

BOLSOVER DISTRICT COUNCIL

MEETING OF THE COUNCIL ON 05 NOVEMBER 2025

LOCAL GOVERNMENT REORGANISATION PROPOSAL

REPORT OF THE LEADER

Classification	This report is Public
Report by	Karen Hanson - Chief Executive

PURPOSE/SUMMARY OF REPORT

1. Following the publication of the English Devolution White Paper on 16 December 2024, all councils in Derbyshire have been invited to submit a proposal for Local Government Reorganisation (LGR). This report summarises the Case for Change for Derbyshire which has been developed in collaboration by all eight district and borough councils and Derby City Council and is due to be submitted to the Government on 28 November 2025 subject to Executive approval.
 2. The Case for Change (Appendix A) makes the case for two unitary councils on a North/South geography, underpinned by a robust options appraisal and thorough financial analysis.
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REPORT DETAILS

1. Background

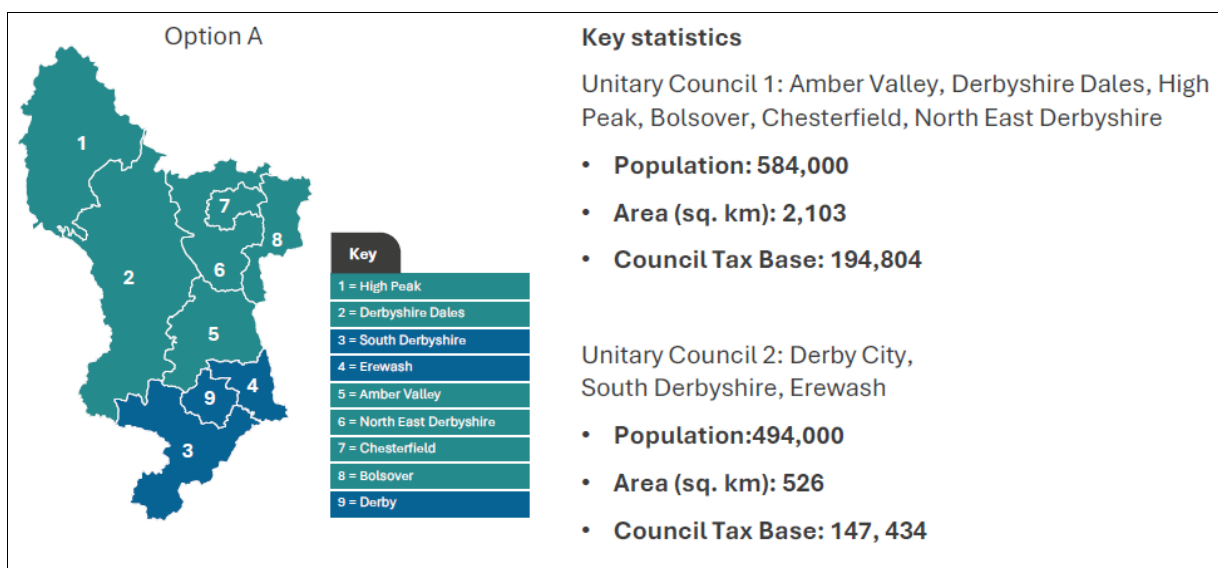
- 1.1 On 16 December 2024 the Government released the English Devolution White Paper, setting out ambitions for deepening and widening devolution across England. The paper also signalled the start of a programme of LGR to simplify and streamline local government.
- 1.2 On 5 February 2025 the Minister wrote to the Leaders of all Derbyshire councils inviting them to submit proposals for a single tier of local government. Subsequently, the Derbyshire District and Borough Council's Interim Plan was submitted to Government on 21 March 2025. The Government provided feedback on the Interim Proposal which is included in Appendix C. This feedback has been used to inform the development of the full proposal.

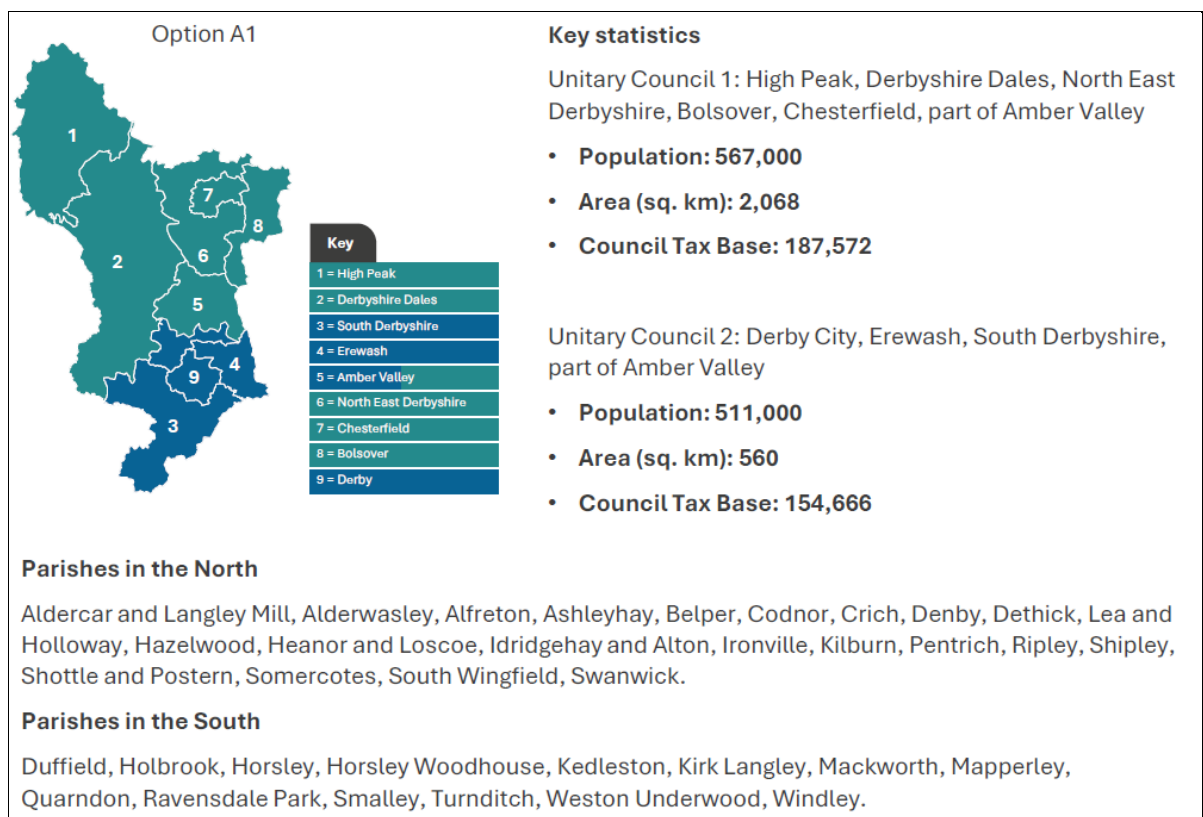
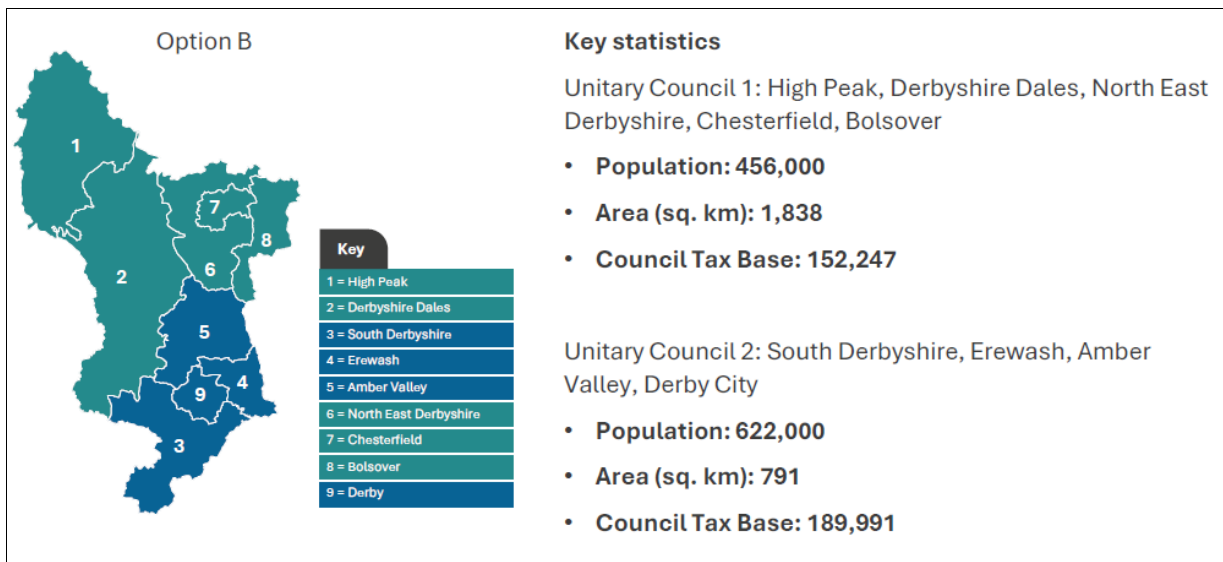
2. Local Government Reorganisation Submission

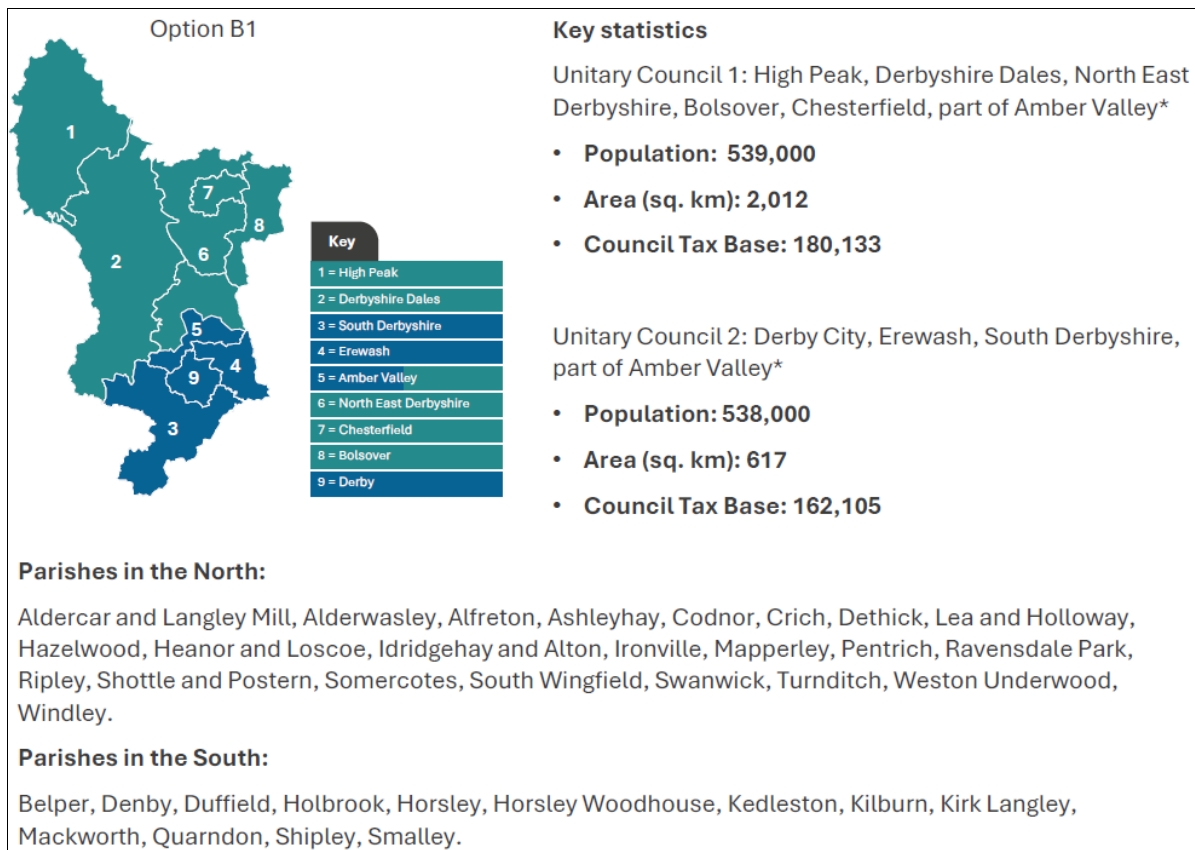
- 2.1 This report introduces the Case for Change for LGR in Derbyshire (Appendix A). The Case for Change puts forward an evidence-based case for the most effective local government reorganisation to meet the Government's criteria.
- 2.2 Our core objectives were defined having regard to Derbyshire's local context, needs and aspirations and then aligned to the Government's criteria set for LGR. This resulted in a long list of 15 options for potential local government reorganisation in Derbyshire. This initial longlist was evaluated against the following criteria:
1. *Establishing a single tier of local government for the whole of Derbyshire including Derby City.*
 2. *Unitary authorities that are the right size to achieve efficiencies, improve capacity and withstand financial shocks.*
 3. *Unitary authorities that prioritise the delivery of high quality and sustainable public services to citizens.*
 4. *Working together to develop a proposal that meets local needs and is informed by local views.*
 5. *A structure that supports devolution arrangements.*
 6. *Enabling stronger community engagement and delivering genuine opportunity for neighbourhood empowerment.*
- 2.3 We also carried out baseline data reviews of financial positions and service performance alongside key population and demographic data. This initial assessment led to the emergence of a shortlist of two options, both of which had two unitary authorities, one with Amber Valley in the North and one with Amber Valley in the South. This formed the basis for the interim proposal submitted in March 2025.
- 2.4 Building upon the interim proposal, our Case for Change is designed to meet the needs of local communities; we are proud to be one Derbyshire but with northern and southern areas that have distinct features, challenges, and opportunities. By establishing two unitary councils we will combine the scale needed to deliver effective and efficient public services and reducing complexity while avoiding a 'one size fits all' model of local government.
- 2.5 The northern and southern unitary model is organised on sensible geographies that enable housing markets to address local housing needs and enable place and community-based solutions for critical issues such as homelessness, social care, and education. Functional economic geographies are reflected to drive inclusive economic growth with huge opportunities around tourism, minerals and extraction, railways, advanced manufacturing, aerospace, and clean energy. Engagement during proposal development highlighted real opportunities to build deeper connections with local businesses and support their ambitions for growth on a regional, national, and international stage.
- 2.6 We have combined independent expert analysis and extensive stakeholder engagement to enable a broad evidence-based evaluation of options. The development of the proposal was guided by a clear understanding of both the government's criteria and Derbyshire's unique opportunities and challenges. In addition, a range of sub-criteria and metrics were used to enhance the evaluation model and scored against the sub-criteria detailed in the proposal. The

North/South geography showed strong results in qualitative, quantitative and financial analysis and is our preferred option.

- 2.7 This structured approach to evaluation based on research and sector learning, data and insights, independent analysis, engagement, and collaboration have helped us to develop a vision and proposal for local government reorganisation in Derbyshire: One Derbyshire, two councils.
- 2.8 Four possible options have been identified to shape the two new councils which are in accordance with Government criteria. The two options identified within the interim plan submitted to Government in March 2025 were based on whole district building blocks. Option A included Amber Valley in the northern unitary council and Option B included Amber Valley in the southern unitary council.
- 2.9 Subsequently during evidence review for the Case for Change, two further variations have emerged which would require a Modification Order as they involve a division of parishes within Amber Valley between the northern and southern Councils. Option A1 was consulted on as part of the public consultation alongside Option A and B. Option B1 has been developed following public consultation. All four options have been appraised comprehensively as part of the Case for Change.







Democracy

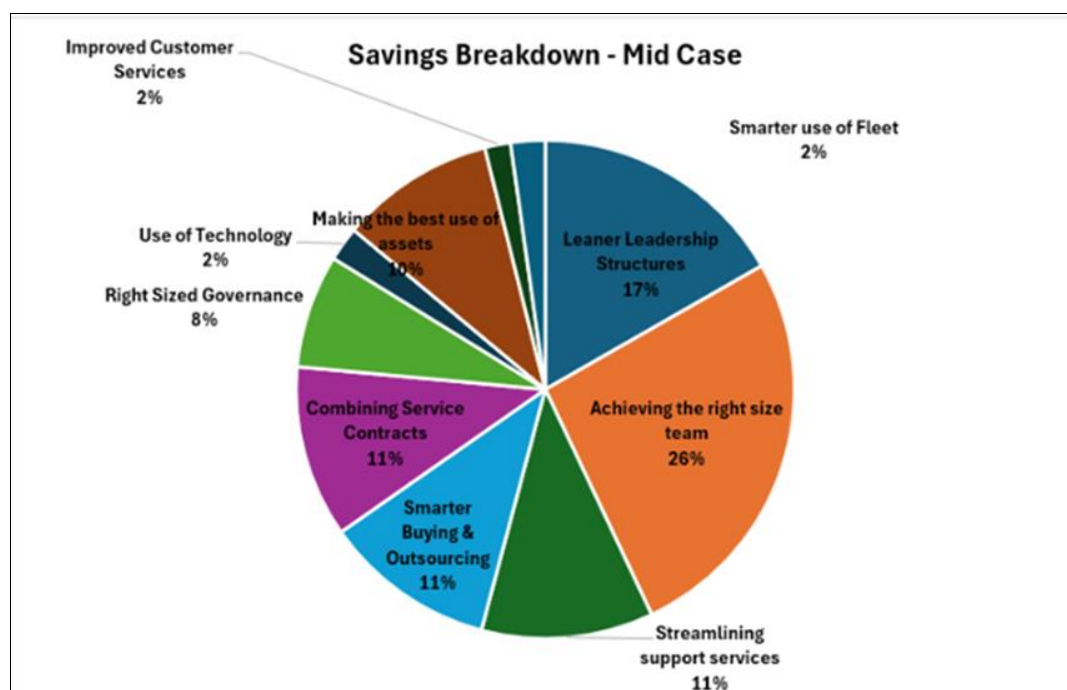
- 2.10 To enable strong democratic representation and close ties to the community for North and South of Derbyshire, the proposal suggests a councillor to elector ratio of between 5,200 and 5,500 (based on 2029 electoral estimates). This strikes a balance between efficiency in local governance while retaining local accountability and strong local advocacy. Interim council size and ward arrangements have been developed in line with Local Government Boundary Commission guidance and locally important governance issues. We also considered local demographic information, existing councillor workloads. This would lead to 162 councillors across the two unitary councils.

Financial Sustainability

- 2.11 Derbyshire's LGR will be taking place in the context of significant financial challenges. Service delivery costs are increasing due to rising demands in key areas including adult social care, children's services and homelessness and the impact of the Fair Funding Review is still uncertain. Our proposal for creating two similarly sized unitary councils is designed to harness efficiencies, bolster capacity, and ensure financial resilience across Derbyshire. By streamlining administrative processes and reducing duplication across councils, efficiencies will be realised that enhance both cost-effectiveness and service delivery.
- 2.12 The financial case is supported by robust evidence, detailed modelling, and collaborative validation, projecting substantial savings and manageable implementation costs. The comprehensive financial sustainability analysis evaluates long-term financial resilience, efficiency gains, and value for money, using structured methodology aligned with Government criteria.

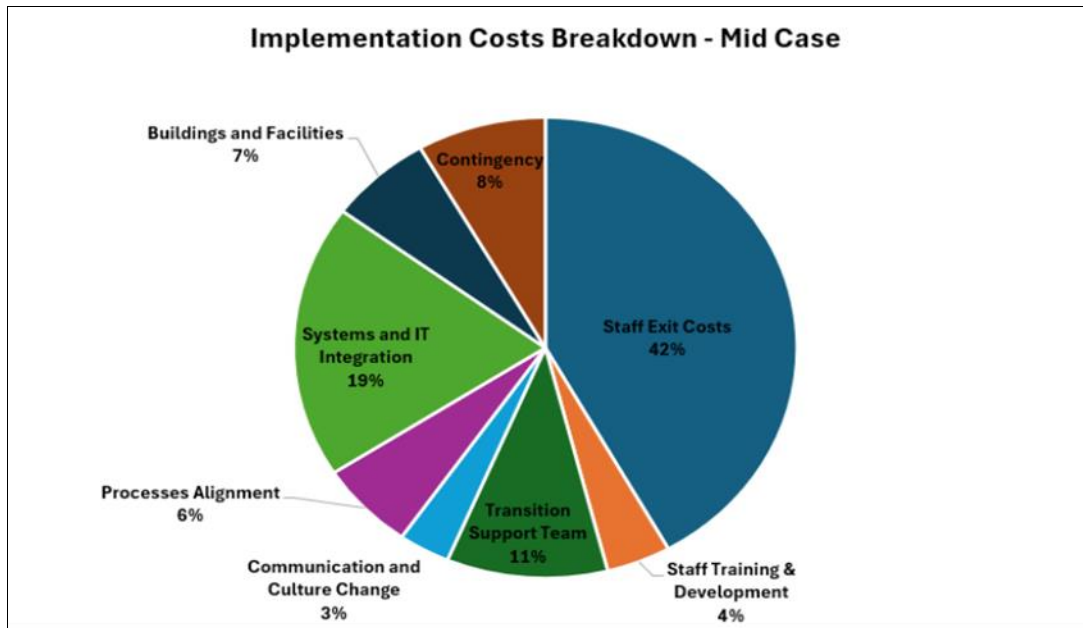
2.13 The annual savings modelled as shown below are projected to reach £44 million by year six. Savings ramp up gradually starting at £4.4 million in year one.

	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Base Year	Year -1	Shadow Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Saving Name	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Leaner Leadership Structures	-	-	-	-	737	2,946	5,893	7,366	7,366
Achieving the Right Team Size	-	-	-	-	2,308	5,770	8,078	10,386	11,540
Streamlining Support Services	-	-	-	-	982	2,455	3,438	4,420	4,911
Smarter Buying and Outsourcing	-	-	-	982	2,946	4,420	4,911	4,911	4,911
Combining Service Contracts	-	-	-	491	1,964	3,929	4,911	4,911	4,911
Right Sized Governance	-	-	-	2,590	3,238	3,238	3,238	3,238	3,238
Use of Technology	-	-	-	147	491	982	982	982	982
Making the Best Use of Assets	-	-	-	-	884	1,768	2,652	3,536	4,420
Improving Customer Services	-	-	-	110	368	737	737	737	737
Smarter Use of Fleet	-	-	-	98	393	688	884	982	982
Further Service Transformation	-	-	-	-	-	-	-	-	-
Total	-	-	-	4,419	14,311	26,932	35,722	41,468	43,997



2.14 The one-off implementation costs modelled are estimated at £65.4 million and phased over 2026/27 to 2030/31.

Mid Costs - Implementation	Base Year	Year -1	Shadow Year	Year 1	Year 2	Year 3	Total
Category	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	
Staff Exit Costs	-	-	2,613	7,840	10,453	5,226	26,132
Staff Training & Development	-	-	1,291	1,291	-	-	2,582
Transition Support Team	-	-	2,582	1,291	1,291	1,291	6,456
Communication and Culture Change	-	-	1,033	1,033	-	-	2,066
Processes Alignment	-	1,356	775	1,356	387	-	3,873
Systems and IT Integration	-	-	4,800	3,600	3,600	-	12,000
Buildings and Facilities	-	-	-	620	1,446	2,066	4,132
Contingency	-	516	516	1,291	1,033	1,808	5,165
District Realignment/Upper Tier Disaggregation Cost (one-off)	-	-	1,500	1,500	-	-	3,000
Total	-	1,872	15,111	19,821	18,210	10,391	65,406



- 2.15 Financial modelling for all options indicates breakeven is achieved by 2030/31, with cumulative savings exceeding implementation costs, supporting long-term resilience. The forecasts also include budget gap analyses, showing opportunities to generate additional revenues and manage budget pressures.
- 2.16 Available reserves across Derbyshire are expected to cover early reorganisation costs, though risks remain from budget pressures and unanticipated expenditure, and the Fair Funding Review 2.0's impact is still uncertain. Metrics modelled indicate strong financial health relative to benchmarks, with local debt management feasible; however, risks include service demand pressures, funding uncertainties, and the timing and delivery of savings.
- 2.17 The estimated impact of the Fair Funding Review 2.0 is also expected to contribute to improved financial sustainability for the unitary councils over time, although the precise scale of this benefit remains too uncertain to quantify at the time of writing as the Government is currently undertaking a consultation on the proposals. Indicative modelling suggests that the Southern Unitary may experience a quicker improvement in their budget position compared to the Northern Unitary, due to differences in funding allocations.
- 2.18 A suite of metrics measuring both capital and revenue financial health have been modelled across all options for the new unitaries. Across all the metrics, based on available data for 2024/25 the proposed new unitaries have comparatively strong financial health outcomes, relative to the benchmarked unitaries. It should be noted that many of the younger existing unitaries are not in a strong financial position, many needing exceptional financial support from the Government in their early years, so we have treated these outcomes with caution, but the results indicate that the new Derbyshire unitaries will be able to manage debt locally.
- 2.19 Modelling has been completed for all options and full details can be found in Appendix A (Section 5 Criteria 2 and the Options Appendices in the Case for Change).

- 2.20 A further consideration for ensuring financial sustainability for the new councils is the level of council tax income they require, and how this affects what residents will be required to pay in future. Currently council tax band Ds differ between all the councils. As part of LGR in Derbyshire, the combined current council tax band Ds will need to be harmonised to a single set of charges for each unitary within seven years of vesting day (April 2028).
- 2.21 It will be for the new councils to decide how to harmonise council tax for their areas. Modelling has been included in the Case for Change to illustrate the options.
- 2.22 Six of the Councils in Derbyshire have Housing Revenue Accounts (HRAs). Whilst these are assumed to be ringfenced throughout the modelling and therefore unaffected it is important to contextualise the impact on delivery due to regulatory changes. These housing reforms have placed significant pressures onto HRAs, and it will be challenging for the sector to fund enhanced service provision and service debt through rents at their current levels. The amount of HRA debt in Derbyshire at 31 March 2025 was £644m.

Implementation Plan

- 2.23 To deliver against the ambitious timescales, preparations have begun to plan for the implementation of LGR, with a dedicated section in the Case for Change (Appendix A). Our LGR programme has six phases each triggered by key events in the process, some of which are externally driven e.g. the Minister of State decision and others are within the control of the programme e.g. the appointment of key officers.
- 2.24 The phases are described below:
- **Plan and define** - Before a decision on the proposed shape of the new unitary councils.
 - **Building the foundations** - When a decision on the shape of the proposed new unitary councils has been made but before the election of shadow members or appointment of officer leadership.
 - **Shadow authorities** - With members elected but only with interim, programme or unofficial groupings of officers for capacity.
 - **Leadership** - When Tier 1-3 officers have been appointed and can prepare the new councils.
 - **Go-live** - Vesting day when new councils are operational.
 - **Extended transformation** - Driving a continuous transformation agenda post vesting day.
- 2.25 There is limited disaggregation in our proposal as we already have two upper tier councils delivering core services, but care will still be needed to minimise any disruption for residents and enable service quality to be maintained. There will be district disaggregation with Options A1 and B1 which split the boundary of Amber Valley Borough Council. It is vital that the transition is undertaken effectively and with positive resident outcomes being placed at the forefront of the changes.

Consultation

- 2.26 The engagement of residents, staff, the voluntary and community sector, local businesses, community groups and councils, and public sector providers has been central to our work in shaping the future of local government in Derbyshire.
- 2.27 An extensive programme of communication and engagement has been undertaken to inform the development of this Case for Change to understand what matters most to our residents. This insight will also help future unitary councils set their direction and values.
- 2.28 Staff and residents have been engaged through a series of in-person and online mechanisms, including staff briefings, roadshows and events and questionnaires to our residents. Elected members have been engaged throughout the process across all councils.
- 2.29 The Case for Change has been presented for consideration at Full Council. It will be an Executive decision to submit the plans to Government.

Equality Impact Assessment

- 2.30 A comprehensive Equalities Impact Assessment has been undertaken and is included to support the Case for Change at Appendix B.

Project Risks

- 2.31 The Case for Change highlights the key risk areas along with high level mitigations. These risks are detailed in Appendix A (Section 8 of the Case for Change).
- 2.32 LGR risks continue to be reviewed at the programme level but also align with the Council's Risk Management processes and will continue to be monitored on a regular basis at the Council's Risk Management Group.
- 2.33 There is also a specific challenge around the current strategic alliance established in 2008 between High Peak Borough Council (Derbyshire) and Staffordshire Moorlands District Council (Staffordshire). Close coordination of timelines in reorganisation between Derbyshire and Staffordshire will be required to avoid service disruption for the communities currently served by these councils. The Derbyshire LGR would also benefit from mirroring timelines with Nottinghamshire through the relationship with the East Midlands Combined County Authority (EMCCA).

3. Reasons for Recommendation

- 3.1 To update Members on Local Government Reorganisation and provide full details of the Case for Change, all associated appendices and the decision to be made by Executive following the Council meeting.

4 **Alternative Options and Reasons for Rejection**

- 4.1 No decision is required by Council. The report and appendices are for consideration and noting.

RECOMMENDATION(S)

That Council:

- 1. Consider and note the Local Government Reorganisation Case for Change for Derbyshire as set out in Appendix A.**

Approved by Councillor Jane Yates, Leader of the Council

IMPLICATIONS:

<u>Finance and Risk</u>	Yes ☒	No ☐
Details:		
Like all local authorities, we continue to operate in a challenging financial environment, with budget pressures and future funding uncertainty. Despite coming from a position of strong financial resilience, we are not immune to the impact of increasing demand and costs of service delivery and therefore must ensure we continue to place significant importance on financial management, to protect service delivery and achieve a balanced budget position each year for the life of this council. Following the submission of the Interim Plan in March 2025, extensive work has been undertaken to refine the LGR financial appraisal. The Section 151 Officers across Derbyshire have worked collaboratively to ensure base data used for modelling is as robust and credible as possible. Given the relatively short time scale available to produce the submission, assumptions used in the KPMG financial model have been tested as far as possible using local knowledge to refine as appropriate. All financial models of this scale have their drawbacks and can never be 100% accurate as they are too reliant on assumptions to be so. The important thing is to understand the limitations of the model and make the assumptions as credible as possible. Full details of the financial case can be found in Appendix A (Section 5 Criteria 2 of the Case for Change) where it sets out in detail the base data used for modelling, along with the modelling assumptions applied and financial risks. Breakeven, Savings and Implementation Costs The annual savings and implementation costs modelled are presented globally in the Case for Change as they are largely constant across all options. The financial analysis projects an <u>annual</u> savings potential after 6 years of £44m, equivalent to 3% of the £1.4bn budget of all Derbyshire councils. The gradual build-up		

of the realisation of savings, beginning with £4.4m in year 1 before peaking at £44m in year 6, supports the model's financial viability over the payback period.

One-off costs of £65.4m are required to implement the reorganisation, these costs are essential to unlock recurring efficiencies in the future. The investment is proportionate and supports a positive return on investment over the planning period.

A breakeven analysis for each option has been produced showing when cumulative savings will outweigh the one-off implementation costs. All four options being considered have a payback between 3.55 – 3.58 years.

Financial Sustainability

To demonstrate that the new unitaries are of the right size to achieve efficiencies, improve capacity and be better positioned to withstand financial shocks their future financial sustainability has been modelled. The metrics used to test this are:

1. A Medium-Term Financial Plan (MTFP) modelled for the new councils
2. Reserves availability
3. Future Funding, including a high-level indicative analysis of the assumed impact of the Fair Funding Review 2.0
4. Balance Sheet Health

The existing consolidated forecast budget gap across Derbyshire highlights significant financial pressures. In 2025/26, the combined budget gap exceeds £41 million, indicating the scale of the challenge.

LGR presents funding opportunities to close the budget gap. Council Tax Harmonisation presents such an opportunity as council tax is lifted to create parity at each new council. The importance of this additional revenue stream on future financial sustainability is demonstrated in the table found at Appendix A (Section 5 Criteria 2 - Pg 57 in the Case for Change). This has been modelled using the assumption that maximises income generation, harmonising to the highest rate as quickly as possible, within referendum limits.

The route to council tax harmonising will be a decision for the new councils. Opting for harmonisation that generates a lower income yield than modelled will create a greater risk to the future financial sustainability of the new Councils, putting additional pressure on service delivery. This has been considered in the financial risks (see below).

Overall, modelling outcomes show that the trajectory is healthy, with a balanced position forecast from year three for all options. The early years are marked by substantial deficits before savings from reorganisation and transformation are fully realised. This places pressure on financial planning and necessitates careful financial management. The financial outlook shows a steady improvement over time, reflecting the long-term benefits of reorganisation, harmonisation efforts including council tax, and funding reforms. Balance sheet health metrics modelled indicate that the new Derbyshire unitaries will be able to manage debt locally.

Financial risks have been fully considered when producing the submission and full details of the financial risks along with “asks” of the government to help mitigate these

risks can be found in Appendix A (Section 5 Criteria 2 - Pg 60 – 62 of the Case for Change).

One such risk is availability of reserves to meet ongoing budget pressures and implementation costs associated with LGR. Using current MTFP's, it is estimated that at 31st March 2028, there will be £90m of available reserves across Derbyshire which can be used to fund the implementation costs and help the new councils to withstand future financial shocks. However, unanticipated funding and/or expenditure pressures could adversely affect this position before the new councils are created in 2028. A future decision will be required on how the available reserves are released from each legacy council and utilised.

On behalf of the Section 151 Officer

Legal (including Data Protection) Yes ☒ No ☐

Details:

The process for the preparation of proposals and their consideration by the Secretary of State are contained in sections 2, 7 and 11 of the Local Government and Public Involvement in Health Act 2007.

Section 2 sets out the 4 types of proposal that can be proposed. There are, as a result of the way this section operates, more than 4 types of proposal involving Counties, Districts and “relevant adjacent areas”.

The proposal in this report is the fourth option – a combined proposal.

Although each proposal is to be based on Districts as building blocks, the Secretary of State can depart from these 4 types. Further in the Guidance the Secretary of State has also expressly invited proposals that suggest boundary change.

Under section 7 the Secretary of State may:

- a. By Order implement the proposal with or without modification
- b. Implement the Local Government Boundary Commission's alternative proposal under section 5 if there is one
- c. Decide to take no action

There is further power under section 11 for the Secretary of State to implement something which could not itself have been so specified but this must be done in accordance with the requirements of Section 2 of the Act.

The Council has submitted an Interim Plan for Local Government reorganisation and feedback has been provided on this from MHCLG. A full proposal is required to be submitted by 28 November 2025.

The proposal is provided at Appendix A and the approval of this proposal is an executive function in accordance with the Local Government Act 2000 Section 9D(2) Executive will therefore be required to make a final decision on approving this proposal taking into consideration the views of Council.

Following submission of the proposal, the Secretary of State may implement the proposal, with or without modification, or decide to take no action. The Secretary of State may not make an order implementing a proposal unless he consults every

authority affected by the proposal (except the authority or authorities which made it), and such other persons as he considers appropriate.

On behalf of the Solicitor to the Council

Staffing Yes ☒ No ☐

Details:

Central to the work ahead is the desire for minimal impact on our service users and our staff. Through the implementation of this programme, it will be vital to engage and update staff so they are brought along in the process and understand what, if any, implications these organisational changes may have for them.

A communications and engagement plan will be developed to ensure timeliness and consistency around communication and engagement opportunities for employees and trade unions.

The council will ensure adherence to all appropriate policies relating to organisational change.

On behalf of the Head of Paid Service

Environment Yes ☐ No ☒

N/A

DECISION INFORMATION:

Please indicate which threshold applies:

Is the decision a Key Decision?

A Key Decision is an Executive decision which has a significant impact on two or more wards in the District, or which results in income or expenditure to the Council above the following thresholds:

Revenue (a) Results in the Council making Revenue Savings of £75,000 or more or **(b)** Results in the Council incurring Revenue Expenditure of £75,000 or more.

Capital (a) Results in the Council making Capital Income of £150,000 or more or **(b)** Results in the Council incurring Capital Expenditure of £150,000 or more.

District Wards Significantly Affected:

Is the decision subject to Call-In?

Consultation carried out:

Leader ☒ Deputy Leader ☒ Executive ☒ SLT ☒

Relevant Service Manager ☐ Members ☐ Public ☐

Other ☐

Yes ☐ No ☒

All ☒

Yes ☐ No ☒

Yes ☒ No ☐

Links to Council Ambition: Customers, Economy, Environment, Housing
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All.

DOCUMENT INFORMATION:

Appendix No	Title
A	One Derbyshire: Two Councils “ <i>Delivering for Derbyshire, meeting local needs</i> ” – Case for Change - October 2025
B	Equalities Impact Assessment – LGR in Derbyshire and Derby
C	MHCLG Interim Plan Feedback Derby and Derbyshire Letter - 15 th May 2025

Background Papers

<i>(These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Executive, you must provide copies of the background papers).</i>
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