

**BOLSOVER DISTRICT COUNCIL**

**Meeting of Executive on 28<sup>th</sup> July 2025**

**Review of the Council's Dragonfly Companies**

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

|                        |   |
|------------------------|---|
| <b>Classification</b>  | Open  |
| <b>Contact Officer</b> | Jim Fieldsend, Director of Governance and Legal Services & Monitoring Officer |

**PURPOSE/SUMMARY OF REPORT**

To further consider the Local Partnerships' review of the Council's Dragonfly companies, together with the options appraisal in order to establish whether the services provided by the Council's Dragonfly companies should be transferred to the Council.

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**REPORT DETAILS**

**1. Background**

- 1.1 On 30<sup>th</sup> 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").
- 1.2 On 2<sup>nd</sup> June 2025 the report was circulated to all councillors and made available for all staff and the general public. The report has also been presented to the Executive on 16<sup>th</sup> June and Extraordinary Council on 9<sup>th</sup> July 2025.
- 1.3 At the Council meeting on 9<sup>th</sup> July Local Partnerships were in attendance and presented their findings. A copy of the presentation is attached at Appendix 1. Members agreed to note the Local Partnership's report.
- 1.4 The options have been scored against five criteria - risk mitigation, ability to continue commercial activity, positive impact on finance/value for money, ease/speed of implementation and strategic influence/control. Scores can be seen on page 12 of the appendix. In summary, bringing Dragonfly Management back in-house (retaining Dragonfly Development Ltd) scores 19 and bringing both companies into the Council scores 19.5. These two options are the highest scoring within the appraisal.

- 1.5 In the options appraisal, Local Partnerships identifies bringing both companies back in house as the option most likely to bring benefits to the Council. It states, “While all options present a high degree of challenge and some risk, Option 3 [bringing both companies back in-house] maintains the cohesiveness of the operations of the current Companies, managed from within the Council, providing greater control and scrutiny of activity and finance”.
- 1.6 The next steps, as advised by Local Partnerships, is for the Council to agree the preferred option followed by a process of due diligence including a programme of work to include;
- Staffing – careful management of process, communication and full consultation, capacity
  - Legal matters, including the novation of contracts
  - Financial considerations and implications
  - Stakeholder engagement, internal and external, including all Councillors and staff
  - Communication
  - Impact assessments
  - Governance, reporting and scrutiny, including establishing a Programme Board
  - The impact of Local Governance Reorganisation
  - Timing and phasing of activity.

The Council is working with an independent expert to ensure an appropriate programme of work including the effective management of all transitional arrangements.

## **2. Details of Proposal or Information**

- 2.1 Executive Members need to determine which is their preferred option. In doing so they must consider whether they wish to retain the existing company arrangements, bring either or both companies back in-house or consider an alternative model. In making its decision the Executive should take into account all relevant factors including the content of the review undertaken by Local Partnerships and the subsequent options appraisal and the original business case.
- 2.2 Following this decision a programme of due diligence work as referred to in paragraph 1.6 will need to be prepared to transition to the preferred model.
- 2.3 Should the Executive decide on bringing one or both of the companies back in-house it is anticipated the transfer of the work and staff will take place by 31<sup>st</sup> March 2026. This is an indicative date which will need to be further considered and agreed following the due diligence work outlined within this report.

### **Business Case**

- 2.4 The business case for Dragonfly Development and the subsequent creation of Dragonfly Management (Bolsover) Limited was borne out of necessity following the liquidation of the Council’s joint venture partner. An opportunity was envisaged for the Council to own a development company that could undertake

development work for the Council and other external organisations in addition to undertaking development work that the Council would not be able to do as a local authority. Whereas Dragonfly Development has undertaken some work for another local authority, the majority of the work it has done is for Bolsover District Council either through the HRA (Bolsover Homes) or funded by the General Fund (e.g. the Shirebrook Crematorium).

- 2.5 Should Dragonfly Development be brought back in-house the Council would still be able to enter into commercial arrangements with other local authorities, pursuant to the provisions of the Local Government (Goods & Services) Act 1970.
- 2.6 From a business case point of view there seems to be little commercial advantage in retaining Dragonfly Development. The majority of the work it will be doing will be for the Council which can be provided equally by an in-house team. Further, the skills that an in-house team brings can still be used to bring in external work from other local authorities.
- 2.7 The services undertaken by Dragonfly Management (Bolsover) Ltd are services previously undertaken by the Council. The benefits of staff returning to the Council are clearly set out in the options appraisal.

### **3. Reasons for Recommendation**

- 3.1 It is necessary for Executive to decide which is the preferred option for the way forward. This will enable the Council to establish the necessary programme to work toward the desired outcome.
- 3.2 The Local Partnerships' Options Appraisal recommends that bringing both companies back in-house will be the most beneficial for the Council.
- 3.3 In addition bringing the companies back in house will enable the Council to concentrate on the challenges of Local Government Reorganisation (LGR).

### **4 Alternative Options and Reasons for Rejection**

- 4.1 To continue with the current governance set up for the Dragonfly companies. This is rejected as the Local Partnership's review shows that changes are needed.
- 4.2 To retain one or both of the companies. This is rejected as the bringing the companies back in-house is the most beneficial option outlined in the review.

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## **RECOMMENDATION(S)**

That Executive agree that.

1. The services and staff within the Council's wholly owned companies; Dragonfly Development Limited and Dragonfly Management (Bolsover) Limited are brought in-house (within Bolsover District Council).
2. A comprehensive process of due diligence as outlined within this report, is undertaken to ensure a managed transfer of services and staff is undertaken.

Approved by Councillor Jane Yates, Leader of the Council

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## **IMPLICATIONS:**

|   |                              |  |
|---|------------------------------|--|
|   |                              |  |
| <b><u>Finance and Risk</u></b>  | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| <b>Details:</b>   |                              |  |
| All financial implications arising from this report will be considered as part of the due diligence that will be undertaken as outlined in paragraph 1.6. |                              |  |
| On behalf of the Section 151 Officer  |                              |  |
|   |                              |  |
| <b><u>Legal (including Data Protection)</u></b>   | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| <b>Details:</b>   |                              |  |
| All legal implications will be further considered as part of the due diligence that will be undertaken as outlined in paragraph 1.6.                      |                              |  |
| On behalf of the Solicitor to the Council   |                              |  |
|   |                              |  |
| <b><u>Staffing</u></b>  | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| <b>Details:</b>   |                              |  |
| All staffing implications will be further considered as part of the due diligence that will be undertaken as outlined in paragraph 1.6.                   |                              |  |
| On behalf of the Head of Paid Service   |                              |  |
|   |                              |  |
| <b><u>Equality and Diversity, and Consultation</u></b>  | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| <b>Details:</b>   |                              |  |
| Impact assessments will be undertaken as outlined in paragraph 1.6.   |                              |  |
|   |                              |  |

**Environment**      Yes ☐      No ☒  
**Details:**

**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:**

*(to be significant in terms of its effects on communities living or working in an area comprising two or more wards in the District)*

Please state below which wards are affected or tick **All** if all wards are affected:

Yes ☒      No ☐

(a) ☐      (b) ☐

(a) ☐      (b) ☐

All ☒

If Yes, is the call-in period to be waived in respect of the decision(s) proposed within this report? *(decisions may only be classified as exempt from call-in with the agreement of the Monitoring Officer)*

**Consultation carried out:**

*(this is any consultation carried out prior to the report being presented for approval)*

Leader ☒    Deputy Leader ☒    Executive ☒    SLT ☒  
Relevant Service Manager ☐    Members ☒    Public ☐  
Other ☐

Yes ☐      No ☒

Yes ☒      No ☐

**Links to Council Ambition: Customers, Economy, Environment, Housing**

**DOCUMENT INFORMATION:**

| Appendix No | Title  |
|-------------|--|
| 1           | Local Partnerships' presentation to Council on 9 <sup>th</sup> July 2025 |

**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).***