

Response to Request for Information

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Beneficiary of LGSS exit package

Page 33 of LGSS' audited financial statements for 2016/17 (<https://www.lgss.co.uk/statement-of-accounts/>) discloses termination benefits, including for two individuals who received exit packages worth £151,000 and £260,000. The larger amount was for Christine Reed, the former LGSS Director of People, Transformation and Transactional Services. The £260,000 reconciles with the table on page 30 of the financial statements (£51k + £209k), even though it was an entirely false and misleading statement to claim that Ms Reed's "redundancy" led to her "early retirement". Ms Reed in fact entered into a commercial consultancy contract with LGSS on the same day (30th September 2016) as her fraudulent "redundancy", and by the time the annual report was published (June 2017) she had already been working as a contractor at LGSS for nine months – doing the same work she had been doing as an employee, but at a fee that rose to £750/day after an initial period at £650/day. The LGSS Director of Finance at the time (Matt Bowmer) would of course have known this, as would the auditor - Andrew Cardoza of KPMG.

The beneficiary of the £151,000 exit package is a mystery. The breakdown consisting of £13k compensation for loss of office plus £138k contribution to the local government pension scheme (i.e. pension strain) is shown in note 2 on page 32 of the financial statements. However, unlike Ms Reed's figures, the £151k package does not reconcile with any of the senior employees' remuneration figures shown on page 30. Indeed, the table on page 30 shows only one senior employee leaving LGSS in 2016/17 (Christine Reed). There would appear to be two possible explanations:

- 1) Despite the size of the exit package, the beneficiary of the £151k did not meet the "senior employee" criteria for disclosure as defined in Schedule 1, section 3 of the Accounts and Audit Regulations 2015, or
- 2) The individual was a "senior employee" under that definition, but for whatever reason his/her details, (including job title) were omitted from the table on page 30 of the annual report.

1) is the case. The value of the exit package included strain costs payable to the pension scheme, so the figure quoted was not the figure due to the individual, but was the total cost of the redundancy.

Q1) What was the exact departure date in 2016 or 2017 of the unidentified employee who received the £151k exit package, and which of the LGSS-related authorities employed him/her before the termination?

The individual was employed by Milton Keynes Council until 31 October 2017. The decision to make this individual redundant was confirmed, and the formal notice period commenced, during the 2016/17

financial year hence the liability was recognised in the 2016/17 accounts. However, by mutual agreement the notice period was extended to 31 October 2017, and the redundancy payment was made on 31 October 2017.

Q2) Was his/her redundancy part of the same planned restructuring of LGSS to meet the new target operating model? If not, what was the reason for the redundancy/departure?

This was part of the planned restructuring of the Finance Department relating to efficiencies agreed as part of Milton Keynes joining the shared services.

Q3) If the unidentified employee was a senior employee under the 2015 Regulations' definition, what was his/her job title at the time of departure?

This employee was not a senior employee within the definition of the 2015 Regulations.

Q4) Has the unidentified employee been re-engaged at any LGSS-related authority or LGSS Law Ltd either as an employee, director or contractor since his/her departure in 2016/17? If so, please provide details.

No not to our knowledge.

Information Management Team

Box OCT1224, Cambridgeshire County Council

Castle Hill, Cambridge, CB3 0AP

Tel: 01223 699137

Email: foi@cambridgeshire.gov.uk