

**PRINCIPAL SCRUTINY COMMITTEE**

**17-October 2005**

Attendance:

Councillors:

Allgood (Chairman) (P)

Beckett (P)  
Bidgood (P)  
Cook (P)  
Clohosey (P)  
Chamberlain (P)

Davies (P)  
Lipscomb (P)  
Mitchell (P)  
Stallard (P)  
Steel (P)

Others in attendance who addressed the meeting:

Councillor Campbell (Leader of the Council)  
Councillor Learney (Portfolio Holder for Finance and Resources)

Others in attendance who did not address the meeting:

Councillor Hiscock (Portfolio Holder for Housing)  
Councillors De Peyer, Jackson and Spender

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416. **MEMBERSHIP OF SUB-COMMITTEE'S ETC**

It was agreed that Councillor Allgood replace Councillor Chamberlain on the Community Engagement Informal Scrutiny Group and that Councillor Chamberlain replace Councillor Allgood on the Local Strategic Partnership Informal Scrutiny Group.

RESOLVED:

1. That the membership of the Community Engagement Informal Scrutiny Group be confirmed as follows:

Councillor Allgood (Lead Councillor), Bidgood, Cook, Lipscomb, Mitchell and Stallard.

2. That the membership of the Local Strategic Partnership Informal Scrutiny Group be confirmed as follows:

Councillor Chamberlain (Lead Councillor), Beckett, Clohosey, Davies and Steel.

417. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman advised that it was envisaged that the 'Good Scrutiny Guide' would be finalised soon for publication following its earlier discussion at the Scrutiny Chairs Liaison meeting held on 15 September 2005.

418. **MINUTES**

Following a query, the Chairman reminded the meeting that with reference to Minute 279, Guildhall Refurbishment Work – Request for Supplementary Estimate (Report CAB1105) it had not been necessary for the appointed Informal Scrutiny Group to convene to discuss the Committee's call-in of the matter. This was because Cabinet, at its meeting on 14 September 2005, had not approved the proposal and had asked for a further report on this proposal related to a wider programme of works scheduled for the Guildhall.

The Chairman also reported that due to the Committee's lengthy agenda, he had decided that the progress report previously requested on the Customer Service Centre be delayed until the meeting of the Committee scheduled for 5 December 2005.

Members also noted a typographical error within the minutes that should be amended as follows:

Minute 276 Winchester Alliance for Mental Health (Report CAB118 refers), page 6, paragraph 4 – the sentence commencing 'By January 2004, when Hampshire County Council ceased funding...', be amended to read; 'By January 2005, when Hampshire County Council ceased funding...'

RESOLVED:

That subject to the above amendment, the minutes of the previous meeting of the Committee held on 12 September 2005 be approved and adopted (less exempt item).

419. **PUBLIC PARTICIPATION**

The Chairman welcomed to the meeting Mr Atkins, a resident of Alresford. Mr Atkins had indicated that he wished to address the Committee regarding the investigation by PricewaterhouseCoopers into the involvement of the Council with the Winchester Alliance for Mental Health and the Committee's subsequent request for additional matters to be researched (see Minute 422 below). The Chairman therefore agreed that Mr Atkins should address Members at the relevant point in the meeting, prior to the Committee's discussion of the report and that any response to his points should be made at that stage.

The Chairman also welcomed to the meeting Mr Hayter, a resident of Bishops Waltham. Mr Hayter had indicated that he wished to address the Committee regarding the Roll Forward of Corporate Strategy and Revenue Budget 2006/09 (see Minute 419 below). The Chairman therefore agreed that Mr Hayter should address Members at the relevant point in the meeting, prior to the Committee's discussion of the report and that any response to his points should be made at that stage.

420. **SECOND QUARTER PERFORMANCE MONITORING - LEADER**  
(Report PS199 refers)

The Chairman welcomed to the meeting Councillor Campbell, Leader of the Council.

The Leader responded to a number of questions regarding Appendix I of the Report: 'Progress against Performance Plan Targets' and clarified issues regarding the achievement of agreed corporate objectives.

Following discussion, it was recognised that whilst the above report detailed the wider strategic issues, specific performance information related to core services and individual portfolios was reported to the Scrutiny Panels.

Members also referred to Appendix 2, Corporate Dashboard, and noted with concern the performance indicator for days sick per member of staff.

RESOLVED:

That the Leader and the Chief Executive have regard to the issues identified from the second quarter performance monitoring as detailed above.

421. **ROLL FORWARD OF CORPORATE STRATEGY AND REVENUE BUDGET 2006/09**

(Report CAB1126 refers)

The City Secretary and Solicitor advised that Cabinet at its meeting held on 12 October 2005, had approved the proposals with minor amendments to form the basis of consultation.

Mr Hayter, a resident of Bishops Waltham, addressed the Committee and highlighted his comments regarding the report as previously distributed to Members. In summary, Mr Hayter made the following points:

- Why is 'Crime Rates' a target for the Council rather than the police? Anti Social Behaviour reduction would be more appropriate
- He reminded Members that corporate targets and resource priorities should ideally be more 'visible' to residents.

Councillor Campbell, as Leader of the Council stated that the Corporate Strategy was intended to influence the budgetary process as budget choices should be led by the strategy and therefore should not be considered in isolation. The Strategy posed a number of questions for which scrutiny was welcomed in advance of the development of the budget. The budget setting would also be a robust process involving all the Scrutiny Panels. This would include the opportunity to consider Cabinet's proposals for savings.

The Leader responded to a number of questions regarding Appendix I of the Report: 'Proposed Budget Changes relating to priority areas'. A Member noted with concern the withdrawal of the Council's 'Homecheck' Service following the absence of partnership funding.

RESOLVED:

That the draft Corporate Strategy and revenue budget be noted.

422. **INTERNAL AUDIT UPDATE: 1/4/05 – 23/8/05**

(Report PS197 refers)

Members noted that this report had been deferred from the previous meeting of the Committee held on 12 September 2005.

The suggestions for improvements to the post opening and delivery procedures of the Council were noted. The Director of Finance was asked to consider specific matters raised by Members in relation to the internal post service.

RESOLVED:

That the matters raised by Internal Audit and the action taken to date by the appropriate Directors be noted.

423. **INTERNAL AUDIT UPDATE: 24/8/05 – 23/8/05 (LESS EXEMPT APPENDIX B)**  
(Report PS198 refers)

Further to the Overtime and Sickness Audit, It was confirmed that a project for a joint Human Resources/Payroll computer system was underway.

RESOLVED:

That the matters raised by Internal Audit (less those set out in Exempt Appendix B) and the action taken to date by the appropriate Directors be noted.

424. **WINCHESTER ALLIANCE FOR MENTAL HEALTH – PwC REPORT**  
(Report PS203 refers)

The above item had not been notified for inclusion on the agenda within the statutory deadline. The Chairman agreed to accept the item onto the agenda as a matter requiring urgent consideration, because of the need for progression of any matters that may be considered necessary by Members in response to the recommendations of officers and those of PricewaterhouseCoopers.

The Chairman welcomed to the meeting Mr M Hepenstal and Mr G Rubins from PricewaterhouseCoopers (PwC). The Chairman also reminded the Committee that the above Report should be considered in conjunction with the previous report on this matter (Minute 291, Report CAB1118 refers). Cabinet decisions on this report at its meeting on 14 September were set out in Appendix A of report PS203.

Mr Robin Atkins, a resident of Alresford, addressed the Committee.

Mr Atkins advised that he was addressing the Committee regarding this matter also in his capacity as qualified chartered accountant.

Mr Atkins referred to the questions that he had previously sent to the Chief Executive and to The Chairman in response to the original PwC report (Report CAB1118 refers). He considered that a number of these questions remained unanswered following the additional work undertaken by PwC. He circulated these to Members of the Committee together with additional questions not previously asked. In summary, Mr Atkins remained very concerned at the Council's apparent lack of adequate accountancy procedures, absence of risk assessment and apparent lack of Member involvement in decisions in the time leading up to the withdrawal of the payroll service and incurrence of the debt, especially during the period November 2003 – January 2004. In conclusion, Mr Atkins suggested that the main failures during that period of time were as follows, and that unless he was further convinced by the Council's response, he would raise the matter with the District Auditor::

- a) Failure to accept responsibility for the debt.
- b) Failure to agree and monitor cash payments made.
- c) Failure to advise wider body of Members of the increase in the debt in the November 2003 – January 2004 period.
- d) Failure of the Cabinet to meet during that period to discuss the matter.
- e) Failure to involve the County Council in assisting with the resolution of the problem.

The Chairman thanked Mr Atkins for his comments and stated that they would be taken into account as part of the Committee's discussion of the PwC report.

The Chief Executive introduced the report and also reported that Mr Hayter, a resident of Bishops Waltham, had previously commented on the content of the report via email. Mr Hayter had stated that the Council should apply all that had been learnt from the investigations undertaken by PwC and also recommended changes to the Council's procedures regarding third party payroll services, although appreciative that this may place the organisations in some financial difficulty.

The Chairman referred to PwC's report as set out as Appendix B and the Committee asked a number of detailed questions.

A Member questioned whether minutes and/or informal notes of meetings between officers and Members/Portfolio Holders were kept and whether PwC had sought these as part of their investigations.

In response, the Director of Finance clarified that such meetings were held in her office and although occasional notes were made of discussions, these were not made on a regular basis.

At the invitation of the Chairman, and responding to the points raised, Mr Hepenstal stated that in his opinion, it would not be inevitable that formal minutes should be kept of such meetings.

Responding to a question, Mr Hepenstal also advised that the debt had not substantially reduced over the period since June 2001 when it had first become apparent that the organisation was in arrears to the Council.

In response to a question from a Member, Mr Rubins also confirmed that the liquidator of WAMH had concluded that there was no basis for a successful claim against any of the Directors of WAMH regarding any information given regarding the possibility of repayment of the debt to the Council. He also reminded the meeting that their investigation was only that of the Council's involvement, not that of the conduct of WAMH. The City Secretary and Solicitor confirmed, that in viewing the liquidator's comments, it was not appropriate for the Council to consider any action in relation to the Directors.

Councillor Beckett requested that a chronological list be circulated to the Committee of decisions made regarding the matter, set out against payments made and the level of the ensuing debt at that time. Mr Rubins stated that although such information was contained within the original PwC report, this could be provided. He added that no clear decisions had been made during that time to stop payments. The Director of

Finance undertook to provide such information to Councillor Beckett and for this to be copied to the Committee for information.

A Member referred to informal meetings that take place on a regular basis between Cabinet members and officers and whether PwC had undertaken to investigate any such minutes of these meetings, particularly of those within the period November 2003 – January 2004. In response, the Leader advised that her Group have weekly meetings in addition to the Strategic Liaison Group (SLG). The SLG is a non decision making meeting between senior management and Cabinet members to discuss business management matters. The Chief Executive stated that 'Action' point based minutes are taken at SLG meetings and those minutes appropriate to the period November 2003 – January 2004 could be made available. However he reminded the meeting the PwC had only investigated formal meetings.

The Chairman thanked Mr Hepenstal and Mr Rubins for their attendance at the meeting.

The Committee discussed whether further clarification was required regarding the authorisation for the running of the payroll during the period 14 October 2003 – 27 January 2004 when at such time no referral of the matter to a wider body of Members was made.

A Member stated that the escalation of debt and the lack of clarity of Member and officer responsibility for the continuation of the running of WAMH's payroll services indicated that, procedurally, there were weaknesses. The operation of the Cabinet Executive system in general required investigation. This should include the actual frequency of meetings, as it was considered that the responsibility and understanding required by Cabinet members was at odds with the current four weekly cycle. He also suggested that the current procedures for Portfolio Holder decisions provided a greater opportunity for non executive involvement for relatively minor issues. In conclusion, he recommended that the decision making powers of both officers and Cabinet and its relationship with non-Executive Councillors (and the use of emergency powers) required clarification and improvement where necessary.

The Committee discussed further the existing policies regarding third party payroll services run by the Council. The Director of Finance reminded Members that the existing policy regarding payroll services, as amended, was for any new organisations to be paid in arrears and for the service to stop if repayments were defaulted for two months. Following further discussion, it was agreed to recommend to Council that payroll services for charities and other external organisations should, in future, be paid in arrears. The Director of Finance should contact all existing payroll recipients to advise them as necessary and a 12 month transitional period should be negotiated.

**RECOMMENDED:**

**THAT IN ADDITION TO THE RECOMMENDATIONS MADE BY CABINET AT ITS MEETING ON 14 SEPTEMBER 2005 (MINUTE 291 REFERS)**

- 1. THAT ALL PAYROLL SERVICES PROVIDED BY THE COUNCIL BE OPERATED IN FUTURE ON THE BASIS THAT THE ORGANISATION CONCERNED MAKES PAYMENT IN ADVANCE AND**

THAT, FOR EXISTING CLIENTS, THE DIRECTOR OF FINANCE NEGOTIATE TRANSITIONAL ARRANGEMENTS SO THAT THE CHANGE CAN BE EFFECTED WITHIN THE NEXT 12 MONTHS.

2. THAT, IN VIEW OF THE VOLUME OF EXECUTIVE BUSINESS BEING CONDUCTED, CABINET BE ASKED TO REVIEW:

A) THE RELATIONSHIP OF THE RESPECTIVE ROLES OF MEMBERS AND OFFICERS IN EXECUTIVE DECISION-MAKING AND WHETHER ANY CHANGES ARE NECESSARY TO ENSURE THE EFFICIENT DESPATCH OF BUSINESS.

B) WHETHER CABINET NEEDS TO MEET MORE FREQUENTLY AND/OR ANY OTHER CHANGES ARE REQUIRED TO THE MANNER IN WHICH EXECUTIVE DECISIONS ARE TAKEN EITHER BY CABINET ITSELF OR THROUGH THE PORTFOLIO HOLDER DECISION- MAKING SYSTEM.

425. **CARROLL YOUTH CENTRE – EMERGENCY GRANT REQUEST**  
(Report CAB1133 refers)

The City Secretary and Solicitor advised that Cabinet, at its meeting held on 12 October 2005, had approved the proposals as set out.

Following a request, the Chief Executive stated that he would distribute via email an update of the situation at the Centre.

RESOLVED:

That the decision made under Section A.2 of the Scheme of Delegation to Officers, as detailed in the report and approved by Cabinet, be noted.

426. **SILVER HILL DEVELOPMENT UPDATE**  
(Report PS202 refers)

The Director of Development responded to a number of questions regarding the advancement of the Silver Hill redevelopment project:

- a) The slippage by approximately six months of the anticipated date for the receipt of the formal planning application was as a result of the Council's ongoing negotiations to achieve the best possible outcome from the proposals.
- b) The lead Officer for the project was the Chief Executive assisted by the Director of Development (with professional level responsibility carried out by the Chief Estates Officer). The Leader had Member level responsibility where necessary.
- c) It was confirmed that the period for the compulsory purchase was tight and would be reviewed.

- d) The need to consider whether adequate funding arrangements were in place would be considered at key stages.

Members noted that the Committee had previously requested a milestones report regarding the project. Therefore, following further discussion, it was agreed that a report listing the key milestones be provided to ensure that Members have the opportunity to monitor such decisions over an acceptable period of time. This should comprise of a timetable (ideally in graphical form) showing the financial ramifications of the decisions to be taken, and when. The key milestones should include the reassurance of adequate funding of the scheme by the developers, reviewing the financial position at appropriate intervals as well as the situation regarding the issuing of blight notices etc.

RESOLVED:

That a key milestones report in respect to the Silver Hill development proposals be submitted to the next meeting of the Committee containing the detail as set out above and also be referred to this Committee for its consideration.

427. **CONSIDERATION OF ITEMS UNDER THE COMMITTEE'S POWERS OF CALL-IN**

- (i) **WINCHESTER DISTRICT LOCAL PLAN INSPECTORS' FEES**  
(Report CAB1128 refers)

The City Secretary and Solicitor advised that Cabinet, at its meeting held on 12 October 2005, had approved the proposals as set out.

RESOLVED:

That the decision of the meeting of Cabinet held on 12 October 2005 regarding the approval to be given to the carry forward of up to £100,000 of the agreed growth for the District Plan Reserve of £130,000 for 2006/07 to cover the shortfall in funding for 2005/06, be not called-in for review.

428. **RISK MANAGEMENT UPDATE REPORT**  
(Report PS179 refers)

RESOLVED:

That progress be noted on the current Risk Management arrangements and the further action being taken to complete the risk identification and analysis process.

429. **ANNUAL REPORT ON COMPLAINTS RECEIVED BY THE COUNCIL – 2004/05**  
(Report PS190 refers)

Members noted that this report had been deferred from the previous meeting of the Committee held on 12 September 2005.

The Chief Executive reported that there were issues apparent in the consistency of the definition of 'complaint', although he was satisfied that there were no particular trends within Directorates of increases. It was also reported that the Ombudsman

was willing to dismiss cases at an earlier stage when there was no evidence of maladministration by the Council.

RESOLVED:

That the report be noted.

430. **SCRUTINY WORK PROGRAMME (REPORT PS195 REFERS) AND OCTOBER 2005 FORWARD PLAN AND ITEMS FOR FUTURE CONSIDERATION**

RESOLVED:

That the Scrutiny Work Programme and Forward Plan for October 2005 be noted.

431. **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>  |
|----------------------|---|---|
| 432 and 436          | Depot Services Contract – Six Monthly Monitoring Performance  | Information relating to the financial or business affairs of any particular person (other than the authority). (Para 7 to Schedule 12A refers).   |
| 433 and 437          | Exempt Minutes of the previous meeting held 12 September 2005 |   |
|                      | • Upper Brook Street Car park, Winchester                     |   |
| 433 and 437          | Park and Ride Bus Contract                                    | Information relating to the financial or business affairs of any particular person (other than the authority). (Para 7 to Schedule 12A refers).   |
| 433 and 437          | Upper Brook Street Car Park, Winchester                       |   |
|                      | Extract of Minutes of Cabinet held 14 September 2005          |   |
|                      |   | 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). |

|         |                        |   |                           |
|---------|------------------------|---|---------------------------|
| 434 and | Internal Audit Update: | ) | Information relating to a |
| 438     | 24/8/05 – 30/9/05      | ) | particular employee,      |
|         | (EXEMPT                | ) | former employee or        |
|         | APPENDIX B)            | ) | applicant to become an    |
|         |                        | ) | employee of, or a         |
|         |                        | ) | particular office holder, |
|         |                        | ) | former office-holder or   |
|         |                        | ) | applicant to become       |
|         |                        | ) | and office-holder under,  |
|         |                        | ) | the authority. (Para 1 to |
|         |                        | ) | Schedule 12A refers)      |
|         |                        | ) |                           |
|         |                        | ) | Information relating to   |
|         |                        | ) | the financial or          |
|         |                        | ) | business affairs of any   |
|         |                        | ) | particular person (other  |
|         |                        | ) | than the authority).      |
|         |                        | ) | (Para 7 to Schedule       |
|         |                        | ) | 12A refers).              |

432. **DEPOT SERVICES CONTRACT – SIX MONTHLY MONITORING PERFORMANCE**  
(Report PS196 refers)

The Committee considered a report that set out contractor performance information (detail in exempt minute).

433. **CONSIDERATION OF ITEMS UNDER THE COMMITTEE'S POWERS OF CALL- IN**

(i) **UPPER BROOK STREET CAR PARK, WINCHESTER**  
(Report CAB1121 and PS200, Extract of Minutes refers)

Members noted that that Report CAB1121 had been deferred from the previous meeting of the Committee held on 12 September 2005 as it had been agreed that the matter could not be considered in isolation from matters related to the Silver Hill development. A report on Silver Hill was considered elsewhere on the agenda (Report PS202 refers). The Committee also noted that Cabinet, at its meeting held on 14 September 2005, had approved the proposals (Report PS200, Extract of Minutes refers).

The Committee considered a proposal for the disposal of Council owned land and for the acquiring of associated elements of the site (detail in exempt minute).

(ii) **PARK AND RIDE BUS CONTRACT**  
(Report CAB1138 refers)

The City Secretary and Solicitor advised that, at its meeting held on 12 October 2005, Cabinet had agreed to the proposals as set out.

The Committee considered a report that set out proposals for budget provisions following the acceptance of a tender for the Park and Ride Contract (detail in exempt minute).

434. **INTERNAL AUDIT UPDATE: 24/8/05 – 23/8/05 (EXEMPT APPENDIX B)**  
(Report PS198 refers)

The Committee considered Exempt Appendix B of the above Report that set details of a recent audit of systems and controls (detail in exempt minute).

435. **EXEMPT MINUTES**

RESOLVED:

That the exempt minute of the previous meeting of the Committee held on 12 September 2005 be approved and adopted.

The meeting commenced at 5.30 pm and concluded at 9.40 pm.