



## COUNCIL – 17TH APRIL 2018

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

**REPORT BY: INTERIM HEAD OF CORPORATE FINANCE & ACTING 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 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 31<sup>st</sup> 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 21<sup>st</sup> 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 31<sup>st</sup> 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
<b>Total: -</b>	<b>247</b>

- 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 21<sup>st</sup> November 2017 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 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 now been engaged to undertake the formal investigation and the DIP has indicated that it is likely to take until the end of the calendar year to conclude the process. As a result, it will now be necessary to establish a further financial provision of £94k to meet the salary costs of the Senior Officer for the six month period from the 1<sup>st</sup> July 2018 to the 31<sup>st</sup> December 2018.
- 4.7 It is currently anticipated that the previously approved provision of £60k for the DIP will be sufficient. However, based on actual expenditure in recent months and the balance remaining on previously approved provisions it is anticipated that a further provision of £99k will be required in respect of legal costs.

## 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 £193k should be established as follows:-

	£000s
Senior Officer Salary (1 <sup>st</sup> July 2018 to 31 <sup>st</sup> December 2018)	94
Legal Costs	99
<b>Additional Provision Required: -</b>	<b>193</b>

- 7.2 Previous provisions in respect of the internal investigation have been funded through the General Fund Reserve. However, Members will recall that the 2018/19 Budget Proposals approved by Council on the 22<sup>nd</sup> February 2018 included details of a projected General Fund balance of £10m as at the 31<sup>st</sup> March 2018. This is the minimum balance recommended by the Section 151 Officer so on this occasion it is recommended that the additional provision of £193k should be funded from the following reserves: -

- Corporate Services Retained Underspend Reserve - £94k (for salary costs).
- Counsel Fees Reserve - £99k (for legal costs).

- 7.3 The financial provision for the salary of the Senior Officer will need to be reviewed again in December 2018 if the investigation process has not been concluded at that time. Furthermore, if the costs of the DIP 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 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 £193k to be funded from the Corporate Services Retained Underspend Reserve (£94k) and the Counsel Fees Reserve (£99k).

## **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  
David Marr, Legal Advisor

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.