

Special Review Final Report



- ▶ Redundancy of the former Chief Executive

Issued To: Mark Williams
Chief Executive

Working in partnership with:



Date of Report: 25th March 2011

Issued by: Gerry Cox
Head of Internal Audit Partnership

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Group Audit Manager

Redundancy of the former Chief Executive

Background

Following headline reports in the Daily Telegraph and Western Gazette, regarding the various payments made to the former Chief Executive, Phil Dolan, in relation to his redundancy last year, the SWAP website received a number of complaints and requests to investigate the veracity and appropriateness of the payments.

In normal circumstances any such investigation would only be launched with the acquiescence of the Assistant Director, Finance and Corporate Services, as Section 151 Officer. In this instance, however, this officer was closely involved in formulating the former Chief Executive's severance package and was the joint author, with the Monitoring Officer, of the definitive report presented to District Executive for approval. In these circumstances I exercised my option, under the Internal Audit Charter, to raise the issue with the Chairman of the Audit Committee, Derek Yeomans, and with the Deputy Leader, Ric Pallister (in the absence of the Leader). Mr Yeomans agreed that, under the circumstances, an investigation was warranted and I agreed to report my findings back directly to him.

Subsequent to my meetings with Mr Yeomans and Mr Pallister, a meeting took place between the Chief Executive, Mark Williams, the Deputy Director, Finance and Corporate Service, Donna Parham, the Deputy Director, Legal and Corporate Services, Ian Clarke, the Group Audit Manager, Ian Baker and the Head of Internal Audit Partnership, Gerry Cox. At this meeting it was agreed that the results of the investigation would be presented to the Chief Executive, who would commission an external review by the Audit Commission to verify the conclusions of this report. Whilst recognising the independence and objectivity of Internal Audit, the Chief Executive considered it essential that the findings and conclusions by Internal Audit be reviewed by the External Auditors so as to ensure complete transparency.

The investigation was undertaken by Ian Baker and Gerry Cox and focussed on these key areas:

1. The establishment as to whether the payments made to Mr Dolan were in accordance with South Somerset District Council's severance policy.
2. That the payments made to Mr Dolan did not include any *ex gratia* amounts outside of the severance policy, except where specifically approved by the Council.
3. That the members of the District Executive were provided with comprehensive information, including any available alternative severance arrangements and a full risk appraisal.
4. That the District Executive received full disclosure on all matters pertinent to the severance arrangements and could make a fully informed decision.

It was originally our intention to interview a number of officers in respect of the investigation. We discovered, however, that the documentary evidence was explicit and complete. As a result we were able to arrive at a clear conclusion without recourse to interviewing staff.

Conclusion

Following our review we have concluded that:

1. All payments made to Mr Dolan were fully in accordance with Council Policy, including the rules pertaining to redundancy payments, pension enhancements and severance pay. In the case of the enhancement to Mr Dolan's pension fund, the amount paid was in accordance with the requirements of the Local Government Pension Scheme and therefore cannot be revised or changed by the Council.

2. No *ex gratia* payments of any kind were made to Mr Dolan. He only received severance remuneration under the scheme that would be applicable to any employee.
3. The report by the Section 151 Officer and the Monitoring Officer, to the District Executive Committee meeting of 4th February, 2010 clearly sets out all aspects of the severance proposal including:
 - a. Alternatives in relation to the timing of Mr Dolan's redundancy, whereby no pension enhancement would be necessary but where alternatively costs to the Council would greatly exceed any pension payments made.
 - b. The calculations as to how the severance and redundancy payments were arrived at.
 - c. A full risk assessment, regarding alternative options, clearly setting out the consequences of following one or more courses of action.
4. The District Executive Committee was provided with complete and comprehensive information, sufficient to come to a fully informed conclusion.

In summary, we are satisfied that, although the 'headline figures' seem high, payments made were fully in accordance with council policy, national agreements and pension regulations. In addition, we found that the figures published in the press were, in part at least, inaccurate and misleading. From that, we concluded that the complaints we had received via our whistleblowing area of the SWAP website, though understandable based on the press coverage, were nonetheless unsubstantiated.