

From: Roger Gough, Leader
To: **County Council – 13 March 2025**
Subject: Devolution and Local Government Reorganisation update
Classification: **Unrestricted**

Summary:

Further to the announcement that Kent and Medway has not been selected to be included on the Devolution Priority Programme, and the statutory invitation from the Government to all councils in two-tier areas of England and neighbouring small unitary authorities to submit proposals for local government reorganisation in their area, this paper provides a brief update to County Council.

Recommendations:

County Council is asked to:

- (1) **Note** the update on devolution and local government reorganisation.
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1. Background

1.1 On 16 December 2024, Government published the English Devolution White Paper: *Power and partnerships: Foundations for growth*. The English Devolution White Paper sets out an ambitious agenda to reshape local government in England through:

- Broadening devolution so that all areas of England have a devolution settlement
- Deepening devolution, through development of a stronger set of powers and resources available to local areas through the new Devolution Framework published in the White Paper
- Progressing local government reorganisation in two-tier areas to support a move to simpler structures, unlock further devolution and deliver sustainable public services.

1.2 On the same day, the Minister of State for Local Government and English Devolution, Jim McMahon OBE MP, wrote to council leaders setting out next steps to take the proposals in the White Paper forward, including a deadline of 10 January 2025 for formal requests for areas to be included in the Devolution Priority Programme. Government created the Devolution Priority Programme to manage capacity so that a limited number of areas would be able to benefit from the advantages of devolution as quickly as possible, with these areas being prioritised in terms of Ministerial decision-making, departmental support

and the necessary legislative processes. Where necessary to deliver devolution and reorganisation to the accelerated timescales, local areas were also able to request for Government to consider postponing council elections in May 2025 for a 12-month period.

- 1.3 Informed by extensive discussions with Leaders of the other councils in Kent and Medway, local MPs and other partners, on 9 January 2025, a paper was taken to County Council which recommended that County Council endorse the proposed decision by the Leader of the Council to submit a request to Government, jointly with Medway Council, for Kent and Medway to be included in the Devolution Priority Programme. The recommendation was endorsed by County Council and later that day the recommendation was agreed by Cabinet.
- 1.4 Following this, the Leaders of KCC and Medway Council submitted a joint letter on 10 January to Ministers requesting that Kent and Medway be included in the Devolution Priority Programme. This letter is attached as Appendix 1.
- 1.5 On 5 February 2025, Government announced the areas that had been chosen and the Leaders of KCC and Medway Council received a letter confirming that Kent and Medway would not be included in the Devolution Priority Programme. This letter is attached as Appendix 2. The reason given for this is set out in further detail below.
- 1.6 Also on 5 February, the Minister of State wrote to all council leaders in two-tier areas and neighbouring smaller unitaries to formally invite leaders to work together to develop a proposal for local government reorganisation. The letter set out further detail on the criteria, guidance for the development of proposals, and the timeline for the process. This letter is attached as Appendix 3.
- 1.7 Since receiving the letters on 5 February, the Leaders of KCC and Medway Council have continued to have conversations with Ministers and MHCLG officials on the implications and next steps for Kent and Medway in terms of both devolution and local government reorganisation. Work is also continuing with the other council leaders in Kent to determine the most appropriate next steps for the area. This paper provides an update on those discussions and looks ahead to the next set of milestones set by Government.

2. Devolution

- 2.1 Government's decision not to include Kent and Medway in the Devolution Priority Programme was unexpected and disappointing, the more so given the number of neighbouring and comparable counties which were included. There is a clear case for bringing the benefits of devolution to the area as soon as possible to reform public services and unlock opportunities for our residents and the wider economy. Kent and Medway leaders had expressed their willingness to work together in the best interests of the area and meet the expected timelines.

- 2.2 The reason given in the letter for why Kent and Medway was not included in the Devolution Priority Programme is as follows:

I was pleased by the enthusiasm in your response to my letter of 16 December. However, I had to make a judgement of the best-placed areas to take forwards on the Programme according to our strict criteria, and, in the round, concluded your proposals could not be taken forward due to concerns about the size of the population disparity between the two proposed constituent members of your proposed Kent and Medway Combined County Authority and the consequential impact on its governance. I believe this will affect your readiness and ability to meet the delivery criteria of the White Paper, and that local government reorganisation would benefit your area before a mayoral institution is established.

- 2.3 KCC and Medway Council have, in different forums, requested further clarity from Government on this statement. It is not clear which criteria the area failed to meet, particularly in comparison to neighbouring two-tier areas with similar population disparities which were included on the Programme. Given our current position, there is a risk that Kent and Medway will be left behind in the journey to devolution and that the area could miss out on funding, powers and influence in the coming years, particularly as it is the only area of the South East that was not included in either the Devolution Priority Programme or fast-tracked to local government reorganisation.
- 2.4 However, the Leaders of KCC and Medway remain committed to working together, with local partners and with Government to secure the benefits of devolution in a way that works for our local area as quickly as possible. The Ministers letter says that he wants to keep building on the enthusiasm and consensus shown in Kent and Medway, and this has been echoed in ongoing conversations with him and MHCLG officials.
- 2.5 One of the main benefits of devolution is a focus on public service reform and a shift in approach towards a focus on prevention and a move towards consolidated and targeted funding on key challenges across public services in an area. Given the coterminosity of Kent and Medway public services and a longstanding track record of partnership working across the county, we remain in a strong position to work with Government to drive a public service reform agenda across the county whilst simultaneously developing plans for both local government reorganisation and devolution. Public service reform must be a golden thread that runs through both LGR and devolution if Kent public services are to be financially sustainable.

3. Local government reorganisation

- 3.1 The invitation to councils to submit reorganisation proposals (Appendix 3) includes a Schedule that sets out the criteria for unitary local government and matters to be taken into account in developing proposals. Councils must have regard to the information in the Schedule when preparing proposals to submit to Government.

3.2 The criteria for unitary authorities are:

- *A proposal should seek to achieve for the whole of the area concerned the establishment of a single tier of local government*
Including covering a sensible economic area and geography (that will create an appropriate tax base and help increase housing supply), and robust evidence on the outcomes to be achieved by the single tier arrangement, evidenced by cost/benefit analysis and local engagement.
- *Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks*
Including the guiding principle of a 500,000 population or more, identification of efficiencies to be achieved, future service transformation opportunities and invest-to-save projects and how the area will seek to manage transition costs.
- *Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens*
Including how proposals will improve service delivery and avoid unnecessary fragmentation of services particularly in 'crucial' services such as social care, children's services and SEND, and opportunities to deliver public service reform.
- *Proposals 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*
Including evidencing meaningful local engagement, and considering issues of local identity, culture and history.
- *New unitary structures must support devolution arrangements*
Including how the proposal will help unlock devolution and ensuring sensible population size ratios between local authorities and any strategic authority.
- *New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment*
Including that proposals will need to explain how communities will be engaged in the new structure and how existing arrangements can be built on.

3.3 The matters to be taken into account in developing a reorganisation proposal include where possible using district areas for setting new unitary boundaries (or providing strong justification for boundary changes,) and for local leaders to work together and share information, engage MPs and other private sector providers.

3.4 Councils are asked to submit proposals for reorganisation by 28 November 2025.

- 3.5 There is also an invitation to submit interim plans by 21 March 2025, on which Government will provide feedback. A separate list of the expected issues for the interim submissions to cover is set out in the Schedule and includes identifying options for the size and boundaries of new councils, indicative efficiency saving opportunities and indicative costs of setting up implementation.
- 3.6 Local government reorganisation is a shared responsibility on all principal authorities for two-tier areas, and in Kent and Medway it continues to be progressed in partnership through Kent Council Leaders. KCC is facilitating this work to prepare a joint interim submission for the 21 March deadline, as has been requested by Government.
- 3.7 However, it is clear that there are differing views on the right number of unitary councils for Kent and Medway, and therefore, any initial submission for the 21 March deadline will almost certainly be high level and not restricting the future approach any council may take to the statutory deadline of 28 November. The development of full business cases is a complex matter, which requires a strong and robust evidence base with full engagement of Kent residents and businesses. However, it is already clear that there are three critical issues that will shape the County Councils position going forward:
- **Resident engagement:** Local government exists to serve local residents and their voice should be critical in determining the future council structures that will serve them and their local communities. Whilst there is a need to balance community identity with more efficient and effective service delivery in any local government reorganisation, the world has significantly moved on since the last time LGR in Kent was undertaken at this scale in 1974. Any proposals need to be based on a widespread and meaningful engagement of local residents to understand their priorities for their future councils in a 21st century context.
 - **Financial and service sustainability:** One of the drivers for local government reorganisation is greater efficiency and value for money for the taxpayer. Whilst obvious, proposals for local government reorganisation in Kent must lead to a net financial benefit for the taxpayer that can then be reinvested in front line services to support financial sustainability of services and viability of the new councils. The County Council could not support any proposals which left the Kent residents with a financial liability either in the short or long term, as this would be a breach of our fiduciary duty to them. The challenge of disaggregating a county council the size and scale of KCC into smaller unitary councils is significant, not just financially but also in regard to the potential scale of service disruption to our 1.6m residents. As such, the assessed costs and impacts associated with disaggregating the county council will be a significant factor as plans and thinking develops.
 - **Future boundaries:** Whilst the Government assumption is that existing District and Borough Council boundaries should be the 'building blocks' of unitary council proposals, it is open for proposals to make recommendations that would seek to split existing District and Borough boundaries if there is

strong justification. Given that the existing Districts and Brough boundaries, created in 1974, were arbitrarily drawn, there are a number of communities who would more naturally sit in different authorities if that option were available. If it should become necessary, even though it may lengthen the process of delivering LGR, ensuring future council boundaries are right by cutting across existing District and Borough boundaries should be considered on its merits and its effect on the long-term interests of all Kent residents and communities.

- 3.8 Any proposals developed for the full business case for the November deadline will need to be developed by a new KCC administration post the May elections, and tested through extensive resident and partner engagement. Although engagement with Kent residents, businesses and partners will take place in the development of any business case, should Ministers decide to take forward any proposals for local government reorganisation in the county, there would be further statutory consultation on the proposals ahead of any formal and final decision is made.
- 3.9 Government's indicative timetable for local government reorganisation to be delivered in areas not included in the Devolution Priority Programme, including Kent and Medway, is April 2028, with the aim for new unitary authorities to go live at that time. This is an ambitious deadline and will be subject to departmental capacity and funding requirements. Government has not currently provided any timescales for devolution in areas that are not included in the Priority Programme, making it very difficult for Kent and Medway to plan and prepare for this. Kent and Medway leaders are continuing to press Government for a timeline for devolution to be established. Devolution and local government reorganisation are interconnected processes and Kent and Medway will therefore make a strong case that the timeline for devolution should run in parallel with local government reorganisation, or sooner, to realise the benefits of devolution for Kent and Medway as quickly as possible.

4. Recommendations

4.1 County Council is asked to:

- (1) Note the update on devolution and local government reorganisation.
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5. Relevant Director:

Amanda Beer, Chief Executive Officer

6. Report Authors:

David Whittle, Director of Strategy, Policy, Relationships & Corporate Assurance

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7. Appendices:

Appendix 1 – Joint letter to Jim McMahon OBE MP, Minister of State for Local Government and English Devolution from Roger Gough, Leader of KCC and Vince Maple, Leader of Medway Council on 10 January 2025, formally requesting that Kent and Medway be included in the Devolution Priority Programme.

Appendix 2 – Letter to Leaders of KCC and Medway Council from Jim McMahon OBE MP, Minister of State for Local Government and English Devolution on 5 February, in response to Kent and Medway's request to be included in the Devolution Priority Programme.

Appendix 3 – Letter to Leaders of all councils in Kent and Medway from Jim McMahon OBE MP, Minister of State for Local Government and English Devolution on 5 February 2025, inviting proposals for local government reorganisation.

8. Background documents:

Paper to County Council on 9 January 2025 – **English Devolution White Paper**, available at:

<https://democracy.kent.gov.uk/ieListDocuments.aspx?CId=113&MId=9639&Ver=4>

Paper to Cabinet on 9 January 2025 – **English Devolution White Paper**, available at:

<https://democracy.kent.gov.uk/ieListDocuments.aspx?CId=115&MId=9468&Ver=4>

English Devolution White Paper, Power and partnerships: Foundations for growth, Ministry of Housing, Communities and Local Government, 16 December 2024 available at [English Devolution White Paper: Power and partnership: Foundations for growth - GOV.UK](#)