

MINUTES of the meeting of COUNCIL held at The Council Chamber, Brockington, 35 Hafod Road, Hereford on Friday 23 November 2007 at 10.30 am.

Present: Councillor J Stone (Chairman)

Councillors: PA Andrews, WU Attfield, LO Barnett, CM Bartrum, DJ Benjamin, AJM Blackshaw, WLS Bowen, H Bramer, RBA Burke, ACR Chappell, ME Cooper, PGH Cutter, SPA Daniels, H Davies, GFM Dawe, PJ Edwards, MJ Fishley, JP French, JHR Goodwin, AE Gray, DW Greenow, KG Grumbley, KS Guthrie, JW Hope MBE, MAF Hubbard, B Hunt, TW Hunt, JA Hyde, TM James, JG Jarvis, P Jones CBE, MD Lloyd-Hayes, G Lucas, RI Matthews, TMR McLean, R Mills, PM Morgan, AT Oliver, JE Pemberton, RJ Phillips, GA Powell, PD Price, SJ Robertson, A Seldon, RH Smith, RV Stockton, JK Swinburne, DC Taylor, AM Toon, PJ Watts and JD Woodward

53. PRAYERS

The Very Reverend Peter Haynes led the Council in prayer.

54. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors: AP Taylor, NL Vaughan, WJ Walling, BD Wilcox and JB Williams.

55. DECLARATIONS OF INTEREST

There were no declarations of interest made.

56. CHAIRMAN'S ANNOUNCEMENTS

The Chairman advised Council that the Extraordinary Meeting had been called to receive the review of Mr Ian Crookall, former Chief Executive of Buckinghamshire County Council, in respect of issues identified within the Special Investigation Report of 20 September 2007. The Chairman called upon the Head of Legal and Democratic Services to take Council through the process of the meeting and any legal issues that needed to be considered.

Mr McLaughlin, Head of Legal and Democratic Services, advised Council that there would be two parts to the meeting. Firstly the open public session when Council would receive the open report from Mr Crookall, which had already been to Cabinet and the Audit and Corporate Governance Committee. He stated that would be followed by the confidential part of the meeting where all members of the public and all officers apart from himself, the interim Head of HR and an admin officer would be asked to leave. He added that with regard to the Compromise Agreement there had been no criminal activity identified and that if Members wished to name the individual this must be done in the confidential session.

The Chairman announced that following the public part of the meeting there would be a short break before entering into the confidential session.

57. INDEPENDENT REVIEW OF ICT AND THE COUNCIL'S FINANCIAL AND CONTRACTUAL ARRANGEMENTS

Mr Crookall advised that he would give a short overview of his report for those Members that had been unable to attend either the Cabinet or Audit and Corporate Governance Committee meetings. He stated the key point of his report was the modernisation of the ICT network, which had commenced four years previously. The main issues were around the two major contracts, the Back Office Project (BOP) providing admin support estimated at over £500,000 and the Community Network Upgrade (CNU) providing ICT links for the community estimated at £5.9 million. He added that financial and contractual arrangements were set out in the Council's standing orders and had they been followed it would have ensured the processes were followed correctly. The BOP was approved by the Cabinet Member on 23 December 2004 and the CNU was approved by Cabinet in March 2005.

Mr Crookall referred to paragraph 22 of his report with regard to the substantial costs incurred for consultancy advice and assistance. He then referred to paragraph 23 stating how benchmark data commissioned from independent consultants suggested value for money was being obtained, but there were concerns about services to schools, the clarity of the costs and the level of service which ICT provided.

Mr Crookall referred to paragraphs 25 – 28 of his report regarding the appointment of the Head of ICT, who was appointed from the private sector in August 2003 and who subsequently became the Change Manager for the Herefordshire Connects Programme. He went on to refer to paragraph 30, which summaries the concerns of the Section 151 officer and paragraph 32 which outlined the reasons why it was not appropriate for the Chief Executive to report to Members. He stated that there had developed a consensual style of working within the political groups and that processes and procedures were not embedded within the authority. He added that communication had not always taken place with regard to important issues and referred Members to paragraphs 36 and 37 of his report. He believed the actions of the Section 151 Officer were of a last resort and that the Director had regarded them as a necessary and only step to take after careful consideration. Although the Chief Executive and Leader of the Council were open to address issues, Mr Crookall believed there had been a breakdown in communication and that the Director of Resources was not confident that the matters would be addressed. He stated that the recommendations of the Section 151 report were appropriate and the issues raised on the financial and contractual issues, addressed in paragraphs 15 – 17, would be best addressed by the new Chief Executive. Mr Crookall added that he had identified 10 additional recommendations which were at paragraph 43 of his report.

With regard to management capacity and the management of contracts Mr Crookall did not see this as a problem, but procedures were not fully followed or embedded in the authority. He emphasised that Standing Orders were there for officers to follow and that financial, legal and human resources officers were there to give advice and that he did not feel in the past these officers had been used properly. He added that he expected officers at this level to take a proactive role and to challenge the norm. With regard to management issues he referred to paragraph 45 of his report and stated that these would be addressed in the confidential part of the meeting. He also referred Members to paragraph 48 and the use of the Contract Panel. In referring to paragraph 49 and any disciplinary investigation, again he stated that he would address this in the confidential part of the meeting. Mr Crookall went on to refer to paragraphs 56 – 62 examining the strength of the external moderation of contracts and in particular the contracts highlighted in the Section 151 officer report. He stated contracts of this nature were often complex and benefited from the appointment of an external moderator. The external moderator in this case wrote a letter challenging

the way things were progressing and suggested the postponement of the procurement exercise. This was challenged by the Council and as a result of this challenge the external moderator withdrew his letter.

Mr Crookall added that he felt that the decision making in the authority was deficient. Members were referred to paragraph 64 of the report and the formal decision making in relation to the contracts and the extent of the information made available to the relevant Cabinet Member. Mr Crookall stated that in relation to the BOP there were deficiencies in the way approval from Members was obtained, as there was a lack of clarity as to where resources were coming from or how they would be supported. He also stated that the BOP was a duplication of existing systems. He added that the CNU project was well prepared and tendered for, the report though was vague and the table of expenses was difficult to understand and did not provide enough detail for Members. He stated that the principle responsibility fell on officers to provide this information, but it was also the responsibility of Members, as these documents were a matter of public record. With regard to the Corporate Management Board (CMB) he stated it was fractured and dysfunctional and needed to re-establish itself. Mr Crookall added that it was clearly important that the new Chief Executive should quickly reinstate CMB as the organisation that leads the paid service of the Council.

Mr Crookall referred again to the BOP system as a well respected system that was used by other authorities. However, it was not an efficient use of resources for this authority as it was a duplication of existing systems. He added that the CNU had benefits which could be sustained, but there were issues around value for money and also around the supplier and a member of staff. He said he felt it was important that a benchmarking exercise was undertaken to establish best value for money and to return to the supplier and examine the contract again.

Mr Crookall referred Members to part three of his report, paragraph 87, where he addressed any further recommendations and drew together a set of actions to take and also addressed issues on performance management. He added that Members of the Council and the CMB needed to rebuild trust and confidence and embed procedures and protocols across the authority. He referred to the future and the Council working with the Primary Care Trust (PCT) and said the Council should not shy away from the tasks that lay ahead. He added that there was little value in raking over the coals with no awareness of where the Council is going. He reminded Members that the Council had made significant progress in the ten years of operation. Members were referred to paragraph 92 advising that they needed to provide strong leadership especially through the executive and group leaders and that the new Chief Executive needed to rebuild a robust management structure.

Finally, Mr Crookall stated that this matter related to issues in one division of one directorate. He added that the modernisation of the Council and the challenging work of a Public Service Trust was important and that it was essential to retain the innovation and provide an efficient service to the people of Herefordshire.

At this point questions were asked of Mr Crookall from Members of the Council.

A question was asked on the training needs of Members. Mr Crookall made reference to the training of Audit and Corporate Governance Members and the requirement to put together a package covering the training needs of all Councillors and Scrutiny Committee Members.

A question was asked on the BOP. Mr Crookall reminded Members that the issue was around whether 1.5 million should have been spent on a system for one group of staff and whether that was the best use of resources. He added that some issues had emerged during the ICT scrutiny review. Members referred to paragraph 71 of

the report and reiterated how the scrutiny review was challenging issues in ICT. Reference was made to paragraph 65 of the report and the Cabinet Member signing off on evidence supplied in a memo instead of requesting a comprehensive report. Mr Crookall advised that Members were not expected to be technical experts and would expect Members to rely on officer advice. Members were referred to a possible future disciplinary action and the Head of Legal and Democratic Services advised that this would be looked into independently.

A Member referred to the action plan appended to the report and was concerned that the action plan was not specific enough. It was requested that the action plan needed to state by whom it was to be taken and at what date. It was also requested that the recommendations be brought together in one document and for Council to receive regular progress reports against the action plan.

Further discussion was held on Member and officer training and development and the raising of skill levels with particular regard to procurement contracts. Members also referred to the effect the ICT issue was having on staff and morale in context with job evaluation. It was acknowledged that the Whistle Blowing policy had been improved but there was concern as to whether it was enough with regards to the Council's duty of care for staff. It was proposed that extra action points be added around an education programme for managers on management styles providing clarity, consistency and support for staff, which would be compulsory for all managers. A question was raised on matters relating to personal relations that were not currently part of the HR policy and confirmation was sought that this would be addressed. It was agreed that a review of the HR policy should be made.

Some further discussion was held on the BOP and CNU systems and Members were advised that these issues were not just technical decisions for the Head of ICT but were critical decisions for the finance and legal departments regarding the legal agreement, therefore equally important that both finance and legal should have been consulted. Members were concerned that the position between the Cabinet Member and the Director was too trusting. Members were advised that they should now move into the confidential session to address any further points.

Members thanked Mr Crookall for his report, for its accuracy, the timescale in which it was produced and for the clear and detached way Mr Crookall answered all their questions. The Leader confirmed that the new Chief Executive had read the report and planned to meet with Mr Crookall in the future.

58. CABINET

The Leader of the Council, Councillor RJ Phillips, presented the report of Cabinet that related to the Independent Review of ICT arising from the meeting held on 15 November 2007.

In relation to questions asked regarding the Action Plan at Appendix 2 of the Crookall report the Leader agreed that more detail needed to be added to the Action Plan. The Leader reaffirmed that the Member Development and training group had been reformed and that the profile of the group had changed to include all four group leaders plus one other member from the three larger political groups. He reiterated the need for the group to provide a strategic steer across the authority.

The Leader reiterated the requirement for the Whistle Blowing Policy to be amended and confirmed that HR had taken on board the points raised at Council regarding staff development and morale. He emphasised the point that staff were the authority's best asset and must be trained and developed in a proper manner. He reminded Members that the number of staff appraisals carried out had reached 98%

and the authority must look at the skill shortages and ensure staff are appropriately trained.

A further question was raised on Member Development and Members' felt the group should include more Members so they could raise their own issues and not be restricted to group leaders. Members requested the political procedure be amended to include questions from Members at Cabinet meetings as well as at Council, as is done presently. The Leader reminded Members that Cabinet allows for all group leaders to be represented and with regard to ward issues local Members are invited to speak. He added that it was an opportunity for Members to ask questions at Cabinet through their group leader. The Leader advised that he would look at this issue with the new Chief Executive.

Questions were then asked in relation to evening meetings, members of the public being allowed to speak at Cabinet and Council similarly to the Planning Committee meetings and whether Members should have an annual appraisal. The Leader advised that he had no objections with regard to appraisals as it was useful for Member development. He added that he would discuss all the issues raised with the new Chief Executive.

RESOLVED

THAT:

- (a) The Action Plan at Appendix 2 to the Crookall report be updated to include the revision of the Whistle Blowing Policy and to include timescales and officer responsibilities; and**
- (b) the recommendations in the Action Plan be approved.**

59. AUDIT AND CORPORATE GOVERNANCE COMMITTEE

Councillor ACR Chappell presented the report of the meeting of the Audit and Corporate Governance Committee held on 16 November 2007.

RESOLVED: That the report of the meeting of the Audit and Corporate Governance Committee held on 16 November 2007 be received.

EXCLUSION OF THE PUBLIC AND PRESS

In the opinion of the Proper Officer, the following items will not be, or are likely not to be, open to the public and press at the time they are considered.

RESOLVED: that under section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Schedule 12(A) of the Act, as indicated below

60. CONFIDENTIAL MINUTE - SUPPLEMENTARY REPORT OF THE INDEPENDENT REVIEW OF FINANCIAL GOVERNANCE IN ICT AND CUSTOMER SERVICES (Pages 1 - 4)

These Minutes are restricted.

61. CONFIDENTIAL MINUTE - CABINET

Cllr J P French, Deputy Leader and Cabinet Member, Corporate & Customer Services and Human Resources presented the report of the exempt proceedings considered at the meeting of Cabinet on 15 November, 2007.

RESOLVED: That the report of the meeting of Cabinet held on 15 November, 2007 be received.

62. CONFIDENTIAL MINUTE - AUDIT AND CORPORATE GOVERNANCE (Pages 5 - 6)

These Minutes are restricted.

The meeting ended at 1.45 p.m.

CHAIRMAN

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