

## **EXECUTIVE**

Minutes of a meeting of the Executive of the Bolsover District Council held in the Council Chamber, The Arc, Clowne on Monday, 16 June 2025 at 10:00 hours.

### **PRESENT:-**

Members:-

Councillor in the Chair

Councillors Donna Hales (Vice-Chair), Mary Dooley, Rob Hiney-Saunders, Clive Moesby, Tom Munro, Phil Smith, John Ritchie and Jane Yates.

Officers:-

Also in attendance at the meeting to Minute No XXX were Councillors .

### **EX105-23/24 APOLOGIES FOR ABSENCE**

There were no apologies for absence.

### **EX106-23/24 DECLARATIONS OF INTEREST**

There were no declarations of interest.

## **NON KEY DECISIONS**

### **EX107-23/24 LOCAL PARTNERSHIPS' REVIEW OF THE COUNCIL'S DRAGONFLY COMPANIES**

Further to the report contained in the agenda, Councillor John Ritchie, Portfolio Holder for Devolution & Local Government Reform and Chair of the BDC Dragonfly Shareholder Board, read out the following statement.

“On 13<sup>th</sup> September 2024, the Council's Statutory Officers attempted to take a report to the Council's Shareholder Board. The report outlined several concerns and felt it important that these were raised with Members. The Dragonfly Chief Executive requested the matter be withdrawn from the agenda in order to have time to respond to the issues raised.

Immediately following this, on 23<sup>rd</sup> September 2024, the Dragonfly Chief Executive presented a report to the Dragonfly Board of Directors requesting a restructure of the senior management structure of the company, including the role of Chief Executive. The report, which was approved by the Board of Directors, requested approval to commence consultation with staff the very next day (24<sup>th</sup> September 2024). As these decisions fell within Reserved Matters, this raised further concerns. In view of this, and following

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advice from the Council's external auditors Forvis Mazars, the Council's Shareholder Board held an urgent special meeting on 30<sup>th</sup> September 2024.

At this meeting, it was agreed an independent review of the Dragonfly companies should take place. A scope for the review was drafted and shared with the Dragonfly Board. Local Partnerships were requested to undertake the review due to their extensive experience in carrying out these types of reviews. They are owned by the Local Government Association, the Treasury and the Welsh Government.

Local Partnerships commenced the review at the end of March 2025, with the final report received on 30<sup>th</sup> May 2025. The report was published in its entirety as promised by the Leader, without delay, on Monday 2<sup>nd</sup> June 2025. Councillor Yates committed to undertaking the review and publishing it immediately upon her election as Leader earlier this year.

The review report is attached at Appendix 1 to the report in the agenda, and you will find a summary of the key findings on pages 4 to 6.

Paragraph 1.3 onwards outlines a summary of the key findings. The review has identified several significant issues which relate to the following two areas of governance:

- 1) Building blocks of good governance; they 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, financial & physical
  - 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
- 2) The working relationships between the companies and the 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.

A summary of the recommendations is shown on pages 6 and 7 of the report and states:

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 the document. The key conditions that need to be met if the Companies remain are:

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- 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
- changes to board memberships are implemented
- adherence to all Company rules including reserved matters is 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

The Shareholder Board has already started work on the actions within the action plan on page 27 of your report pack (page 18 of the review report).

An external independent expert has been suggested by Local Partnerships to provide additional capacity within the Council to move forwards. A draft scope of work has been developed and the Council's Chief Executive is currently in discussion with a prospective candidate regarding this.

Most importantly, an options appraisal has been drafted by Local Partnerships in order that Members have sufficient information upon which to make appropriate decisions on how to proceed. The options appraisal will be presented to all Members during the Extraordinary Council Meeting scheduled for 9<sup>th</sup> July 2025 and will be taken forward to a meeting of Executive on 28<sup>th</sup> July 2025.

In the meantime, the Council's daily business continues as normal. There will be no change to the current working arrangements of the staff.

All staff continued to be valued by the Council, and we will ensure they are fully consulted on any proposed changes. The day job will continue.

I want to thank the staff today Chair, and accept it is a difficult and an unsettling

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time, but it will be ok as we go forward.

The second action within the action plan recommends the Dragonfly Board of Directors is dissolved and I shall be moving that Chair in the recommendations but retaining the Dragonfly CEO on the interim board.

Chair, I would like to thank the current Dragonfly Board for their time and commitment over the last few years and state the dissolving of the Board is in the best interests of both the Company and the Council.

The appointment of an interim Board of Directors in the short term is to enable the options appraisal work to be completed for the Council and Executive meetings scheduled for July.

Chair I will propose the interim Board is made up of:

- Grant Galloway CEO Dragonfly
- Louise Arnold, Solicitor & Deputy Monitoring Officer (BDC)
- Mark Giles Assistant Director (BDC)
- Sharon Lynch, Principal Accountant, ex- Auditor (BDC)

It should be noted, that if the Board of Directors is to remain in the long-term, recruitment will take place at the earliest opportunity to ensure it has the necessary appropriate skill and experience to take the company forwards.

In addition, if one or both companies remain, the review recommends that the Shareholder Board should become a formal Committee of this Council.

Further work will commence to establish an effective client team within the Council to hold the company to account. This is all subject to the decisions which will be discussed and concluded in July. Once this is known a Shareholder Committee can be established.

Chair I would like to move:

- 1) to note Local Partnerships' report of its review of Bolsover District Council's Dragonfly companies,
- 2) to note the progress made to recruit an independent expert to provide capacity to the Council to deliver the action plan,
- 3) to note that the Options Appraisal on the future of the Dragonfly Companies, is being developed, for presentation and discussion at Council on 9<sup>th</sup> July 2025 and Executive on 28<sup>th</sup> July 2025,
- 4) to dissolve the current Board of Directors with immediate effect and replace them with an interim Board made up of:
  - Grant Galloway, CEO Dragonfly
  - Louise Arnold, Solicitor & Deputy Monitoring Officer, BDC
  - Mark Giles, Assistant Director BDC
  - Sharon Lynch, Principal Accountant & Ex- Auditor, BDC".

The motion was seconded by Councillor Jane Yates.

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Council Tom Munro proposed an additional recommendation that in the interest of treating all colleagues with respect, Governance writes to all the Management Board Members involved, today, if possible, advising them of the Executive's decision and thanking them all for their time and commitment and explaining that the action has been taken in the best interest of both the Company and the Council.

The motion was seconded by Councillor Phil Smith.

**RESOLVED** that: 1) Local Partnerships' report of its review of Bolsover District Council's Dragonfly companies be noted,

- 2) the progress made to recruit an independent expert to provide capacity to the Council to deliver the action plan be noted,
- 3) the Options Appraisal on the future of the Dragonfly Companies, which is being developed for presentation and discussion at Council on 9th July 2025 and Executive on 28<sup>th</sup> July 2025, be noted,
- 4) the current Board of Directors be dissolved and replaced with an interim Board made up of;
  - Grant Galloway CEO Dragonfly
  - Louise Arnold, Solicitor & Deputy Monitoring Officer, BDC
  - Mark Giles Assistant Director BDC
  - Sharon Lynch, Principal Accountant & Ex- Auditor, BDC.
- 5) Governance writes to all the Management Board Members involved, advising them of the Executive's decision and thanking them all for their time and commitment and explaining that the action has been taken in the best interest of both the Company and the Council.

The meeting concluded at 10:12 hours.