

## **Appendix A**

### **Questions from Mr Timothy Smart**

“My question relates to the September Council Meeting decision to move to a single CEO model while considering a shared CEO model. What are the 3 most significant criteria the Cabinet will set to determine whether to propose a shared CEO model with adjacent Councils?”

### **Reply from Leader Councillor David Neighbour**

I need to correct the perception of the work that is being undertaken with Rushmoor. It needs to first be put into context. It's not simply about sharing a Chief Executive. We are looking at a much bigger picture in which sharing a Chief Executive is only one small part.

The two councils in July agreed to find ways to work collaboratively, share resources and drive significant and sustained improvements. In exploring the opportunity of working together several benefits are achievable:

1. A reduction in overall costs. By identifying ways to deliver services and share resources, it will be possible to reduce duplication and overall management costs.
2. A stronger voice in the County and with Government. The increased scale and combined resources will bring a stronger voice to represent our communities.
3. Improved joined-up service delivery. By working closely together, in an area that shares many similar challenges and history, it will be possible to deliver better organised, coordinated and joined up services for our communities.
4. Better use of scarce resources. The combined capability of two organisations working collaboratively together to recruit and jointly manage, will provide an opportunity to attract and retain higher calibre candidates.
5. Improved resilience. In potentially sharing services and staff resources, over time each council will improve its resilience to deal with both planned and unplanned events.

The two councils are committed to develop business cases to support any changes, detailing the potential opportunities, such as sharing a Chief Executive, and recommending which order any changes are made. Where the business cases prove worthwhile, we will rapidly implement shared working arrangements. We are keen to ensure an open and transparent dialogue with our communities over these changes. At this stage work on preparing a business case for a shared Chief Executive is not yet complete but whatever happens, the business case will need to address the 5 points I made earlier.

## **Questions from Mr David Turver**

This is a series of questions to Cabinet members regarding their recent statements about the Shapley Heath at Council and Cabinet.

### ***To the Leader, David Neighbour:***

1. At September Cabinet you insisted the Shapley Heath Audit took place “at a point in time” in November 2021 which is before it was even commissioned. Do you now accept the Shapley Heath Audit was only commissioned by Audit Committee at their meeting in December 2021, the developer studies were completed on or before October 2021 and published in January 2022; the audit work was carried out afterwards by TIAA in March and April 2022 and the first draft report was delivered in late June 2022 with the final report circulated in early July 2022?

### **Reply from Leader Councillor David Neighbour**

I accept I misspoke. In November 2021 I was party to internal discussions with Officers about the need to commission an audit associated with the Shapley Heath Project. These discussions were then taken forward in a formal recommendation to the December 2021 Audit Committee.

2. The deliverables that had to be completed to achieve the first milestone of the Shapley Heath project were: the Communities Survey, Vision and Objectives, Communication and Engagement Strategy, Technical Studies, Strategic Viability Appraisal and Phase One Masterplan (Concept). The Technical Studies comprised 13 Baseline Studies and 14 Strategy Reports. At the September Cabinet meeting you said you disagreed with TIAA’s assessment that no milestones had been achieved. Can you set out which of the planned deliverables were published and how on earth they constitute the achievement of the first milestone?

### **Reply from Leader Councillor David Neighbour**

I do disagree with the TIAA commentary on elements of the project. It views things as though everything occurred in a perfect world. I think the TIAA report should have acknowledged the point that a lot of useful work was done under difficult circumstances that made operating the usual project management and political management regimes very difficult, especially having regard to the fact senior officers and management generally had their workload distorted by the sudden insertion of Covid19 related priorities.

Despite the “non-standard” (or some might say “poor”) project governance, the project was in fact using a project approach as advocated by Homes England in a format that they required, and as TIAA say, had not exceeded budget. “Tangible outputs” were achieved. For example, these were the Technical Studies comprising Baseline Studies. The TIAA authors say no “Key Milestones” were achieved, but the project was curtailed 5 months early before any key ‘milestones’ were triggered.

3. Issues were raised about the financial controls of the Shapley Heath project as part of the objection to the 20/21 accounts. EY found “no matter of misreporting or any other concern for the audit of the accounts”, yet TIAA found “no evidence provided to support the project having been accurately and appropriately financially managed.” In addition, it is reported that the Audit fees are rising from £80K to £250K. If the current auditor cannot find problems when evidence is presented to them, what confidence can the public have that they can find hidden problems in the accounts?

### **Reply from Leader Councillor David Neighbour**

Ernst and Young (EY) are external auditors. They have complied with the NAO's 2020 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the NAO.

We understand that EY spent much time carefully and diligently reviewing Mr Turver's objections to the 2020/21 accounts. The EY work is much more detailed and comprehensive than the lighter touch TIAA report.

EY did not find substance to Mr Turver's complaint or allegations. It is important not to try to re-write history with the benefit of hindsight and put a fresh interpretation on events simply because it is easy to criticise a finding that one does not agree with.

### ***To Cabinet Member for Place, Graham Cockarill***

4. You also said that nobody from the Opportunity Board raised any issues with you about the Shapley Heath project as if that somehow absolved you as Chair of any responsibility. Three of your Cabinet colleagues, sat on the Opportunity Board with you, does this mean that they are more, or less, responsible than you for the failures of the project?

### **Reply from Councillor Graham Cockarill**

I respectfully disagree that the project failed. The Cabinet took the opportunity afforded by the Government to explore a way of meeting our future housing needs. This is exactly what the Planning Inspector suggested we do when he approved our Local Plan. The project has delivered an evidence base against which we can judge the appropriateness of a new settlement option when we begin work on the next Local Plan.

5. At the same meeting, you claimed that the project has “met its primary objective” despite the fact that no milestones have been achieved. The stated objectives were to “establish a vision for a Garden Community and evidence whether such a vision is both viable and deliverable”. Where is the published Vision that has been established and where is the evidence that the vision is both viable and deliverable?

### **Reply from Councillor Graham Cockarill**

At the danger of repeating myself, Madam Chair, the project has delivered a number of baseline studies and reports which now form part of the evidence base for the next Local Plan. The viability and/or deliverability of a new settlement will be assessed as part of the next Local Plan, alongside all other potential options.

6. On 25<sup>th</sup> February 2021, along with the rest of the Council, you approved the overall budget including funding for the New Settlement. The New Settlement budget covered staffing for only 2-3 people and £25K for consultants. Did any budgetary alarm bells start to ring when the Thematic Groups were stuffed with unbudgeted Council Officers, advertisements were placed for contracts worth up to £56K, a new website appeared along with an extensive survey and you appeared in professionally produced videos to promote the survey; wasn't it clear then that the spending was going to massively exceed the budget?

### **Reply from Councillor Graham Cockarill**

The Planning Inspector suggested that we explore the New Settlement option through the traditional planning policy route. If we had done that, then the cost to this Council would have been prohibitively expensive. By taking the opportunity to become part of the Garden Project Programme we have managed to undertake a block of work which we would otherwise not have been able to do. It is unfortunate that the Government's funding priorities changed, which meant that continuing the Programme became financially unviable for this Council. However, we are now in a good position to be able to assess the New Settlement option against all other potential options for meeting the Government's future housing target for Hart (assuming this Government lasts long enough to get a planning bill of sorts through Parliament).

### ***To Cabinet Member for Finance and Corporate Services, James Radley***

7. Back in July 2021, I asked you a number of questions about obvious budgeting and financial reporting irregularities in the Shapley Heath project. The Shapley Heath Audit Report confirmed these concerns, saying there was no evidence that “the project had been accurately and appropriately financially managed”. At the time you brushed off these concerns and actually defended the Council's financial controls. As Cabinet member for Finance, what steps did you take to investigate the obvious weaknesses that were quite correctly highlighted by my questions?

## **Reply from Councillor James Radley**

At the Hart council meeting of July 2021 Mr Turver asked me a total of seven questions within addition a number of supplementals. These were in the main related to seeking clarification as to the nature of entries in a number of budget related tables to which Mr Turver, as always, received accurate answers. Mr Turver also asked about Hart's financial controls and then as I would now I was able to reassure him that these are robust.

The Audit report into the management of the Shapley Heath project has raised issues related to matters of process and project management governance about which the council has rightly sought to engage an outside adjudicator to investigate. There are however no suggestions of financial mismanagement.

The Shapley Heath project was partially funded by government grants and third party contributions along with funding from this council. It has produced a robust evidence base which this council shall be able to use to inform choices which would need to be made if the government were to impose on Hart an increased housing target. Anyone who tracks the signals coming out of Westminster will be aware that such a change in how housing is allocated is a distinct possibility. This council will, thanks to the Shapley Heath project and other studies which are in progress be prepared with evidence led policies when faced by such a challenge.