

**NORTHUMBERLAND COUNTY COUNCIL  
(The Council)**

**DALJIT LALLY  
(DL)**

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**OPINION**

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**INTRODUCTION**

1. I am instructed to advise the Council. My advice is sought with respect to : -
  - (1) The termination by the Council of DL's employment with the Council; and
  - (2) Settlement of ALL claims between the parties, on signed Heads of Terms (the HoT).
  
2. DL is both : -
  - (1) The Council's Chief Executive; and
  - (2) The Head of its Paid Service under Section 4 of the Local Government and Housing Act 1989.
  
3. In the latter connection she has additional statutory protection from dismissal under the Standing Orders Regulations.

**PRESENT POSITION**

4. Full Council has been summoned on 27 July 2022 to receive a Report (the Report) from its Staff & Appointments Committee (the SAC). The Report to the SAC is before me.

**ADVICE**

5. I confirm that the Report sufficiently identifies the issues, the options, such as they are, the considerable costs, and the important value for money considerations that enable the Members of the Council to make a reasonable, proper and lawful decision, consistent with fiduciary duty, to enter into and implement the Hot.

**THE HoT**

6. The HoT cover all relevant matters, including that : -
  - (1) DL will leave her employment almost immediately, on 31 July 2021;
  - (2) This will be expressed as being by reason of lack of capability and ill health;
  - (3) There will be pension benefits for DL, but not at additional cost to the Council, if the termination duly proceeds by way of ill-health retirement;
  - (4) DL will withdraw ALL her Employment Tribunal claims, with respect to which each side would be likely to have to bear its own costs, and complaints, grievances, etc.
  
7. The Settlement is intended by the parties to draw a line under ALL the issues between the parties, in a final way, to allow both parties to move forward.
  
8. The HoT set out the financial terms of settlement. These are significant, over £200K, equivalent to approximately a year's full-time salary, and on one scenario over £250K. The overall value of the settlement is over £300K.

**THE REPORT**

9. The Report duly sets out the key issues. These include that : -
  - (1) There are industrial relations issues between the Council and DL that are long standing;
  - (2) She has made a significant number of complaints;
  - (3) She has commenced Employment Tribunal proceedings;
  - (4) The Council has received a Report on its Corporate Governance from Max Caller CBE;
  - (5) DL has been in poor health for much of this year;
  - (6) The HoT were agreed only following mediation and protracted negotiations;

- (7) The proposals must be evaluated in terms of both (i) “best value “ under the Local Government Act 1999, and(ii) the recent statutory guidance on “ Special Severance Payments “;
- (8) Regard must be had to the fact that pursuing any other option is likely to be (i) very costly, (ii) time consuming, and (iii) sapping of resources of all kinds;
- (9) There is no prospect that is feasible of the Council achieving DL’s exit at a lower cost;
- (10) The costs of defending her claims would be very substantial; and
- (11) The settlement represents the best value for money out come for the Council and has support and approval from Officers and Members.

**CALLER**

10. Above all, DL’s employment cannot continue. Caller : -

- (1) Reported on the “irretrievable” breakdown in the relationship between the Council and DL;
- (2) Recommended that “fast” action was needed to resolve her employment position, absent which the Council’s ability to discharge its duties would be undermined for a protracted period; and
- (3) Stated that the improvement journey on which the Council has embarked is not one which DL can lead.

**CONCLUSION**

11. I approve the termination settlement.

**NORTHUMBERLAND COUNTY  
COUNCIL**

**DALJIT LALLY**

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**OPINION**

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