and maintains continuity for Sport England, local partners and residents.

KCC's decision is focused on enabling the existing arrangements to be concluded lawfully, safely and efficiently while best facilitating an appropriate handover to the new arrangements.

Recommendation(s)

The Cabinet member for Community and Regulatory Services is asked to approve the proposed decision which enables Active Kent & Medway to become an independent legal entity, transfers the necessary functions, resources, contracts and staff, and ends KCC's hosting and accountable body role upon completion. Delegated authority will support implementation, with specific consultation on the Public Health grant and its associated Memorandum of Understanding as set out in Appendix A.

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1. Introduction

1.1 AKM provides strategic leadership for sport and physical activity across Kent and Medway, working with local authorities, health partners, education, the voluntary sector and communities themselves to support the development of sustainable opportunities for people to be active and to enjoy the wide-ranging benefits that this brings.

1.2 KCC currently hosts AKM and acts as accountable body for Sport England and other relevant funding streams. The hosting arrangement also provides support in relation to employment, finance, procurement and ICT. As the accountable body, KCC is responsible for AKM's operations and budget. This means it is important for KCC to confirm and clarify relevant transition arrangements to ensure responsibility and accountability may be effectively transferred to any future independent legal entity that may be established to support future AKM operations.

1.3 This report is limited to KCC's role in managing the cessation of its hosting and funding accountable body arrangements. It notes that following a structural review, the AKM Board has identified an independent legal entity as its preferred future operating model. The report focuses on the practical, legal, financial, employment and governance arrangements required to conclude KCC's hosting role and support the transition to the new operating model.

2. Key Considerations

2.1 The key issue for KCC is how the current hosting body role should be safely and effectively brought to an end, recognising that the cessation of these arrangements will require a structured programme of work across legal, financial, employment, contractual, data, governance and operational areas.

2.2 KCC currently hosts Active Kent & Medway (AKM), acting as the accountable body for external investment and providing the employment, governance and corporate support arrangements that enable AKM to operate. KCC employs 26 staff members to deliver AKM's work. This represents headcount rather than full-time equivalent posts.. Through this role, KCC administers AKM's external funding portfolio, including £1,981,107 of Sport England investment and £300,000 of Public Health grant funding.

2.3 Delegated authority is required because the detailed implementation activity will involve a range of practical decisions, agreements and actions that need to be progressed by officers with appropriate senior oversight. Without clear

delegation, there is a risk of delay, uncertainty or fragmented decision-making during the transition period.

2.4 The delegation will enable KCC to protect public value, staff interests, partner confidence, contractual continuity and compliance while AKM establishes its new independent arrangements.

2.5 It is important to highlight that the proposals are not expected to result in any negative impact upon Kent or reduce the capacity for AKM to continue to deliver the good work around providing strategic leadership across multiple agencies with respect to supporting sport and physical activity initiatives. The cessation of KCC's role as the accountable body and the facilitation of AKM setting up as an independent legal entity offers the best future arrangement to secure continuity of service and continued access to relevant grants and other funding streams.

3. Background

3.1 The current hosting agreement runs until March 2027 (Key Decision 24/00104). External developments, including wider local government change, evolving expectations across the Active Partnership network and the need for long-term sustainability, prompted AKM to review its future operating model.

3.2 Nationally, AKM is one of 42 locally led Active Partnerships covering England and working as system partners of Sport England. Independence is now the predominant operating model: 32 Active Partnerships are independent legal entities, most commonly companies limited by guarantee with charitable status.

3.3 Against this national context, the AKM Board established a Structural Review Committee to assess its future operating model. The review included due diligence, stakeholder engagement, financial and governance assessment, and advice from legal specialists, Sport England and other Active Partnerships.

3.4 Following that process, the AKM Board determined that establishing AKM as an independent legal entity, with a Company Limited by Guarantee with charitable status as the preferred model, offers the strongest basis for future sustainability, governance and accountability.

3.5 At its meeting on 28th July 2026, the AKM Board resolved to support an independent legal entity as its preferred operating model.

3.6 The rationale for the move to independence being that it provides a clearer and more sustainable organisational platform for the future. It enables AKM to take direct responsibility for its funding, governance, operations and delivery, rather than relying on KCC as host and accountable body.

3.7 The anticipated benefits include:

- clearer organisational accountability and decision-making;
- governance arrangements more directly aligned to AKM's role as the recognised Active Partnership;
- greater resilience in the context of wider local government change;

- direct management of future funding agreements, grants, contracts and delivery commitments;
- a more sustainable basis for future investment and partnership working
- continuity of strategic leadership for physical activity across Kent and Medway.

4. Options considered and assessment of these

Options	Summary	Assessment
1. Cease current hosting arrangement via a managed transition process.	Delivers the Board's preferred option to establish Active Kent & Medway as an independent organisation. Maintains continuity through planned legal, financial, governance, HR and operational transition arrangements. Provides a clear route to long-term sustainability whilst ensuring appropriate accountability during the transition period.	This is the only option that both enables independence and provides a controlled, legally compliant and managed transition. It balances strategic ambition with risk management and business continuity.
2. Retain KCC's hosting and accountable body arrangements.	Maintains the current position and avoids immediate change.	Does not deliver the preferred Board option to establish an independent organisation. Retains dependency on KCC structures and does not resolve the long-term governance position. Continues to potentially limit some of AKM's access to external grants.
3. Defer the decision.	Allows additional time for consideration.	Provides no additional strategic benefit and postpones rather than resolves the issue. Prolongs uncertainty for staff, partners, funders and stakeholders.
4. Do Nothing.	Requires no immediate action.	Fails to provide a clear governance, accountability

		or operational framework for the future. Creates significant legal, financial and governance risks and could adversely affect stakeholder confidence and future funding arrangements.

Option 1 is recommended as it will enable AKM's to establish itself as an independent organisation and will provide a controlled and legally compliant transition that safeguards service continuity, staff, partners and funding arrangements, while establishing a sustainable governance and accountability framework for the future.

5. Financial Implications

5.1 AKM is expected to receive £1.981,107 of funding from Sport England and a £300,000 Public Health Grant from KCC for 2026/27, with Kent County Council acting as the accountable body for the receipt and administration of funds. KCC does not provide any revenue base funding towards AKM. However, AKM does currently administer a capital grants programme of £37.5k for Sport on behalf of KCC and the future arrangements relating to this will need to be considered, noting that the MTFP is a change statement from year to year. KCC Budget - Row Ref 87, Key Service 'Growth and Place' (page 75).

5.2 KCC currently incurs hosting-related costs through corporate support, financial administration, HR and payroll, legal support, accommodation, ICT and licences for systems. These liabilities will cease at point of transition and AKM will need to factor in the procurement of these services into future grant funding. It should be noted that there would be a slight financial impact on KCC from removing AKM from the hosting arrangement if KCC does not reduce its overhead cost accordingly, as that same overhead will then cause a below-the-line notional increase on all other remaining services.

5.3 The transition process will factor in the treatment of grants and reserves, staffing and direct transfer costs, as well as any residual/future liabilities which will need to be met by AKM. There will be no call on KCC for these costs.

5.4 Any costs associated with establishing the new company (set up costs, novation of contracts, funding agreements etc) will be met from AKM resources and at no cost to KCC.

5.5 Detailed technical financial arrangements including novation of grants will be developed through the transition programme and reviewed with the Directorate Finance Business Partner.

6. Legal implications

6.1 Cessation of the hosting and funding accountable body arrangements must be implemented in accordance with KCC's legal obligations and any relevant employment, funding, contractual, governance, charitable and data protection requirements. Legal advice has been commissioned to support the transition.

6.2 Key legal matters include cessation or variation of existing agreements, transfer or novation of contracts where appropriate, treatment of liabilities and assets, employment and workforce matters, funding conditions, information governance and continuity of service provision.

7. Equalities implications

7.1 An Equality Impact Assessment has been undertaken. The focus being on ensuring the transition does not adversely affect staff with protected characteristics and communities benefiting from the work of AKM and our partners.

8. Data Protection Implications

8.1 Data protection implications will need to be managed as part of the cessation and transition programme, particularly where information is transferred, archived, retained or shared between KCC, AKM and the new legal entity. A DPIA will be undertaken to support this process.

9. Other corporate implications

9.1 As Public Health grant funding supports areas of AKM activity, discussions have taken place with the Director of Public Health to ensure that future funding arrangements and any associated service transition do not affect delivery of the programmes and services funded by Public Health. The substantive terms of the Memorandum of Understanding between Public Health and AKM, which underpins the £300,000 grant, are also expected to remain unchanged, although the agreement may need to be updated to reflect revised governance and accountability arrangements.

10. Governance

10.1 The proposed decision seeks to confirm the cessation of KCC's role as host authority for Active Kent & Medway (AKM) and the conclusion of the current hosting arrangements, approve the transition arrangements necessary to support the transfer of functions, resources and staffing to an independent legal entity, and delegate authority to implement the actions required to give effect to the transition.

10.2 This follows the AKM Advisory Board's decision to support an independent legal entity as its preferred future operating model and reflects that, in accordance with Key Decision 24/00104, the current KCC hosting and funding accountable body arrangements are due to conclude in March 2027, with no successor hosting model currently in place. KCC representation on the AKM Board will continue throughout transition and will be reviewed when local government reorganisation requires the arrangement to be considered.

10.3 The delegated authority will enable the practical, legal, financial, employment, contractual and governance matters arising from the transition to be progressed in a timely and coordinated manner. Should any matter require separate approval under KCC's Constitution, finance procedures or decision-making framework this would be escalated as required.

11. Conclusions

11.1 AKM's Board has considered the options in terms of how it may best deliver on its purpose and has indicated a preference to move towards establishing an independent AKM legal entity. The rationale for this is that independence will provide AKM with stronger governance, clearer accountability, greater resilience and a more sustainable platform for future funding, delivery and partnership working.

11.2 The proposed decision would enable KCC to conclude its hosting and funding accountable body role for AKM, while supporting a smooth transition to an independent legal entity, ensuring that the necessary legal, financial, employment, contractual, data, governance and operational work to be progressed efficiently while retaining appropriate member oversight.

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12. Recommendation(s):

The Cabinet member for Community and Regulatory Services is asked to approve the proposed decision which enables Active Kent & Medway to become an independent legal entity, transfers the necessary functions, resources, contracts and staff, and ends KCC's hosting and accountable body role upon completion. Delegated authority will support implementation, with specific consultation on the Public Health grant and its associated Memorandum of Understanding as set out in Appendix A.

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13. Background Documents

- AKM and KCC Hosting Agreement 2022–2027

14. Appendices

- Appendix A – Proposed Record of Decision
- Appendix B - Transition timeline and delegation schedule.
- Appendix C - Equality Impact Assessment

15. Contact details

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