

# Public Document Pack



Neuadd y Sir / County Hall, Llandrindod, Powys, LD1 5LG

Os yn galw gofynnwch am - If calling please ask for  
Wyn Richards

Ffôn / Tel: 01597 826375

Ffôn Symudol / Mobile:

Llythyru Electronig / E-mail: [wyn.richards@powys.gov.uk](mailto:wyn.richards@powys.gov.uk)

## **GOVERNANCE AND AUDIT COMMITTEE**

**Friday, 20th January, 2023**

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The use of Welsh by participants is welcomed. If you wish to use Welsh please inform us by noon, two working days before the meeting

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## **S U P P L E M E N T A R Y P A C K**

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| <b>1.</b> | <b>INSURANCE COVER FOR MEMBERS AND OFFICERS SERVING ON OUTSIDE BODIES</b> |
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To receive and consider the report of the Head of Finance.

(Pages 3 - 4)

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**CYNGOR SIR POWYS COUNTY COUNCIL.****AUDIT COMMITTEE  
20 January 2023****REPORT AUTHOR:** Head of Finance (Section 151 Officer)**REPORT TITLE:** Insurance Cover for Members sat on outside bodies

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**REPORT FOR:** Information

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**1. Purpose**

1.1 The purpose of the report is to inform the Governance and Audit Committee of the position in respect of insurance cover for members who sit on outside bodies.

**2. Background**

2.1. Members have asked for an update as to the protection they have when sitting on outside bodies. There is particular concern around the potential for insolvency of the outside body and the position members may find themselves in being involved in that organisation's decision-making processes.

**3. Advice**

3.1. Not all the external organisations on which members sit are relevant; the focus is on companies and registered charities. These bodies should hold Directors & Officers or Trustee Indemnity insurance policies respectively. The policy will protect the directors/ key managers or trustees in the event of a third-party claim for financial loss arising from an alleged or actual wrongful act on the part of an individual.

3.2. A Directors & Officers policy will generally cover the insolvency risk but policies are underwritten having regard to the particular company's risks; its performance will determine whether insurers are prepared to cover specific risks. There is no certainty that insolvency is covered but it is not a standard policy exclusion.

3.3. There is concern that the relevant external bodies will not hold the required insurance. A potential solution sought was that the Council arrange a policy that covered all members sat on the boards of these external organisations. That is not possible, the Council cannot put

such a policy in place. This was explored with the Council's insurance brokers who were firm it is the responsibility of those organisations to implement the appropriate cover.

3.4. Further work is needed so that a clear picture of the risk presented is established and members will note they have recently been asked for information about the organisations on which they sit and the insurance held.

3.5. Members attention is drawn to the existence of the Local Authorities (Indemnities for Members and Officers) (Wales) Order 2006. The Local Authority can indemnify members in relation to any action of, or failure to act by, the member in question. There are exclusions around criminal acts, fraud, deliberate wrongdoing and recklessness.

3.6. The potential for the Council to grant indemnities will be explored with the Monitoring Officer and S151 Officer when the information gathering exercise is complete.

#### **4. Conclusion**

4.1 Once members' responses are received, they will be evaluated so the level of exposure can be established. Next steps will be considered and if needed a further report will be made to the committee.

Contact Officer: Karen Seabright  
Tel: 01597 826889  
Email: karen.seabright@powys.gov.uk

Head of Service: Jane Thomas

Corporate Director: Jane Thomas