



AUDIT AND GOVERNANCE COMMITTEE	AGENDA ITEM No: 6
30 NOVEMBER 2018	PUBLIC REPORT

CHIEF EXECUTIVE RESIGNATION

PURPOSE

- 1.1 To provide the Audit and Governance Committee with the factual background relating to the circumstances of the resignation of the former Chief Executive ('CEO').

Lead Officer:	Patrick Arran, Interim Monitoring Officer and Legal Counsel
It is recommended that:	1. The Audit and Governance Committee consider the report

2.0 BACKGROUND

- 2.1 The former Chief Executive left the Authority by mutual agreement on the 30th of September 2018. A formal confidential settlement agreement recorded the terms agreed between the Authority and the CEO. Independent external legal advice was procured from Trowers and Hamlins Solicitors LLP on behalf of the Mayor who advised him throughout the process and prepared the Settlement Agreement.
- 2.2 Trowers and Hamlins advised the Mayor in person, and then followed this up with written legal advice. The legal advice, which is subject to legal privilege, consisted of advice relating to the Mayor's powers to enter into a mutually agreed termination of the CEO's employment, the appropriate level of any settlement and the terms of any Settlement Agreement. The cost of this legal advice was £11,202 plus VAT.
- 2.3 A confidential meeting then took place between the Mayor and the former CEO. The outcome of this meeting was that a mutually agreed exit would be negotiated with the terms being recorded in a Settlement Agreement. As stated

above, Trowers and Hamblins advised throughout and concluded the Settlement Agreement on the Authority's behalf.

- 2.4 In terms of the decision making process, the Mayor is legally able to do anything that the Combined Authority may do. This is referred to as a general power of competence and is provided for by paragraph 12 (3) of the Cambridgeshire and Peterborough Combined Authority Order 2017. There is no constitutional or other requirement for decisions such as this to be taken to the Combined Authority Board. There are no legal issues arising from the decision made.
- 2.5 Acting on independent legal advice, the Mayor took the decision that it was appropriate to agree an exit payment and Settlement Agreement with the former CEO to resolve matters swiftly in the interests of the efficient running of the Authority. This is akin to a local government setting where the decision to agree an exit of a Chief Officer from the organisation is within the remit of the Leader.
- 2.6 The details of the financial severance package agreed are as follows:
- A payment of £95,000 - which included normal payment elements of pay in lieu of notice, consideration for restrictive covenants (£500) and compensation for loss of office
 - A payment in lieu of 2 days untaken holiday accrued as at the Termination Date
 - As is usual in these circumstances a payment was made in respect of the CEO's legal fees of up to £2,000 plus VAT
- 2.7 All of the payments were subject to the normal deductions of PAYE and NI, where appropriate.
- 2.8 The Authority has appropriately disclosed information arising from a number of FOI requests. After detailed consideration and having received advice from the Monitoring Officer, it has refrained from providing copies of the Settlement Agreement and the contract of employment as it is considered that to do so would breach the General Data Protection Regulations. Furthermore, any legal advice is subject to legal advice privilege and the Authority is not in a position to waive privilege and disclose that advice.

3.0 SUMMARY

- 3.1 The Mayor took independent legal advice as to the level of settlement from a reputable firm specialising in employment law and it was reasonable for him to

place reliance on that advice. He made the decision to proceed based on that advice.

3.2 Taking all of the circumstances into account, the level of payment was proportionate and appropriate in the circumstances. The details of the settlement have been considered by the Authority's external auditors, EY and they have not identified any issue which would cause them to issue any adverse report or comment in the Authority's accounts.

4.0 FINANCIAL IMPLICATIONS

4.1 There are no financial implications arising from this report

5.0 LEGAL IMPLICATIONS

5.1 There are no legal implications arising from this report

6.0 SIGNIFICANT IMPLICATIONS

6.1 There are no direct wider CPCA implications arising from this report.

APPENDICES

None

<u>Source Documents</u>	<u>Location</u>
List background papers: None	N/A