

CABINET

14 September 2005

Attendance:

Councillors:

Campbell (Chairman) (P)

Beveridge (P)

Collin (P)

Evans (P)

Hiscock (P)

Knasel (P)

Learney (P)

Wagner (P)

Others in attendance who addressed the meeting:

Councillors Beckett and Higgins

Others in attendance who did not address the meeting:

Councillors Davies and Mitchell

288. **MINUTES**

RESOLVED:

That the minutes of the previous meeting held on 26 July 2005 be approved and adopted.

289. **PUBLIC PARTICIPATION**

There were no statements made or questions received.

290. **LEADER AND PORTFOLIO HOLDER ANNOUNCEMENTS**

The Portfolio Holder for Culture, Heritage and Sport reported on the recent success of the Winchester Open Weekend, which had included the Community Archaeology Project and a dig in Olivers Battery.

The Portfolio Holder for Planning advised that the Inspector's Report on the District Local Plan would be published that day and available for public comment, including at the various meetings of the Winchester District Local Plan Committee scheduled during October and November 2005. The Portfolio Holder passed on his congratulations to the relevant officers and the Inspector for enabling the Report to be published one month ahead of timetable. It was anticipated that the Local Plan would be adopted by July 2006.

291. **WINCHESTER ALLIANCE FOR MENTAL HEALTH**
(Report CAB1118 refers)

Members noted that the Report had been considered by Principal Scrutiny Committee at its meeting on 12 September 2005 which had resolved that PricewaterhouseCoopers (PwC) be asked to produce a further report covering issues raised at the Committee.

The Chairman welcomed to the meeting Matthew Hepenstal from PwC.

At the invitation of the Chairman, Councillors Beckett and Higgins addressed the meeting.

With reference to paragraph 3.13 of Report CAB1118, Councillor Beckett stressed that 'ownership' of such issues lay with Cabinet and the appropriate Portfolio Holder. He also queried why one Member's suggestion at previous Central Services Performance Improvement Committees, that the Council withhold payment of the National Insurance and tax elements of the payroll to Winchester Alliance for Mental Health (WAMH), had not been progressed further. He noted that PwC recommended that all third party organisations, including existing, pay in advance for payroll services and questioned why Report CAB1118 only recommended this approach for new organisations. Finally, Councillor Beckett stated that he did not believe PwC had adequately investigated the history of the debt and, in particular, their interviews should have included Cabinet Members.

Councillor Higgins highlighted that Members and Officers were attempting to support an organisation providing an important service, but regrettably this had ultimately resulted in accrual of a large debt. He welcomed the proposals for closer monitoring of debts in the future. However, he also noted that a stricter approach to organisations defaulting on payment could cause major difficulties to some charities, because of the erratic nature of their funding.

The Chief Executive advised that one representation had be received from a member of the public, Mr John Hayter, who was unable to attend the meeting. In summary, Mr Hayter stated, with regards to the reference to risk assessment in Report CAB1118, that this was not a new process regarding financial risk. In addition, he believed that if an organisation did not have sufficient funds to pay salaries then this was a financial indicator of great difficulties that should supersede any others.

The Chief Executive clarified that the area of risk assessment referred to in the covering report related to the risks associated with service failure and not just financial risk. He requested that Members consider exactly what the different roles and responsibilities of Council Officers, Member and Cabinet/Committees were in such issues.

Mr Hepenstal (PwC) answered a number of detailed questions regarding the PwC report. He advised that paragraph 39 of the PwC report dealt with the issues raised by Councillor Beckett concerning Inland Revenue contributions. He confirmed that their advice was that for the Council to withhold contributions from the Inland Revenue was a form of deception (i.e. the WAMH employees would have a reasonable expectation that the money deducted from their salaries would be paid to the Inland Revenue). Similarly, it would have been inappropriate to withhold the employer's (i.e. WAMH) element as this would not be supporting the charity (with a consequent risk of initiating its failure) and at the time there was prospect of WAMH repaying the debt at some stage. The Portfolio Holder for Finance and Resources confirmed that this was her understanding of the position at the time.

Mr Hepenstal stated that PwC believed that if a similar situation arose, the Council should request further access to the organisation's accounts to be able to consider income/expenditure projections as well as cash flow. If the Council was providing the payroll for an organisation, he did not consider that the organisation would refuse such access. If the Council had had greater access to WAMH accounts at an earlier stage, it would have realised that the cash flow difficulties were a symptom of a more serious problem. However, he confirmed that the trustees would have been aware of the situation once their annual accounts were audited, but also should have been monitoring figures themselves on a regular basis.

Mr Hepenstal confirmed that the liquidators had examined very closely the role of the trustees of WAMH and had considered that they had stopped trading at the appropriate time. WAMH was a limited company and the liquidators could only look at the company assets for funds and not the directors (who were also the trustees) personally unless they had acted in a wholly inappropriate manner.

The Portfolio Holder for Finance and Resources outlined the revised policy for the provision of external payroll services which stipulated that the Council would only provide a payroll service to charities it provided grants to. If the grant aid ceased, the payroll provision would be reviewed by the Director of Finance to decide if payroll provision should continue. If an organisation defaulted on payment for its payroll for two consecutive months, the Director of Finance would authorise provision to cease immediately. Any new external organisations to which the Council offered payroll services would be required to pay in advance. However, this requirement would not be extended to existing clients because the financial difficulties this would cause to the organisations were not considered to be justified.

Members queried what approach would be taken after an organisation had defaulted on one months payment. For example, it might be apparent at this early stage that the organisation were in serious difficulties and there was little prospect of future payments. Mechanisms should therefore be introduced to prevent debt increasing unnecessarily. Cabinet agreed that Internal Audit be requested to consider the internal procedures around this issue further and report back to Cabinet, with the proviso that PwC could be asked to investigate further if Members considered it appropriate.

Members discussed the request by Principal Scrutiny Committee at its meeting on 12 September 2005 that PwC be asked to undertake further work including an analysis of what issues should have been considered between 28 October 2003 and 27 January 2004 when the debt rose by a considerable amount. Cabinet suggested that the period of investigation begin in July 2003 as this was the time the debt trend position reversed.

The Chairman commented that the financial position of WAMH had been considered on numerous occasions by a wide variety of Council bodies, including the Performance Improvement Committee, Cabinet, Principal Scrutiny Committee and Council. The conclusions reached had been that the work of WAMH was valuable and should continue to be supported and the Director of Finance be requested to work with the organisation. This had resulted in the organisation restructuring itself and the debt to the Council reducing in the period immediately before the organisation went into liquidation, which was due in part to the withdrawal of funding from one of its principal customers. Cabinet also commented that the stricter procedures adopted to deal with payment defaults could have an adverse effect on some charities who often had erratic funding streams.

Although the issues relating to WAMH had been discussed by various Council bodies, Members emphasised that the final decisions were executive decisions made by Cabinet. It was suggested that the role of Scrutiny Panels and Principal Scrutiny Committee in only making recommendations on such issues be stressed to all Members. The City Secretary and Solicitor confirmed that their different roles was clearly outlined in the Council's Constitution but could be reinforced at the forthcoming Members' Scrutiny Training and also at the regular Liaison meetings held between the Scrutiny Panel Chairs and the Chairman of Principal Scrutiny Committee.

There was some discussion about the involvement of Councillor Hollingbery and ex-Councillor Ann Craig in the work of WAMH. In response to questions, the City Secretary and Solicitor clarified that if a Member was appointed to an outside body, including appointments made by the Council, their duty was to that body whilst undertaking their role. This included a duty of confidentiality. Detailed advice on this matter was contained in a Guidance Note for Members' Serving on Outside Bodies in Part 8 of the Constitution. Cabinet requested that this be drawn to the attention of Members.

On behalf of Cabinet, the Chairman thanked PwC for their work in producing the report.

Cabinet agreed to the following for the reasons set out above and outlined in the report.

RECOMMENDED:

1. THAT THE COUNCIL REGRETS THAT THIS DEBT OF £350,000 CANNOT NOW BE RECOVERED, THE DECISIONS THAT WERE TAKEN AND THE PROCESSES WHICH ALLOWED THIS DEBT TO ARISE. HOWEVER, THE INTENTION THROUGHOUT WAS TO ENABLE THE CHARITY TO CONTINUE TO PROVIDE SUPPORT FOR SOME OF THE MOST VULNERABLE PEOPLE IN OUR COMMUNITY.

2. THAT IT BE NOTED THAT CABINET HAS LEARNED LESSONS FROM THE INVESTIGATION OF EXISTING PROCESSES AND HAS ALREADY TAKEN ACTIONS TO PREVENT SUCH DEBTS ARISING AGAIN, EVEN IF THIS MEANS WITHDRAWING SUPPORT FROM CHARITABLE GROUPS.

3. THAT THE DEBT OUTSTANDING FOR WINCHESTER ALLIANCE FOR MENTAL HEALTH OF £353,483.29 BE WRITTEN OFF.

RESOLVED:

1. That the recommendations of Principal Scrutiny Committee at its meeting on 12 September 2005 be endorsed, subject to Cabinet asking that PwC also report upon the impact of events between July 2003 and October 2003.

2. That having regard to the broad financial management issues raised in the PwC Report and other detailed matters raised in Report CAB1118 and above, the following action be taken:

a) the Council's Internal Audit Service be requested to investigate the procedures to be adopted when an external organisation defaults on the first occasion on a payroll payment, and report back to a future Cabinet accordingly.

b) a further report be submitted to Cabinet on the wider risk assessment regarding service delivery and service purchasers. In addition, the report should consider the general issue of whether the Council should continue to offer payroll services to external organisations.

c) that the different roles of Scrutiny bodies and Cabinet be reinforced to Members through training and the Scrutiny Liaison Meetings.

d) that Members be reminded of the Guidance contained in Part 8 of the Constitution upon the role of Members on Outside Bodies.

292. **REVIEW OF TRAVEL CONCESSIONS**

(Report CAB1123 refers)

At the invitation of the Chairman, Councillors Higgins and Beckett spoke in support of the proposals for free travel as set out in the Report. Councillor Higgins expressed concern about the possible withdrawal of the token system, although he accepted that the high cost of taxi fares meant the tokens were no longer of benefit to most people. Both Councillor Higgins and Beckett requested further investigation of the possibility of providing rail cards as an alternative to free bus passes.

The Portfolio Holder for Economy and Transport agreed that the provision of rail passes should be investigated further and requested that a further report be submitted on this matter. This was agreed.

The Portfolio Holder also emphasised the high cost of taxi fares which had an effect on the usefulness of the travel token scheme. For example, a one-way taxi fare from Alresford to Winchester was about £18 and from Denmead to the Queen Alexandria Hospital in Portsmouth, about £10.

The Portfolio Holder mentioned that a number of areas around the District organised their own community care groups which provided transport for local residents, for example to hospital appointments. He suggested that a budget of £10,000 be allocated to promote and support such community transport groups.

The Director of Finance explained the situation regarding the Rate Support Grant, as outlined in paragraph 2.7 of the Report, which suggested that no additional Government grant would be forthcoming to meet the costs of the scheme. However, further clarification would be available from the Government in November 2005.

In response to questions, the Director of Development advised that the exact costs of offering a free bus pass scheme were not known as it depended on the level of demand, although it was anticipated that demand would increase. In addition, it was noted that Winchester Area for Community Action had expressed concern about meeting the additional costs for the Dial-a-Ride Scheme and the level of County Council funding. A number of Members also expressed concern about the costs of offering a free Dial-a-Ride service and requested that this situation be monitored closely.

With regard to the proposal to terminate the travel tokens scheme from 1 April 2006, one Member queried what steps would be taken to ensure customers understood that cash refunds would not be given for expired tokens. Consideration should also be given as to whether it was appropriate to have a time-limit for use of tokens that had already been paid for by the Council. The Director of Development agreed to consider this issue further and take such action as required.

Cabinet agreed to the following for the reasons set out above and outlined in the report.

RESOLVED:

1. That the City Council continues to be a partner in the Hampshire Bus Pass scheme administered by MCL.
2. That the City Council opts for the county-wide free fare bus pass scheme that operates during off-peak hours only.
3. That provision be made in the 2006/07 base budget to finance the free fare bus pass scheme commencing on 1 April 2006 at an estimated additional cost of £500,000 per annum.
4. That those caring for and accompanying severely mobility impaired people should be eligible for free fare bus passes.
5. That provision be made to finance free fares on the Winchester and Bishops Waltham Dial-a-Ride services at an estimated additional cost of £20,000 per annum, but a further report be brought to Cabinet on the practicalities of this proposal, including consideration of whether a half fare alternative should be considered.
6. That the travel tokens scheme be terminated from 1 April 2006 and the savings of £160,000 per annum be used to offset the additional costs of the free fare bus pass scheme.
7. That the Director of Development be authorised to make the detailed adjustments to the Council's Travel Scheme to take account of the decisions in Recommendations 1 to 6 above and the point regarding expired travel tokens outlined in the preamble above.
8. That net growth of £360,000 (plus an additional £10,000 for the next two years as outlined in Recommendation 9 below) be approved as part of the budget process and equivalent savings be identified to fund this proposal.

9. That £10,000 for the next two years be put forward as a growth bid for the promotion and support of community transport.

10. That the possibility of offering a rail card as an alternative to a bus pass be investigated further and a report be brought back to a future Cabinet.

11. That a further report be brought to Cabinet on the financial implications once more details are received from the Government on implementation and possible funding for the scheme.

293. **TREASURY MANAGEMENT STEWARDSHIP REPORT**
(Report CAB1116 refers)

Cabinet agreed to the following for the reasons outlined in the report.

RESOLVED:

That the Treasury Management Stewardship Report be approved.

294. **DRAFT KINGS WORTHY VILLAGE DESIGN STATEMENT**
(Report CAB1090 refers)

The Portfolio Holder for Planning suggested that it would be helpful if the final Statement referenced the appropriate paragraphs to the relevant Design Guidelines contained in Appendix 2.

Cabinet noted that Durley Village Design Statement should be included in the table outlined at paragraph 2.1 of the report.

Cabinet agreed to the following for the reasons set out above and outlined in the report.

RESOLVED:

1. That the publication of the draft Kings Worthy Village Design Statement (amended as necessary to make minor editing/typographical corrections) be authorised for public consultation.

2. That City Council officers and Kings Worthy Parish Council ensure that such consultation accords with the relevant requirements of the Town & Country Planning (Local Development) (England) Regulations 2004, in particular in relation to the production of a consultation statement.

3. That an offer of up to £1,000 be authorised as a contribution towards the costs of publication of the consultation draft document, with up to a further £1,000 towards the costs of publishing the adopted VDS.

4. That Kings Worthy Parish Council and the VDS Group be thanked for producing the Design Statement.

295. **GUILDHALL REFURBISHMENT WORKS – REQUEST FOR SUPPLEMENTARY CAPITAL ESTIMATE**
(Report CAB1105 refers)

Members noted that the Report had been considered by Principal Scrutiny Committee at its meeting on 12 September 2005 which had decided that if Cabinet approved the request for a supplementary estimate, Principal Scrutiny Committee would exercise its right to call-in the decision for review. The Committee had appointed an Informal Scrutiny Group to undertake this review and report back to the next meeting of Principal Scrutiny Committee on 17 October 2005.

In response to questions, the Director of Finance confirmed that the refund of an overpayment of NNDR in respect of the Guildhall was income to the Council as a whole and as such, could be used in a variety of ways, including increasing the Council's reserves.

The Director of Development emphasised that the King Alfred Hall was in need of major refurbishment and this was starting to impact on bookings. If approval was not given now, the proposed work would have to be rescheduled to a future date, probably in at least one year's time. He confirmed that there was a programme of maintenance for the Guildhall, although there was not always funding available to carry out the work.

Some Members expressed concern that although refurbishment was required, careful consideration should be given to the best time to carry out this work and another report be brought to Cabinet on this matter. For example, it could be tied in with other possible works to the Guildhall resulting from the Bapsy Bequest. In particular, Cabinet considered that provision should be made on a planned basis in the Capital Programme for future maintenance/improvement work of this nature. It was therefore agreed that the request for a supplementary estimate not be approved at this time and that Principal Scrutiny Committee be advised accordingly.

Cabinet agreed to the following for the reasons set out above and outlined in the report.

RESOLVED:

That a supplementary capital estimate of £78,000 to fund refurbishment works in the King Alfred Hall, Guildhall, be not approved at this time, but a further report be brought to Cabinet on a programme of refurbishment works to the Guildhall, including the King Alfred Hall for possible inclusion in the Capital Programme.

296. **TEMPORARY STOP NOTICES – EXPLANATION OF NEW ENFORCEMENT POWERS**
(Report CAB1115 refers)

Cabinet agreed to the following for the reasons outlined in the report.

RECOMMENDED:

THAT THE COUNCIL'S CONSTITUTION BE AMENDED AS FOLLOWS:-

THAT IN PART 3 OF THE CONSTITUTION, SECTION 6 (SCHEME OF DELEGATION TO OFFICERS) THE AUTHORITY OF THE DIRECTOR OF DEVELOPMENT BE AMENDED AS FOLLOWS:-

UNDER "PLANNING MATTERS", AMEND PARAGRAPH 16 BY THE ADDITION OF THE WORDING AFTER "...WITHDRAWAL OF ENFORCEMENT NOTICES" "THE ISSUE AND WITHDRAWAL OF TEMPORARY STOP NOTICES".

297. **REPRESENTATION ON OUTSIDE BODIES**
(Report CAB1111 refers)

Cabinet noted that Councillor Collin wished to put his name forward as a nomination for the Winchester Group for Disabled People. No other nominations had been received.

The City Secretary and Solicitor advised that it was not necessary to make an appointment for a St Bedes Church of England Primary School Governor as there was no longer any provision for District Councils to nominate school governors.

Cabinet agreed to the following for the reasons set out above and outlined in the report.

RESOLVED:

That the following appointments to outside bodies be made (term of office in brackets):

- (i) Winchester Detached Youth Work Project – Councillor Love (30 September 2006)
- (ii) Winchester Group for Disabled People – Councillor Collin (30 September 2008)

298. **MINUTES OF THE RESOURCES SCRUTINY PANEL HELD ON 13 JULY 2005**
(Report PS191 refers)

With regard to the resolution that Cabinet note the effects of the Licensing Act 2000 on the City Secretary and Solicitor's Directorate, the City Secretary and Solicitor advised that approximately 89 per cent of applications had now been received and would be processed by the deadline of 24 November 2005. Reminder letters had been sent to all outstanding premises, although it was recognised that some of these would not require a licence. He confirmed that the Council had submitted a questionnaire from the Local Government Association on the costs associated with implementing the Act.

Processing such a large number of applications in a short period of time also would have an impact on other work undertaken by the Directorate, as licensing work was being given priority to ensure that premises would be able to continue to trade.

Cabinet agreed to the following for the reasons set out above and outlined in the report.

RESOLVED:

That the minutes of the Resources Scrutiny Panel held on 13 July 2005 be received and the recommendations contained therein be noted.

299. **MINUTES OF THE LOCAL ECONOMY SCRUTINY PANEL HELD 18 JULY 2005**
(Report PS192 refers)

Members noted that approval for the appointment of a Residents' Parking Scheme Informal Member/Officer Working Group had been given by Cabinet at its last meeting on 26 July 2005. The membership had subsequently be agreed as Councillors Knasel, Learney, de Peyer and Busher with the Conservative Group deciding not to nominate a Member.

Cabinet agreed to the following for the reasons set out above and outlined in the report.

RESOLVED:

That the minutes of the Local Economy Scrutiny Panel held on 18 July 2005 be received and the recommendations contained therein be noted.

300. **MINUTES OF THE ENVIRONMENT SCRUTINY PANEL HELD ON 19 JULY 2005**
(Report PS193 refers)

With regard to the recommendation that Cabinet approach the Local Government Association (LGA) to lobby Government regarding new drainage systems (as detailed in the above minute), it was agreed that the Portfolio Holders for Environment and Planning undertake to do this.

Cabinet agreed to the following for the reasons set out above and outlined in the report.

RESOLVED:

That the minutes of the Environment Scrutiny Panel held on 19 July 2005 be received and the recommendations contained therein be agreed.

301. **MINUTES OF THE SOCIAL ISSUES SCRUTINY PANEL HELD ON 21 JULY 2005**
(Report PS194 refers)

It was agreed that the Portfolio Holder for Housing lobby Government regarding the perceived inequities in the Council's contribution to the National Housing Subsidy system. The Portfolio Holder also agreed to give due consideration to the recommendations of the recent Scrutiny Review of Affordable Housing to increase expenditure on the work of the Rural Housing Enabler within the District within the budget process.

With regard to the request that Cabinet note the Panel's concern about the 5 percent budget variance overspend in the Community Services' Department outturn for 2004/05, the Director of Development agreed to provide a further report to Cabinet on this matter.

Cabinet agreed to the following for the reasons set out above and outlined in the report.

RESOLVED:

That the minutes of the Social Issues Scrutiny Panel held on 21 July 2005 be received and the recommendations contained therein be agreed subject to the additional points outlined above.

302. **FUTURE ITEMS FOR CONSIDERATION**

RESOLVED:

That the list of future items, as set out in the Council's Forward Plan for September 2005, be noted.

303. **EXEMPT BUSINESS**

RESOLVED:

That the public be excluded from the meeting during the consideration of the following items of business because it is likely that, if members of the public were present, there would be disclosure to them of 'exempt information' as defined by Section 100I and Schedule 12A to the Local Government Act 1972.

<u>Minute Number</u>	<u>Item</u>	<u>Description of Exempt Information</u>
304	Upper Brook Street Car Park, Winchester) Information relating to the financial or business affairs of any particular person (other than the authority). (Para 7 Schedule 12A refers).
305	Durngate House, Winchester	
306	Mitford Road, New Alresford	
307	River Park Leisure Centre) Refurbishment – Tender Shortlist) Any terms proposed or to be proposed by or to the authority in the course of negotiations for a contract for the acquisition or disposal of property or the supply of goods or services. (Para 9 to Schedule 12A refers).
308	IT Managed Service Contract	
307	River Park Leisure Centre) Refurbishment – Tender Shortlist) The amount of any expenditure proposed to be incurred by the authority under any particular contract for the acquisition of property or the supply of goods or services. (Para 8 to Schedule 12A refers).
308	IT Managed Service Contract	
308	IT Managed Service Contract) Information relating to a particular employee, former employee or applicant to become an employee of, or a particular office-holder, former office-holder or applicant to become an office-holder under the authority. (Para 1 to Schedule 12A refers).

304. **UPPER BROOK STREET CAR PARK, WINCHESTER**

(Report CAB1121 refers)

Cabinet considered the above Report which set out a proposal relating to Upper Brook Street car park (detail in exempt minute).

305. **DURNGATE HOUSE, WINCHESTER**

(Report CAB1114 refers)

Cabinet considered the above Report which set out proposals relating to Durngate House (detail in exempt minute).

306. **MITFORD ROAD, NEW ALRESFORD**

(Report CAB1117 refers)

Cabinet considered the above Report which set out a proposal regarding a property in Mitford Road, New Alresford (detail in exempt minute).

307. **RIVER PARK LEISURE CENTRE REFURBISHMENT – TENDER SHORTLIST**
(Report CAB1113 refers)

Cabinet agreed to the following for the reasons outlined in the report.

RESOLVED:

1. That the Contractors numbered 1 to 6 in Appendix B of the Report be invited to tender for the refurbishment work at River Park Leisure Centre.
2. That the future key dates in the tender proves be noted (paragraph 2.3 of the Report refers).

308. **IT MANAGED SERVICE CONTRACT**
(Report CAB1094 refers)

Under the Council's Constitution Access to Information Procedure Rules (Rule 15.1 General Exception), this was a Key Decision, which had not been included in the Forward Plan. Under this procedure, the Chairman of the Principal Scrutiny Committee had been informed.

Cabinet considered the above report which recommended a way forward regarding the award of the IT Managed Service Contract (detail in exempt minute).

The meeting commenced at 9.00am and concluded at 1.15pm