BOLSOVER DISTRICT COUNCIL

MEETING OF THE EXECUTIVE 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 borough and district councils and Derby City Council and is due to be submitted to Government on 28 November 2025 subject to Executive approval.

2. The Case for Change (Appendix A [within Appendix 1]) makes the case for two unitary councils on a North/South geography, underpinned by a robust options appraisal and thorough financial analysis.

REPORT DETAILS

1. Background

1.1 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).

1.2 On the 05 November 2025 the Council will receive a report from the Chief Executive and Leader setting out the Case for Change for Derbyshire. This report (attached at Appendix 1) summarises the Case for Change which has been developed in collaboration by all eight borough and district councils and Derby City Council and is due to be submitted to Government on or before 28 November 2025.

2. Local Government Reorganisation Submission

2.1 Following the Council meeting, and any subsequent recommendations made by Council, Members of the Executive are requested to consider the Case for

Change for Derbyshire as presented and consider which of Options A, A1, B or B1 of the Case for Change to formally endorse as part of the submission to Government on or before 28 November 2025.

2.2 The Case for Change puts forward an evidence-based case for the most effective local government reorganisation to meet the Government's criteria. This is based upon the formation of a northern unitary authority and a southern unitary authority that splits the geographic boundary of Derbyshire.

2.3 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.

2.4 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 geographics 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.

2.5 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. The third Option (A1), which also formed part of the interim plan submission, proposed to split the district of Amber Valley using parish council boundaries between the northern and southern unitary councils. A further variance of the Amber Valley split has also been developed as Option B1.

2.6 Based upon the detailed analysis set out in the Case for Change and the accompanying Council report (Appendix 1), attention of the Executive Members is drawn to the Options Analysis at Section 4.0 and Options Appendix 3 of the Case for Change.

2.7 For Bolsover District Council, the proposed Case for Change will see our district geography join the new northern unitary authority of Derbyshire. A two unitary Council structure would best meet the Government's criteria and provide the most effective solution for local government reorganisation in Derbyshire.

2.8 Through careful consideration of the Options Analysis and Appendices a unitary council split, established from base Option A but based upon the proposed boundary split of Amber Valley by parish council boundaries set out in Option A1 is the recommended option for Bolsover.

2.9 Option A1 continues to demonstrate financial sustainability and delivery of strong public services however it is a better fit to the Government's criteria because it builds on the strengths of the base proposal Option A, whilst enhancing it further. The key benefits of this modification include:

- The southern Unitary having less geographic constraint, with Derby City able to grow in all directions, particularly the north-western border.
- A better overall balance of population.
- An almost equal level of GVA (gross value added).
- A more balanced Council tax base.
- More balanced 65+ populations.

2.10 Along with the important metrics detailed above, Option A1 also recognises the experience of the people of Amber Valley, taking cognisance of community ties, their functionality, social connection, and integration. This option demonstrates a commitment to reflecting actual social and geographical realities, rather than relying solely on administrative convenience. Areas in southern Amber Valley share stronger cultural, economic, and infrastructural links with what would become a southern unitary council. This modification helps to ensure that communities remain connected to the areas they naturally gravitate toward, preserving a sense of belonging and shared purpose into the future.

3. Reasons for Recommendation

3.1 In line with the Government's criteria, modification to Option A to Option A1 represents the best balance of a council large enough to deliver high quality services and value for money, but small enough to be connected to the place and the needs of the people the council serves. The Council would request the Secretary of State to make a modification to Option A involving the proposed boundary changes as shown in Option A1 in the proposal, using the modification powers under the Local Government and Public Involvement in Health Act 2007, as this represents a stronger case for change.

4. Alternative Options and Reasons for Rejection

4.1 Do nothing has not been considered, as the Government have issued a statutory invitation for all councils affected.

4.2 All other options outlined within the Case for Change Options Analysis (Options A, B and B1) have been considered in detail, however Option A1 is considered to be the most beneficial option for the residents and businesses of Bolsover, for the reasons set out within this report.

RECOMMENDATION(S)

That Executive:

1. Approve the submission of the Case for Change for Local Government Reorganisation in Derbyshire to Government and endorse formal support for Option A1.

2. Approve delegated authority to the Chief Executive in consultation with the Leader to make any minor amendments to the Case for Change for Local Government Reorganisation in Derbyshire and associated appendices, prior to its submission to Government on or before the 28th of November 2025.

Approved by Councillor Jane Yates, Leader of the Council

IMPLICATIONS:

Finance and Risk **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 annual 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.	**Yes☒** **No ☐**
District Wards Significantly Affected:	**All ☒**
Is the decision subject to Call-In?	**Yes☐** **No ☒** **Item exempt from call-in**
Consultation carried out: **Leader ☒** **Deputy Leader ☒** **Executive ☒** **SLT ☐** **Relevant Service Manager ☐** **Members ☐** **Public ☐** **Other ☐**	**Yes☒** **No ☐**

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

DOCUMENT INFORMATION:

Appendix No	**Title**

1	05 November 2025 Council Report (inc. all associated appendices)

Background Papers
(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).