



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

COUNCIL

WEDNESDAY, 12 FEBRUARY 2025

Report of the Managing Director

Local Government Reorganisation

1. Purpose

- 1.1 To note Government intentions for the requirement of local government reorganisation across two-tier areas of local government in England.
- 1.2 To note the request from Government to submit an interim plan for local government reorganisation in Derbyshire by 21 March 2025.
- 1.3 To note Government timeline for local government reorganisation in Derbyshire.
- 1.4 To approve a proactive approach of local government reorganisation for Derbyshire for the reasons outlined in the report.
- 1.5 To authorise the Leader and Managing Director to work with Derbyshire councils to develop options for reorganisation proposals where they are consistent with the principles outlined in this report.
- 1.6 To authorise the Managing Director to commit appropriate resources to raise awareness and to seek public and stakeholder views accordingly of options for reorganisation proposals.
- 1.7 For the purpose of seeking public and stakeholder views, to approve a single County Unitary as the indicative preferred option for local government reorganisation in Derbyshire.

- 1.8 To delegate authority to the Managing Director, in consultation with the Leader of the Council, to submit an interim plan to Government by 21 March 2025 for Local Government Reorganisation in Derbyshire which is consistent with the principles and agreed options outlined in this report.
- 1.9 To approve funding of £200,000 to support work to raise awareness and seek public and stakeholder views of options for local government reorganisation and to support the preparation of the required submission to government of preferred options for reorganisation proposals.

2. Information and Analysis

Background

- 2.1 On 16 December 2024, the Government published a policy paper entitled 'English Devolution White Paper', setting out the potential for the most significant reforms to local government since the Local Government Act 1972.
- 2.2 The wide-ranging White Paper covers new transport, employment, housing, business and environmental policies, but also focuses on two aspects of reforming and joining-up public services through:
- Widening and broadening devolution across England through the creation of new Strategic Authorities and;
 - A programme of local government reorganisation to create new unitary councils across two-tier areas.
- 2.3 Combined, these reforms are considered by the Government to be central to its mission of driving growth across England and creating simpler structures of local government to improve the delivery of, and accountability for, local services.
- 2.4 The White Paper outlines the Government's intention to work at pace with an ambitious timeframe for the delivery of devolution and local government reorganisation across the country. This means that for many areas these plans will be progressed concurrently.
- 2.5 Both plans for devolution and reorganisation have potential implications for the Council. Whilst rapid progress has been made in Derbyshire to successfully create the first Mayoral Combined County Authority, the White Paper provides the opportunity to consider ways in which working with the new East Midlands Combined County Authority (EMCCA) which is still in its first year of existence can be further improved, with

more funding and more powers to be outlined in a new English Devolution Bill. Any future devolution proposals for the EMCCA which may affect the Council are not the subject of this report.

- 2.6 Alongside the publication of the White Paper the Minister of State for Local Government and English Devolution also wrote to the Council on 16 December 2024, together with other upper tier Councils across the Country, outlining its approach to these reforms. This letter can be found at Appendix 2.
- 2.7 The letter is clear that Government intends to facilitate local government reorganisation across all two-tier areas through the creation sustainable unitary structures. The letter suggests that reorganisation is a requirement for two-tier areas and formally invites councils to submit interim plans and develop unitary proposals for their area.
- 2.8 It is also to be noted that the Minister's letter proposes that reform should include existing small unitary councils which neighbour two-tier areas and it is understood that Derby City Council, which meets these criteria, received the same letter from the Minister of State.
- 2.9 Under current legislation (Local Government and Public Involvement in Health Act, 2007), it is open to the Secretary of State, subject to consultation and Parliamentary approval, to implement any unitary proposal submitted by a council in response to an invitation, which any council in the area may request.
- 2.10 The letter also asked those Councils committed to implementing local government reorganisation at the earliest possible opportunity to write to the Government by 10 January 2025, outlining their intentions in this regard. Asking for a view in such a short timeframe was necessary as many local areas, like Derbyshire, have County Council elections in May 2025. Government had suggested that they would look to postpone elections for those areas in the first tranche/wave of structural reforms if necessary, which would need the laying of secondary legislation.
- 2.11 In accordance with Government's request, the Council wrote to the Minister for Local Government and English Devolution on 10 January 2025 indicating that the Council welcomes Government setting out the process and the key milestones for local government reorganisation and would be interested in delivering structural reform at the earliest possible opportunity, subject to Council approval. Whilst this is still an emergent process, it is important that the Council takes proactive steps to be in position to deliver structural reforms in a way that can maximise the opportunities that current Government policy on reorganisation

provides. The letter was published by the Council on its website and can be found at Appendix 3. This letter was non-binding.

- 2.12 On 5 February 2025 the Minister of State wrote to the Leader of the Council to outline that the Council would not be included in the first wave of councils to be invited to submit a reorganisation proposal to Government by May 2025 and therefore the county council elections would not be postponed. This letter can be found at Appendix 4.
- 2.13 On 5 February 2025 the Minister of State also wrote a separate letter to the Leaders of Derbyshire County Council, all District and Borough Councils and Derby City Council, formally inviting them to develop a proposal for local government reorganisation for the area, setting out further detail on the criteria, guidance for the development of proposals, and the timeline for the process. This letter can be found at Appendix 5.

Timeline

- 2.14 The timeline for the development and delivery of reorganisation proposals for Derbyshire is shown below:
- 21 March 2025 – Interim plan for LGR submitted to Government
 - 28 November 2025 – Full proposal for LGR submitted to Government.
- 2.15 Following the submission, the Minister of State will consider any and all proposals carefully before taking decisions on how to proceed. It is expected that Government will then work with Councils to lay the necessary legislation in Parliament to implement the agreed structures and move to elections to the new 'shadow' authorities as soon as possible. No timelines have been given on implementation.
- 2.16 The immediate task for the Council is to develop and agree an interim plan as outlined above, to be submitted to Government on or before 21 March 2025.
- 2.17 Government has outlined that the interim plan should:
- a) identify any barriers or challenges where further clarity or support would be helpful.
 - b) identify the likely options for the size and boundaries of new councils that will offer the best structures for delivery of high-quality and sustainable public services across the area, along with indicative efficiency saving opportunities.
 - c) include indicative costs and arrangements in relation to any options including planning for future service transformation opportunities.

- d) include early views as to the councillor numbers that will ensure both effective democratic representation for all parts of the area, and also effective governance and decision-making arrangements which will balance the unique needs of your cities, towns, rural and coastal areas, in line with the Local Government Boundary Commission for England guidance.
- e) include early views on how new structures will support devolution ambitions.
- f) include a summary of local engagement that has been undertaken and any views expressed, along with your further plans for wide local engagement to help shape your developing proposals.
- g) set out indicative costs of preparing proposals and standing up an implementation team as well as any arrangements proposed to coordinate potential capacity funding across the area.
- h) set out any voluntary arrangements that have been agreed to keep all councils involved in discussions as this work moves forward and to help balance the decisions needed now to maintain service delivery and ensure value for money for council taxpayers, with those key decisions that will affect the future success of any new councils in the area.

2.18 Government expects one plan to be submitted for the area, but understands that the plan may describe more than one potential proposal for the area, if there is more than one option under consideration.

Council approach

2.19 Council has previously discussed and debated the issue of local government reorganisation under similar circumstances in 2020, when the Council anticipated that the Government may have mandated areas to reform. At its meeting on the 16 September 2020 Council received a report which in summary, and relating to local government reform specifically, approved proposals for the Leader of the Council to write to the Secretary of State to request an invitation to submit a proposal for a single tier of local government for the county in the event that non-structural reforms at the time were not deemed satisfactory to unlock devolution for the area. It also mandated officers within the Council to prepare and develop a case for a single unitary authority for the county area, and agreed to oppose any proposals which disaggregated the county footprint due to service fragmentation and the breaking up of historical boundaries.

2.20 In October 2020 Government wrote to councils in England to inform them that they would not impose top-down restructuring of local

government. Instead, the Council pursued a county devolution deal made possible through new legislation contained within the Levelling-Up and Regeneration Act 2023.

- 2.21 Given the new and current context and the significant impact the delivery of reforms could have on the Council, it is important that Council has the opportunity again to discuss matters relating to local government reorganisation. In addition, as revealed in the pre-budget engagement exercise undertaken by the Council in November and December 2024 and the 2024 Your Council Your Voice Survey, there is public appetite to look at local government reorganisation as a way of making savings and improving efficiency of local government with 60% of respondents supporting the option to combine the county council with Derbyshire district and borough councils, to form a single tier council.
- 2.22 The Council must also reasonably assume that all other Derbyshire councils are actively considering their own position on local government reorganisation given the Governments position. It is clear from the letter at Appendix 5 that it is expected by Government that Councils in the area work together to design and implement the best local government structures accounting for the criteria outlined. Government also however accepts that there may be different views on those best structures and their merits. Whilst the Council is willing to engage and work with other Councils in the area, it is important the Council puts forward preferred options which it believes are in the best interests of Derbyshire residents and businesses if agreement can't be reached at this time.

Case for change

- 2.23 Reduced public sector funding, increased inflation, increased demand for services driven by demographics and long standing social, health and economic pressures mean that the Council, like many other authorities across the country, continues to face significant challenges in providing the services that local people need and want with available resources.
- 2.24 The benefits of local government reorganisation in this context, on an appropriate and sensible scale, is clear. Structural reforms can:
- Cut costs through the rationalisation of executive and senior management teams and council assets. The resources needed to coordinate and discharge services across nine councils over one administrative county area is expensive and not the best use of resources.

- Maximise local investments and provide economies of scale to protect vital services and deliver them more effectively. Remove duplication across organisational functions, such as procurement enabling more to be achieved through larger contracts and increased buying power.
- Bring together local services onto a more rational and appropriate basis, such as waste collection and waste disposal, licensing and trading standards, and social care and housing etc. Fragmented support across the public sector makes it difficult for staff to work together and doesn't make sense to local people.
- Provide clearer lines and a single point of accountability and responsibility for local services. Residents will know who to turn to when they want to raise local issues.
- Make quicker decisions on local issues without having to navigate across the roles and responsibilities of different authorities.
- Drive through transformational change and challenge the status quo to deliver modern and integrated services. Different IT systems and data stores which don't work together means less insight and intelligence to inform improving services.
- Enable further devolution of powers from Government strengthening our current deal, widening public sector reform further, and streamlining our delivery platform, and therefore leading to better value for money and bringing about greater opportunity for growth and prosperity for the area.

2.25 It is important the Council can progress reforms which can deliver better outcomes and value for money for Derbyshire taxpayers.

Options and proposal

2.26 There are many potential options regarding the make-up of unitary structures when considering how to interpret Government's criteria when applied to local circumstances. The diversity of local government in areas across England means reorganisation plans will look different across the country, but the main trend of new unitary structures has been towards larger authorities over bigger geographical areas to build sustainable footprints for new councils.

2.27 Broadly for Derbyshire the main options for the county area would be to combine all nine Councils into one unitary authority or split the county up into two or more unitary authorities.

2.28 The Council is also aware of other potential options which include one or more parts of Derbyshire joining other areas outside of the

ceremonial Derbyshire county boundary. The Minister of State's letter sets out that it is open to councils to explore options with neighbouring councils in addition to those included in the invitation, and specifically where councils are working together across a wider geography within a strategic authority. However, no consideration of such options has been undertaken at this time and therefore, for the purposes of this report they have not been included.

2.29 In addition, and in light of the government's inclusion of Derby City in the invitation to Derbyshire councils to submit proposals for local government reorganisation, consideration will also need to be given to how such proposals in Derbyshire could support the sustainability of Derby City Council.

2.30 The preferred option for Derbyshire, recommended to Council, is for the County Council and the eight district and borough councils in Derbyshire to be aggregated into one county Derbyshire unitary authority for the area, covering a population of 811,449 residents.

2.31 The case and evidence base for one unitary authority for the whole county area in Derbyshire is as follows:

a. Scale:

Government criteria outlines that new unitary councils should have a minimum population of 500,000. One county unitary authority for Derbyshire is the only option which proposes a unitary model of local government with a substantial size to offer equivalence, parity and competition to other local areas. Areas with a substantial rural population needs geographical scale and a mix of other types of conurbations to support strategic planning and the sustainability of local services.

b. Simplicity:

Whilst local government reorganisation is a significant undertaking, the concept and practicality of 'council mergers' on the existing county boundaries into one unitary authority is, in principle, relatively straightforward. The creation of two or more unitary authorities for the area and the simultaneous aggregation of district and borough councils and disaggregation of the county council is much more complex to communicate, plan and implement and inherently holds more risk.

c. Savings:

A comprehensive financial analysis exercise of local reorganisation on county boundaries by PwC in 2020 suggested that larger

authorities create the largest savings potential through reductions in headcount and economies of scale. This analysis concluded that a single county mid-size unitary could result in organisational savings of around £126m over a five-year period. A two or more unitary council model could result in savings of around £51m. Financial analysis from the same PwC exercise in 2020 reported that the one-off transitional costs for two or more authorities was 33-66% higher than for one unitary authority across a county area.

d. Sustainability:

Any structural reform across an agreed area should not be done in a way that results in one organisation becoming disproportionately more financially viable than the others. The size and scale of one unitary authority would support a larger and more diverse population, spread across urban and rural areas which is key to increase regional resilience. In 2020 PwC concluded in their analysis that a single county unitary could meet 95% of the projected increases in service cost over the next five years compared to 39% under a two unitary scenario.

e. Disruption:

The more councils and tiers involved (including disaggregation), the bigger the scale of disruption associated with implementation. Keeping disruption to a minimum for residents is important through any transition period, especially for vulnerable residents. One unitary authority for the county would be the least disruptive for residents and most service users, particularly those receiving care, SEND support, children's social services support who may not notice significant changes of provision in the short term. The fragmentation of County Council services through two or more unitarities would create more uncertainty for residents and could result in a higher degree of disruption – for example new administrative boundaries within the county may mean different service provision and changes to service access for residents from day one.

f. Identity:

The structure of local government should be based on communities with councils clearly reflecting local people's loyalties to, affinity with, and interests in, an area. Many Derbyshire residents live in small towns and villages and it is these individual and separate settlements which provides the strongest basis of community identity at a level below that of the County. A whole county unitary council provides for the most common or dominant identity for Derbyshire. If the county is split into smaller units of local government, identity and natural geographies become more complex and even a two unitary

model could not boast that its boundaries reflect a natural community geography or a collective cohesive identity below the ceremonial county.

g. Wider public sector:

The consolidation of services within a single geographical area allows for the greatest alignment with the public service map in Derbyshire. Key public services such as healthcare, police and fire, shows that the vast majority of public sector geography strongly aligns to that of the whole county of Derbyshire. This alignment enables the work of key statutory partnerships such as the Health and Wellbeing Boards and Community Safety Partnerships to be coherent with strong evidence of integration and even co-location. A county unitary authority proposal across the whole of the county area provides the most effective, efficient and convenient model, as coterminous with other public sector agencies.

2.32 Given the evidence outlined above and when accounting for the best interests of all Derbyshire residents, it is recommended that Council approves a single County Unitary as the preferred option for local government reorganisation in Derbyshire at this time and opposes options which would lead to the fragmentation of County Council services.

2.33 There is potential that that other Councils in the area may have different proposals which they also feel meet the Government criteria at this time. Council should note therefore than the interim plan may describe more than one potential proposal for the area and that there may be more than one option under consideration. Whilst it is appropriate that Council forms a view on a preferable option, it is reasonable for the Council to also remain open to other options which meet Government criteria at this time – on condition that those options align to the principles outlined in section 2.30 to 2.32 of this report, take into account the views of the public, businesses and key stakeholders, and is supported by evidence and insight as further work and analysis is undertaken.

Moving forward

2.34 The White Paper and correspondence from Government has repeatedly outlined that the Government expects all levels of local government to work proactively to enable robust and sustainable options to be developed and considered. All councils in the area are expected to develop unitary proposals that are in the best interests of the whole area. It is therefore recommended that Council authorises the Leader

and Managing Director to engage with Derbyshire councils to develop reorganisation options where they are consistent with the principles and agreed options outlined in this report. It is also recommended that Council mandates officers to support this work as a matter of priority, given the potential implications for the authority.

- 2.35 In order for this to be achieved the Council will also need to commit resources appropriately to raise awareness and to engage and seek public views of reorganisation proposals. The aims of raising public awareness will be to ensure that Derbyshire residents and key stakeholders (including businesses) are presented with the facts of local government reorganisation in an objective manner, in accordance with the Code of Recommended Practice on Local Authority Publicity. The aims of seeking public views will be to engage with residents, businesses and other key stakeholders on preferred unitary structures. It is recommended that Council agree to a small budget of up to £3,000 to widely promote the above opportunity to ensure that as many Derbyshire residents, businesses and other key stakeholders as possible can give their views, before plan is submitted in March.
- 2.36 Due to the short timescales involved with developing and agreeing the interim plan in discussion with Derbyshire councils, it is recommended that the Managing Director, in consultation with the Leader, is delegated authority to submit an interim plan to Government by 21 March 2025 for Local Government Reorganisation in Derbyshire which is consistent with the principles and agreed options outlined in this report.
- 2.37 Clearly proposals and plans are at an early stage and the full extent of the reorganisation programme and associated resources, including costs, is currently unknown and will be subject to further decision making for the Council before they can be implemented. However, to prepare the County Council for local government reorganisation it is recommended that a one off budget of £200,000 is established to support the costs of commissioning appropriate capacity at this time.
- 2.38 It is currently not clear how Government intends to support Councils with additional costs occurred through reorganisation, especially considering the scale of the issues facing local government at this time and the Council's ongoing budgetary position. The Council will work closely with Government, the Local Government Association, the County Council Network and our local partners to keep costs to a minimum, whilst also ensuring that Derbyshire pursues proposals consistent with the principles and agreed options outlined in this report.

3. Consultation

- 3.1 There is currently no requirement for formal consultation with the public and key stakeholders at this time. It is expected that consultation will take place on local government reorganisation proposals following the submission of full business cases in November 2025, although this is yet to be determined. Any formal consultation would be undertaken by the government and the Council would be a consultee in this regard.
- 3.2 The Council will seek to engage with residents and key stakeholders through the engagement exercise outlined in section 2.35 of this report.

4. Alternative Options Considered

- 4.1 Council could decide not to proactively engage with Government and local partners on local government reorganisation. This option would mean that the Council could be subject to the imposition of local government reorganisation plans which may not be in Derbyshire residents' best interests.
- 4.2 Council could decide not to consider and take a view on a preferred option for local government reorganisation in Derbyshire. This option would mean that the Council could be subject to the of imposition local government reorganisation proposals which may not be in Derbyshire resident's best interests.

5. Implications

- 5.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

6. Background Papers

- 6.1 Report to Council – Devolution, Vision Derbyshire and Local Government Reform 16 September 2020.

7. Appendices

- 7.1 Appendix 1 – Implications
- 7.2 Appendix 2 – Letter from Jim McMahon OBE MP 16 December 2024
- 7.3 Appendix 3 – Letter to Jim McMahon OBE MP 10 January 2025
- 7.4 Appendix 4 – Letter from Jim McMahon OBE MP 5 February 2025

7.5 Appendix 5 – Letter from Jim McMahon OBE MP 5 February 2025

8. Recommendation(s)

That Council:

- a) Notes Government intentions for the requirement of local government reorganisation across two-tier areas of local government in England.
- b) Notes the request from Government to submit an interim plan for local government reorganisation in Derbyshire by 21 March 2025.
- c) Notes Government timeline for local government reorganisation in Derbyshire.
- d) Notes the County Council elections will not be deferred and will take place on 1 May 2025.
- e) Approves a proactive approach to local government reorganisation for Derbyshire for the reasons outlined in the report.
- f) Authorises the Leader and Managing Director to engage with Derbyshire councils to develop options for reorganisation proposals where they are consistent with the principles outlined in this report.
- g) Authorises the Managing Director to commit appropriate resources to raise awareness and to seek public and stakeholder views accordingly of options for reorganisation proposals.
- h) Approves a single County Unitary as the indicative preferred option for local government reorganisation in Derbyshire for the purpose of seeking public and stakeholder views
- i) Delegates authority to the Managing Director, in consultation with Leader of the Council to submit an interim plan to Government by 21 March 2025 for Local Government Reorganisation in Derbyshire which is consistent with the principles and agreed options outlined in this report.
- j) Notes the use of £3,000 for public awareness raising to be met from existing budgets and approves funding of £200,000 to support work to raise awareness and seek public and stakeholder views of options for local government reorganisation and to support the preparation of the required submissions to government of preferred options for reorganisation proposals.

9. Reasons for Recommendation(s)

- 9.1 To ensure that Council understands the local and national policy position regarding local government reorganisation in two-tier areas across England.

- 9.2 To ensure that Council takes a view on the preferred option for local government reorganisation in Derbyshire and can counter any proposals which it believes are not in the best interests of Derbyshire residents.
- 9.3 A delegation is sought to ensure the government's deadline for submission of an interim plan can be met.
- 9.4 To ensure the Council has sufficient resources to prepare the required submissions to government.

Report Author: Rob Lowe,
James Rhodes

Contact details: robert.lowe@derbyshire.gov.uk,
james.rhodes@derbyshire.gov.uk

Implications

Financial

- 1.1 A £3,000 budget for public awareness raising can be met from an underspend in the Communications Budget for the 2024/25 period. There are no other direct financial implications of approving the recommendations set out in this report.
- 1.2 There is likely to be further costs associated with commissioning capacity to prepare the County Council for LGR. Therefore, a one off budget will be established to fund such costs of £200,000. This will be funded from the reserve set aside for budget management. In line with the Council's Financial Regulations movements to and from reserves requires the approval of the Director of Finance.
- 1.3 There will be additional costs associated with the planning, development and implementation of any new structures, when agreed. It is expected that the savings generated (and wider benefits) through reorganisations over the long term vastly outweighs the costs of implementation.
- 1.4 Significant financial analysis will be essential to inform the development of the business case and the Council is working with the County Council Network to assess how this can be completed in the most cost-effective way. The potential opportunities and costs of reorganisation will be explored through the development of full proposals to be submitted to Government and be the subject to further decision-making through appropriate committees.

Legal

- 2.1 By virtue of section 2 of Local Government and Public Involvement in Health Act 2007, the Secretary of State has the statutory power to invite proposals for a single tier of local government from any principal authority (which is defined as a county council or district council in England). The County Council, together with the District and Borough Councils across Derbyshire, has received such an invitation.
- 2.2 When responding to a request under section 2, the Council must have regard to any guidance from the Secretary of State as to what the proposal should seek to achieve and matters that should be taken into account in formulating the proposal.

- 2.3 Any authority that has received an invitation under section 2 may make its own proposal or make a proposal jointly with any of the other authorities.
- 2.4 After consulting every authority affected by the proposal (except the authority or authorities which submitted it) and such other persons as he considers appropriate, the Secretary of State has the power to implement a proposal by making an Order.
- 2.5 The County Council elections will take place on 1 May 2025 and any publicity during the pre-election period which is expected to commence on 25 March 2025 must comply with the Code of Recommended Practice on Local Authority Publicity and any advice given by the Council's Monitoring Officer.

Human Resources

- 3.1 None immediately arising from this report, however significant resources will need to be made available to implement the potential reforms outlined in this paper.
- 3.2 Whilst proposals are at an early stage, the Council needs to ensure that as plans progress the workforce feel valued, consulted and engaged in reorganisation proposals and the future process.

Information Technology

- 4.1 None immediately arising from this report.

Equalities Impact

- 5.1 None immediately arising, however as plans progress an Equalities Impact Assessment will be developed to inform final local government reorganisation proposals to be submitted to Government.

Corporate objectives and priorities for change

- 6.1 Local government reorganisation is an emergent issue for the Council. Given Government's position, implementing structural reform has been included as a strategic objective in the new Council Plan which is subject to a separate report on the Council agenda. The benefits which can be realised through reorganisation, on an appropriate and sensible scale, can support the Council to meet many of its corporate objectives and priorities for change.

Other (for example, Health and Safety, Environmental, Sustainability, Property and Asset Management, Risk Management and Safeguarding)

7.1 None.