



COUNCIL – 13TH DECEMBER 2018

SUBJECT: INTERNAL INVESTIGATION OF SENIOR OFFICER – ADDITIONAL FINANCIAL PROVISION

REPORT BY: CORPORATE DIRECTOR EDUCATION AND CORPORATE SERVICES

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 interim arrangements previously in place within the Authority arising from the internal investigation of three Senior Officers.
- 4.2 At a Special Council meeting held on the 31st October 2017, settlement agreements were approved in respect of two of the Senior Officers and these settlements drew matters to a close for those two individuals. However, Council was informed that it would be necessary to engage a Designated Independent Person (DIP) in respect of the allegations that require formal investigation in respect of the remaining Senior Officer.
- 4.3 Council was presented with a further report on the 21st November 2017 setting out the need to establish a further financial provision to meet the costs of the ongoing investigation in respect of the remaining Senior Officer. Based on financial estimates included in the report presented to Council on the 31st October 2017, it was anticipated that the costs of undertaking the formal investigation would be as follows:-

	£000s
Designated Independent Person (DIP)	60
Legal Costs	187
Total: -	247

- 4.4 In addition to the above it was also necessary to establish a financial provision to meet the ongoing salary costs of the remaining Senior Officer during the formal investigation process. The report presented to Council on the 21st November 2017 recommended that this provision should cover the six month period from the 1st January 2018 to the 30th June 2018, totalling £93k. The salary costs of the Senior Officer for November and December 2017 were already covered by previously approved provisions.
- 4.5 These additional estimated costs totalling £340k were partially offset by a balance of £190k that remained from provisions previously approved by Council, resulting in a further provision of £150k being approved.
- 4.6 A Designated Independent Person (DIP) has been engaged to undertake the formal investigation of the senior officer.
- 4.7 A further financial provision was required in April 2018, outlined in a report to Council on 17th April 2018. This further additional provision of £193k was approved by Council. This provision included the senior officer salary costs and estimated legal costs of the investigation to 31st December 2018.
- 4.8 The (DIP) who has been engaged to undertake the formal investigation had originally indicated that their work would be complete by the end December 2018. The DIP has now indicated that it is likely to take until the end of March 2019 at the earliest to conclude the process. Following the conclusion of the DIP process there will need to be a number of internal meetings to consider the report from the DIP and establish what will need to follow. As a result, it will now be necessary to establish a further financial provision of £108k to meet the salary costs of the Senior Officer for the period to 31st July 2019. Furthermore it is anticipated that the provision in respect of legal fees will also need to increase by £134k over the same period ie to the end July 2019.
- 4.9 The total costs to date to the Authority for the senior officer investigatory process up to the end July 2019 are £4.176m. These costs are broken down in Appendix 1 attached.

5. WELL-BEING OF FUTURE GENERATIONS

- 5.1 Having considered the five ways of working they will not be affected by the contents of this report.

6. EQUALITIES IMPLICATIONS

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

7. FINANCIAL IMPLICATIONS

- 7.1 It is proposed that an additional financial provision of £242k should be established as follows:-

	£000s
Senior Officer Salary (to 31 st July 2019)	108
Legal Costs	134
Additional Provision Required: -	242

- 7.2 It is recommended that the additional provision of £242k should be funded from the projected underspend for 2018/19 in respect of Treasury management. This underspend is expected to be a minimum of £500k due in the main to deferring borrowing and better than anticipated investment returns.

7.3 The financial provision for the salary of the Senior Officer will need to be reviewed again in July 2019 if the investigation process has not been concluded at that time. Furthermore, if the costs of the DIP and/or legal costs are likely to be higher than currently anticipated in the provision outlined above 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 provisions will be returned to the General Fund Reserve.

8. PERSONNEL IMPLICATIONS

8.1 The personnel implications are included in the report.

9. CONSULTATIONS

9.1 All consultation responses are included in the report.

10. RECOMMENDATIONS

10.1 It is recommended that Council approves the establishment of a further financial provision of £242k to be funded from the projected Treasury management underspend for 2018/19.

11. REASONS FOR THE RECOMMENDATIONS

11.1 To ensure that sufficient funding is set aside to meet the anticipated costs of the ongoing investigation process.

12. STATUTORY POWER

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

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Cllr Barbara Jones, Deputy Leader and Cabinet Member for Finance, Performance and Governance
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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.
Council 21/11/17 – Internal Investigation of Senior Officer – Additional Financial Provision.
Council 17/04/18 – Internal Investigation of Senior Officer – Additional Financial Provision

Appendices:

Appendix 1 – Senior Officer Investigatory related costs to date.

APPENDIX 1

Senior Officer Costs	Total Costs £'000
Chief Executive	1,109
Acting Chief Executive	766
Head of Legal Services	433
Actual Salary Sub Totals	2,308
Legal Costs	951
WAO Public Interest Report (Snr -Pay)	33
WAO Governance Review	133
Governance Support	54
Actual Legal Cost Sub Totals	1,171
Settlement	
Acting Chief Executive	171
Head of Legal Services	127
Actual Settlement Sub Total	298
Overall Actual Total Costs to 27/11/18	3,777
Forecast to 31st July 2019	
Chief Executive	123
Legal Costs	276
Estimate Costs to 31st July 2019	399
Predicted Overall Costs to 31st July 2019	4,176