



## COUNCIL – 7TH MARCH 2017

**SUBJECT: INTERNAL INVESTIGATION OF SENIOR OFFICERS – 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 three Senior Officers.

### 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 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 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 additional 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 19<sup>th</sup> July 2016, Council approved a further financial provision of £282k to be funded from General Fund balances to cover the potential salary costs of the three Senior Officers for the period 1<sup>st</sup> September 2016 to the 31<sup>st</sup> 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.

- 4.6 These procedures must be conducted fairly and thoroughly in accordance with the statutory process over which we have no discretion. It is therefore now necessary to review the current financial provision to ensure that sufficient additional funding is set aside to meet the salary costs of the three Senior Officers during the ongoing investigation process.
- 4.7 It is recommended that a further provision of £123k should be established from General Fund balances to cover the period 1<sup>st</sup> April 2017 to the 30<sup>th</sup> June 2017. This will ensure that sufficient funding is available to meet the salary costs of the three Senior Officers if the investigation process is not concluded during the first quarter of the 2017/18 financial year.
- 4.8 In addition to the salary costs of the three Senior Officers, legal costs are also being incurred as part of the ongoing investigation process. Due to the specialist nature of the investigation process, and as one of the three Senior Officers is the Head of Legal Services & Monitoring Officer, it is clearly not possible for anyone from the Council's own Legal Team to provide the advice and support that would normally be provided. Consequently, the services of external legal advisors have been required.
- 4.9 At its meeting on the 19<sup>th</sup> 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 1<sup>st</sup> April 2016 and the 31<sup>st</sup> October 2016, a further financial provision of £150k was approved by Council on the 22<sup>nd</sup> November 2016 to ensure that sufficient funding was set aside to meet the updated estimate of legal costs for the 2016/17 financial year.
- 4.10 Legal costs of £327k have already been incurred in the 2016/17 financial year to the end of February 2017. Based on the average actual monthly cost for the last six months it is proposed that a further provision of £140k should be established from General Fund balances to ensure that sufficient funds are available to meet potential legal costs that may be incurred in the event that the internal investigation is not concluded by the 30<sup>th</sup> June 2017.
- 4.11 The financial provision for the salaries of the three Senior Officers and for legal costs will need to be reviewed again in June 2017 if the investigation process has not been concluded at that time. If matters are concluded prior to the end of June 2017 then any balance on the financial provision will be returned to General Fund balances.

## **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 provisions in this report totalling £263k 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.
- 6.3 The current projected balance on the General Fund as at the 31<sup>st</sup> March 2017 is £13.910m. This will reduce to £13.647m if the proposals in this report are agreed.

## **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:-

9.1.1 Approves a further financial provision of £123k to be funded from General Fund balances to cover the potential salary costs of the three Senior Officers for the period 1<sup>st</sup> April 2017 to the 30<sup>th</sup> June 2017.

9.1.2 Approves an additional financial provision from General Fund balances of £140k to meet potential legal costs to the 30<sup>th</sup> June 2017.

## **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 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 Barbara Jones, Deputy Leader and Cabinet Member for Corporate Services

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.