



## COUNCIL - 22ND JULY 2014

**SUBJECT: INTERIM MANAGEMENT COSTS**

**REPORT BY: INTERIM CHIEF EXECUTIVE**

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### **1. PURPOSE OF REPORT**

- 1.1 To respond to a request from Members at the Council meeting on 10 June 2014 for a more detailed report on the additional costs of interim arrangements.

### **2. SUMMARY**

- 2.1 Arising from the suspension of three senior officers, the Council has had to put in place interim arrangements for the management of the Authority including an Interim Chief Executive and various acting up positions. These costs are in addition to the salary costs of the suspended officers.
- 2.2 Members regularly review/approve the Corporate Management Team (CMT) and governance arrangements and, as part of that arrangement, are provided with details of costs. However, at the last meeting, Members asked for more information regarding the overall position.
- 2.3 This report sets out the current situation.

### **3. LINKS TO STRATEGY**

- 3.1 To achieve the Council's strategic aims, to provide services as planned and fulfil its statutory duties, including the duty to make arrangements to secure continuous improvement.
- 3.2 To implement effective governance across the Council.

### **4. THE REPORT**

- 4.1 At Council on 10 June 2014, I presented a report to Council on the interim CMT and governance arrangements.
- 4.2 The June report included reference to the salary costs arising in respect of those specific arrangements but questions arose at the meeting as to what other costs were being incurred. I verbally highlighted the main cost areas but promised a further report to Council on the issue.
- 4.3 Whilst the focus of discussion at the last meeting was on acting up salary costs etc., this inevitably leads to questions regarding overall costs and so I have expanded this report to encompass all the main areas of costs i.e.

- (a) Salaries of suspended Officers;
- (b) Costs of Interim Chief Executive;
- (c) Acting up arrangements in CMT/Governance;
- (d) Other acting up arrangements;
- (e) Other costs.

- 4.4 The most significant element of cost is naturally the salary costs associated with the suspension of the three senior officers. As previously reported, the Council has taken external legal advice about the employment procedures. All Council employees have to be paid in line with their employment contracts and this includes full payment whilst on suspension.
- 4.5 Members are aware that the three officers were suspended at different times and we remain unclear as to how long it will take to resolve the position. The annual salary cost of the three suspensions (including employer on-costs) is approximately £469k. A cost of £324k was actually incurred in 2013/14 and a further £467k is projected for 2014/15 if the three officers remain suspended for the remainder of the financial year i.e. to 31 March 2015.
- 4.6 The annual salary cost of the current Interim Chief Executive post (my position) including employer on-costs is approximately £103k per annum. Members will recall that my salary is based on an annual salary of £131,645 but as I am only contracted for 3.5 days per week then the annual salary is pro rata i.e. £92,150. A cost of £72k was incurred in 2013/14 and the cost to date in 2014/15 is approximately £35k. The position for the remainder of the year is anticipated to change with a new appointment and, based on the advertised salary, it is anticipated that a maximum cost for the remainder of 2014/15 will be around £126k.
- 4.7 The acting up arrangements in CMT (Acting Deputy Chief Executive and Acting Director of Corporate Services) have been reported to Council on a regular basis as have the arrangements for governance (Monitoring Officer). Members will recall that there were different acting up arrangements for the Chief Executive prior to my arrival. Similarly, there were temporary arrangements in place for the Monitoring Officer prior to the recent interim appointment to Head of Legal Services/Monitoring Officer. The cost of all these acting up arrangements were £67k in 2013/14 and a projected £100k for 2014/15 if the arrangements are required for the remainder of the financial year.
- 4.8 Below this level, there have been a limited number (4) of other acting up arrangements – primarily to assist with fulfilling the responsibilities of the Head of Corporate Finance following the appointment of Nicole Scammell to Acting Director of Corporate Services as the substantive post of Head of Corporate Finance had not been backfilled. These costs have been limited to date (approximately £19k). There is now a need to backfill the substantive structure in Corporate Finance to properly ensure there is effective capacity to deal with the pressures of preparing the MTFP etc. The substantive Corporate Finance structure is reflected in the base budget.
- 4.9 The Council has also incurred additional legal/audit costs over the recent period albeit that these do not all directly relate to the suspensions/interim management arrangements. Approximate costs to date that directly relate to Senior Pay are legal costs of £67k and External Audit fees in respect of the Public Interest Report (PIR) on Senior Pay of £26k. The Corporate Governance Inspection that followed the PIR and the two Senior Officers' suspensions last year incurred External Audit fees of £133k, the costs associated with seconding a Senior Officer from the Aneurin Bevan Health Board up to 31 March 2014 to assist with the Corporate Governance work are £53k.

## **5. EQUALITIES IMPLICATIONS**

- 5.1 No equality impact assessment has been undertaken on this report as it is an information item.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 The report sets out a combination of actual and estimated costs. Provision has been made in the accounts and/or budgets to finance all the costs. In essence, the costs of the suspended staff are being met from reserves whilst all other costs are being met from the base budgets. Clearly, the position is subject to regular review and any significant changes will be reported to Members as appropriate.

## **7. PERSONNEL IMPLICATIONS**

- 7.1 The personnel implications are included in the report.

## **8. CONSULTATIONS**

- 8.1 All consultation responses have been reflected in the report.

## **9. RECOMMENDATIONS**

- 9.1 Council is asked to note the report.

## **10. REASONS FOR THE RECOMMENDATIONS**

- 10.1 This is an information item following a request at the last Council.

## **11. STATUTORY POWER**

- 11.1 Local Government Act 1972.

Author: Stuart Rosser, Interim Chief Executive  
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Cllr B. Jones, Deputy Leader and Cabinet Member for Corporate Services  
Cllr C Forehead, Cabinet Member for HR & Governance/Business Manager  
Nicole Scammell – Acting Director of Corporate Services & Section 151 Officer  
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Steve Harris – Acting Head of Corporate Finance  
Gail Williams – Interim Head of Legal Services/Monitoring Officer  
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