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21 March 2025

Dear Jim,

Local Government Reorganisation in Kent and Medway – KCC position

Following your statutory invitation of the 5th February 2025 to all councils across Kent and Medway to submit proposals for local government reorganisation, KCC has worked with partners to prepare a joint interim-plan submission which you will have received today.

This interim plan reflects the extensive local discussions that started when the English Devolution White Paper was published in mid-December 2024 and has been agreed by all fourteen principal local authorities in Kent. It sets out progress to date on our collective thinking, whilst acknowledging the different positions held by individual councils.

Kent County Council has supported and facilitated this joint interim plan acting in good faith and as a strategic partner to all Kent councils. We stand with the other councils in submitting it to you and inviting your feedback on the issues raised to inform the development of full business cases.

Alongside this, I am aware that additional representations are being made to you separately by the Leaders of some councils in the area, which requires me to set out the KCC position directly to you.

This letter therefore reflects the discussions and issues raised by KCC elected Members at various meetings over recent weeks, including Cabinet and County Council on 9 January to agree our application to the Devolution Priority Programme, and further discussions at County Council on 13 March and Scrutiny Committee meetings on 29th January, 26th February and 18th March.

As the upper tier authority covering most of the land area, population and local government spend in Kent, only KCC has a focus across the whole county, and we have an inherent duty to consider the future viability of local government in the county in its entirety.

We remain committed to working with Medway Council and Kent District and Borough Councils to agree a pan-county reorganisation solution that creates new councils for Kent and Medway that have the capacity to meet the current and future challenges in our complex and unique county geography.

Financial sustainability and resilience

Kent County Council will only support reorganisation proposals for Kent and Medway that would create financially sustainable unitary authorities across the whole of the Kent region.

It is already clear that the inherent additional cost from the disaggregation of county-wide services into multiple new unitary councils is significant (in some scenarios £100m+) given the size and scale at which KCC operates. This disaggregation cost is compounded when increasing the number of new councils being considered.

Whilst there is much further and more refined analysis to be undertaken ahead of the 28th November deadline for full business case submission, the greater the disaggregation of county wide services, the weaker the financial case for any pan-county solution becomes. Inevitably, the modelling arrives at a point whereby the net cost of disaggregation cannot be met over any payback period through efficiencies.

Given the clear guidance from Government on no additional financial support being available for transformation and transition to new unitary councils, the risk is that the mitigation of these costs is met through council tax equalisation to the highest level over many years. Even then, in some configurations given council tax base and existing council tax rates, equalisation may not prove sufficient.

In any event, I do not believe our residents should shoulder the burden of the high initial up-front transition costs to new council structures, and the ongoing higher cost of services resulting from fragmentation and disaggregation, on a regressive household tax for a significant period of time, with not one additional penny of their hard-earned income being spent on improving those services.

It is clear to me that any business case submitted or accepted through this process that leaves Kent residents with a significant net cost would be a breach of fiduciary duty to the taxpayer. I therefore support the focus that you have placed in the English Devolution White Paper and subsequent guidance published within the statutory invitation, on financial sustainability.

Long-term financial sustainability of local government is something that all in the sector, irrespective of political party, have been working for over many years of significant financial and service demand pressures. To risk that now through ill-thought through or overly optimistic assumptions in reorganisation proposals would be a catastrophe for our local residents and communities. I would urge you and your officials to reinforce the clear need for financially viable and sustainable proposals clearly, and repeatedly, over the coming months.

If the Government is minded, for other reasons, to accept proposals for unitary council configurations that would leave a long term financial burden on residents, then I would expect the forthcoming Spending Review to be the opportunity when the Government would make provision over the medium-term for financial support to meet the cost of such decisions.

Unlocking devolution in Kent and Medway

The English Devolution White Paper rightly identified that to create a sustainable future local government system in county areas, devolution and local government reorganisation must go hand in hand. KCC agrees with this underpinning principle in the White Paper, which is why we were so disappointed not to be included on the Devolution Priority Programme (DPP).

Whilst there are always options for efficiencies between county and district councils, the reality is that after a decade of financial pressure for all in local government, many of those efficiencies have already been taken by both county and district councils. The scale of direct savings from local government reorganisation has been on a diminishing curve for some time and may not be of sufficient scale to balance the disaggregation costs for large counties such as Kent.

What is transformational, is placing those new unitary councils in a system where they can influence the strategy, policy and funding levers available to new Mayoral Strategic Authorities through devolution, to maximise both resource available and the effectiveness of services in their local areas.

Because of this KCC can only support local government reorganisation in Kent if there is firm commitment from the Government to agree a devolution settlement that is implemented concurrently (or earlier) than the timetable for local government reorganisation in the county.

Reorganisation without devolution risks leaving Kent and Medway with marginal benefits, significant costs, and opportunity loss from not being able to seize the benefits of devolution as early as possible. The decision not to place Kent and Medway on the DPP has already made us a 'devolution desert' that puts Kent residents, businesses and communities at a material disadvantage compared to neighbouring county areas.

If, as your letter to me on the 5th February suggested, reorganisation was a necessary precondition for devolution because they are interdependent, then I ask that you publish a specific and clear timetable for devolution to Kent and Medway to support full business case development for local government reorganisation.

There is also a clear link between the financial sustainability of the new unitary councils and the success of any future Mayoral Strategic Authority in Kent and Medway. It is obvious that in order to play a full and effective part as a constituent authority, any new council should not be under such significant financial stress that they are unable to effectively engage in those strategic opportunities that will be the remit of the strategic authority.

This would only compound any error in creating unsustainable council structures and further curtail the future effectiveness of devolution arrangements in Kent, which will already be at a disadvantage compared to neighbouring county areas in terms of maturity.

Efficient and effective service delivery

Local government exists to deliver services to local communities and to ensure the needs of the most vulnerable in our society are met. Our ambition must be to provide more efficient, joined up and cost-effective services that better meet people's needs and allow reinvestment of savings into the front-line. In considering how to achieve the efficient and effective service outcomes for Kent and Medway, we have identified three issues critical to any viable proposal.

Firstly, Kent and Medway's near-unique advantage is the coterminosity of public services within the county area. There are well-established geographical groupings that represent the way that people live their lives, travel to work and school and access services. If we respect and maintain these natural sub-county identities in proposing boundaries for the new unitaries, we can accelerate progress on a public service reform agenda as part of *both* the devolution and local government reorganisation.

Secondly, substantial and financially sustainable authorities will have more capacity to shape the markets that they are reliant on for delivering critical services, leaving them less vulnerable to market failure or unexpected cost increases. This will be particularly important given the current impact of contract price pressures on social care services and the fragility and contraction of the market in some crucial areas of service commissioning.

Thirdly, Kent and Medway already experiences workforce and skills shortages in several areas of the county, exacerbated by competition from London and difficulties in attracting skilled workers to jobs in the coastal areas of the county. It will be important that the configuration of unitary councils across the county, as far as possible, mitigates the risk of introducing competition between new councils for skilled and professional

staff. This would be a particular concern in East Kent where we face the toughest recruitment and retention challenges.

Informed by what the people of Kent and Medway value most

Above all, business cases should be informed by what our residents tell us. Their voice should be critical in determining the future council structures that will serve them and their local communities.

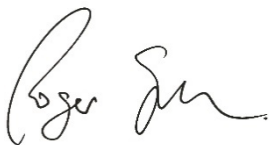
Whilst there is a need to balance community identity with more efficient and effective service delivery in any local government reorganisation, the world has moved on significantly since the last time LGR in Kent was undertaken at this scale in 1974.

Any proposals need to be based on a widespread and meaningful engagement of local residents from all backgrounds and perspectives to understand their priorities for their future councils in a 21st century context.

I firmly believe that the position set out above is one based on an objective assessment of what is needed if local government reorganisation is to succeed in Kent and Medway from a whole county perspective.

As you will undoubtedly be aware, KCC is now in its pre-election period and the outcome of the election is a matter for our residents. Therefore the above does not fetter the discretion of any new political administration in KCC to take a different policy position, should it be minded to do so, on conclusion of the due democratic process.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Roger Gough', with a stylized, cursive script.

Roger Gough
Leader, Kent County Council