



COUNCIL – 22ND NOVEMBER 2016

SUBJECT: INTERNAL INVESTIGATION OF SENIOR OFFICERS – ADDITIONAL FINANCIAL PROVISION FOR LEGAL COSTS

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

1. PURPOSE OF REPORT

- 1.1 To seek Council approval of an additional financial provision in respect of legal costs relating to the ongoing internal investigation of three Senior Officers.

2. SUMMARY

- 2.1 The report sets out the need for a further financial provision to ensure that sufficient funding is set aside in the 2016/17 financial year to meet estimated legal costs associated with the ongoing internal investigation of three Senior Officers.

3. LINKS TO STRATEGY

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

4. THE REPORT

- 4.1 Members will be aware of the current interim arrangements in place within the Authority arising from the ongoing 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 salary costs associated with the three Senior Officers have been funded from a provision established using General Fund reserves as approved by Council. At its meeting on the 19th July 2016, Council approved a further provision of £282k to cover the anticipated salary costs of the three Senior Officers to the 31st March 2017.
- 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.

- 4.5 Members will be aware that the Criminal Proceedings against the three Senior Officers were dismissed in October 2015 and the Authority is now progressing internal investigations in accordance with the Council's approved procedures and statutory requirements. These procedures must be conducted fairly and thoroughly in accordance with the statutory process over which we have no discretion.
- 4.6 At its meeting on the 19th July 2016, Council also agreed a financial provision of £220k to meet the estimated 2016/17 legal costs of the ongoing internal investigation. However, based on actual legal costs incurred between the 1st April 2016 and the 31st October 2016 it is currently estimated that a further financial provision of £150k is required for legal costs in the current financial year. It is therefore recommended that a further £150k be set aside from General Fund balances.
- 4.7 Council should note that the estimate of £150k is based on a monthly average of actual costs incurred between the 1st April 2016 and the 31st October 2016. Actual costs for the remainder of the financial year may be higher or lower than the current monthly average. In the event of costs exceeding the additional £150k requested a further report will be prepared for 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 the additional financial provision of £150k should be funded from General Fund balances.
- 6.2 Members will recall that the Section 151 Officer recommends 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 a further financial provision of £150k to be funded from General Fund balances to cover the estimated legal costs of the ongoing investigation to the 31st March 2017.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 To ensure that sufficient funding is set aside to meet the potential legal costs of the ongoing investigation process to the 31st March 2017.

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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Cllr Keith Reynolds, Leader of the Council
Cllr Barbara Jones, Deputy Leader and Cabinet Member for Corporate Services

Background Papers: -

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

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

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

Council Report 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