

This Report will be made public on 12 March 2025

Report Number **C/24/86**

To: CABINET
Date: 20th March 2025
Status: Non-key decision
Responsible Officers: Susan Priest, Chief Executive
Cabinet Member: Cllr Jim Martin, Leader of the Council
SUBJECT: LOCAL GOVERNMENT REORGANISATION (LGR) - UPDATE AND NEXT STEPS

SUMMARY:

This report summarises the background to the proposed Local Government Reorganisation in Kent and outlines the immediate next steps which include making an interim submission by the deadline of 21st March 2025 and the establishment of a working group to oversee the devolution and LGR work undertaken by the council.

REASON FOR RECOMMENDATIONS

This is a matter that is required to be considered by Cabinet.

RECOMMENDATIONS:

Cabinet is asked to:

1. Receive and note report C/24/86;
2. Support an interim submission being made to government in response to the invitation received on 5th February 2025 from Minister Jim McMahon;
3. Note the proposed draft response (included as appendix 6), and delegate authority to the Leader, supported by the Chief Executive, to finalise the submission in consultation with other Kent councils;
4. Agree the Leader establishes a politically balanced executive working group of cabinet to provide strategic oversight of the devolution and LGR work of the council;
5. Agree that in the spirit of transparency further reports will be given to Cabinet, relevant committees and Full Council as proposals are developed through 2025;
6. Note that council resources are being diverted to support LGR and that a further report on this matter will be made in due course; and
7. Agree that Full Council considers any final submission before the 28th November 2025 deadline on Local Government Reorganisation in Kent.

1. BACKGROUND

- 1.1 The English Devolution White Paper is the Government's statement of their plans to reform local government and was published on the 16th December 2024. This included a wide range of proposals on two important matters for the local government sector: (1) devolution of powers and responsibilities from central government to strategic mayoral authorities; and (2) plans for Local Government Reorganisation (LGR).
- 1.2 This report focuses on the latter issue of LGR, but the full text to the White Paper can be found via the link below, and the associated letter received by the Leader can be found at appendix 1:
<https://www.gov.uk/government/publications/english-devolution-white-paper-power-and-partnership-foundations-for-growth>
- 1.3 Moreover, also on the 16th December 2024, Minister Jim McMahon wrote to the Leader outlining more detail of the government's proposals and his letter is included as appendix 2.
- 1.4 To summarise, LGR is the process in which the structure and responsibilities of local authorities are reconfigured into new arrangements of councils. In the context of the White Paper, the Government have set out plans to move away from the current two-tier local government system in Kent, i.e. where Kent County Council is responsible for certain activities, and twelve district or borough councils are responsible for others.
- 1.5 While Medway Council is a small unitary covering a population of some 280,000 residents, they too are subject to LGR as this covers the whole of the county of Kent area.
- 1.6 The Government has indicated that for most parts of the country this will mean creating new unitary councils covering an area with a resident population of 500,000 or more, but there may be exceptions to ensure structures make sense for an area with clear identity, or other compelling reasons. Decisions will be taken on a case-by-case basis, but government officials have advised that any proposals for unitary councils falling below the 500,000 population will need to make an exceptional case drawing on strong evidence.
- 1.7 LGR implications are therefore significant for the council. According to the Government's timetable, by May 2028 the whole of Kent will have new unitary structures in place. Folkestone & Hythe District Council will cease to exist, and the area will be served by a new council covering a different larger operational area, and with fewer elected members representing Folkestone & Hythe residents.
- 1.8 In parallel from 16th December 2024, upper tier authorities were invited to express their interest in being included in a Devolution Priority Programme (DPP). Both KCC and Medway Councils, supported by all districts and boroughs, submitted an expression of interest on 10th January 2025 to take

part in this fast-tracked programme to establish a Mayoral Combined County Authority to have powers and funding devolved from central government.

- 1.9 However, on the 5th February 2025 two pieces of correspondence were received. The first was a letter to KCC and Medway Leaders advising that Kent and Medway had not been accepted as part of the Devolution Priority Programme (DPP). It noted that devolution will still be available but on a different timeframe and that LGR must happen first (see appendix 3). Clarity is still being sought on the timeline and progression route for devolution in Kent and members will be advised as more information becomes apparent. The most recent KCC report on the matter is included here: [Devo and LGR - CC Report March 2025.pdf](#)
- 1.10 The second letter (attached at appendix 4) from the Minister of State for Local Government & English Devolution was addressed individually to all Kent council leaders and this invited proposals for re-organisation with the following timelines:
- Interim plan to be submitted on or before 21 March 2025; and
 - Full proposal to be submitted by 28 November 2025.
- 1.11 The current guidance from MHCLG is outlined in the correspondence, with the headlines being:
- A proposal should seek to achieve for the whole of the area concerned the establishment of a single tier of local government, with sensible economic areas, with an appropriate tax base, help to increase housing supply and meet local needs, supported by robust evidence and analysis, evidence of estimated costs/benefits and local engagement.
 - Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks: new councils should aim for a population of 500,000+, rationale for anything different.
 - Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens: should avoid unnecessary fragmentation of services, identify opportunities to deliver public service reform, show how local govt and service delivery will be improved and consider impacts for crucial services.
 - Proposals should 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: meaningful and constructive engagement, consider local identity and cultural and historic importance.
 - New unitary structures must support devolution arrangements.

- New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment: plans for strong community engagement.
- 1.12 Members will no doubt be interested in the democratic representation of any new unitary organisation. The Local Government Boundary Commission for England (LGBCE) guidance is included as appendix 5 and indicates an expected upper limit of 100 councillors per authority. This means in total that there will be fewer elected council representatives across Kent, the principle of which is clearly outlined in the White Paper. Mechanisms to ensure effective reach into local communities is an important consideration as local government is redesigned, with the opportunity for new unitaries to design-in such mechanisms as Area Committees with specified functions and funding delegated under the constitution of the new unitary councils. The future role of town and parish councils is also an important consideration, and work continues with the Kent Association of Local Councils (KALC) to prepare and strengthen the role of these institutions.

2. TIMELINE FOR LGR

- 2.1 There are still many unknowns with regards to the exact timetable for LGR, however the indicative programme is for new unitaries to be fully operational (i.e., this is called Vesting Day) by May 2028, and this includes having services safe and legal from day one. There is also an expectation that Shadow Authorities will be set up for the period immediately before the go-live date (for an expected 12-month period) to ensure a managed transition of functions. The key dates to be aware of are:
- End November 2025: Submission of LGR proposals.
 - January 2026 - April 2026: Government consultation on LGR
 - May 2026 - August 2026: Ministerial decision-making
 - May 2027: Elections to new Shadow Unitary Councils
 - May 2028: New Unitaries Vesting Day
- 2.2 The interim submission for the 21st March is not for decision-making by the Minister, it is a check in point to seek views and feedback to strengthen the work in progress, required for the full submission by November 2025.
- 2.3 MHCLG officials have been asked to clarify the tenure of existing district councillors through this period, particularly considering the expected district elections are currently scheduled for May 2027. As more information is made available by MHCLG it will be shared with all councillors.

3. DRAFT INTERIM LGR SUBMISSION (SUBJECT TO FURTHER MINOR REFINEMENTS) - by 21st March 2025

- 3.1 The Government's aspiration is to receive one submission covering the whole of Kent, however it is recognised there may be a number of options being worked up and included within the submission.
- 3.2 The proposed draft interim submission is attached at Appendix 6. All councils are going through a similar decision-making process to delegate authority to Leaders. Kent Secretaries have confirmed this matter is an executive decision. As the work on the interim submission continues to progress at pace around each council's decision-making timelines, an updated version of the submission may be circulated before the meeting, representing the latest version. There is not unanimous agreement by KCC, Medway Council and the 12 districts or borough councils at this time on the geography of the proposed unitaries, so there are a number of potential options shown in the appendix that are subject to more detailed work. Further options may be considered before the November submission
- 3.3 The interim submission outlines the major challenges and issues facing Kent and also requests further clarity on certain issues such as geography, finances, and representation. It also makes clear this is a high-level submission, requiring further time for more detailed work, consultation and engagement to inform a final proposal by end November 2025.
- 3.4 In order to start understanding some of the financial challenges of LGR for Kent a number of local authorities, i.e. KCC, Maidstone, Sevenoaks, Tonbridge & Malling, Tunbridge Wells, Canterbury and Folkestone & Hythe, contracted PWC to provide much needed capacity to undertake a short time-limited piece of work. Funds of circa £5,000 have been made available from the 24/25 budget and their work may be drawn upon in due course.
- 3.5 In addition, there is further thought being given to jointly commission external support across Kent to provide capacity and expertise to co-ordinate the detailed submission for November, and this is expected to be scoped and procured through April / May 2025. The costs of this work is included in the interim submission and cabinet will be advised further if funds are provided by MHCLG or if additional council resources need to be made available.
- 3.6 Cabinet is asked to note that LGR/Devolution has been suggested for inclusion in the OSC work programme for 25/26, giving members numerous opportunities through the year to scrutinise the evolving work. At the request of the leader, and with the support of the Chair of Council, an extra-ordinary meeting of Full Council will also be held on 20th March 2025 so all councillors are given opportunity to debate the matter and feed into the cabinet decision.

4. POLITICALLY BALANCED EXECUTIVE WORKING GROUP

- 4.1 The Leader has asked that a politically balanced executive working group of cabinet be established to provide strategic oversight of the ongoing work by the council on devolution and LGR, reporting regularly to relevant committees such as OSC and Full Council as appropriate. Cabinet is asked to agree this, noting the composition and that terms of reference will be prepared for their first meeting held in public and reported as per normal processes.

Proposed Working Group				
Number of seats	Conservative	Green	Labour	Lib Dem & Indep
6	1	2	2	1

5. RISK MANAGEMENT

- 5.1 The corporate risk register has been updated in the light of the White Paper and government's intention for Local Government Reorganisation and reported to A&G on 19th March 2025 (https://folkestone-hythe.moderngov.co.uk/documents/s50611/2025_03_19_AG%20Committee%20Report_Risk%20Management%20Policy%20Strategy.pdf)
- 5.2 Further adjustments to risk categories and mitigating actions will be updated as the full details and implications of LGR become clearer as there are still a number of unknowns around the process and details of LGR. Councils are working closely with MHCLG to identify these and seek clarity as the process evolves. Some of the unknowns currently include:
- Decision making timelines for councils.
 - The benchmarks of metrics that indicate a financially sustainable unitary council – sector support organisations such as CIPFA and the LGA have been asked to advise on this point.
 - The treatment of debt – in a response to a recent query, MHCLG noted 'As the invitation letter set out, as with previous restructures, there is no proposal for council debt to be addressed centrally or written off as part of reorganisation. It will be for areas to set out how they plan to manage significant levels of debt and the criteria in the letter states efficiencies should be identified to help improve councils' finances and make sure that council taxpayers are getting the best possible value for their money. Proposals should set out how an area will seek to manage transition costs, including planning for future service

transformation opportunities from existing budgets, including from the flexible use of capital receipts that can support authorities in taking forward transformation and invest-to-save projects'

- The implications, process, timeline and procedures for council tax harmonisation.
- The future role of town and parish councils - the criteria set out that new unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment (for example, Area Committees).
- Government funding to support the work required to develop proposals and move towards new unitary councils.

6. CONSULTATION

- 6.1 An initial public consultation exercise has been scheduled by the leader for 6pm on 17th March 2025 to share the latest information and gauge residents' views on the emerging LGR proposals. The session, held in the Chamber so it can be accessible via livestream and recorded, will include a short factual presentation on the background and include the range of potential geographies, while allowing for questions from the public. All councillors have been invited to attend with town and parish councils encouraged to join the session. The meeting has been promoted via all our normal communication channels with questions able to be submitted before and taken during the meeting.
- 6.2 To date only limited stakeholder engagement has been undertaken, largely of pan-county partners such as Kent Fire & Rescue, Kent Police, NHS Kent & Medway Integrated Care Board and the Kent based Universities. However, through 2025 further consultation will be undertaken to inform the full submission in November 2025 and we expect that once the Minister makes a "minded-to" decision in early 2026, formal consultation on his decision will take place between January and April 2026 prior to a final Ministerial decision being made by the end of August 2026.
- 6.3 FHDC is committed to sharing information with our staff and residents and has already established a page on the Council's website for updates and questions, as well as an internal webpage for staff with concerns and suggestions. A number of staff and member briefing sessions have also been undertaken, with more planned through the coming year.

7. IMMEDIATE NEXT STEPS

- 7.1 A response will be made by the Leader to the request for a submission to Government by 21st March 2025. This is expected to be a joint submission

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based on the final draft included in appendix 6 and members will be advised on any response by MHCLG as soon as it is received. MHCLG officials have not given a date we should expect feedback, indicating only that this will be as soon as possible.

- 7.2 Arrangements will be made to establish the working group and group leaders will be asked to nominate representatives. They will be advised on matters of detail as a project management approach across Kent is established. It will also be necessary for some internal workstreams to be created by officers to support this wider work and resources will be identified by the Chief Executive and reported through the appropriate channels. Maintaining business as usual is an important consideration during the period of change so a proportionate response will be necessary.
- 7.3 The Leader and Chief Executive will continue working collaboratively with other councils in Kent, while learning lessons from other areas elsewhere in the country that have already been through LGR. Further information ahead of any decision to submit a full proposal in November 2025 will be reported to Full Council so as to keep all elected members updated and involved as appropriate.

8. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

Legal Officer's Comments (NM) - Local government reorganisation is governed by the Local Government and Public Involvement in Health Act 2007. The Secretary of State has the authority to invite or direct proposals and make final decisions. There will be further legislative updates and wider legal implications for the Council as the proposal and Local Government Reorganisation, moves forward over the next few months

Finance Officer's Comments (LM) – The full financial implication of local government reorganisation will not become clear until work on the full business plan for reorganisation for Kent has been completed.

The Council in this year's budget has set aside some funds to support LGR however it should be noted that this may not be sufficient.

Diversities and Equalities Implications (GE) – There are no equality and diversity implications at present directly arising from this report. The council will consult, where appropriate, and communicate information relating to the overall process with the residents and staff when it becomes available.

Climate Change Implications (AT) - No direct climate change implications

9. CONTACT OFFICERS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting:

Michelle Farrow
Head of Corporate Policy
Michelle.farrow@folkestone-hythe.gov.uk
Tel: 01303 853486

Appendices:

Appendix 1: Letter to Local Authority Council Leaders regarding the White Paper

Appendix 2: Letter dated 16th December 2024 to Cllr Jim Martin

Appendix 3: Letter re outcome of DPP

Appendix 4: Letter to Cllr Jim Martin inviting LGR proposal

Appendix 5: LGBCE Guidance

Appendix 6: Draft Interim Submission