

COUNTY COUNCIL

Minutes of a meeting of the County Council held in the Council Chamber, County Hall, Ruthin and by video conference on Wednesday, 26 March 2025 at 2.00 pm.

PRESENT

Councillors Michelle Blakeley-Walker, Joan Butterfield, Jeanette Chamberlain-Jones, Ellie Chard, Kelly Clewett, Ann Davies, Karen Edwards, Pauline Edwards, Gwyneth Ellis, James Elson, Chris Evans, Hugh Evans, Justine Evans, Bobby Feeley, Jon Harland, Elen Heaton, Huw Hilditch-Roberts, Martyn Hogg, Carol Holliday, Alan Hughes, Alan James, Brian Jones, Delyth Jones, Paul Keddie, Diane King, Julie Matthews, James May, Jason McLellan, Barry Mellor, Terry Mendies, Raj Metri, Merfyn Parry, Will Price, Arwel Roberts (Vice-Chair), Gareth Sandilands, Peter Scott (Chair), Rhys Thomas, Andrea Tomlin, Cheryl Williams, David Williams, Huw Williams, Emrys Wynne and Mark Young.

ALSO PRESENT

Chief Executive (GB), Corporate Director – Governance and Business / Monitoring Officer (GW), Head of Finance / Section 151 Officer (LT), Managing Director, Denbighshire Leisure Limited (JG), Democratic Services Manager / Minute Taker (SP); Committee Officer / Host (RhT-J).

1 APOLOGIES

Apologies for absence were submitted by Councillors Hugh Irving, Anton Sampson and Elfed Williams.

2 DECLARATIONS OF INTEREST

Councillor Rhys Thomas queried whether he should declare an interest from his position as a director of the board of Denbighshire Leisure Limited. The Monitoring Officer advised that a personal interest should be declared but the interest was not regarded as being a prejudicial interest because Councillor Thomas had been appointed to the board by the Council, in line with the Members' Code of conduct provisions. A councillor with a declared personal interest only was permitted to fully participate in the discussion and voting on the business.

Councillor Thomas duly declared a personal interest in agenda item 3 'Denbighshire Leisure Limited' from being a director on the board of Denbighshire Leisure Limited.

Councillors Paul Keddie and Diane King also declared a personal interest in agenda item 3 'Denbighshire Leisure Limited' from being a director on the board of Denbighshire Leisure Limited.

Councillor Bobby Feeley declared a personal interest in agenda item 3 'Denbighshire Leisure Limited' from being a former director on the board of Denbighshire Leisure Limited.

Councillors Huw Hilditch-Roberts and Peter Scott declared personal interests in agenda item 3 'Denbighshire Leisure Limited' each arising from the employment by Denbighshire Leisure Limited of a family member.

EXCLUSION OF PRESS AND PUBLIC

The Monitoring Officer (MO) summarised the reasons for the recommendation to exclude the press and public from the meeting during consideration of agenda item 3 'Denbighshire Leisure Limited'. The MO considered the public interest in treating the information as exempt, which included sensitive financial and business information relating to Denbighshire Leisure Limited as well as information relating to individuals, to outweigh the public interest in holding the debate in public.

Councillor Gwyneth Ellis proposed that the item be considered in open session and having secured the support of more than one sixth of the members present a recorded vote was taken on whether to exclude the press and public.

In favour of excluding the press and public:

Councillors Butterfield, Chamberlain-Jones, Pauline Edwards, Chris Evans, Hugh Evans, Feeley, Heaton, Hilditch-Roberts, James, King, Matthews, May, McLellan, Mellor, Metri, Roberts, Scott, Thomas, Tomlin and Cheryl Williams.

Against excluding the press and public:

Councillors Blakely-Walker, Chard, Davies, Ellis, Elson, Justine Evans, Harland, Hughes, Brian Jones, Delyth Jones, Mendies, Parry, Price, Sandilands, Huw Williams, Wynne and Young.

Abstaining were:

Councillors Karen Edwards, Hogg and Holliday.

RESOLVED that under Section 100A of the Local Government Act 1972, the Press and Public be excluded from the meeting for the following item of business on the grounds that it would involve the likely disclosure of exempt information as defined in paragraphs 12, 13 and 14 of Part 4 of Schedule 12A of the Act.

3 DENBIGHSHIRE LEISURE LIMITED

The Corporate Director – Governance and Business (CDGB) introduced the confidential report (previously circulated) on an alternative structure for Denbighshire Leisure Limited.

The CDGB reviewed the significant financial challenges the Council had faced in 2019 which had led it to review the way leisure related activities were delivered, leading to the creation of a company limited by guarantee called Denbighshire Leisure Limited (DLL), which had been trading since 2020 and is wholly owned by

the Council. He advised members that the Council had achieved its objectives including ensuring growth and sustainability in the high-quality leisure, sports and cultural services DLL delivered for the Council at no additional cost to the Council.

Council was advised that DLL had absorbed the increased running costs caused by inflation and pay awards since 2020 and had neither sought, nor received, any increase in funding from the Council during that period. DLL had achieved this by growing certain parts of its business in a commercial manner.

The CDGB explained how the proposed new structure for DLL would work, by the creation of a new company which would be limited by shares owned by the Council through DLL. The business of the current DLL would be transferred to this new company. The shares in the new company would be subsequently transferred to a management buy-out funded by a private equity fund investor. The new company would hold the contract for services with the Council. The Council would receive a one-off payment for the shares in the new company. In addition, the contract granted to the new company would provide for the same services currently provided at the same cost in year 1 as the current contract with a requirement for that annual cost to reduce by a fixed percentage in each subsequent year of operation.

Members were informed that the impact upon staff was a key consideration for the Council. Staff working for DLL at the time of the transfer would transfer to the new company on their existing terms and conditions including their membership of the local government pension scheme. New staff employed after the transfer could be employed on different terms and conditions provided that they were 'no less favourable'. The new company would not have to offer new staff membership of the local government pension scheme but would have to offer suitable pension arrangements in line with pensions legislation.

Members noted that the Council would retain freehold ownership of all the facilities currently operated by DLL. The CDGB referred to information in the report on the options available to local authorities for the provision of leisure functions and to the provisions to be included in an amended contract for leisure services. It was noted that the list of provisions was not exhaustive and would include other elements such as the use of the proposed company's facilities for election purposes.

The Head of Finance (also Section 151 Officer) reported on the results of the Council's checks on the private equity firm which had been given a low-risk status.

Councillor Rhys Thomas, as Chair of the board for DLL advised members that he had been sceptical of the plans to create DLL 5 years ago but now viewed it as the right decision and had seen DLL develop to be a very successful company. The issue now was that DLL had outgrown its present structure. Councillor Thomas referred to the DLL staff emails that supported the proposed new structure and members were shown video clips of DLL staff endorsements.

Councillor Gwyneth Ellis objected to the sale of DLL and was opposed to its privatisation in principle. Councillor Ellis reported that the presentation of video clips and email testimonials from staff in favour of the change was not the appropriate way to gauge the wider DLL staff's views. In respect of the options, Councillor Ellis

did not consider there to have been sufficient consideration of the options available to the Council for DLL and for the successful retention of the public sector provision of DLL's services. The timescales for considering the new structure appeared to have been rushed and she felt that members had not been provided with enough information on other options in which to make informed decisions today.

The Managing Director of DLL accepted that having more time for members to consider the case for the new structure would have been beneficial, but they had needed to bring a developed plan within the timescale available.

Councillor Jason McLellan reported that, as Leader of the Council, he found the privatisation of services a difficult topic, but he was proud of DLL's services and he did not want the Council to be faced with having to close leisure centres in the future. Council McLellan also highlighted how the impact on staff needed to be a primary consideration and he felt that more meaningful consultations with the trade unions were necessary. The CDGB indicated that the proposed contract provisions could include additional workforce provisions.

In the ensuing discussion the following points were considered:

- Given the continuing financial constraints on the Council it was unlikely that the Council would be able to protect and invest in growth for its leisure, sports and cultural services. The Council had consistently had to prioritise other services, for example with funding for schools, social care and road infrastructure.
- The arrangements and significance of the shareholdings.
- A view that DLL provided the best leisure services in north Wales.
- The risk that not agreeing to the new structure could result in a period of service reductions because DLL could not achieve further growth within the constraints of its current local authority model.
- The difficulties encountered from the unauthorised public release of confidential information in the lead up to today's meeting.
- The payments received by the Council for the sale of DLL would give the Council more financial options for protecting and investing in other services, including those that would otherwise need to be cut or continue to be delivered at reduced levels.
- Councillor Hogg referred to the potential difficulties the Council could face in ensuring the new company delivered the Council's aspirations when service delivery would be dependent on the interpretation and enforcement of a contract.
- Engagement with the trade unions had to be a high priority.
- On balance, the Chief Executive reported that the Corporate Executive Team were in favour of the proposed changes, but the decision was one for the members.

Members agreed a proposed amendment to the recommendations in the report.

Members called for a recorded vote to be taken on the recommendations as amended.

In favour of the proposal:

Councillors Chamberlain-Jones, Karen Edwards, Pauline Edwards, Chris Evans, Hugh Evans, Feeley, Hilditch-Roberts, Holliday, James, Keddie, King, Matthews, McLellan, Mellor, Metri, Parry, Roberts, Scott, Thomas, Tomlin, Cheryl Williams, David Williams, Huw Williams, Wynne and Young.

Against the proposal:

Councillors Blakely-Walker, Butterfield, Chard, Clewett, Davies, Ellis, Elson, Justine Evans, Harland, Heaton, Hogg, Hughes, Brian Jones, Delyth Jones, May, Mendies, Price and Sandilands.

Abstaining:

None.

The proposal was therefore passed, and it was:

RESOLVED –

(i) That the Council agrees to the transfer of the business of Denbighshire Leisure Limited (DLL) to DLL Group Limited (the New Company), a company limited by shares, wholly owned by DLL.

(ii) That Council authorises the subsequent sale of the shares in the New Company to the Management Team of DLL funded by a private investor for the sum of £1.5 million subject to the regulatory, legal and contractual issues identified in paragraphs 4.21 to 4.33 of the report being resolved to the Council's satisfaction.

(iii) That Council delegates authority to the Chief Executive, s151 Officer and Monitoring Officer, in consultation with the Leader and Deputy Leader, to resolve the regulatory, legal and contractual issues identified in paragraphs 4.21 to 4.33 of the report.

(iv) Prior to seeking Cabinet approval of a contract for the provision of leisure services and leases of the facilities to be operated under that contract, a report be submitted to Council to seek Council's recommendation as to those approvals.

(v) That subject to Cabinet's approval of the grant to the New Company of a contract for the provision of leisure services and leases of the facilities to be operated under that contract, Council delegates authority to the Chief Executive in consultation with the s151 Officer, Monitoring Officer, Leader and Deputy Leader to execute the necessary legal documentation to complete the transfer of shares in accordance with paragraph ii.

(vi) That Council confirms that it has read, understood and taken account of the Wellbeing Impact Assessment (Appendix 6) as part of its consideration.