

BOLSOVER DISTRICT COUNCIL

Meeting of Extraordinary Executive on 16th June 2025

Local Partnerships' Review of the Council's Dragonfly Companies

Report of the Director of Governance and Legal Services & Monitoring Officer

Classification	Open
Contact Officer	Jim Fieldsend, Director of Governance and Legal Services & Monitoring Officer

PURPOSE/SUMMARY OF REPORT

To note Local Partnerships' report on its review of the Dragonfly companies and to consider any interim measures that need to be taken.

REPORT DETAILS

1. Background

- 1.1 On 30th May 2025 the Council received a report from Local Partnerships following its review of Dragonfly Development Limited and Dragonfly Management (Bolsover) Limited ("the Dragonfly companies"). A copy of the report is attached at Appendix 1.
- 1.2 On 2nd June 2025 the report was circulated to all councillors and made available for all staff and the general public.
- 1.3 Full detail of Local Partnerships' finding can be seen in their report however a summary of their findings (page 5 of the report) are as follows:

Notwithstanding the progress made in challenging circumstances, including some objectives being met, the Development Company has not delivered all of the objectives originally envisaged, including the number of sites. Therefore, the Council is considering the costs of running the Companies compared with the outcomes achieved. The Council also has concerns regarding control and VfM in relation to the Management Company. The Company does not agree with this view. Therefore, the Council has sought to understand the value and how it can control both Companies through a review of the governance arrangements.

The review has identified several significant issues which relate to the following two areas of governance:

• *Building blocks of good governance; we have identified many instances where good governance is absent or not fit for purpose which are summarised below:*

- *the lack of a clarity of purpose which causes confusion and conflict between Council and Companies. This is the foundation for all other issues*
- *the lack of an up-to-date, comprehensive business plan, following on from the business case, which clearly defines how the companies will deliver the Council's requirements and which the Council could use as a basis for monitoring performance*
- *the lack of suitably robust governance framework including Company Board composition and skills*
- *Shareholder Board prominence and not being part of the committee system*
- *clienting capacity and capability within the Council and capability gaps in the Companies and governance bodies*
- *the presence of conflicts of interest between the Companies and Council roles and the different roles within the companies*

• *The working relationships between the Companies and Council which have arisen because of the failings relating to the above points, despite both having the same objective of wanting the Companies to be a success. These difficulties are deflecting focus from this shared objective.*

1.4 The impact of these findings are contained on page 6 of the report:

In combination, these matters create risks that are potentially significant enough to pose a threat to the Council in terms of governance, finance and reputation; the Council is unable to gain assurance that the Companies are delivering Council objectives, VfM and meeting the expectations of funders and regulators.

These risks to the Council are compounded by the following:

- *the Companies support key Council services where the responsibility will always rest with the Council, but delivery of important aspects of the service is with the Companies*
- *the Companies also manage third party funding on behalf of the Council. In these cases, responsibility for this funding rests with the Council but spend and delivery with the Companies. This is managed through a commissioning board which has been set up relatively recently. Poor performance would pose a threat to future Council funding from, amongst others, MHCLG and Homes England*

- *the lack of clarity and weaknesses in reporting, meaning that the Council is often unsighted on the Companies' corporate and operating risks*
- *the perceptions of external stakeholders including community stakeholders have highlighted concerns relating to governance, conflict of interest and ability to demonstrate VfM*

1.5 A summary of the recommendations are shown on pages 6 and 7 of the report:

To address these issues, the Council should revisit the business case, which will determine whether there remains a need for the companies.

If it does, the Council should implement the recommendations as set out in this document. The key conditions that need to be met if the Companies remain:

- *the Council should ensure that it has the necessary management resource and clienting capability*
- *the Companies should ensure that there is sufficient resource including a dedicated finance function*
- *clarity of purpose as set out in a refreshed and more comprehensive business plan for the Companies*
- *creation of a working group to re-set the relationship between Companies and Council, underpinned by an operating agreement which both parties sign up to 7 Bolsover District Council Review of Dragonfly Companies*
- *changes to board memberships are implemented*
- *adherence to all Company rules including reserved matters are assured*
- *a more robust framework in place around meetings including a regular meeting of senior management of both Companies and Council to underpin an improved working relationship*

If it does not, the Council should take steps to bring the services back in house.

The key conditions that need to be met if the Companies are dissolved:

- *there is capacity to support a working group to lead the transition*
- *there is capability (or plans to acquire it) to deliver the services in house*
- *the ambition for any continued development does not exceed the Council's own limits*
- *finance resource is sufficient to cover TUPE implications and other staffing implications*
- *there is resource and due diligence relating to the transfer of contracts from Company to Council*

- a clear stakeholder and staff plan is needed
- any adverse financial implications are understood

2. Details of Proposal or Information

- 2.1 Members are requested to note the report .
- 2.2 Whereas the report contains a number of recommendations which will be subject to review and consideration over the next few weeks, Members may wish to consider taking some interim measures. The Shareholder Board is due to meet on Tuesday 10th June 2025 and any proposals and recommendations from the Shareholder Board will be presented to Executive at the meeting.

3. Reasons for Recommendation

- 3.1 To consider the report and to assess whether any interim measures are necessary.

4 Alternative Options and Reasons for Rejection

- 4.1 There are no alternatives

RECOMMENDATION(S)

That Executive:

1. To note Local Partnerships' report of its review of Bolsover District Council's Dragonfly companies.
2. To assess whether any interim measures need to be taken.

Approved by Councillor Jane Yates, Leader of the Council

IMPLICATIONS:

<u>Finance and Risk</u>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Details:		
On behalf of the Section 151 Officer		
<u>Legal (including Data Protection)</u>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Details:		
On behalf of the Solicitor to the Council		

Staffing	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Details:	
On behalf of the Head of Paid Service	
<u>Equality and Diversity, and Consultation</u>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Details:	
<u>Environment</u>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Please identify (if applicable) how this proposal/report will help the Authority meet its carbon neutral target or enhance the environment	
Details:	

DECISION INFORMATION:

<input checked="" type="checkbox"/> Please indicate which threshold applies:	
Is the decision a Key Decision?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
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.	(a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>
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.	(a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>
District Wards Significantly Affected: <i>(to be significant in terms of its effects on communities living or working in an area comprising two or more wards in the District)</i>	
Please state below which wards are affected or tick All if all wards are affected:	All <input type="checkbox"/>

<p>If Yes, is the call-in period to be waived in respect of the decision(s) proposed within this report? (<i>decisions may only be classified as exempt from call-in with the agreement of the Monitoring Officer</i>)</p> <p>Consultation carried out: (<i>this is any consultation carried out prior to the report being presented for approval</i>)</p> <p>Leader <input checked="" type="checkbox"/> Deputy Leader <input type="checkbox"/> Executive <input type="checkbox"/> SLT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/></p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p>
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Links to Council Ambition: Customers, Economy, Environment, Housing

DOCUMENT INFORMATION:

Appendix No	Title
1	Local Partnerships' report

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>