Bolsover District Council

Meeting of the Executive on 3rd November 2025

Budget Monitoring Report

Report of the Portfolio Holder for Resources

Report of the Section 151 Officer

Classification	This report is public.
Contact Officer	Theresa Fletcher Director of Finance and Section 151 Officer

PURPOSE/SUMMARY OF REPORT

To update Executive on the financial position of the Council following the second quarter's budget monitoring exercise for the General Fund, the Housing Revenue Account (HRA), Capital Programme and Treasury Management activity.

REPORT DETAILS

1.1 This report provides the current financial position following the 2025/26 quarter 2 monitoring exercise.

Dragonfly Management Ltd

1.2 Members will be aware that a number of Council services are currently being provided by Dragonfly Management.

1.3 As a reminder, the services transferred were:

- Economic Development
- Facilities Management
- Property/Commercial Asset Management
- Property Services and Estates
- Repairs and Maintenance
- Tourism

1.4 The Council continues to make payments to Dragonfly Management for the provision of these services in line with the service level agreement. The Council makes a charge to Dragonfly Development for the support services provided to the whole company. Budgets from the already approved Medium-Term Financial Plan (MTFP) are paid over to Dragonfly Management to allow them to operate and pay for our services.

1.5 To ensure effective financial management continues to take place regarding the transferred services, the structure of services within the Council's financial management system was changed.

1.6 For the purposes of this report, services that have been transferred into Dragonfly Management are shown on the attached appendices 1, 2 and 4 as Dragonfly Services. The remainder of the Council's services are shown in the Community Services Directorate if they are outward facing services or in the Corporate Resources Directorate if they are internal support services.

1.7 As usual the whole report is split between General Fund and Housing Revenue Account with the Dragonfly Services shown within each of the funds.

General Fund Revenue Account

1.8 The General Fund Revenue Account summary is shown in **Appendix 1**. The original budget for 2025/26 showed a contribution from the NNDR Growth Protection Reserve of £0.049m, a deficit in effect. The current budget now shows this to be a transfer to the reserve after adjustments have been made to the business rates figures for the actual 2025/26 NNDR1 return, and the estimated business rates surplus of £2.454m. After the Council tax increase, and other small movements are included the current budget overall is showing a surplus of £0.126m. As savings are identified and secured, they are moved into the relevant cost centres within the main General Fund Directorates. **Appendix 2** details the net cost of each cost centre within the Directorates.

1.9 Salary budgets for 2025/26 were last scrutinised by officers in October 2024 as part of preparing the MTFP. Officers have now begun to review the actuals for the first 6 months against the budgets as part of the revised budget process. Any savings from vacancies or maternity leave and restructuring changes will be removed from budgets where possible and reported to Members in December with the Revised Budget report.

1.10 In order to improve the monitoring and control of Section 106 monies received by the Council, the sums due to be utilised in a financial year are now recorded within the General Fund directorate budgets with the expenditure recorded against these sums. The amount budgeted to be spent in 2025/26 is £2.053m. There are 2 deadlines for expenditure to be spent by in 2025/26. £0.026m needs to be spent by 3/3/26 and £0.008m by 31/3/26. There are, however, a number of deadlines in quarter 1 of 2026/27. Officers are working to ensure that this spend is undertaken in line with the S106 legal requirements.

1.11 The overall position at the end of quarter 2 shows that there is a favourable variance of £2.477m, with most identified variances as a consequence of timing, which is usual for this time in the year. There are no known large budget pressures identified in quarter 2 reporting, but as part of the revised budget and MTFP, the revenue budget implications of the work required at Pleasley Vale Mills, will be factored in.

1.12 **Table 1** below shows the latest position of all years in the current MTFP. As a Council we made it our strategy to save extra income earnt in years when we received more than we estimated, to be able to use it in future years' when income was reduced. This is being held in the National Non-Domestic Rates (NNDR) Growth Protection Reserve and the balance at the 31st of March was £14.210m.

Transfers are made from this reserve to the general fund to replace the losses caused by changes in Government funding.

1.13 Within the current MTFP before it has been updated to reflect 1.8, estimates of movement to/(from) this reserve are as follows: there is a contribution from the reserve to general fund of £0.049m in 2025/26, £4.964m in 2026/27 and £5.017m in 2027/28, and £4.180m in 2028/29. The table below shows that in January 2025 when we prepared the MTFP, a budget gap remained in the final year, 2028/29. As part of the budget process which began in August, we are aiming to reduce this budget gap as much as possible, subject to paragraph 1.15 onward.

Table 1	**2025/26 Budget £000**	**2026/27 Budget £000**	**2027/28 Budget £000**	**2028/29 Budget £000**
Net Cost of Services	15,609	15,733	16,349	16,904
Net debt charges + investment interest	(1,635)	(2,068)	(2,415)	(2,619)
Net t/f to/(from) reserves + balances	1,209	568	524	471
Net t/f to/(from) NNDR Growth Protection Reserve	(49)	(4,964)	(5,017)	(4,180)
Parish precept	4,583	4,583	4,583	4,583
Funding from council tax, business rates and Government grants	(19,717)	(13,852)	(14,024)	(14,206)
Use of GF balance	**0**	**0**	**0**	**953**

1.14 Once work that began in August on revised budgets has been completed, the revised position will be presented to Members in November and December. The work on the MTFP update and the new year which will begin in quarter 3 will be presented to Members in January.

Government funding update – Fair Funding Review 2.0

1.15 On the 20th of June 2025, the government published a major consultation on the reform of local government funding. It was an 8-week consultation, which ran from 20th of June to 15th of August 2025. There is to be a Policy Statement in November, which will set out the government's response to the consultation paper and outline its 'final policy positions.' The provisional local government finance settlement will be 'towards the end of the year,' probably during the week commencing the 15th of December. The consultation is now referred to as the Fair Funding Review 2.0, emphasising the links between this consultation and the previous government's consultation in December 2018.

1.16 The consultation stated local authorities will receive a 3-year settlement covering 2026-27 to 2028-29. The consultation includes final proposals to:

- Make major changes to the main funding formula with a stronger link to levels of deprivation and population.
- Reset the baseline for retained business rates in full in 2026/27.
- Scrap the New Homes Bonus grant and return the funding to the core settlement.
- Simplify and consolidate several grant pots, including grants for homelessness prevention, rough sleeping, and temporary accommodation.
- Provide transitional funding, including a minimum funding floor, to protect councils from the full impact of the funding changes until 2028/29.
- Move gradually towards greater local freedom on setting fees and charges, but no concrete proposals.

1.17 The consultation did not propose any changes to council tax funding. Also not covered by the consultation was a positive announcement by the government regarding income from the Extended Producer Responsibility (EPR) scheme. It has been confirmed that EPR income will continue to be additional to core funding for waste collection authorities for the whole of the Spending Review period 2026/27 to 2028/29. This will be a significant income stream for districts, but it is understood the EPR income is ringfenced, and therefore, restricted to be used purely on the waste collection service.

1.18 The consultation included new proposals on transitional support, which a substantial number of authorities are likely to require, particularly Inner London boroughs, most high-growth district councils (like us), and high-taxbase unitary authorities. Early analysis shows funding moving to some social care authorities and away from districts and some unitary authorities.

1.19 The aim of the transitional funding is to protect councils from the full impact of all the funding changes, including the business rates reset. The proposals for transitional support are;

- There will be a 0% (cash flat) funding floor. In other words, no council will suffer cash-terms reductions in overall funding.
- The transitional support baseline will include the Settlement Funding Assessment (SFA), council tax, grants, and the Business Rates Retention Scheme (BRRS). This is the widest scope for support and is supported by most local authorities.
- Transition to the new funding system will take place over 3 years, so that by year 4 all councils will be at their new level of funding without any support.

1.20 **However**, on the 27th of June 2025, we received an email from Nico Heslop, the Director of the Local Government Finance Directorate, within MHCLG. The email was sent to 1 other district council in Derbyshire. The email read as follows:

'*We set out in section 9.3 of the consultation that whilst most councils will see their available funding increase over the multi-year Settlement, without transitional arrangements some would see it fall – it is the government's intention to protect*

the vast majority of these councils' income through a flat cash or 0% funding floor. This would mean councils in scope of this measure will be guaranteed their income.

We will engage the small number of councils whose new share of funding is furthest from their current share of funding regarding how we can support them to manage larger losses. A number of them have made preparations for these changes, including by setting aside reserves.

We are contacting you as one of those councils who may need to manage larger losses, noting that we would still look to offer you some form of funding floor in the scenario that your funding floor is not set at the flat cash level. Whilst decisions are yet to be finalised and there will be several data updates which could change this, we want to engage with you over the summer on our proposed transitional arrangements. We'd like to share our thinking on transitional arrangements in more detail and understand the impact these could make. This is part of our ongoing engagement with councils and is separate to the consultation process.'

1.21 As mentioned in 1.12 above, we have been making provision for these losses for a number of years and have accumulated a reserve worth £14.210m, to mitigate the losses over the next 4 years. Despite a number of meetings already with various bodies including the District Council's Network, MHCLG are reluctant to provide figures before November because they remain subject to change, and it might suggest the result of the consultation is predetermined. I therefore do not know if the reserve we have created will be enough to keep our MTFP balanced as in **Table 1**.

1.22 At a meeting with MHCLG on the 11th of July, it was suggested that unlike other councils who would have a 0% reduction in funding for each year due to the funding floor, we could potentially have between a minus 5% to minus 7% reduction in our funding for year 1, then a 0% reduction for years 2 and 3. With all the changes to the funding formulae, it is difficult to put a value to this. However, as the business rates reset will wipe out the business rates growth we've achieved, I am expecting at least the losses predicted in the MTFP. The amount of transitional support we might receive is really the missing part of the jigsaw. As I get more information, I will provide an update for Members. We have not received any further contact or information since June.

1.23 The medium-term financial plan will be updated to include all known implications from the new Spending Review, and therefore the Fair Funding Review 2.0, when it is received.

Pleasley Vale Insurance Reserve

1.24 Members may recall, that in the revised budget report of December 2024, I reported that due to being unable to obtain flood insurance cover, and large increases in excess levels for insurance cover on the park when we sought to renew policies, a decision had been taken to self-insure Pleasley Vale.

1.25 We were able to establish the Pleasley Vale Insurance Reserve with a value of £1m from the 1st of October 2024, by using £0.825m from Transformation Reserve schemes which did not go ahead, and £0.175m from General Reserve schemes on the same basis.

1.26 The plan is to keep Members informed on the position of the reserve as part of the budget monitoring reports for 2025/26. It was hoped that the work being done with a consultant on flood mitigation practices, would enable us to obtain flood insurance at the renewal which was in September. However, insurance companies were still unwilling to insure Pleasley Vale when approached for the renewal. We, therefore, have no other option but to continue to self-insure.

1.27 The estimate of the reserve position is as follows:

Table 2	£
Opening Balance at 1/10/24	(1,000,000)
Insurance claims settled during 2024/25	6,478
Closing Balance at 31/3/25	**(993,522)**
Cost of settling current claims *	161,100
Estimated Balance at 30/6/25	**(832,422)**

*This relates to 6 live claims and leaves an estimated balance of £832,422.

Housing Revenue Account (HRA)

1.28 The Housing Revenue Account summary for the second quarter of 2025/26 is set out in **Appendix 3** to this report. The original budget for 2025/26 showed a balanced budget, the current budget shows this to still be the case.

1.29 **Appendix 4** details the net cost of each cost centre within the HRA and gives some details for the larger variances. The information on the HRA services transferred into Dragonfly Management is also provided.

1.30 The overall position at the end of quarter 2 shows that there is an adverse variance of £0.383m. Similarly to the general fund, most of the identified variances are due to timing. The only significant issue to report regarding the overall position for the HRA at the end of the second quarter is the reduction in dwelling rent income. More properties have been demolished than was anticipated when the income budget was set, resulting in less income billed. However, at 2.93%, the income lost from void properties is not as much as was estimated when compared to the 3% prediction.

1.31 For 2024/25, as the final weekly rent (week 53) was due on the 31st of March 2025 but covered the period ending 6th of April 2025, an accounting adjustment was required to post 6 days of rental income out of 2024/25 and into 2025/26 (£409,435.84). For the purposes of determining the percentage of void properties in 2025/26, this is being measured from week 1 (from the 7th of April 2025), based upon a full weeks rent, therefore excluding the accounting adjustment in order to remain consistent with the housing system reports.

1.32 It is assumed that the existing Rent Policy of CPI plus 1% will be in place for the rent setting process for 2026/27. The CPI figure for September is used but is not published until the 22nd of October, it will be reported to Members at the meeting.

Capital Programme

Capital Expenditure

1.33 The capital programme summary for the second quarter of 2025/26 is provided in **Appendix 5** to this report.

1.34 In headline terms, the capital programme profiled budget for quarter 2 is £23.782m and the actual spend, and known commitments total £10.511m, which is £13.271m behind the planned spend position. The budget for the capital schemes which are managed by Dragonfly Management are paid over monthly in arrears based on the actual amount spent, any commitments for the schemes managed by Dragonfly Management are not included. The main areas to highlight are listed below:

1. The Shirebrook Crematorium is underspent for the quarter by £0.540m, but expenditure is expected to increase for the remaining 6 months.
2. The £15m Regeneration Funding is underspent by £2.776m as these schemes have only just commenced, expenditure is expected to increase during the rest of the financial year.
3. The ICT schemes are showing a net underspend of £0.174m, because some of the expenditure has only just been approved.
4. Disabled facility grants expenditure is being spent but is about a 3 months behind the profiled budget, at £0.159m underspent.
5. The new build HRA properties are together £7.348m underspent for the quarter due to the phasing of the individual schemes and an amount of £6.140m which is unallocated to a specific scheme. The profiling of the unallocated budget will be reviewed as part of the revised budgets.
6. The HRA Public Sector Housing is underspent by £1.958m but the scheme cannot be quarterly profiled, and this is within the year's budget.

1.35 There are no significant financial issues to report regarding capital expenditure at the end of the second quarter.

Capital Resources

1.36 HRA – The Council has sufficient capital resources in place to finance the HRA actual expenditure and commitments at the end of the second quarter.

General Fund – The financing of the General Fund part of the capital programme is in line with the approved financing arrangements.

Treasury Management

1.37 The treasury management function covers the borrowing and investment of Council money. This includes both the management of the Council's day to day cash balances and the management of its long-term debt. All transactions are conducted in accordance with the Council's approved strategy and the CIPFA

Code of Practice. Good treasury management plays an important role in the sound financial management of the Council's resources.

1.38 The Council approved the 2025/26 Treasury Management Strategy at its meeting in January 2025. **Appendix 6** identifies the Treasury Management activity undertaken during the second quarter of 2025/26 and demonstrates that this is in line with the plans agreed as part of the strategy. The income received from investments is currently higher than budgeted, mainly due to having higher than predicted cash balances from the Capital Programme underspend for example. This will be reflected when the budget is reviewed as part of the revised budget process.

1.39 We have continued to use a number of Money Market Funds (MMF's) during quarter 2 to place the cash that we do not have an immediate need to use. MMF's are currently offering better interest rates than banks although we are still achieving below bank base rate on our investments even in the MMF's. Careful monitoring of our cash balances is being undertaken on a daily basis, and we are looking where we could put investments out for a longer period in order to obtain better rates. A full assessment of this is being done to update the revised budgets.

2 Reasons for Recommendation

2.1 The report summarises the financial position of the Council following the second quarter's budget monitoring exercise for the General Fund, the Housing Revenue Account, Capital Programme and Treasury Management activity.

2.2 The Medium-Term Financial Strategy (MTFS) for 2025/26 – 2028/29 was approved in October 2024. It is my intention to update the strategy on an annual basis for the implications of each finance settlement, to carry forward the assumptions for the new year of the MTFP and present it to Members for approval.

2.3 However, the uncertainty currently surrounding government funding and the Fair Funding Review 2.0 consultation, mean I am not in a position to provide an update to the strategy at this time.

2.4 I am therefore, going to update Members on the government funding implications for Bolsover District Council and the MTFP, in the MTFP report in January, and will update the MTFS as usual in September and October next year.

3 Alternative Options and Reasons for Rejection

3.1 The Budget Monitoring report for 2025/26 is primarily a factual report which details progress against previously approved budgets. Accordingly, there are no alternative options to consider.

RECOMMENDATIONS

1 That Executive notes the monitoring position of the General Fund at the end of the second quarter as detailed on **Appendix 1** (A net favourable variance of £2.477m against the profiled budget) and the key issues highlighted within this report.

2 That Executive notes the position on the Housing Revenue Account (HRA), the Capital Programme and Treasury Management at the end of the second quarter (**Appendices 2, 3, 4, 5 and 6**).

Approved by Councillor Clive Moesby, Portfolio Holder for Resources

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IMPLICATIONS.

Finance and Risk: **Yes☐** **No ☒**

Details:

The issue of Financial Risk is covered throughout the report. In addition, the Council has a risk management strategy and associated framework in place, and the Strategic Risk Register is regularly reviewed through the Council's performance management framework. The risk of not achieving a balanced budget is outlined as a key risk within the Council's Strategic Risk Register and is therefore closely monitored through these practices and reporting processes.

The reductions in Government funding on the general fund are currently being managed by contributions to and from the National Non-Domestic Rates (NNDR) Growth Protection Reserve. Once we know the outcome of the Fair Funding Review 2.0 consultation, we will have a better idea whether the Reserve is sufficient to keep the MTFP in balance over the next 4 years. The HRA does not have the use of this general fund reserve and needs to be carefully managed to ensure it continues to be sustainable over the life of the 30-year business plan. This includes the effects of any borrowing undertaken for the capital programme, since the business plan was last updated.

On behalf of the Section 151 Officer

Legal (including Data Protection): **Yes☐** **No ☒**

Details:

There are no legal or data protection issues arising directly from this report.

On behalf of the Solicitor to the Council

Staffing: **Yes☐** **No ☒**

Details:

There are no human resource issues arising directly out of this report.

On behalf of the Head of Paid Service

Equality and Diversity, and Consultation: **Yes☐** **No ☒**

Details:

Not applicable to this report.

Environment: **Yes☐** **No ☒**

Details:

Not applicable to this report.

DECISION INFORMATION

Is the decision a Key Decision? A Key Decision is an Executive decision which has a significant impact on two or more District wards, or which results in income or expenditure to the Council above the following thresholds: **Revenue - £75,000 ☐ Capital - £150,000 ☐** ☒ *Please indicate which threshold applies.*	No
Is the decision subject to Call-In? (*Only Key Decisions are subject to Call-In*)	No

District Wards Significantly Affected	All
Consultation: **Leader / Deputy Leader ☐ Executive ☐** **SLT ☐ Relevant Service Manager ☐** **Members ☐ Public ☐ Other ☐**	Details: Portfolio Holder for Resources

Links to Council Ambition: Customers, Economy, and Environment.

DOCUMENT INFORMATION	
Appendix No	**Title**
1	General Fund Summary
2	General Fund Detail
3	HRA Summary
4	HRA Detail
5	Capital Programme
6	Treasury Management Update

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).*
None