

WCC Action Plan in response to independent Review and Review of Scrutiny Process

No	Recommendations by Category	Symptom	Cause	Treatment	How do we implement?	Timescale
1.	<p><b>Major projects</b></p> <p>Rec: 6.1.2 Rec: 6.1.3 Rec: 6.1.5 Rec: 6.1.12</p>	<ul style="list-style-type: none"> <li>Failure of projects</li> </ul>	<ul style="list-style-type: none"> <li>Lack of necessary professional and commercial skills among officers</li> <li>Lack of involvement of members at crucial stages of projects: eg formulating plans, taking external advice, negotiating with third parties, decision-making, etc.</li> <li>Too much use of delegated powers</li> </ul>	<ul style="list-style-type: none"> <li>Recruitment of suitably skilled officers and project managers</li> <li>Use of specialist skills among members</li> <li>Establishment of a Major Project Team, comprised of relevant officers and members of all parties</li> <li>All external advice, negotiation with third parties, decision-making to involve at least 'lead' members</li> </ul>	<p>Governance</p> <p>Cabinet or Council</p>	<p>NOW! May 2016</p>
2.	<p>Rec: 6.1.2 Rec: 6.1.3 Rec: 6.1.8 Rec: 6.1.12</p> <p>Con: 7.4</p>	<ul style="list-style-type: none"> <li>Residents have no faith in the skills or capacity of WCC to manage major projects</li> </ul>	<ul style="list-style-type: none"> <li>Lack of necessary professional and commercial skills among officers</li> <li>Lack of involvement of all councillors in detailed work of council</li> <li>Too much use of delegated powers.</li> <li>Poor public engagement</li> <li>Withholding evidence such as project viability from public domain</li> </ul>	<ul style="list-style-type: none"> <li>Bring back committees with decision-making responsibility</li> <li>Set up major projects committee NOW, with cross party representation and voting rights</li> <li>Recruitment of suitably skilled officers</li> <li>Explain more, listen more, keep dialogue open. Equip members to be ambassadors and expect them to do the job</li> <li>Establish a protocol for the release of information into the public domain</li> <li>Review public engagement strategy</li> </ul>	<p>Governance</p> <p>Cabinet or Council</p>	<p>NOW! May 2016</p>
3.	<p>Rec: 6.1.2 Rec: 6.1.3 Rec: 6.1.5</p>	<ul style="list-style-type: none"> <li>Projects take too long to deliver, go over-budget, are unpopular with residents and do not provide best consideration for the</li> </ul>	<ul style="list-style-type: none"> <li>Lack of necessary professional and commercial skills among officers</li> <li>Lack of involvement of all councillors in detailed work of council</li> </ul>	<ul style="list-style-type: none"> <li>There must be a vision for Winchester City, including Silver Hill and Station Approach, as of now, and in the future</li> <li>A designated and distinct project group of Councilors as a sub-</li> </ul>	<p>Governance</p> <p>Cabinet or council</p>	<p>NOW! May 2016</p>

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		taxpayer	<ul style="list-style-type: none"> <li>• Too much use of delegated powers.</li> <li>• Poor public engagement</li> <li>• Lack of an overall vision for Winchester which includes a movement study as well as appreciation of its unique heritage and history</li> </ul>	committee of, and reporting to, the Cabinet, chaired by the relevant Lead member, should be charged with being the guardian of this vision and ensuring it is maintained throughout the lifetime of major projects		
4.	Rec: 6.1.3 Rec: 6.1.5 Rec: 6.1.12  Con: 7.7	<ul style="list-style-type: none"> <li>• The public and some members perceive the council to be officer led</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of necessary professional and commercial skills among officers</li> <li>• Lack of involvement of all councillors in detailed work of council</li> <li>• Questions over competency of decision-making</li> <li>• Too much use of delegated powers</li> </ul>	<ul style="list-style-type: none"> <li>• Recruitment of suitably skilled officers</li> <li>• Use of specialist member skills</li> <li>• Return to committee system</li> </ul>	Governance	May 2016
5.	Rec: 6.1.3 Rec: 6.1.12  Con: 7.5	<ul style="list-style-type: none"> <li>• Councillors lack the experience to take leadership on major projects</li> <li>• Lack of continuity of leadership of Council</li> </ul>	<ul style="list-style-type: none"> <li>• Annual elections</li> <li>• No major projects committee with cross party representation</li> </ul>	<ul style="list-style-type: none"> <li>• Investigate timescale to correct</li> <li>• Set up major projects committee NOW, with cross party representation and voting rights</li> </ul>	Governance  Cabinet or Council	NOW! May 2016
6.	Rec: 6.1.6 Rec: 6.1.8 Rec: 6.1.12  Con: 7.1 Con: 7.4	<ul style="list-style-type: none"> <li>• Residents do not feel their needs are taken into account in major projects</li> </ul>	<ul style="list-style-type: none"> <li>• Attitude of administration is dismissive of the needs and intelligence of residents</li> <li>• Council is apparently unconcerned about reputational risk</li> <li>• Poor public engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Make members responsible and accountable for consultation. Identify responsible Portfolio holder and ward members</li> <li>• Review council's public engagement strategy</li> </ul>	Governance	May 2016

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7.	Rec: 6.1.5 Rec: 6.1.6 Rec: 6.1.12	<ul style="list-style-type: none"> <li>Council meetings are repetitive, long, and demonstrate a lack of knowledge in councillors</li> </ul>	<ul style="list-style-type: none"> <li>Lack of involvement of all councillors in detailed work of council</li> </ul>	<ul style="list-style-type: none"> <li>Bring back committees</li> <li>Use of specialist member skills</li> <li>Training of members in relevant areas of responsibility</li> </ul>	Governance	May 2016
8.	Rec: 6.1.11 Rec: 6.1.12	<ul style="list-style-type: none"> <li>New members do not have the exposure to committee work necessary to develop skills</li> </ul>	<ul style="list-style-type: none"> <li>Cabinet &amp; Scrutiny structure</li> </ul>	<ul style="list-style-type: none"> <li>Bring back committees</li> <li>Training of members in relevant areas of responsibility</li> </ul>	Governance	May 2016
9.	<p><b><u>Hostility to competition</u></b></p> <p>Rec: 6.1.3 Rec: 6.1.4 Rec: 6.1.7 Rec: 6.1.12</p> <p>Con: 7.6 Con: 7.9</p>	<ul style="list-style-type: none"> <li>Council has failed to comply with the procurement régime, so has acted unlawfully</li> <li>Council has failed to obtain best value for taxpayer by contracting without entering into competitive tendering processes</li> <li>Outcomes of major projects and contracts are at risk because of hostility to competition</li> </ul>	<ul style="list-style-type: none"> <li>Lack of necessary professional and commercial skills among officers</li> <li>Lack of involvement of members in detailed work of council</li> <li>External advice has been ignored or misunderstood</li> <li>Blurring of appropriate boundaries in relationships between individuals in council and third parties, including contractors</li> </ul>	<ul style="list-style-type: none"> <li>Recruitment of suitably skilled officers</li> <li>Statutory governance officers allowed to operate at required level of seniority and with appropriate authority</li> <li>All external advice, negotiation with third parties, decision-making to involve at least 'lead' members</li> <li>Review exercise of officers' delegation powers</li> </ul>	Governance	
10.	<p><b><u>Risk Management</u></b> <b>See Appendix B</b></p> <p>Rec: 6.1.10 Rec: 6.1.12</p>	<ul style="list-style-type: none"> <li>Members' risk management skills are poor</li> </ul>	<ul style="list-style-type: none"> <li>Not enough practice!</li> </ul>	<ul style="list-style-type: none"> <li>Bring back committees</li> <li>Make Risk &amp; Project Management training compulsory, as with Standards Training</li> </ul>	Governance	Now, and May 2016
11.	Rec: 6.1.10 Rec: 6.1.12	<ul style="list-style-type: none"> <li>Risks have not been appreciated until they have crystallised and</li> </ul>	<ul style="list-style-type: none"> <li>Previous failure to maintain appropriate corporate and financial risk registers</li> </ul>	<ul style="list-style-type: none"> <li>Maintain, monitor, and publish corporate and financial risk registers, making risk a priority for</li> </ul>	In hand, but more urgency	Now, and May 2016

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	Con: 7.3	<p>it's too late</p> <ul style="list-style-type: none"> <li>The council has lost £000s of taxpayers' money on wasted external consultancy and failed projects</li> <li>Project and risk management skills are not embedded in staff or councillors</li> </ul>	<ul style="list-style-type: none"> <li>Historical neglect of these matters</li> <li>This is not usually the domain of council staff</li> </ul>	<p>debate and appropriate action</p> <ul style="list-style-type: none"> <li>Project &amp; Risk Management training for all staff, top down</li> </ul>	necessary	
12.	<p><b><u>Governance &amp; Scrutiny</u></b></p> <p>Rec: 6.1.10 Rec: 6.1.12</p> <p>Con: 7.3</p>	<ul style="list-style-type: none"> <li>The public's perception of the council's operations and functions is negative</li> </ul>	<ul style="list-style-type: none"> <li>Adverse Judicial Review judgment</li> <li>Critical independent review</li> <li>Scathing press reports</li> </ul>	<ul style="list-style-type: none"> <li>New strategies to be written on Press/PR, project management, and risk management</li> <li>Maintenance and publication of a transparent and effective risk register</li> </ul>	Governance	May 2016
13.	<p>Rec: 6.1.8 Rec: 6.1.11 Rec: 6.1.12</p> <p>Con: 7.3-7.9</p>	<ul style="list-style-type: none"> <li>There is a perceived lack of trust between officers and members</li> <li>The public has lost trust in the integrity of the council's governance and processes</li> <li>Many see the council as officer-led rather than member-led</li> </ul>	<ul style="list-style-type: none"> <li>Some members feel they cannot question the authority of officers</li> <li>There is a lack of adequate communication between members and officers</li> <li>Lack of appropriate complaints procedure</li> </ul>	<ul style="list-style-type: none"> <li>The Council must consider how it can improve communications, both externally and internally</li> <li>A protocol is needed for a new independent procedure to deal with complaints both about officers and members</li> <li>A protocol is needed for the writing of committee reports and minutes, to include paragraphs identifiably written by internal specialists, open recommendations and options</li> <li>All reports and minutes should be in the public domain unless there are specific reasons why any element of</li> </ul>	Governance	May 2016

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No	Recommendations by Category	Symptom	Cause	Treatment	How do we implement?	Timescale
				<p>the report should remain confidential</p> <ul style="list-style-type: none"> <li>Lead Members must see and contribute to early drafts</li> </ul>		
14.	<p>Rec: 6.1.3 Rec: 6.1.12</p>	<ul style="list-style-type: none"> <li>The public has lost trust in the integrity of the council's governance and processes</li> <li>There are insufficient checks and balances provided by the roles of the leading and the opposition parties</li> </ul>	<ul style="list-style-type: none"> <li>Adverse Judicial Review judgment</li> <li>Critical independent review</li> <li>Scathing press reports</li> <li>Damage to council's reputation and to staff morale, as well as to the public's confidence in the council's ability to function as a responsible local authority</li> </ul>	<ul style="list-style-type: none"> <li>Develop the overview and scrutiny function to be supported in the future by dedicated staff and specialist training</li> <li>Involve the Centre for Public Scrutiny in order to ensure best practice</li> <li>Statutory governance officers allowed to operate at required level of seniority and with appropriate authority</li> <li>Spell out the role of the opposition and its place in the Council</li> </ul>	Governance	May 2016
15.	<p><b><u>Register of declarable interests</u></b></p> <p>Rec: 6.1.8 Rec: 6.1.10 Rec: 6.1.12</p>	<ul style="list-style-type: none"> <li>The public has lost trust in the integrity of the council's governance and processes</li> </ul>	<ul style="list-style-type: none"> <li>Insufficient transparency of potential conflicts of interest</li> <li>Blurring of appropriate boundaries in relationships between individuals in council and third parties, including contractors</li> <li>Protection of interests from scrutiny, both of individuals within the council and third parties</li> </ul>	<ul style="list-style-type: none"> <li>Improve the gifts and hospitality register so that it applies equally to Members and senior officers and ensure that regular reports are published and submitted to Audit Committee</li> <li>Establishing a transparent and effective system to police conflicts of interest</li> </ul>	Governance  Cabinet and Council	Now, and May 2016
16.	<p><b><u>Register of external advice and review of exempt procedure</u></b></p>	<ul style="list-style-type: none"> <li>Residents perceive that WCC over use the confidentiality reasons to keep information</li> </ul>	<ul style="list-style-type: none"> <li>Defensive attitudes from officers</li> <li>Protection of interests from scrutiny, both of individuals</li> </ul>	<ul style="list-style-type: none"> <li>Institute a Register of external advice</li> <li>Review and release, where possible, exempt papers on a three monthly</li> </ul>	Cabinet	May 2016

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	Rec: 6.1.6 Rec: 6.1.12	exempt	within the council and third parties	cycle		
17.	<b>Constitution</b> Rec: 6.1.12	<ul style="list-style-type: none"> <li>Lack of continuity of membership and leadership</li> </ul>	<ul style="list-style-type: none"> <li>Annual elections</li> </ul>	<ul style="list-style-type: none"> <li>Review and consider the possibility of four-year elections</li> </ul>	Governance	Now, and May 2016
18.	Rec: 6.1.12	<ul style="list-style-type: none"> <li>Work of council is stalled in April in 3 out of 4 years</li> </ul>	<ul style="list-style-type: none"> <li>Purdah and canvassing</li> </ul>	<ul style="list-style-type: none"> <li>Four yearly elections</li> </ul>	Governance	ASAP!
19.	Rec: 6.1.12 Con: 7.6-7.9	<ul style="list-style-type: none"> <li>Failure of Council to provide itself with adequate assurance systems</li> </ul>	<ul style="list-style-type: none"> <li>Insufficient assurance of ability to make safe and legally correct decisions</li> </ul>	<ul style="list-style-type: none"> <li>Review of the Council's Constitution, processes and governance</li> <li>Statutory governance officers allowed to operate at required level of seniority and with appropriate authority</li> <li>Statutory governance officers to give close scrutiny to all reports before their submission to Cabinet and Full Council for critical decisions</li> </ul>	Governance	May 2016
20.	Rec: 6.1.9 Rec: 6.1.12 Rec: 6.1.13  Con: 7.9	<ul style="list-style-type: none"> <li>Failure to achieve Best Practice in every aspect of the Council's governance, processes and function</li> </ul>	<ul style="list-style-type: none"> <li>Failure to implement the 2013 LGA and 4P's Peer Reviews</li> <li>Failure to institute a full scale review of the Council's Constitution to ensure Best Practice</li> </ul>	<ul style="list-style-type: none"> <li>Full review of the Council's Constitution, having accepted Ms Lloyd-Jones' opinion that this should be member-led and required goodwill at all levels</li> <li>The Council must ensure sufficient member training on the new Constitution</li> <li>Prioritise implementation of 2013 LGA and 4P's Peer Reviews</li> </ul>	Governance	May 2016

## Lloyd-Jones Review Recommendations and Conclusions

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### 6. Recommendations

- 6.1.1 The following recommendations are intended to improve the workings of the Council and thereby to give focus to developing Silver Hill and similar projects through improving its systems and assurance mechanisms:
- 6.1.2 The Council should stand back, and ask the question “do we want this”? The Silver Hill Development (as now proposed) has significantly departed from the 2003 Planning Brief.
- 6.1.3 The Council must express a definite idea of what it wants to be developed at Silver Hill. There must be a vision for Silver Hill as of now, and in the future. A designated and distinct project group of Councillors, as a sub-committee of and reporting to the Cabinet, chaired by the relevant Lead member, should be charged with being the guardian of this vision and ensuring it is maintained throughout the lifetime of the project.
- 6.1.4 The Council must ensure that it has the necessary professional and commercial skills amongst officers to achieve the vision and carry it into effect. This will mean reassessing the skills of those officers involved with the current project. The Council may wish to establish shared services to enable access to the most appropriate skills.
- 6.1.5 The Council must consider whether and, if so, why it has been hostile to competition, both in relation to Silver Hill and with other projects.
- 6.1.6 The Council must not re-procure external advisors without involving internal specialists, and relevant Members. The Council must not use those external advisors without involving internal specialists. This means currently that the Director of Finance and relevant Lead Member should have a say in briefs to Deloitte, and the Monitoring Officer and relevant Lead Member should have a say in the briefs to BLP and external Counsel on Silver Hill.
- 6.1.7 A register should be kept of all external advice obtained which should be available to all Members, and the public unless a particular piece of advice is required to remain confidential. Any information which is said to be commercially confidential should be made available as soon as possible and should not prevent the information from being put into the public domain unless it is strictly necessary to do so.
- 6.1.8 The Council must look at other projects to see whether outcomes are at risk in a similar way to Silver Hill.

- 6.1.9 The Council must take steps designed to re-establish trust with the community and citizens such as putting evidence of the existing scheme's viability in the public domain, and reviewing its public engagement strategy.
- 6.1.10 The Council must implement in full the LGA and 4p's recommendations.
- 6.1.11 New strategies need to be written on press and PR, project management, and risk management (including a transparent and effective risk register).
- 6.1.12 The Council must consider how it can improve communications, both externally and internally.
- 6.1.13 The Council must carry out a governance review to create a new constitution and ways of working for the new Council from May 2016.

It is vital that all the functions of a modern District Council have a home in the new Council environment. Such a review can also address the new political challenges facing the Council.

The governance review should specifically look at:

- The roles and responsibilities of Members of the Council and senior officers. Is it a Member led authority? Are delegations to officers correct? Are the statutory officers at the right level in the Council in order to exercise their functions properly? How is it best to re-establish trust between members and officers?
- A protocol on the writing of committee reports to include paragraphs identifiably written by internal specialists, open recommendations and options, an emphasis on all reports being in the public domain unless there are specific reasons why any element of the report should remain confidential, and Lead Members seeing and contributing to early drafts.
- A reconsideration of whether annual elections are in the best interests of the Council in efficiently conducting its business.
- Spelling out the role of the opposition and its place in the Council.
- Developing the overview and scrutiny function to be supported in the future by dedicated staff and specialist training. Involving the Centre for Public Scrutiny in order to ensure best practice.
- Improving the gifts and hospitality register so that it applies equally to Members and senior officers and ensuring regular reports in relation to it are submitted to Audit Committee.



- Establishing a transparent and effective system to police conflicts of interest.
- Ensuring that appropriate control and assurance mechanisms are in place.

6.1.13 The Council must ensure sufficient Member training on the new Constitution.

## **7. Conclusions**

- 7.1 Winchester City Council was ridiculed in the local press and suffered reputational damage amongst members of the public for losing the Judicial Review case taken against it by one of its own Members in January 2015.
- 7.2 The case concerned proposed variations to the Silver Hill Development Agreement which were struck down by the Court. The facts leading up to these events demonstrate that most Councillors were dumbstruck by the Court's judgement believing they were safe because legal cover to make the amendments was provided by Leading Counsel and because they were assured by their internal lawyers that they could do so.
- 7.3 However, the risk of losing the Judicial Review was high, given that Leading Counsel in 2010, and earlier in 2008, had given the Council advice alerting them to the potential effects of making any substantial amendments to the Development Agreement. But the Council had not recorded the 2010 legal advice as a risk in a corporate risk register, nor had any of their senior officers reminded them of this risk. Nor had it recorded as a risk the seriousness and implications of the reputational damage that would be caused.
- 7.4 The high reputational risk to the Council was multiplied by a perception, through the "Winchester deserves better" campaign, that the Council was 'ploughing on regardless'; releasing little information to the public through reports or through its website. Some Councillors, not on the Reference Group that considered the proposed amendments, nor in the Cabinet, considered they had also received insufficient or possibly misleading information.
- 7.5 The Silver Hill project has been abnormally slow, perhaps causing it to be 'out of date' before a single brick has been laid. The issue has been further aggravated by Annual elections causing frequent changes of Leader, and many hung Councils leading to reliance on cross party support. Silver Hill decisions were not whipped. Officers therefore held the corporate memory of Silver Hill. Officers believed it to be a member led authority and that all decisions should be taken by members, despite them being the least informed part of the Council and most dependent on officer advice.
- 7.6 Mitigation of this risk would have necessitated early consideration of the correct legal principles, close and careful attention being paid to the

compilation of reports in draft by both officers and relevant portfolio holders or Chairs, and also close scrutiny by statutory officers when those reports are submitted to Cabinet and Full Council for decision.

- 7.7 On the basis of the 2010 Nigel Giffin QC advice, all parties involved, including all senior officers and senior members to whom the advice had been distributed, were capable of spotting that something was wrong, but no-one did. Following the loss of the Judicial Review, the perception of many Councillors was that no-one was in charge of the Council and ensuring the competency of its decision-making.
- 7.8 The question is asked- what did the Council do wrong?
- 7.9 In summary, the Council failed to provide itself with adequate assurance systems in order to make safe and legally correct decisions. The recommendations in this report should go some way towards rectifying this situation.

**WCC Action Plan in response to independent Review and Review of Scrutiny Process**

1. The Corporate and Financial Risk Registers identify risks which can be seen to arise from weaknesses in the Council's governance, processes and function. Here are a few from the recently filed CAB2763 (Revised) Appendix A: Financial Risk Register.

2. **CR3 'Programme Management and Major Projects':**

What might go wrong:

- Over ambitious Council
- Willingness to increase the programme
- Staff overburdened
- Insufficient staff capacity

Likelihood: **Highly Likely**

Impact: **Major**

Financial risk:

- Projects not delivered within agreed timescales – anticipated income not received
- Increased maintenance liabilities and costs

Management actions:

- Ensure effective project & programme management, identifying resource & expertise gaps and filling appropriately.
- Enhanced financial modelling to be developed.

3. **CR4 'Control Weakness identified by Internal Audit':**

What might go wrong:

- Issues identified from Internal Audit reports not addressed

Likelihood: **Likely**

Impact: **Moderate**

Financial Risk:

- Losses arising from control weaknesses

Management Actions:

- Effective monitoring and follow up of overdue management actions
- Clear accountabilities

4. **CR8 'Commissioning':**

What might go wrong:

- Failure of contractors to deliver services

Likelihood: **Likely**

Impact: **Major**

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**APPENDIX B**

Financial Risk:

- Opportunity cost – goods/services not delivered that should have been

Management Actions:

- Maintain effective vetting and monitoring procedures for contractors (eg Contract Procedure Rules)
- Internal Audit assurance
- Maintain adequate General Fund Balance

5. **CR9 'Transformation':**

What might go wrong:

- Inadequate and /or lack of dedicated resources allocated to the review process
- Lack of support for the process

Likelihood: **Likely**

Impact: **Major (Moderate)**

Financial Risk:

- Targeted savings not achieved.
- Missed opportunities to realise efficiency savings.
- Managed cost base reductions not achieved in time resulting in unplanned service cuts

Management Actions:

- Vanguard service redesign underway.
- Ensure programme in place and monitored
- Ensure effective project management