

Bolsover District Council

Meeting of the Executive on 1st December 2025

MEDIUM-TERM FINANCIAL PLAN – REVISED BUDGETS 2025/26

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 seek Executive approval of the 2025/26 revised budget for the General Fund, Housing Revenue Account and Capital Programme.

REPORT DETAILS

1 Background information

- 1.1 Members will be aware that a number of Council services are currently being provided by Dragonfly Management (Bolsover) Ltd.
- 1.2 As a reminder, the services this arrangement covers are:
 - Economic Development
 - Facilities Management
 - Property/Commercial Asset Management
 - Property Services and Estates
 - Repairs and Maintenance
 - Tourism
- 1.3 The Council continues to make payments to Dragonfly Management for 100% of the cost of providing these services. Dragonfly Development receives a charge from the Council for the support services the company receives, for such as legal, payroll, HR, finance, and audit. These figures are included within the appendices attached to this report.
- 1.4 However, this report is only concerned with the Council's services and therefore does not include expenditure or income relating to the commercial activities of the Dragonfly Development company.

2 General Fund Revenue Account

- 2.1 The revised budget process is now complete and the proposed 2025/26 revised budget for the General Fund is attached at **Appendix 1**. The appendix shows the

original budget for 2025/26 which was approved by Council in January 2025, the current budget which reflects budget transfers and approved changes during the financial year, and the proposed revised budget for 2025/26.

- 2.2 The revised budget on **Appendix 1** shows that Net Cost of Services has increased to £19.955m which is £4.346m above the original budget figures. This movement in the Net Cost of Services reflects committee approvals during the year to fund new expenditure, predominantly funded from either earmarked reserves, new grant allocations or new income received, since the original budget was set. Considerable S106 expenditure budgets have also been added since the original budget was set. **Appendix 2** details the net cost of each cost centre by Directorate.
- 2.3 The original budget showed a balanced budget with neither a surplus nor deficit. The current budget position before changes from the revised budget process were included was a surplus of £0.126m. This included the 2025/26 council tax increase of £0.142m.
- 2.4 **Table 1** below shows the revised budget position for 2025/26. During the revised budget process, finance have worked with budget managers to review all income and expenditure. Additional budget savings were captured as well as unavoidable budget pressures. Government funding assumptions were updated where necessary and corporate costs such as debt charges and investment interest were also revised.

Table 1

	2025/26 Original Budget £000	2025/26 Current Budget £000	2025/26 Revised Budget £000
Net Cost of Services	15,609	20,342	19,955
Net debt charges + investment interest	(1,635)	(1,635)	(1,787)
Net t/f to/(from) reserves + balances	1,209	(3,508)	(2,509)
Net t/f to/(from) NNDR Growth Protection Reserve	(49)	2,646	2,750
Parish precept	4,583	5,196	5,196
Funding from council tax, business rates, and government grants	(19,717)	(23,167)	(23,605)
Use of GF balance	0	(126)	0

- 2.5 The main variances between the current and revised budget positions (£0.126m surplus and zero deficit or surplus) are given in **Table 2** below:

Table 2

	£000
Staff costs	(504)
Go Active! Leisure Centre	(66)
Benefits grants	137
Non-staff miscellaneous variances	79
Debt Charges/Investment Interest	(151)
Transfer to the General Reserve	200
Transfer to the Legal Costs Reserve	150
Transfer to the Building Repair & Renewal Reserve	300
Transfer to the NNDR Growth Protection Reserve	104
One-off government grants	(123)
Net movement in expenditure/income	126

2.6 An explanation of each of the variances in **table 2** is as follows:

- The net cost of the 2025/26 Local Government Services pay award, restructure and honorarium costs, the vacancies for the first 6 months of the year, and necessary agency/overtime costs, is a reduction in costs of £0.504m on staff related budgets.
- An increase in the income to be received, and reduction in costs, for the Go Active! Leisure centre result in a net reduction on the budget of £0.066m.
- The net movement on the difference between the amount we are estimating to pay out and the amount we are due to receive for housing and council tax benefit has meant an increase in costs of £0.137m.
- The net movement in miscellaneous income and expenditure is a cost to general fund of £0.079m. This is made up of a number of small increases and decreases.
- Debt charges and investment interest budgets have been updated to reflect the 31st of March position, and this has resulted in extra income/reduced costs of £0.151m. This is due to the amount of internal interest being generated by using our own cash balances to fund capital schemes, rather than going out to the PWLB, but also a general reduction in debt charges, which is temporary, as the capital schemes are delayed.
- As a result of the points above, I have been able to make a number of transfers to reserves in readiness for future expenditure, in particular:

- Transfer to the General Reserve of £0.200m in anticipation of costs resulting from Local Government Reorganisation, for such as temporary staff as part of preparing to align in the new unitary.
- Transfer to the Legal Costs Reserve of £0.150m to cover the cost of external legal or professional advice.
- Transfer to the Building, Repair and Renewal Reserve (within the General Reserve) of £0.300m. This is to cover expenditure needed to be spent on the Council's buildings such as Pleasley Vale Business Park, The Riverside Depot, and The Arc.
- Transfer the balance of £0.104m to the NNDR Growth Protection Reserve towards balancing the MTFP in 2028/29 and 2029/30.
- Since the Final Local Government Finance Settlement for 2025/26 in February, we have received notification of 2 one-off grants. Employers' National Insurance Contributions grant £0.089m to provide some compensation for the increase in BDC staff extra national insurance costs, but the extra cost incurred by the Dragonfly companies staff, isn't compensated for.
- Local Audit Reform grant £0.034m is paid to us to contribute towards the extra cost we will incur to rebuild the assurance with our external auditors, after receiving a disclaimed audit opinion for our 2024/25 statement of accounts.

Pleasley Vale Business Park – Insurance Reserve

- 2.7 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.
- 2.8 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.
- 2.9 Members have been kept informed on the position of the reserve in quarter 1 and quarter 2 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.
- 2.10 Over the last 12 months, the reserve has been used to fund insurance claims to the value of £167,578, meaning the estimated balance at 31/3/26 is £832,422. The reserve has not been replenished as part of the revised budgets as there still remains a substantial balance; however, the reserve will be reviewed again as part of the Medium-Term Financial Plan (MTFP), which will be brought to Members in January 2026.

- 2.11 The final position on the general fund revenue account will clearly be dependent on the actual financial performance out-turning in line with the revised budgets as there may be further costs and/or savings identified as the year progresses.

Housing Revenue Account (HRA)

- 2.12 The Housing Revenue Account revised budget for 2025/26 is set out in **Appendix 3 and 4** to this report.

Expenditure

- 2.13 Expenditure on the HRA is showing a net decrease against current budgets of £0.015m.
- 2.14 There is a reduction in expenditure on Repairs and Maintenance of £0.053m, due to the recharge of Dragonfly Management's cost being less. Some variances appear on other parts of the service where staff salaries have been moved between sections, as the staff roles have changed.
- 2.15 The increase on the Corporate Management Expenses is correcting an omission from the original budget, where the pension adjustment to pay for Dragonfly Management was missed.

Income

- 2.16 In total, income is £0.074m lower than the current budget.
- 2.17 Dwelling rents have been reduced by £0.140m since the original budget. This is mainly due to the removal of the Briar Close properties from the rent figures, as these were included in the original budget prepared last December. The revised budget has been set with an estimate for voids of 2.56% for the remainder of 2025/26, which is based on the actual figure for 32 weeks.
- 2.18 Income from Non-dwelling rents is also reduced as the budget for garage rents has been reduced by £0.038m. However, income for the Repairs and Maintenance part of the service has increased by £0.101m. This is largely due to an increase in the Travis Perkins profit share and extra anticipated income from the Right-to-buy administration allowance.

Appropriations

- 2.19 The movement in the debt charges and investment interest budgets has meant a significant net decrease in cost to the HRA of £0.656m. The debt charges reduction of £0.580m is mainly due to us reprofiling the borrowing need for the capital programme to future years (2026/27 at present). This means the reduction in costs is only temporary, until we next include the schemes we are potentially going to borrow for in the capital programme.
- 2.20 The reduction in debt charges and investment interest has meant we are able to transfer £0.598m into the HRA Development reserve in readiness for future expenditure requirement.
- 2.21 The borrowing currently being undertaken by the HRA to finance capital schemes is still in danger of making the 30-year business plan unsustainable. Even though interest rates have reduced slightly, this has no effect on the HRA interest cost for

existing borrowing because the loans are at a fixed rate. It is advised that before any new borrowing is considered there needs to be an assessment to see if something currently included in the capital programme to be funded by borrowing, can be removed.

2.22 The current budget for 2025/26 showed a balanced budget with neither a surplus nor deficit, we have ensured that the revised budget shows this to still be the case.

2.23 **Appendix 4** details the net cost of each cost centre by Directorate.

Capital Programme

2.24 The Council's capital programme is shown in **Appendix 5**. It has been updated from the original budgets to reflect approvals within the year and the profiling of the individual schemes following approved changes by Members and from detailed discussions with budget officers.

2.25 As part of the revised budget process, officers have estimated the likely level of spend in the current financial year, moving schemes to future years where they are not going to be spent during 2025/26. The proposed estimated outturn for 2025/26 is therefore a budget of £34.394m.

2.26 The changes that are shown in the revised capital programme mean that the financing is adjusted accordingly to meet the anticipated spend. There are no issues to report with regard to the financing of the 2025/26 capital programme. The MTFP will show where schemes have been moved to future years when it is reported in January.

3 Reasons for Recommendation

3.1 The purpose of this report is to set revised budgets as early as possible within the financial year to ensure that identified budget savings are realised, that all budget managers are working to the revised budgets and to allow any planned changes to be delivered.

4 Alternative Options and Reasons for Rejection

4.1 General Fund and HRA

Any surplus on the Council's two main revenue accounts will result in an increase in financial balances at the year-end which are available to protect services at a time of financial uncertainty in Local Government. It is proposed that additional resources would be transferred to reserves in preparation for future expenditure.

4.2 Capital

There are no alternative options being considered with regard to the proposed allocations from the Capital Programme budget as it ensures the Council's assets meet health and safety requirements in that they are maintained in a fit for purpose state that ensures they remain fully operational.

RECOMMENDATION(S)

- 1 That Executive approves the revised General Fund budget for 2025/26 as set out in **Appendix 1** and detailed in **Appendix 2**.
- 2 That Executive approves the revised HRA budget for 2025/26 as set out in **Appendix 3** and **4**.
- 3 That Executive approves the revised Capital Programme for 2025/26 as set out within **Appendix 5**.

Approved by Councillor Clive Moesby, Portfolio Holder for Resources

IMPLICATIONS;

Finance and Risk: Yes ☐ No ☒

Details:

The issue of Financial Risk is covered throughout the report. In addition, however, it should be noted that the risk of not achieving a balanced budget is outlined as a key risk within the Council's Strategic Risk Register.

The potential changes to government funding on the general fund are currently being managed by contributions to and from the National Non-Domestic Rates (NNDR) Growth Protection Reserve, the MTFP will have an update on the Fair Funding Review outcome and the use of this reserve. The HRA does not have the use of this 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 any borrowing undertaken for the capital programme.

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

☒ 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:	Yes ☐ No ☒
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) ☐ (b) ☐
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) ☐ (b) ☐
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 ☐

Is the decision subject to Call-In? <i>(Only Key Decisions are subject to Call-In)</i>	Yes ☐ No ☒
If No, 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>	Yes ☐
Consultation carried out: <i>(this is any consultation carried out prior to the report being presented for approval)</i>	Yes ☒ No ☐
Leader ☐ Deputy Leader ☐ Executive ☐ SLT ☐ Relevant Service Manager ☐ Members ☐ Public ☐ Other ☒	

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

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>
None

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