



## **COUNCIL - 21ST NOVEMBER 2017**

**SUBJECT: INTERNAL INVESTIGATION OF SENIOR OFFICER – ADDITIONAL FINANCIAL PROVISION**

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES & SECTION 151 OFFICER**

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

1.1 To seek Council approval of additional financial provisions in relation to the ongoing internal investigation of a Senior Officer.

### **2. SUMMARY**

2.1 The report sets out the need for further financial provisions to ensure that sufficient funding is set aside to meet costs associated with the ongoing internal investigation of a Senior Officer.

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

3.1 As a part of prudent financial management the Council is required to set aside funding to meet its liabilities.

### **4. THE REPORT**

4.1 Members will be aware of the current interim arrangements in place within the Authority arising from the internal investigation of three Senior Officers.

4.2 There are revenue budgets established for the posts of Chief Executive, Director of Corporate Services and Head of Legal Services/Monitoring Officer and the postholders currently fulfilling these duties on an interim basis are funded from these revenue budgets.

4.3 Members will recall that the additional costs associated with the three Senior Officers have been funded from provisions established using the General Fund Reserve as approved by Council.

4.4 Members will also recall that an Investigating & Disciplinary Committee was established in 2013 and an independent investigator was engaged from Blake Morgan LLP. However, this independent investigation was put on hold at the request of the police due to the ongoing Criminal Proceedings at that time.

4.5 The Criminal Proceedings against the three Senior Officers were dismissed in October 2015 and since that time the Authority has been progressing internal investigations in accordance with the Council's approved procedures and statutory requirements.

4.6 At its meeting on the 10<sup>th</sup> March 2017, the Investigating and Disciplinary Committee resolved that there were allegations that required formal investigation and that the matter be referred to a Designated Independent Person to undertake a comprehensive investigation in accordance with the Disciplinary Proceedings for Statutory Officers.

- 4.7 At its meeting on the 13<sup>th</sup> June 2017, Council was advised that External Legal Advisers who have been involved in such processes previously suggested that the process will take at least 100 days. Typically, the cost of undertaking such an investigation is £1,000 per day so Council agreed that a financial provision of £100k should be set aside to meet the estimated cost of the Designated Independent Person. Council also agreed further financial provisions of £241k to cover the salary costs of the three Senior Officers for the period 1<sup>st</sup> July 2017 to the 31<sup>st</sup> December 2017 and £128k in respect of anticipated legal costs. It was agreed that these provisions would continue to be funded through the General Fund Reserve.
- 4.8 At a Special Council meeting held on the 31<sup>st</sup> October 2017, settlement agreements were approved in respect of two of the Senior Officers and these settlements now draw matters to a close for these two individuals. However, it will now be necessary to engage a Designated Independent Person in respect of the allegations that require formal investigation in respect of the remaining Senior Officer.
- 4.9 Based on financial estimates included in the report presented to Council on the 31<sup>st</sup> October 2017, it is anticipated that the costs of undertaking the formal investigation for the one Senior Officer are as follows:-

	<b>£000s</b>
Designated Independent Person	60
Legal Costs	187
<b>Total: -</b>	<b>247</b>

- 4.10 In addition to the above it will be necessary to establish a financial provision to meet the ongoing salary cost of the remaining Senior Officer whilst the formal investigation is being undertaken. At this stage it is recommended that this provision should cover the six month period from the 1<sup>st</sup> January 2018 to the 30<sup>th</sup> June 2018, totalling £93k. The salary costs of the Senior Officer for November and December 2017 are already covered by previously approved provisions.
- 4.11 These additional costs will be partially met by a balance of £190k that remains from provisions previously approved by Council.

## **5. EQUALITIES IMPLICATIONS**

- 5.1 No equality impact assessment has been undertaken on this report as it essentially seeks approval for an extension of financial arrangements previously agreed.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 It is proposed that an additional financial provision of £150k should be established as follows (funded from the General Fund Reserve):-

	<b>£000s</b>
Designated Independent Person	60
Legal Costs	187
Senior Officer Salary (January 2018 to June 2018)	93
<b>Sub-Total: -</b>	<b>340</b>
Balance available from previously approved provisions	(190)
<b>Net Additional Provision Required: -</b>	<b>150</b>

- 6.2 The financial provision for the salary of the Senior Officer will need to be reviewed again in June 2018 if the investigation process has not been concluded at that time. Furthermore, if the costs of the Designated Independent Person and/or legal costs are higher than currently anticipated then an earlier report to Council will be required. If matters are concluded at an earlier date than is currently anticipated then any remaining financial provision will be returned to the General Fund Reserve.

6.3 Members will recall that the Section 151 Officer has recommended in previous reports to Council that the minimum balance on the General Fund Reserve should be £10m i.e. circa 3% of the Council's net revenue budget. The proposed additional provision of £150k in this report can be funded from the General Fund Reserve without compromising the recommended minimum balance of £10m.

## **7. PERSONNEL IMPLICATIONS**

7.1 The personnel implications are included in the report.

## **8. CONSULTATIONS**

8.1 All consultation responses are included in the report.

## **9. RECOMMENDATIONS**

9.1 It is recommended that Council approves the establishment of a further financial provision of £150k to be funded from the General Fund Reserve as detailed in paragraph 6.1 of this report.

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

10.1 To ensure that sufficient funding is set aside to meet the potential costs of the ongoing investigation process should matters not be concluded by the 30<sup>th</sup> June 2018.

## **11. STATUTORY POWER**

11.1 Local Government Acts 1972 and 2000.  
Local Authorities (Standing Orders) (Wales) Regulations 2006.  
Local Government and Housing Act 1989.

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### **Background Papers:**

Cabinet 23/07/13 - Provisional Outturn for 2012/13.

Council 26/02/14 - Budget Proposals 2014/15 and Medium-Term Financial Strategy 2014/2017.

Cabinet 02/04/14 – Interim Arrangements – Head of Legal Services.

Council 25/02/15 – Budget Proposals 2015/16 and Medium-Term Financial Strategy 2015/2018.

Council 09/06/15 – Contract Arrangements of Interim Chief Executive.

Council 19/07/16 – Internal Investigation of Senior Officers – Additional Financial Provision.

Council 22/11/16 – Internal Investigation of Senior Officers – Additional Financial Provision for Legal Costs.

Council 07/03/17 – Internal Investigation of Senior Officers – Additional Financial Provision.

Council 13/06/17 – Internal Investigation of Senior Officers – Additional Financial Provision.

Council 31/10/17 – Potential Settlement Agreement.