



NOTICE OF MEETING

GOVERNANCE & AUDIT & STANDARDS COMMITTEE

FRIDAY, 27 OCTOBER 2017 AT 10.30 AM

CONFERENCE ROOM B - CIVIC OFFICES

Telephone enquiries to 023 9283 4058

Email: Vicki.plytas@portsmouthcc.gov.uk

If any member of the public wishing to attend the meeting has access requirements, please notify the contact named above.

Membership

Councillor John Ferrett (Chair)
Councillor Scott Payter-Harris (Vice-Chair)
Councillor Steve Hastings
Councillor Leo Madden
Councillor Hugh Mason
Councillor Neill Young

Standing Deputies

Councillor Alicia Denny
Councillor Paul Godier
Councillor Darren Sanders
Councillor David Tompkins
Councillor Matthew Winnington
Councillor Rob Wood

(NB This Agenda should be retained for future reference with the minutes of this meeting.)

Please note that the agenda, minutes and non-exempt reports are available to view online on the Portsmouth City Council website: www.portsmouth.gov.uk

Deputations by members of the public may be made on any item where a decision is going to be taken. The request should be made in writing to the contact officer (above) by 12 noon of the working day before the meeting, and must include the purpose of the deputation (for example, for or against the recommendation/s). Email requests are accepted.

AGENDA

1 Apologies for Absence

2 Declarations of Members' Interests

3 Minutes from the meeting held on 15 September 2017 (Pages 7 - 16)

RECOMMENDED that the Minutes of the meeting held on 15 September 2017 be confirmed and signed by the Chair as a correct record.

4 Updates on actions identified in the minutes

5 External Audit Annual Results Report 2016 - 17 (Update) (Pages 17 - 64)

Chair to sign the Letter of Representation.

The External Auditor's report (originally marked "to follow") is now published on the website (23 October 2017) and their written consent has been obtained to do so.

6 Audit Performance Status Report to 29 September 2017 (Pages 65 - 78)

This report is to update the Governance and Audit and Standards Committee on the Internal Audit Performance for 2017/18 to 29th September 2017 against the Annual Audit Plan, highlight areas of concern and areas where assurance can be given on the internal control framework.

RECOMMENDED that Members

- (1) Note the Audit Performance for 2017/18 to 29th September 2017.**
- (2) Note the highlighted areas of control weakness from the 2017/18 Audit Plan.**

7 Compliance with the Gifts and Hospitality Protocol (Pages 79 - 94)

The purpose of the report is to update members on any issues regarding compliance with the Gifts and Hospitality protocol and to advise on remedies.

RECOMMENDED that

- (1) The Committee considers whether or not to make any recommendations for change**

- (2) in the absence of any changes, the report is noted

8 Review of Members' Allowance Scheme (Pages 95 - 106)

The purpose of the report is

- (1) To seek approval for the review process from the Governance & Audit & Standards Committee
- (2) To recommend to Council the findings of the Independent Remuneration Panel for adoption into the Members' Allowances Scheme.

RECOMMENDED

To Governance & Audit & Standards Committee

That it approves the review process.

To Council (via Governance & Audit & Standards Committee)

That

- (1) No change should be made to any of the various elements comprising the Members Allowances Scheme ("the Scheme") except that,
 - (a) the Lord Mayor and Deputy Lord Mayor are to be included in the Scheme with a Special Responsibility Allowance (SRA) multiple of Basic Allowance of 0.7 and 0.1 respectively making the positions index-linked and if the recommendation is agreed by Council, to be effective from the date of that Council Meeting.

Note 1 This is not an additional allowance for the Lord Mayor and Deputy Lord Mayor but is simply to bring their allowance formally within the scheme and particularly within the Index Linked regime rather than be permanently fixed as they have been. The proposed changes result in broadly similar allowances currently paid for these positions outside of the scheme which are - Lord Mayor allowance is currently £7,100 and the Deputy Lord Mayor is currently £923.

Note 2 A footnote would be added to the relevant section as follows "Recognising the roles of Lord Mayor and Deputy Lord Mayor are greater than is required normally of a councillor, as per The Local Authorities (Members' Allowances) (England) Regulations 2003, Special Responsibility Allowances"

- (b) a note would be added to the Scheme to clarify that any remuneration received through representing the Council on any Outside Body sits outside the Scheme.
- (c) the wording in the section on Carers' Allowance is amended to

link it to the "Portsmouth Living Wage" (currently £7.85 per hour)

- (d) the wording of the first paragraph of section B (1) Travelling Allowances is amended to add the following wording
That "Travel claims to a destination outside the City must be from a member's Portsmouth registered address, (or from the Council's Civic Offices if that is the member's starting point and is nearer to the destination). Claims from another location can be made if it is nearer to the destination outside the City."
- (2) Notwithstanding the index-linked arrangement, a further review of the Scheme be carried out to be completed in time for the start of the 2021-2022 financial year to meet the 4-yearly review requirement.
- (3) The existing Independent Review Panel be retained as a Standing Panel in the interim period, whose members (with a quorum of three for any decision to be taken) can consider issues that arise in connection with the Scheme before the next review, either by email or in meetings.

The Scheme incorporating the above revisions is attached as Appendix 1 for approval

- (4) The members of the Independent Review Panel be thanked for their time and attention in undertaking the Review.

9 Update on the council's compliance with its Equality Impact Assessment Process (Pages 107 - 114)

The report that had been marked "to follow" was added on 20 October 2018.

The purpose of the report is to update the Committee on the compliance of council services with the council's Equality Impact Assessment process since the last meeting held on 4 November 2016.

RECOMMENDED that the Committee

- (1) Notes the contents of the report;
- (2) Continues to monitor the compliance of the council services with the Equality Impact Assessment process adopted by the Council, on an annual basis.

10 Exclusion of Press and Public

That in view of the contents of the following item on the agenda the Committee is **RECOMMENDED** to adopt the following motion:
"That, under the provisions of Section 100A of the Local Government

Act, 1972 as amended by the Local Government (Access to Information) Act, 1985, the press and public be excluded for the consideration of the following item on the grounds that the appendices to the report contain information defined as exempt in Part 1 of Schedule 12A to the Local Government Act, 1972”.

The public interest in maintaining the exemption must outweigh the public interest in disclosing the information.

Under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012, regulation 5, the reasons for exemption of the listed item is shown below.

Members of the public may make representation as to why the item should be held in open session. A statement of the Council’s response to representations received will be given at the meeting so that this can be taken into account when members decide whether or not to deal with the item under exempt business.

(NB The exempt/confidential committee papers on the agenda will contain information which is commercially, legally or personally sensitive and should not be divulged to third parties. Members are reminded of standing order restrictions on the disclosure of exempt information and are invited to return their exempt documentation to the Senior Local Democracy Officer at the conclusion of the meeting for shredding.)

Item	Exemption Para No.*
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11. Procurement Management Information report	1, 2 and 3
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1. Information relating to any individual

2. Information that is likely to reveal the identity of an individual

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).

11 Procurement Management Information (Pages 115 - 136)

(INFORMATION ONLY)

(NB Appendices 1 and 4 are exempt and provision has been made on the agenda for the meeting to be moved into exempt session if required)

The purpose of the report (which is for information and noting only) is to provide evidence to allow the committee to evaluate the extent that Portsmouth City Council is achieving value for money in its contracts for goods, services and works.

Members of the public are permitted to use both audio visual recording devices and social media during this meeting, on the understanding that it neither disrupts the meeting nor records those stating explicitly that they do not wish to be recorded. Guidance on the use of devices at meetings open to the public is available on the Council's website and posters on the wall of the meeting's venue.

This meeting is webcast (videoed), viewable via the Council's livestream account at <https://livestream.com/accounts/14063785>

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Agenda Item 3

GOVERNANCE & AUDIT & STANDARDS COMMITTEE

MINUTES OF THE MEETING of the Governance & Audit & Standards Committee held on Friday, 15 September 2017 at 10.30 am at the Conference Room B - Civic Offices

(NB These minutes should be read in conjunction with the agenda for the meeting which can be found at www.portsmouth.gov.uk.)

Present

Councillor John Ferrett (in the chair)

Councillor Steve Hastings
Councillor Leo Madden
Councillor Neill Young

Officers

Jon Bell, Director HR Legal and Performance
Julian Pike, Deputy Section 151 Officer
Lizzi Goodwin, Chief Internal Auditor
Paul Somerset, Deputy Chief Internal Auditor
Michael Lloyd, Finance Manager,
Robert Parkin, Deputy City Solicitor and Deputy Monitoring Officer
Kelly Nash, Corporate Performance Manager
Liz Wylie, Training Manager
Stewart Agland, Local Democracy Manager

External Auditor

Helen Thompson, Executive Director, Ernst & Young.

40. Apologies for Absence (AI 1)

Apologies for absence were received on behalf of Councillor Hugh Mason and Councillor Scott Harris.

41. Declarations of Members' Interests (AI 2)

There were no declarations of members' interests.

42. Minutes from the meeting held on 30 June 2017 (AI 3)

RESOLVED that the minutes of the meeting held on 30 June 2017 be confirmed and signed by the Chair as a correct record.

43. Updates on actions identified in the minutes (AI 4)

Members received updates as identified in the minutes as follows:-

- The Chair had been briefed on MMD
- With regard to the first bullet point on page 10 of the documents pack, it was confirmed that a Director, James Hill, had attended the meeting last time and that the meeting today would be addressed by Andy Biddle on behalf of the Director of Adult Social Care.
- With regard to the installation of sprinklers in council properties, Julian Pike advised that indications were that this would be very costly and that work was ongoing. It was likely that a report would be prepared but a decision on where the report would go had not yet been taken.
- It was confirmed that all fire certificates were done and evidenced.

Deputation

The Chair invited Mr Jerry Brown who had given notice that he wished to make a deputation on items 7, 8 and 9 to speak to those items which he then did.

His deputation included comments on

- schools, he referred to the letter to the Chief Executive from Ofsted dated 16 March 2016, following an inspection of local authority arrangements for supporting school improvement. He said that there appeared to be no reporting on the five urgent actions that were to be implemented and monitored by HMI
- In relation to the Commercial Port, he noted that there were no submitted accounts.
- He asked which parts of the property portfolio were underperforming and also what the rates of interest were on the investment portfolio
- In relation to Wightlink it appeared that unplanned borrowing had been necessary to support a refinancing deal and provided an extract from a report that had gone to the Planning, Regeneration and Economic Development portfolio. He queried why the overspend was £14.4m but only £10.6m had been identified.

The Chair thanked Mr Brown for his deputation.

44. Annual Governance Statement 2016 to 2017 (AI 5)

(TAKE IN REPORT)

Kelly Nash introduced the report and said that the format had been slightly revised but that the content remained broadly similar. She advised that there was nothing in particular that she wished to bring to Members' attention.

- Members asked whether the revision of the Constitution was important or not as it appeared in consecutive reports but did not appear to be progressing. The Chair agreed and said he would ask the City Solicitor to report progress on this at the next meeting.
- The Chair drew members' attention to page 15 of the appendix which stated that " Due to the number of critical and high risk exceptions raised under the audits carried out, the Audit opinion for 2016/17 is that only limited assurance on the effectiveness of the control framework

can be given." He said that members should be mindful of the comments made and in particular about the financial constraints.

RESOLVED that the Committee agreed the Annual Governance Statement 2016/17 (Appendix 1)

45. Statement of Accounts 2016 to 2017 (AI 6)

(TAKE IN REPORT)

Julian Pike introduced the report and explained that under the Accounts and Audit Regulations 2015 the Director of Finance and Information Services was required to sign and date the statement of accounts, and confirm that he was satisfied that the accounts presented a true and fair view of the financial position of the authority at 31 March and of the authority's income and expenditure for 2016/17, by 30 June 2017. He advised that members of the public were able to look at the accounts from 3 July 2017 to 11 August 2017 but that no one had done so.

The Chair said that members had been given an opportunity to receive a presentation on the accounts.

A query was raised about a discrepancy between the earnings of the Chief Executive and Senior Officers that was included in this report and figures that had appeared in the Pay Policy Statement recently. Jon Bell said he would find out why that was and would advise the committee.

With regard to the Harbour Accounts, it was confirmed that to date, the Council has still not received official communication from the Department for Transport of the requirement to produce accounts, and it therefore has not done so.

The Chair agreed to sign the Statement of Accounts.

RESOLVED

a) That the Statement of Accounts be approved

b) That authority be delegated to the Chair of the Governance and Audit and Standards Committee to sign an amended 2016/17 Statement of Accounts after 15 September should this be required following comments by the auditor.

46. External Audit Annual Results Report 2016 - 17 (AI 7)

(TAKE IN REPORT)

Helen Thompson - Executive Director - Ernst & Young, introduced the report and apologised that it had been late. Although there was still work on the audit that was outstanding, she said she was not expecting any issues to arise.

Subject to satisfactory completion of the outstanding items listed in the Executive Summary, she advised that the auditors expect to issue an unqualified opinion on the Council's financial statements in the form which appears at Section 3. However until work is complete, further amendments may arise.

With regard to the objection raised last year, after consideration of the evidence provided by the objector and the Council, and review of relevant guidance, the auditors found no evidence to suggest that the Council acted

unlawfully in entering into the LOBO arrangement in 2003 and 2007. The Committee was advised that the fee for the work involved had not yet been determined.

No objections had been received this year.

Ms Thompson outlined the areas of audit focus set out in section 2 of the report and drew members' attention to the conclusions reached. She thanked City Council officers for their help with the audit and apologised for the delay in concluding the audit work.

The Chair thanked Ms Thompson for the report and invited questions and comments from the Committee.

During discussion the following matters were clarified

- With regard to PFI - especially relating to highways, Robert Parkin explained that in effect the council's work is outsourced to the contractor and a monthly charge is paid. The charges and activities are monitored by the Council.
- Ms Thompson advised that the audit report identifies a risk in the Value for Money section. Although the Auditors recognise that risk management processes are already under review by the Council, they note that Portsmouth's senior management team took on additional responsibilities in relation to two other Councils this year. This could reduce management's capacity for effective oversight at Portsmouth. For 2015/16. Internal Audit's Annual Opinion gave limited assurance on internal control and noted that internal control has declined/ not improved in recent years. The audit just flags this up but draws no conclusions other than that it is a risk.
- With regard to Appendix A, a query was raised about the entry "At the time of writing this report, one bank confirmation letter covering a recorded balance of £5 million had not yet been received". Ms Thompson explained that this had since been resolved by using a different method of getting the assurance they needed to confirm this could be supported.
- The Chair raised a query about the property investment portfolio. He asked why the update report had not yet gone to Cabinet. Also a query was raised as to why the Council is not investing in residential property in the city. It was suggested that the Director of Property and Housing could be invited to a future meeting to answer questions around this.

The Chair signed the Letter of Representation.

The report was noted.

47. Audit Performance Status Report to 18 August 2017 (AI 8)

(TAKE IN REPORT)

The Chief Internal Auditor, Lizzi Goodwin, introduced the report which updates the Committee on the internal audit performance for 2017/18 to 18 August 2017 against the Annual Audit Plan and highlights areas of concern and areas where assurance can be given on the internal control framework.

The Chief Internal Auditor advised that to date, two "No Assurance" audits have been identified with no critical risks raised. She drew the Committee's attention to 6 additional audits as set out in the summary section of the report. She advised that the work was on target and should be completed as expected.

She reported that significant progress had been made in relation to the Fire Policy and in relation to schools.

Appendix A shows the completed audits for 2017/18 and Appendix B shows the completed follow up audits for 2017/18.

During discussion, the following matters were raised:

- The Chief Internal Auditor said she was confident that internal audit had sufficient resource to carry out the audits
- With regard to the increase in high exceptions, schools have a significant impact and one year was significantly "lighter" for schools and this makes a big difference to the numbers. She said that consideration could be given to providing separate statistics for schools.
- In relation to the Harbour School (section 6 of the report) members asked about the Disclosure and Barring Service (DBS) data. Members were advised that temporary agency staff hired through a third party should have had DBS checks done but that was the responsibility of the third party and was outside PCC's corporate framework.
- In relation to Exception 7 of section 6 of the report, concerning the absence of a Policy, The Chief Internal Auditor said that the audit review concluded that a co-ordinated response to the lack of a CCTV Policy was necessary for schools. The Chief Internal Auditor said she would find out more about this and would provide an update. Members commented that there had been a similar issue at the Port.
- Members commented that they were pleased about the progress made concerning the Fire Certificates.

RESOLVED that Members

- (1) **Noted the Audit Performance for 2017/18 to 18th August 2017.**
- (2) **Noted the highlighted areas of control weakness from the 2017/18 Audit Plan.**

48. Performance Management update - Quarter 1, 2017 to 2018 (AI 9)

(TAKE IN REPORT)

The Corporate Performance Manager, Kelly Nash, introduced the report. She acknowledged that it was a very comprehensive report and a new Appendix 1 had been included that summarised all the areas reported on. She confirmed that there were full reports from all Directorates but said that the Public Health section had been added later.

With regard to the school improvement issue mentioned in the deputation, she advised that the Ofsted comments had been issued in March 2016 and should be viewed in the context of the changes with schools becoming academies and also the appointment of a new Director. Portsmouth Educational Partnership had been set up to deal with school improvement. Ms Nash suggested that the Director could be invited to attend a future meeting of the committee to answer members' queries in this area.

The Chair commented that the information now contained in the report was comprehensive and Appendix 1 was very useful. However, from the Committee's point of view, greater consistency in the reporting would be welcomed. He said that he was surprised for example that every part of the Traffic and Transportation directorate appeared to be green on the RAG (red amber green) rated system whereas that was not what he heard from residents.

During discussion the following matters were raised

- In the Finance and Information Systems section, there was no RAG rating included for many entries and members asked that these should be included in future.
- Members asked that anything that was included should have some comment next to it - basically either explain the entry or delete it.

The Chair welcomed Andy Biddle, Service Manager, Adult Services, to the meeting and explained that he was in attendance at the request of the Committee to answer questions arising out of the Adult and Social Care section of the last Performance Management report.

Mr Biddle first spoke about Hospital Discharge. He said this was a very complex area for several reasons including

- People who are ill having to make difficult choices
- Relatives and the person who is ill often have conflicting views of how and where care should be given
- Lack of domiciliary care availability impacts on the community and the hospital. The pay for employees in this area is low and does not compare favourably with supermarkets for example. This has led to a persistent gap between the number of hours domiciliary care needed and the number of hours that can currently be delivered. In order to try to improve the situation, it is hoped that a career structure in domiciliary care could be introduced perhaps with work on this taking place within the sector and with colleges and the university. Other possible ways to improve the situation is to have an "in-house" domiciliary care offer rather than relying so heavily on the private sector and this could bring down costs and improve stability.

Mr Biddle then spoke about Dementia. He said that the report had mainly been about "in-house" units. He mentioned the following matters

- Where units were not fully staffed, this meant there were risks in care. Significant work is being done to try to address this issue. Another matter is that written Care Plans are needed.
- Mr Biddle said that there is also an issue concerning PCC's recruitment process as applicants prefer to click on a series of buttons on line

rather than to complete a written application form. Those employers who have simple on-line application forms seem to be more successful in recruiting staff for carer positions.

- Mr Biddle said that work was underway to try to set up a pool of casual staff and also to get volunteers to help and also to access funding.

The Chair referred to the following extract from the report

"I have personally witnessed many incidents where units are unsafe and the needs both physical and emotional are not being met which breach the fundamental standards (happy to provide case examples)"

He asked that someone should attend the next briefing meeting to present case examples.

In response to queries, the following matters were clarified

- There is only a small amount of money left from the 2% levy on Council Tax for social care (around £4 -5k)
- With regard to the numbers of patients in hospital who could be discharged, 75% are in respect of HCC and 25% are PCC's responsibility. The length of stay in hospital for Portsmouth patients awaiting discharge is reducing.

The Chair thanked Mr Biddle for attending the meeting and answering questions from members.

RESOLVED that the Committee

- 1) noted the report;**
- 2) noted the overall improvement in quality of reports;**
- 3) commented on the performance issues highlighted in section 3 and associated appendices, including agreeing if any further action is required;**
- 4) Agreed the actions proposed in section 4 of the report.**

49. Treasury Management Outturn Report 2016/17 (AI 10)

(TAKE IN INFORMATION ONLY REPORT)

Julian Pike and Michael Lloyd introduced the report which was to inform members and the wider community of the Council's treasury management activities in 2016/17 and of the Council's treasury management position as at 31 March 2017.

They advised that The Chartered Institute of Public Finance & Accountancy's (CIPFA) Prudential Code of Practice requires local authorities to calculate prudential indicators before the start of and after each financial year. These end of year indicators are shown at Appendix A of the report for information and noting by members in order to comply with the code. The CIPFA Code of Practice on Treasury Management also requires the Section 151 Officer to prepare an annual report on the outturn of the previous

year. This information is shown in Appendix B of the report.

In response to queries raised in a deputation, Mr Pike said that the acquisition of a finance lease from Canada Life, in effect unsupported borrowing, referred to in the report was not included in the Capital Programme owing to timing issues. The 1.1% treasury management return only relates to investments earned on surplus cash invested - not the investment property portfolio return which is yielding about 5.8%.

He said that there were no underperforming assets in the investment property portfolio.

RESOLVED that

(a) The actual prudential indicators based on the unaudited draft accounts, as shown in Appendix A, be noted

(b) The actual treasury management indicators for 2016/17, as shown in Appendix B, be noted

50. Treasury Management Mid-Year Review 2017/18 (AI 11)

(TAKE IN REPORT)

Michael Lloyd introduced the report which informs members and the wider community of the Council's Treasury Management position at 31 July 2017 and to amend the Council's Treasury Management Strategy to reflect the Council's current circumstances.

This report seeks to increase the Council's authorised limit for external debt, ie. the amount of debt that it can hold by £10.6m from £607.6m to £618.2m and to increase the operational boundary by a corresponding amount. This report also seeks to broaden the range of non-specified investments that the Council can invest in to include the proposed Energy Supply Company and any other subsidiary companies that that the Council may establish in addition to MMD (Shipping Services) Ltd.

This report outlines the Council's performance against the treasury management indicators approved by the Council on 21 March 2017 and comes to this Committee for information and comment before going on to Cabinet and Council for decision.

RESOLVED that the Committee noted the recommendations going to Cabinet and then Council for decision as follows:-

(a) That the authorised limit for external debt be increased by £10,600,000 from £607,555,000 to £618,155,000

(b) That the operational boundary for external debt be increased by £10,600,000 from £589,255,000 to £599,855,000

(c) That non-specified investments of up to £20m are permitted in the Council's subsidiary companies including but not restricted to MMD (Shipping Services) Ltd

(d) That the actual Treasury Management indicators for July 2017 in Appendix A be noted

51. Local Government Ombudsman Complaints 2016/2017. (AI 13)

(TAKE IN INFORMATION ONLY REPORT)

Stewart Agland, Local Democracy Manager, introduced the report which was for information only and drew the attention of the Committee to the Annual Review of Complaints by the Local Government Ombudsman dated July 2017 regarding the complaints it has considered against Portsmouth City Council for the year 2016/2017.

Comparisons had been made with certain other authorities to put the details in context.

Members commented that the report showed an improving picture and noted the report.

52. Councillor training and development (AI 12)

(TAKE IN REPORT)

Liz Wylie, Training Manager, introduced the report, which updated the Committee on the training position for councillors and offered recommendations for improvements to the programme based on feedback as outlined in section 3 of the report. The Chair said he had met with Ms Wylie separately and that his concern was about non- attendance of training.

During discussion the following matters were raised

- Making training "compulsory" may not be effective as there was no real sanction if a member did not attend training. However it was confirmed that a member would not be asked to sit on Licensing or Planning if training had not been completed by that member.
- Damage to the Council's reputation could be done by members not attending training
- Attendance records on training are kept.

The Director of Legal, HR and Performance, Jon Bell, said that it was important to achieve more quality assurance around training as quality training is important.

RESOLVED that

- (1) the Committee approve the annual training plan prior to delivery**
- (2) All training delivered to councillors to be subject to quality assurance**
- (3) Group Leaders to support attendance on compulsory training**

53. Exclusion of Press and Public (AI 14)

The Chair proposed that the meeting move into exempt session only if anyone wished to refer to the exempt appendix to the Data Breaches report and this was agreed.

RESOLVED that the meeting move into exempt session if anyone wished to discuss in detail the exempt appendix to the Data Breaches report.

54. Data Security Breach Report (AI 15)

(TAKE IN REPORT)

The Chair said that he would keep this matter in open session unless anyone wanted to discuss the exempt appendix in which case the meeting would continue in exempt session.

Robert Parkin, Deputy Monitoring Officer, introduced the report which informed the Committee of any Data Security Breaches and actions agreed/taken since the last meeting.

The ICO can issue fines of up to £500,000 for serious breaches of the Data Protection Act and Privacy and Electronic Communications Regulations. Any breaches put the City Council at risk of the unbudgeted cost of a financial penalty which would have to be met from the service responsible for the breach. Mr Parkin advised that the financial penalties that could be imposed were set to increase soon.

RESOLVED that the Committee noted the breaches (by reference to Exempt Appendix A) that have arisen and the action determined by the Corporate Information Governance Panel (CIGP).

The meeting concluded at 1.00 pm.

Councillor John Ferrett
Chair

Portsmouth City Council
Audit results report

Year ended 31 March 2017

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Agenda Item 5



Building a better
working world

Private and Confidential

19 October 2017

Dear Governance and Audit and Standards Committee Members

As Members will be aware, we were unable to complete our audit by the 30 September deadline. On review of the work, the work completed in relation to the more complex areas of the financial statements had not been completed to a sufficient standard. In addition, the Council responses to a small number of the outstanding areas of work reported to the Committee on 15 September 2017 identified required changes to the accounts. We therefore were not in a position to issue the audit opinion until all work had been properly completed and reviewed.

We have now substantially completed our audit of Portsmouth City Council for the year ended 31 March 2017.

Subject to concluding the outstanding matters listed in our report, we confirm that we expect to issue an unqualified audit opinion on the financial statements in the form at Section 3. We have no matters to report on your arrangements to secure economy, efficiency and effectiveness in your use of resources.

This report is intended solely for the use of the Governance and Audit and Standards Committee, other members of the Council, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We would like to thank your staff for their help during the engagement.

We look forward to discussing with you any aspects of this report or any other issues arising from our work.

Yours faithfully

Helen Thompson
Associate Partner

For and on behalf of Ernst & Young LLP
United Kingdom

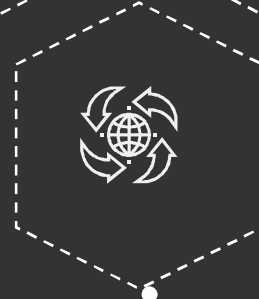
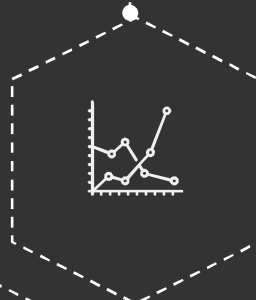
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Public Sector Audit Appointments Ltd (PSAA) have issued a "Statement of responsibilities of auditors and audited bodies". It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The "Terms of Appointment (updated 23 February 2017)" issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of Responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party. Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



01

Executive Summary



Executive Summary

Overview of the audit

Scope and materiality

In our Audit Plan presented to the Governance and Audit and Standards Committee in February 2017, we gave you an overview of how we intended to carry out our responsibilities as your auditor. We carried out our audit in accordance with this plan.

We planned our procedures using a materiality of £10,769,320. We reassessed this using the actual year-end figures, which has increased this amount to £10,927,360. The threshold for reporting audit differences has increased from £538,466 to £546,368. The basis of our assessment of materiality has remained consistent with prior years at 2% of gross expenditure.

We also identified areas where misstatement at a lower level than materiality might influence the reader and developed specific detailed audit tests for them. They include:

- Remuneration disclosures including any severance payments, exit packages and termination benefits.
- Related party transactions.
- Members' allowances.

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Status of the audit

We have substantially completed our audit of Portsmouth City Council's financial statements for the year ended 31 March 2017 and have performed the procedures outlined in our Audit Plan. Subject to satisfactory completion of the following outstanding items we expect to issue an unqualified opinion on the Council's financial statements in the form which appears at Section 3. However until work is complete, further amendments may arise:

- We are awaiting a number of pieces of evidence in relation to the Council's PPE additions; a response from the Council's Valuer in relation to the valuation methodology for one PPE asset; and evidence in relation to two capital grant items.
- The Council is continuing to review their disclosure regarding capital commitments, where a number of errors have been identified to date.
- Completion of procedures required by the National Audit Office (NAO) regarding the Whole of Government Accounts submission.
- Manager and director review of outstanding areas of testing.
- Receipt and review of the signed accounts and the signed Letter of Representation.
- Completion of subsequent events review.

We expect to issue the audit certificate at the same time as the audit opinion.



Executive Summary

Executive summary (continued)

Objections

As the Governance and Audit and Standards Committee is aware, we received an objection to the 2015/16 accounts from a member of the public.

After consideration of the evidence provided by the objector and the Council, and review of relevant guidance, we found no evidence to suggest that the Council acted unlawfully in entering into the LOBO arrangement in 2003 and 2007. Therefore, our decision was that there are no items of account related to the LOBOs which are contrary to law. As such, the discretion whether or not to seek a declaration from the court under section 28 of the 2014 Act did not arise and we concluded that we did not need to issue a public interest report. For completeness, although not originally requested in the objection, we concluded that we would not issue an advisory notice as this power does not arise given our conclusions that there is no illegality arising from the LOBOs.

We have not received any objections to the 2016/17 accounts.

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Audit differences

A number of audit differences have been identified through our audit procedures. We report all of those which exceed £546,368. These include:

- Overstatement of depreciation charged on property, plant and equipment of £890,243.
- Overstatement of investment properties by £6,600,000. These assets should have been recorded as Land and Buildings.
- Understatement of valuation movements on investment property by £4,800,000 (unrelated to the above misclassification).

We also identified a number of disclosure errors. These are detailed further in section 4.



Executive Summary

Executive summary (continued)

Areas of audit focus

Our Audit Plan identified key areas of focus for our audit of Portsmouth City Council's financial statements. This report sets out our observations and conclusions, including our views on areas which might be conservative, and where there is potential risk and exposure. We summarise our consideration of these matters, and any others identified, in the "Key Audit Issues" section of this report.

We ask you to review these and any other matters in this report to ensure:

- there are no other considerations or matters that could have an impact on these issues;
- you agree with the resolution of the issue; and
- there are no other significant issues to be considered.

There is one matter that we would like to draw to your attention. We engaged our internal specialists to review the detailed models which support the accounting entries for the Highways Maintenance Private Finance Initiative (PFI) Scheme and the Waste Disposal Facilities contract. This work was completed before the Council produced the draft financial statements. As set out in more detail in section 02 of this report, the Council reviewed its estimation methodology based on our findings, including identifying a prior year adjustment to the 2015/16 comparative figures. The Council has clearly identified the impacts of this prior period adjustment in Note 35 of the Annual Report 2016/17. We reviewed the basis of this adjustment and concluded that it was fairly stated.

There are no other matters, apart from those reported by management or disclosed in this report, which we believe should be brought to the attention of the Governance and Audit and Standards Committee.

Value for money

We have considered your arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties. In our Audit Plan we identified the following significant risk: Informed Decision Making.

On completion of our work, we have no matters to report about your arrangements to secure economy efficiency and effectiveness in your use of resources. Our detailed findings are set out in Section 05 of this report.



Executive Summary

Executive summary (continued)

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Authority. We have no matters to report as a result of this work.

We are in the process of completing those procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission and we will report any issues arising to you when this work is complete.

We have no other matters to report.

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Control observations

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements and which is unknown to you.

However, we have made reference, in section 07 of this report, a small number of issues for the Council to consider in future years.

Independence

Please refer to Appendix B for our update on Independence. We have no independence issues to report.





02 Areas of Audit Focus





Areas of Audit Focus

Audit issues and approach – significant risk: Management override

Management override of controls

What is the risk?

Risk of management override is identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and to prepare fraudulent financial statements by overriding controls that otherwise seem to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

What did we focus on?

We focused on aspects of the financial statements where management could override controls to benefit the year-end financial position, primarily:

- Journal entries.
- Material accounting estimates.
- Unusual transactions.

What did we do?

We:

- tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- reviewed accounting estimates for evidence of management bias;
- evaluated the business rationale for significant unusual transactions;
- reviewed the entries in the Movement in Reserves Statement; and
- reviewed capital expenditure on property, plant and equipment to ensure it meets the relevant accounting requirements to be capitalised.

What are our conclusions?

We have not identified any

- Inappropriate journal entries or adjustments made in the general ledger or the preparation of the financial statements.
- Instances of management bias from our review of accounting estimates.
- Significant unusual transactions for which there is not an appropriate business rationale.
- Unusual transactions within the Movement in Reserves Statement.
- Expenditure on property, plant and equipment which has been inappropriately capitalised.

Overall, our audit work did not identify any evidence of management override of control.



Areas of Audit Focus

Audit issues and approach: Format of comprehensive income and expenditure statement

Format of comprehensive income and expenditure statement

What is the risk?

Amendments have been made to the CIPFA Code of Practice on Local Authority Accounting for 2016/17 and it now requires that the service analysis is based on the organisational structure under which the Council operates.

What did we do?

We confirmed that the Comprehensive Income and Expenditure Statement for 2016/17 is compliant with the new requirements.

We confirmed that prior year balances are correctly presented in line with the new requirements

What are our conclusions?

We reviewed the new analysis against requirements of the CIPFA Code in detail. During the exercise to re-analyse line items, the Council identified that in previous years, REFCUS income and expenditure had been netted off against one another instead of being accounted for separately. This mainly affected Solent Enterprise Partnership where gross income and expenditure should have been £34 million higher and to a lesser degree: Children & Education (£1.3million), Health & Social Care (£0.02 million) and Housing (£1.5 million).

This only affected analysis between prior year gross expenditure and prior year gross income. Both were restated this year by £37 million as a prior year adjustment. However, the overall prior year net surplus on the provision of services is unaffected by this change. We tested the prior period adjustment calculations in detail and we were satisfied that the adjustment was correctly calculated and disclosed.

Following completion of our work, we requested additional disclosures to be included in relation to the statement. Following this amendment, we are satisfied that the format of the comprehensive income and expenditure account is appropriate.



Audit issues and approach: PFI and similar arrangements

PFI and similar arrangements

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Other non-significant Risk

What is the risk?

Portsmouth City Council has two relatively high value PFI and similar agreements (highways and waste) which have been in place for a number of years. The models were last reviewed in detail by your previous auditor, the Audit Commission. We plan to undertake a number of specific procedures to provide assurance that the accounting models produce materially correct information in the Council's accounts.

What did we do?

We reviewed documentation supporting all four of the Council's PFI (or similar) agreements and confirmed our understanding that it was only the Highways Maintenance PFI Scheme (liabilities of £49.2 million) and Waste Disposal Contract (liabilities of £7.9 million) that were supported by detailed financial models.

We obtained raw data supporting those two models and the EY Financial Accounting Advisory Service team constructed parallel models to test the IFRS and CIPFA Code correctness of payment and liability figures in the draft accounts.

We confirmed that payment schedules in contracts for the two other agreements (Milton Cross School, liabilities £11 million and Learning Disability Facility, liabilities £3.9 million) were sufficiently detailed not to require detailed modelling and we reconciled payments schedules to figures in the draft accounts.

What are our conclusions?

We noted that the draft accounts presented for audit include a prior period adjustment to correct the methodology used to calculate minimum lease rental payments under the Highways Maintenance agreement. The EY Financial Accounting Advisory team tested the assumptions supporting that adjustment and our audit also included checks on the accuracy of calculations supporting the adjustment. We agreed with the Council's conclusion that liabilities to the highways maintenance contractor had been overstated by £7.1 million and associated assets at 31 March 2016 had been undervalued by £6.1 million.

As part of our work we noted that the Highways Maintenance contract is due to be renegotiated. We will monitor progress on signing deeds of variation until the conclusion of our procedures as these could affect future liabilities payable under that contract. We recommend that the supporting model is revisited by Portsmouth City Council when the deed of variation is signed, with checks to confirm that total liabilities and the classification between operating costs and finance costs under any new contract terms remain in line with the CIPFA Code.

Subject to there being no deeds of variation changes to the Highways Maintenance contract liabilities, payments made and liabilities due under PFI (and similar) agreements have been correctly accounted for and disclosed in the 2016-17 financial statements.



Areas of Audit Focus

Audit issues and approach: EU investigation

EU investigation

What is the risk?

As noted in our Audit Plan, an EU investigation is currently underway into whether transactions between Portsmouth City Council and MMD (Shipping Services) Ltd have breached state aid regulations.

What did we do?

We reviewed the Council's submission to the European Commission in February 2017; the commissioning of legal searches for evidence supporting that submission; and the value of cash flows between the Council and MMD Shipping Ltd. The evidence reviewed as part of our audit is consistent with the Council's assessment.

Portsmouth City Council assessed that any liability to make payments in connection with the case (fines, for example) is both remote and unquantified. On these grounds a decision was taken by the Council not to include disclosure in the draft accounts or governance statement.

We will continue to monitor for any further developments up until the issue of the audit opinion and certificate.

What are our conclusions?

Evidence reviewed as part of our audit is consistent with Portsmouth City Council's assessment that liabilities in connection with this case are unquantified and remote.

We will continue to monitor for any further developments up until the issue of the audit opinion and certificate.



Other non-significant Risk



Areas of Audit Focus

Audit issues and approach: Harbour accounts

Harbour accounts

What is the risk?

The Department for Transport has indicated that the Council should submit Harbour Accounts for the Commercial Port within nine months of the balance sheet date. To date the Council has not received official communication of the requirement, and therefore has not produced accounts. If the requirement is confirmed, accounts covering the financial years 2012/13 to 2016/17 will need to be prepared and subject to external audit.

What did we do?

The Harbours Act 1964 sets out a duty for statutory harbour undertakings (a term which includes local authorities that are also harbour authorities) to prepare an annual statement of accounts relating to harbour activities (section 42[1]). The Act expressly states that this duty is not satisfied by the preparation of a statement of accounts that covers matters in addition to harbour activities (section 42[3]). This means that inclusion of harbour activities within a local authority's general accounts will not satisfy section 42(1) and a standalone annual statement of accounts relating to harbour activities, drawn from the local authority's accounting records, is required.

We monitored management consideration of this issue throughout the audit process.

What are our conclusions?

We confirmed with the Director of Finance and Information Services that, to date, the Council has still not received official communication from the Department for Transport of the duty to produce accounts, and it therefore has not produced accounts.

We have not received any further clarification from the NAO around our responsibilities as auditor. We will continue to discuss this requirement with officers as part of our 2017/18 audit.



Areas of Audit Focus

Other audit issues arising:



Pension Valuations and Disclosures

The Code and IAS19 require the Council to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body.

The Council's current pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2017 this totalled £354.840 million (£314,307 million at 31 March 2016). This liability is derived from a 2016 funding valuation conducted by Aon Hewitt. Aon's Hewitt's tax free cash assumptions are unchanged since 2015/16. Aon Hewitt have assumed that the number of scheme members taking up a 50:50 option (to reduce contributions in exchange for reduced future benefits) is the same as in 2015/16. The option is very recent (first introduced in April 2014). It is reasonable to assume that the take-up rate will be stable in the early years but we note that over time this assumption may need to be revisited.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

Our approach has focused on:

- Liaising with the auditors of the Hampshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Portsmouth City Council;
- Assessing the conclusions drawn on the work and assumptions used by Aon Hewitt (the Pension Fund actuary) by using and reviewing the work of the Consulting Actuary commissioned by Public Sector Auditor Appointments Ltd for all Local Government sector auditors (PwC); and
- Reviewing and testing the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.

We are satisfied the assumptions used by the actuary and adopted by the Council are considered to be generally acceptable.

No other issues have been identified in completing our work.



Areas of Audit Focus

Other audit issues arising:



Accounting for Property, Plant and Equipment

Property, Plant and Equipment represent a significant balance in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Material judgemental inputs and estimation techniques are required to calculate the year-end fixed assets balances held in the balance sheet.

The Council engages its own internal expert valuers who apply a number of complex assumptions. Annually, assets are assessed to identify whether there is any indication of impairment.

As the Council's asset base is significant, and the outputs from the valuer are subject to estimation, there is a risk fixed assets may be under/overstated or the associated accounting entries incorrectly posted. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

This risk relates to assets that are revalued.

Our approach has focused on:

- Consideration of the work performed by the Council's valuers, including the adequacy of the scope of the work performed, professional capabilities and the results of their work. This includes the use of our EY estates specialists who undertook a review of assumptions used by the valuers;
- Review and sample testing over the key asset information used by the internal expert in performing their valuation;
- Consideration of the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- Review of the desktop review and valuations performed by management's internal valuer over assets not subject to external valuation in 2016/17 to confirm that the remaining asset base is not materially misstated;
- Consideration of external evidence of asset values via reference to the specific Local Government Gerald Eve report commissioned by the NAO for auditor use. Specifically we have considered if this indicates any material variances to the asset valuations performed by internal valuer and management;
- Considered changes to useful economic lives as a result of the most recent valuation;
- Considered whether asset categories held at cost have been assessed for impairment and are materially correct; and
- Testing that the accounting entries have been correctly processed in the financial statements, including the treatment of impairments.

As a result of the testing above we did identify a number of issues which have been detailed in the Summary of Audit Differences section of this report. We also suggest the Councils policy for revaluing Investment Properties needs to be revised in future years.

Overall we have not identified any material issues in the valuations based on our work performed.



03 Audit Report



Audit Report

Draft audit report

Our opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PORTSMOUTH CITY COUNCIL

Opinion on the Authority's financial statements

We have audited the financial statements of Portsmouth City Council for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014. The financial statements comprise the Movement in Reserves Statement; Comprehensive Income and Expenditure Statement; Balance Sheet; Cash Flow Statement; Expenditure and Funding Analysis on p38 and 39; and Notes 1 to 43 to the financial statements; the Collection Fund and the related notes 1 to 3; and the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and the related notes 1 to 5.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

This report is made solely to the members of Portsmouth City Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of Finance & Information Services and auditor

As explained more fully in the Statement of Responsibilities set out on page 34, the Director of Finance & Information Services is responsible for the preparation of the Statement of Accounts 2016/17, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Finance & Information Services; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2016/17 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Audit Report

Draft audit report (continued)

Our opinion on the financial statements

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Portsmouth City Council as at 31 March 2017 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

Opinion on other matters

In our opinion, the information given in the Statement of Accounts 2016/17 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Conclusion on Portsmouth City Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Audit Report

Auditor's responsibilities

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2016, as to whether Portsmouth City Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Portsmouth City Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Portsmouth City Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in November 2016, we are satisfied that, in all significant respects, Portsmouth City Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Certificate

We certify that we have completed the audit of the accounts of Portsmouth City Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Helen Thompson (senior statutory auditor)
for and on behalf of Ernst & Young LLP, Appointed Auditor
Southampton
27 October 2017

The maintenance and integrity of the Portsmouth City Council web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



04

Audit Differences

Audit differences

In any audit , we may identify misstatements between amounts we believe should be recorded in the financial statements and disclosures and amounts actually recorded. These differences are classified as ‘known’ or ‘judgemental’. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of unadjusted differences

Corrected / Uncorrected and Area of Account	Net Expenditure Chargeable to the General Fund (Increase)/Decrease	Balance sheet (Decrease)/Increase	
	Net Expenditure Chargeable to the General Fund Debit/(Credit) Current Period	Assets Non- current Debit/(Credit)	Reserves: Debit/(Credit)
Uncorrected: Incorrect valuation of Investment Properties (net impairment)		(£1,314k)	
Revaluation Reserve			£1,314k
Total		(£1,314k)	£1,314k

Summary of adjusted differences

Corrected / Uncorrected and Area of Account	Net Expenditure Chargeable to the General Fund (Increase)/Decrease	Balance sheet (Decrease)/Increase	
	Net Expenditure Chargeable to the General Fund Debit/(Credit) Current Period	Assets / Liabilities: Debit/(Credit)	Reserves: Debit/(Credit)
Corrected: Annual Leave Accrual Overstated		£884k	
Expenditure	(£884k)		
Corrected: Misclassification of Investment Properties		(£6,617k)	
Surplus Land & Buildings		£5,000k	
Infrastructure		£2k	
Other Land & Buildings		£1,615k	
Corrected: Incorrect impairment of Land		£1,138k	
Revaluation Reserve			(£1,138k)
Total	(£884k)	£2,022k	(£1,138k)

Further to the above errors, we identified a number of disclosure errors which have been amended in the final version of the financial statements. These include:

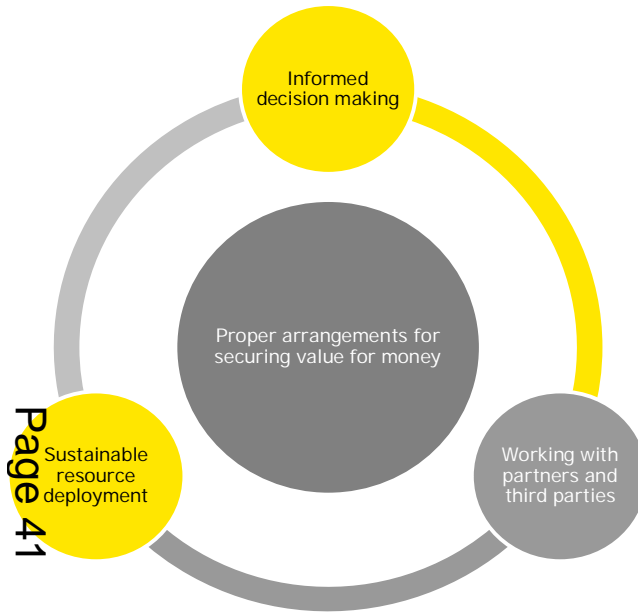
- Moving the position of the EFA such that it sits behind the CIES and makes it clear it is supporting analysis and not a primary statement.
- Operating lease disclosures for the future amounts payable as lessee and future amounts receivable as lessor were both incorrectly stated. In Note 39, operating lease minimum lease payables and receivables on non-cancellable contracts as at 31 March 2016 and as at 31 March 2017 were revised to correct a formula supporting the calculation and to add in data connected to the Wightlink ferry terminal land leases. As a result of the adjustment, minimum lease payables at 31 March 2017 were restated from £25,393,000 (31 March 2016 £27,174,000) to £78,144,000 (31 March 2016 £37,718,000). Minimum lease receivables were restated from £78,412,000 (31 March 2016 £49,018,000) to £315,774,000 (31 March 2016 £288,339,000).
- Missclassification between "'- Reversal of entries included in the Surplus (or Deficit) on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)" and "Capital Grants and contributions unapplied credited to the CIES" of £1,043k.
- Total pension liability of £357.6m disclosed in the final paragraph of Note 41 does not agree to liability of £355m disclosed in table within the note.
- Note 14b included the following items which should not have been recognised as capital commitments: Portsea Island Flood cell 1 (£84,080k), City Centre Development - Road (£38,508k), City deal master planning and city centre roads planning (£1,500k) and Replace residential street lighting with LED (£3,026k).
- Additions to investment properties in Note 12 were incorrectly disclosed as additions to AUC with reclassifications to investment property. Current year additions are £82,532,000. Prior year additions were £32,538,000 (relates to three sites: Waitrose; Matalan; and Gloucester warehouse).
- Additional narrative has been added to the financial statements to explain the change in the CIES from SERCOP to Portfolio headings.



05 Value for Money



Value for Money



Economy, efficiency and effectiveness

We must consider whether you have 'proper arrangements' to secure economy, efficiency and effectiveness in your use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- take informed decisions;
- deploy resources in a sustainable manner; and
- work with partners and other third parties.

In considering your proper arrangements, we use the CIPFA/SOLACE framework for local government to ensure that our assessment is made against an already existing mandatory framework which you use in documents such as your Annual Governance Statement.

Overall conclusion

We identified one significant risk around these arrangements. The table below presents our findings in response to the risk in our Audit Plan. No other risks have been identified since then and there are no other significant weaknesses or issues we want to bring to your attention.

We therefore expect having no matters to report about your arrangements to secure economy, efficiency and effectiveness in your use of resources.



Value for Money

VFM risks

We are only required to determine whether there is any risk that we consider significant within the Code of Audit Practice, where risk is defined as:

"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public"

Our risk assessment supports the planning of enough work to deliver a safe conclusion on your arrangements to secure value for money, and enables us to determine the nature and extent of any further work needed. If we do not identify a significant risk we do not need to carry out further work.

The table below presents the findings of our work in response to the risks areas in our Audit Plan.

What was the significant VFM Risk?

Informed Decision Making

Portsmouth City Council's strategic priorities are evolving. At the same time, the Council is actively seeking more commercial ways of working, to reduce its' dependency on central government grants and to help deliver a significant savings plan.

We recognise that risk management processes are already under review by the Council but we note that Portsmouth's senior management team took on additional responsibilities in relation to two other Councils this year. This could reduce management's capacity for effective oversight at Portsmouth. We note that for 2015/16, Internal Audit's Annual Opinion gave limited assurance on internal control and noted that internal control has declined/ not improved in recent years.

There is a risk that as the nature of the Council's work changes, associated required changes may not be made in a timely fashion to financial and performance information and internal control systems. This could undermine the Council's ability to demonstrate sound governance and informed decision making.

We note that the strategic and operational changes occurring within Portsmouth City Council are set against a backdrop of changes to the wider environment. These include continued and increasing pressure on the costs of providing children's and adult social care across the UK and consultations within the Solent area to join three Councils into one Mayoral Authority.



What was our planned response

What are our findings?

Obtain and review Portsmouth City Council's newly formatted Corporate Risk Directory. Document and assess the effectiveness of risk escalation procedures.

The Corporate Risk Directory is maintained by the Corporate Performance Manager and updated quarterly using template returns from the directorates. The format of the Register was revised in February 2017 at the request of the Governance and Audit and Standards Committee. The new format aims to present data on performance and major projects and risks for each directorate separately and uses RAG rating to highlight areas of concern. We note that full use of RAG rating has not yet been adopted by every directorate and that the Register does not currently include any data for the Port and for the Property Directorate. However, we also note that the Committee has already flagged these concerns and is already taking steps to expand coverage to all directorates and improve consistency and rigour around use of RAG ratings.

Our testing included assessing in more detail the returns from the Children's Services and Adult Social Care directorates. We were satisfied that appropriate mechanisms were in place for risk escalation.

Document and assess Cabinet and Audit Committee and senior management reporting procedures for capital projects; treasury management; and investment portfolio performance. The timing and quality of data feeding in to reports to Cabinet/ Committee/ senior management will be considered. The mechanisms for Cabinet/ Committee/ senior management discussion and response will also be considered.

In most respects, appropriate reporting arrangements are in place and we have concluded that we have no matters to report in relation to the timing, data quality or mechanisms for Council decision making. However, we noted that an Investment Property Strategy was approved by the Cabinet in July 2015, which required that a full report on fund performance be submitted annually to the Cabinet. To date, no such report has been submitted. The Strategy also stipulated that the portfolio mix must be maintained as Core + Core & Opportunities 70 - 80% and Specialist/ residential 20 - 30%. At the time of our visit, we were not able to view data analysed in this way. The only data on portfolio mix that was available was analysed between industrial, retail and other.

As the Council's investment property portfolio expands, it will be important that reporting to Cabinet is monitored closely.

Monitor role changes and evolving responsibilities within the senior management team and decision-making by the Corporate Governance Group.

From our review of senior management's changing roles and responsibilities and of the control environment maintained throughout the year, we found no evidence that the control environment has so far been undermined or weakened by the wider roles that the senior leadership team are taking on. As well as the control environment remaining stable, staff satisfaction levels also appear to be reasonable.



What was our planned response

What are our findings?

Track reported service performance levels in performance reports to the Governance and Audit and Standards Committee in Quarters 2 to 4.

Through our attendance at the meetings of the Governance and Audit and Standards Committee, we note that officers have continued to update the quality of the performance information provided by directorates. We reviewed performance data submitted to the Governance and Audit and Standards Committee throughout the year, and we noted the scrutiny given to these issues by Members, and the action taken in response to queries or concerns expressed over performance. There are no observations arising from our work.

Review Portsmouth City Council's performance against savings plans for 2016-17 and assess the robustness of planned savings for 2017-18 and beyond.

We tested Efficiency Plans, Budget and Council Tax and Savings Proposals from February 2016 to February 2017 and assumptions contained therein. Portsmouth City Council is on track to achieve planned savings of £11 million in 2016/17 and £9 million in 2017/18. In February 2016 the Council had expected further savings of £15 million would be required in 2018/19 and 2019/20. However, by February 2017 the Council assessed that the budget shortfall over that period would be some £7 million lower than had previously been supposed. The Council has a strong track record of achieving planned savings and the reduced target of £8 million for those two years seems achievable. We have assessed the assumptions and planned actions underpinning the identified savings and consider them to be appropriately supported.

However, we note that unfunded capital obligations, many of which are statutory, continue to rise year on year, even after a transfer in 2016/17 of £3.5 million into the capital reserve. Although savings continue to be made by the Council, there seems a likelihood that at some stage there will be a real need to prioritise which planned capital projects will be taken forward.

Compare Internal Audit's 2016-17 programme of work with the risk profile of the organisation and monitor internal audit findings.

We concluded that the Internal Audit programme of work is appropriately risk focused and we have reviewed their findings to inform our own risk assessments. Although Internal Audit has significant, and increasing, commitments to other local authorities, a recruitment programme is in place to expand the team and there is no evidence to date that the core Portsmouth programme of work has been



06

Other reporting issues



Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2016/17 with the audited financial statements.

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Our review is complete and we have no issues to report.

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Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We are currently conducting our work in this area and will report any matters arising to the Governance and Audit and Standards Committee.



Other reporting issues

Other reporting issues

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We did not identify any issues which required us to issue a report in the public interest.

We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We did not identify any issues.

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Council's financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Related parties;
- External confirmations;
- Going concern;
- Consideration of laws and regulations; and
- Group audits.

We were unable to meet the deadline of 30 September for issuance of our audit opinion. We did not complete our procedures on those complex areas in sufficient time to be able to ensure they were fully completed in advance of the deadline. We identified a number of errors within these areas, particularly Property, Plant and Equipment, which added significant complexity and time required to complete these procedures. Details of these issues are set out in section 4 of this report.

There are no other matters to report.



07

Assessment of Control Environment



Assessment of Control Environment

Assessment of control environment

Financial controls

It is the responsibility of Portsmouth City Council to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Portsmouth City Council has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Our work was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.

Areas for improvement and observations

Area	Journals	Observation	Management comment
		Our testing identified that the same person can raise and approve their own journal. This raises a risk that those journals posted which are incorrect or inappropriate in nature are not identified and makes vigilant budget monitoring significantly more important.	Only Finance staff have the authority in EBS to prepare journals. The Council has a robust budget monitoring system that would be expected to identify incorrect and inappropriate journals and the balance sheet is regularly reviewed and transactions on control and suspense accounts are monitored. In addition if an incorrect or inappropriate journal is found it can easily be reversed. Journals can only be used to move funds around the ledger. All external cash payments are subject to management authorisation.



Assessment of Control Environment

Area

Treasury
Management
Reconciliations

Observation

We noted that the reconciliations are recorded on standard templates and that the date sign offs on the templates are not always updated. Our testing did not identify any unusual reconciling items or errors and we are satisfied that the year end balances are correctly stated. Nevertheless, accurate recording of the dates on reconciliations would help to ensure that the reconciliations are always timely. In this respect, there is scope for improving the documentation of control.

Management
comment

This issue has arisen from the sign off date being typed into the reconciliation spreadsheets. It is therefore easy to overlook the sign off date and not update it. The reconciliations will be amended so that instead of the date being typed, a box will be provided for the date to be entered by hand.

Area

Group Accounts

Observation

Portsmouth City Council is the sole owner of MMD Shipping Services Ltd. On 29 July 2017, the Council also approved an outline business case for the establishment of a municipal energy supply company. Although the Council has so far not met the criteria required by CIPFA for the preparation of group accounts, the criteria should be closely assessed in future years as the size and significance of interests in other entities could increase, meaning that group accounts may be required.

Management
comment

The Council's interests in subsidiaries and associates are not currently significant in comparison to the size of the City Council itself. As a consequence any group accounts would be extremely similar to the Council's single entity accounts and would not add to the user's understanding of the financial affairs of the Council or its group. The nature of the Council's relationships with its subsidiaries is disclosed in note 37 (Other Companies). The Council will closely monitor its associates and subsidiaries to ensure that group accounts are prepared when the criteria required by CIPFA are met.



Assessment of Control Environment

Area

Portsmouth CCG
Cash Balances

Observation

Our testing found that the Council was holding cash balances on behalf of Portsmouth Clinical Commissioning Group (CCG), with these balances being drawn down at the CCG's request. Whilst this does not have a material impact on the Council's financial statements, there could be a vires issues for the CCG and we recommend you consider this issue for future years.

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Management
comment

Unspent balances on the pooled budgets are held at year end in line with legal agreements with the CCG to fulfil pre-agreed projects as allowed by s75 and s256 of the NHS Act 2006. These projects are sometimes rephrased.



08 Appendices



Appendix A

Required communications with the Governance and Audit and Standards Committee

There are certain communications that we must provide to the Governance and Audit and Standards Committee. We have done this by:

		Our Reporting to you
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the Governance and Audit and Standards Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, including any limitations.	February 2017 Audit Plan
Significant findings from the audit	<ul style="list-style-type: none"> • Our view of the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures • Any significant difficulties encountered during the audit • Any significant matters arising from the audit that were discussed with management • Written representations we have requested • Expected modifications to the audit report • Any other matters significant to overseeing the financial reporting process • Findings and issues around the opening balance on initial audits (delete if not an initial audit) 	September 2017 Audit Results Report
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	No conditions or events were identified, either individually or together to raise any doubt about Portsmouth City Council's ability to continue for the 12 months from the date of our report



Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Significant corrected misstatements, in writing 	September 2017 Audit Results Report
Fraud	<ul style="list-style-type: none"> ▶ Asking the Governance and Audit and Standards Committee whether they have knowledge of any actual, suspected or alleged fraud affecting the Authority ▶ Unless all those charged with governance are involved in managing the entity, any fraud identified or information obtained indicating that a fraud may exist involving: <ul style="list-style-type: none"> (a) management; (b) employees with significant roles in internal control; or (c) others where the fraud results in a material misstatement in the financial statements. ▶ A discussion of any other matters related to fraud, relevant to Governance and Audit and Standards Committee responsibility. 	We have asked management and those charged with governance about arrangements to prevent or detect fraud. We have not become aware of any fraud or illegal acts during our audit
Related parties	Significant matters arising during the audit in connection with the Authority's related parties including, where applicable: <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and/or regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	We have no matters to report
Subsequent events	<ul style="list-style-type: none"> ▶ Where appropriate, asking the Governance and Audit and Standards Committee whether any subsequent events have occurred that might affect the financial statements. 	September 2017 Audit Results Report
Other information	<ul style="list-style-type: none"> ▶ Where material inconsistencies are identified in other information included in the document containing the financial statements, but management refuses to make the revision. 	We have no matters to report



Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ We were unable to obtain relevant and reliable audit evidence from other procedures. 	We have received all requested confirmations, other than one bank confirmation. We have carried out alternative procedures and we are satisfied that the balance is correctly stated.
Consideration of laws and/or regulations	<ul style="list-style-type: none"> ▶ Audit findings of non-compliance where it is material and believed to be intentional. This communication is subject to compliance with legislation on "tipping off" ▶ Asking the Governance and Audit and Standards Committee about possible instances of non-compliance with laws and/or regulations that may have a material effect on the financial statements, and known to the Governance and Audit and Standards Committee. 	We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit. 	September 2017 Audit Results Report
Independence	<p>Communication of all significant facts and matters that have a bearing on EY's objectivity and independence.</p> <p>Communicating key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information on the firm's general policies and processes for maintaining objectivity and independence <p>Communications whenever significant judgments are made about threats to objectivity or independence and the appropriateness of safeguards,</p>	<p>February 2017 Audit Plan</p> <p>September 2017 Audit Results Report</p>
Fee Reporting	<p>Breakdown of fee information when the audit plan is agreed</p> <p>Breakdown of fee information at the completion of the audit</p> <p>Any non-audit work</p>	<p>February 2017 Audit Plan</p> <p>September 2017 Audit Results Report</p>



Appendix A

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Certification work	Summary of certification work	Certification Report (due later this year)



Appendix B

Independence

We confirm that there are no changes in our assessment of independence since our confirmation in our audit planning board report dated 9 February 2017.

We complied with the APB Ethical Standards and the requirements of the PSAA's Terms of Appointment. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter which you should review, as well as us. It is important that you and your Governance and Audit and Standards Committee consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the Governance and Audit and Standards Committee on 27 October 2017.

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 March 2017.

We confirm that we have not undertaken non-audit work outside the PSAA Code requirements.

	Planned Fee 2016/17 £	Scale Fee 2016/17 £	Final Fee 2015/16 £	Scale Fee 2015/16 £
Total Audit Fee – Code work	149,438	149,438	149,438	149,438
Objection 2015/16 – additional fee	-	-	13,462*	-
Total	149,438	149,438	162,900	149,438
Certification of claims and returns	13,757**	17,196	17,797	17,797

* We have calculated the cost of completing our work in response to the objection received to the financial statements in 105/16. This has been shared with the Director of Finance and Information Services and is under discussion. Once the fee has been agreed with the Council, it will be subject to further review by PSAA.

** In our April 2017 progress report, we informed you that we have agreed that the Council will perform some of the initial Housing Benefit certification testing itself in 2016/17 in return for a 20% reduction in our fee. We will do sufficient checking to satisfy ourselves that this testing has been performed appropriately before confirming the final fee for this work.



Appendix C

Management representation letter

Management Rep Letter

[To be prepared on the entity's letterhead]

[Date]

Helen Thompson
Ernst & Young
Wessex House
19 Threefield Lane
Southampton
SO14 3QB

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This representation letter is provided in connection with your audit of the financial statements of Portsmouth City Council ("the Council") for the year ended 31 March 2017. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial position of Portsmouth City Council as of 31 March 2017 and of its expenditure and income for the year then ended in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations (England) 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.



Appendix C

2. We acknowledge our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position and of its expenditure and income of the Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. We believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 that are free from material misstatement, whether due to fraud or error.
5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have not corrected these differences identified by and brought to the attention from the auditor because [specify reasons for not correcting misstatement].

B. Fraud

1. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud
2. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
3. We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Council's internal controls over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees in which the fraud could have a material effect on the financial statements. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Council.

C. Compliance with Laws and Regulations

1. We have disclosed to you all known actual or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.

D. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters as agreed in terms of the audit engagement.
 - Additional information that you have requested from us for the purpose of the audit.
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence and



Appendix C

2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have made available to you all minutes of the meetings of the Council, Cabinet, and Governance & Audit & Standards Committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 28 September 2017.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

E. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We confirm there are no further updates arising from the EU Commission investigation into the allegation that the Council provide state aid to MMD (Shipping Services) Ltd.
4. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent.

F. Subsequent Events

1. There have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

G. Accounting Estimates

1. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
2. Accounting estimates recognised or disclosed in the financial statements:
 - We believe the measurement processes, including related assumptions and models, we used in determining accounting estimates is appropriate and the application of these processes is consistent.
 - The disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework.



Appendix C

- The assumptions we used in making accounting estimates appropriately reflects our intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.
- No subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.

H Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

I Use of the Work of an Expert

1. We agree with the findings of AON Hewitt engaged to provide IAS19 valuation services for the defined benefit pension scheme as set out in Note 34 and have adequately considered the qualifications of the experts in determining the amounts and disclosures included in the financial statements and the underlying accounting records.
2. We believe the measurement processes employed, including related assumptions and models, in determining accounting estimates is appropriate and consistent with our expectations.
3. We did not give or cause any instructions to be given to the experts with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the experts.

J Expenditure and Funding Analysis

1. We have reviewed the new requirements (as set out in the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17), in relation to the preparation of the Expenditure Funding Analysis to replace the previous segmental reporting analysis, and confirm that all required amendments to the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement, as well as the requirements to prepare the Expenditure Funding Analysis and related notes have been correctly reflected in the financial statements, including retrospectively reflecting this in the financial statements.
2. We confirm that the financial statements reflect the operating segments reported internally to the Council.

Yours Faithfully,

Director of Finance and Information Services



Appendix C

I confirm that this letter has been discussed and agreed at the Governance & Audit & Standards Committee on 15 September 2017

Chairman of Governance & Audit & Standards Committee

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ED None

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Title of meeting:	Governance & Audit & Standards Committee
Date of meeting:	27 th October 2017
Subject:	Audit Performance Status Report to 29 th September 2017
Report by:	Chief Internal Auditor
Wards affected:	All
Key decision:	No
Full Council decision:	No

1. Summary

- 1.1 This is a progress report for the 2017-18 planned audit activities. To date three 'No Assurance' audits have been identified with no critical risks raised. Information on two of the 'no assurance' audits has been reported to G&A&S in previous reports. Details of the third 'no assurance' audit are contained within this report.
- 1.2 There are 71 Full Audits and 40 Follow ups, planned for 2017, totalling 111 reviews.
- 1.3 To date, 56 (50%) have been completed or are in progress as at 29th September 2017. This represents 36 (64%) audits where the report has been finalised, 1 (2%) where the report is in draft and 19 (34%) audits currently in progress.
- 1.4 In addition to the planned audits there are 11 areas of on-going work and 2 continuous audits which contribute to risk assurance.
- 1.5 Areas of Assurance are shown in Appendix A.

2. Purpose of report

- 2.1 This report is to update the Governance and Audit and Standards Committee on the Internal Audit Performance for 2017/18 to 29th September 2017 against the Annual Audit Plan, highlight areas of concern and areas where assurance can be given on the internal control framework

3. Recommendations

- 3.1 That Members note the Audit Performance for 2017/18 to 29th September 2017.

- 3.2 That Members note the highlighted areas of control weakness from the 2017/18 Audit Plan.

4. Background

- 4.1 The Annual Audit Plan for 2017/18 has been drawn up in accordance with the agreed Audit Strategy approved by this Committee on 3rd February 2017 following consultation with Directors and the previous Chair of this Committee. The Plan will be revised quarterly to take account of any changes in risks/priorities, in accordance with the Strategy.

- 4.2 For 2017/18 Internal Audit will conduct 1005 days of audit work for external clients.

5. Audit Plan Status 2017/18

Percentage of the approved plan completed

- 5.1 50% of the annual audit plan has been completed. Appendix A shows the completed audits for 2017/18. Appendix B shows the completed follow up audits for 2017/18.

The overall percentage figure is made up as follows:

- 15 new reviews (64%) audits where the report has been finalised, 1 (3%) where the report is in draft and 19 (39%) audits currently in progress
- 21 (53%) planned follow ups where the report has been issued

- 5.2 As requested by Members of the Committee a breakdown of the assurance levels on completed audits since the last meeting is contained in Appendix A. Where specific parts of the control framework have not been tested on an area (because it has been assessed as low risk for example) it is recorded as NAT (No Areas Tested) within the Appendix.

Reactive Work

- 5.3 Reactive Work undertaken by Internal Audit in 2017/18 includes:
- 12 special investigations (excludes Benefit and Council Tax Support cases)
 - 11 items of advice, (where the advice exceeds an hours work)

Exceptions

- 5.4 Of the 2017/18 full audits either completed or at the draft report stage the number of exceptions within each category have been:
- 0 Critical Risk
 - 45 High Risk
 - 15 Medium Risk

- 0 Low Risk (Improvements)

5.5 The table below is a comparison of the audit status figures for this financial year and the previous two years

	2015/16	2016/17	2017/18
% of the audit plan completed	57%	57%	50%
No. of Critical exceptions*	1	1	0
No. of High risk exceptions	29	40	45

Ongoing Areas

- 5.6 The following 11 areas are on-going areas of work carried out by Internal Audit;
- Regulation of Investigatory Powers Act (RIPA) - authorisations
 - Anti-Money Laundering monitoring and reporting
 - Investigations
 - Financial Rules Waivers
 - National Fraud Initiative (NFI) to facilitate national data matching carried out by the Cabinet Office
 - National Anti-Fraud Network (NAFN) bulletins and intelligence follow up
 - Counter Fraud Programme
 - Policy Hub project to ensure that all Council policies are held in one place and staff are notified of the policies relevant to them
 - G&A&S Committee reporting and attendance and Governance,
 - Audit Planning and Consultation
 - Risk Management

Continuous Audit Areas

- 5.7 The following 2 areas are subject to continuous audit (i.e. regular check to controls) and feed into overall assurance;
- Key risks management in services
 - Performance Management

Internal Audit, in collaboration with the Purchase to Pay (P2P) team, facilitates the weekly review of potential duplicate invoices. Using Data Analytics software to analyse all invoices, a number of automated tests highlight potential duplicates which the P2P team then investigate. Since the last report, a further £28,000 worth of potential duplicate payments have been stopped, bringing the total to £56,000 since July 2017. It should be noted that not all identified transactions would have definitely resulted in a duplicate payment; however a risk of them occurring was present prior to these tests being conducted.

6. Areas of Concern

New areas of concern

6.1 **Regeneration - Subscriber Identification Module (SIM) card inventory & stock control**

6.1.1 The audit of SIM card inventory & stock control was given no assurance as testing resulted in six high risk exceptions.

6.1.2 The high risk exceptions and agreed actions are summarised in the table below.

Exception 1 - As at 28th July 2017 there were a total of 563 SIM cards listed on the SIM card inventory. Testing was unable to identify the location of 55 (10%) SIM cards listed as the location field had not been completed.

A further review of these SIM cards identified that 15 of the 55 (27%) were showing as active indicating that the SIM card was in use, but the location could not be verified.

Records in relation to the hand-held devices used by the Civil Enforcement Officers were not up to date. Discussions with the Civil Enforcement and Technical Supervisor confirmed that the 9 active SIM cards showing as allocated to staff members were no longer in use but records were showing them as active on the inventory.

Without up to date inventory records Management cannot gain assurance that all SIM cards that the Authority are responsible for under the contract with an external provider can be located and ensure that appropriate controls are in place to safeguard SIM cards that are in use.

Agreed Action - Review to take place of all SIM cards with no or potentially incorrect locations and their current locations to be updated. Any missing SIM cards to be barred/ cancelled. All the remaining SIM cards marked as active, bar 10 SIM cards marked as workshop spare, have been located. The Technical team have been instructed to check whether there are any duplicates or if they have been stored in another location.

Exception 2 - At the time of testing there were no documented processes in place for ordering and disposing of SIM Cards no longer in use.

Ordering SIM cards

Testing established that SIM cards were ordered when required via email by staff. They are logged on the SIM Pro database which is accessed by Parking Staff only. At the time of testing there was no process in place for another member of staff to verify the appropriateness of orders being placed.

Without a separation of duties within the process or management oversight, staff could be ordering additional SIM cards where there is no business need,

resulting in large volumes of stock being held and potential fraudulent expenditure incurred.

Disposing of SIM cards

Testing identified SIM cards from the previous contract that expired over 4 years ago and SIM cards from the current contract that are no longer in use and are being held in the Parking Office. It is audit's understanding that these cards have been cancelled, however this has not been recorded on the current inventory records.

Agreed Action -

Ordering SIM cards - In future all SIM orders made by email will be copied to an additional Officer, to verify the business need.

Disposing of SIM cards - Once the cancellation process has been established with the current provider, arrangements to dispose of the SIM cards will be made.

Exception 3 - At the time of testing there were 82 active SIM cards awaiting cancellation. Testing identified the tariffs that these SIM cards are on and established that they are cumulatively costing the Authority £435.50 per calendar month while waiting to be cancelled. It is audit's understanding that these SIM cards are waiting to be cancelled and that this cannot be carried out due to an ongoing dispute with the current SIM card provider.

Agreed Action - Contact to be made with the current contractor to establish the process to cancel these SIM cards.

Exception 4 - It was confirmed that Parking Services order and manage the inventory records for SIM cards that are allocated to the Traffic Management Service. These SIM cards are used for road signs and traffic signals.

The SIM cards are logged on the central inventory record which is accessible by the Parking Services only. Staff rely on being given the correct location details to track the SIM cards that have been allocated to Traffic Management.

There was no evidence at the time of testing to confirm the transfer of SIM cards from Parking Service to Traffic Management.

Agreed Action - A transfer form is to be created to log and confirm SIM cards passed onto other sections. This will provide a full management trail of cards that have been transferred between sections.

Exception 5 - Testing identified that the safe used in the parking office is accessed by an electronic keypad. Discussions with staff confirmed that the keys to PCC vehicles and SIM cards are held within the safe.

The key code on the safe had not been changed since before the previous Enforcement Manager left the Authority in August 2016. Additionally, at the time of testing it was not possible to locate the override key to the safe.

Agreed Action - Once the SIM card mentioned above has been disposed of no SIM cards will be stored in the wall safe. New SIM cards can be ordered on 24 hours' notice so no SIM cards will be held. All future SIM cards removed from active devices will be dealt with immediately.

Exception 6 - A review of the inventory records confirmed that all SIM cards should be disabled for roaming, voice calls and circuit switched data (CSD).

Testing evidenced that 10 SIM cards had the circuit switched data enabled. Discussions with the Civil Enforcement and Technical Supervisor confirmed that 9 of the 10 SIM cards with the CSD data enabled were previously held in the handheld devices used by the Civil Enforcement Officers. For the remaining SIM card it was not possible to identify its location at the time of testing.

At the time of testing all of the 10 SIM cards were listed as active on the inventory records.

Agreed Action - Circuit Switch Data (CSD) and its requirement for use will be established. On completion of the ongoing dispute the decision will be made as to the continuation of CSD.

- 6.1.3 A follow up audit will be conducted on SIM cards inventory and stock control in quarter 4 as part of the 2017/18 audit plan.

Updates on no assurance audits previously reported to committee

- 6.1.4 No follow ups have been carried out on no assurance audits since the previous report made to G&A&S.

7. Equality impact assessment (EIA)

- 7.1 The contents of this report do not have any relevant equalities impact and therefore an equalities assessment is not required.

8. Legal Implications

- 8.1 The City Solicitor has considered the report and is satisfied that the recommendations are in accordance with the Council's legal requirements and the Council is fully empowered to make the decisions in this matter.
- 8.2 Where system weaknesses have been identified he is satisfied that the appropriate steps are being taken to have these addressed.

9. Finance Comments

- 9.1 There are no financial implications arising from the recommendations set out in this report.

- 9.2 The S151 Officer is content that the progress against the Annual Audit Plan and the agreed actions are sufficient to comply with his statutory obligations to ensure that the Authority maintains an adequate and effective system of internal audit of its accounting records and its system of internal control.

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Signed by: Elizabeth Goodwin, Chief Internal Auditor

Appendices:

Appendix A – Completed audits from 2017/18 Audit Plan
Appendix A - Municipal Year 2017/18
Appendix B - Completed follow up audits from 2017/18 Plan

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document		Location
1	Accounts and Audit Regulations	http://www.legislation.gov.uk/ukxi/2011/817/contents/made
2	Previous Audit Performance Status and other Audit Reports	Refer to Governance and Audit and Standard meetings – reports published online http://democracy.portsmouth.gov.uk/ieListMeetings.aspx?Committeeld=148

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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Signed by:

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Appendix A1 -Results from 2016/17 & 2017/18 Municipal Years (No Assurance and Critical Audit Summary)

Audit Title - NO ASSURANCE AUDITS	Critical Risks	High Risks	Original Audit Assurance	Key Risk	Summary	Follow Up Due	Follow Up Audit Assurance	Follow Up Summary
1617-070 - Resident Development - Housing & Property - James Hill - Original audit completed November 2016	0	5	No Assurance	Service not meeting the needs of residents	Six high risk exceptions have been raised as a result of testing. These were in relation to policy or procedures in place detailing the purpose and function of the Resident Development Service. The outcomes of the Resident Development service were not being captured or reported. Exceptions were also raised in relation to recording information on resident development progress forms, these forms are used to record details of meetings with the residents and incomplete financial information on some of the progress forms and the Resident Development 2016/2017 spreadsheet. In addition testing was unable to for a sample of 10 payments from the 2016/2017 spreadsheet, reconcile to the Transaction Report for the Resident Development Service. At the time of testing there was no inventory in place for equipment being used by the Resident Development Officers and residents.	2017/18 Audit Plan		Actions have been agreed with the Director. These will be followed up as part of the 2017/18 Audit Plan
1617-087 - Port CCTV - Port - Mike Sellers	2	1	No Assurance	Lack of accountability and corporate oversight	Two critical and one high risks exceptions have been identified as part of the review. The common theme underpinning all the findings relates to the historic lack of accountability and corporate oversight.	2017/18 Audit plan		Actions have been agreed with the Director and will be followed up during 2017/18
1617-093 - Insurance & Claims - MMD - Chris Ward/ Mike Sellers	0	2	No Assurance	Lack of detailed documentation	Two high-risk exception was raised in relation to insurance claim investigations. It was not possible to obtain a sample of employer liability claims, as the documents could not be located. A sample of error cost corrections, largely relating to damaged or lost goods, was obtained, however investigation records were found to be inconsistent, lacking key details and resolutions. It was also not possible to obtain details of action taken in response to accidents that resulted in employer liability claims.	2017/18 Audit plan		Actions have been agreed with the MMD Directors and will be followed up during 2017/18
PCC1718-057- Harbour School- External	0	13	No Assurance	Weak financial management within the school	15 high and 4 medium risk exceptions were raised as part of this audit. A no assurance opinion was reached as a result of an apparent lack of an effective financial framework across the Harbour sites which has resulted in weak operational controls.	2017/18 Audit Plan		Actions have been agreed with the Head Teacher. These will be followed up as part of the 2017/18 Audit Plan
PCC1718-058 - Mayfield - External	0	10	No Assurance	Weak financial management within the school	10 high and 1 medium risk exceptions were raised relating to weakness in operational controls for; income, petty cash, purchase cards, inventory, unofficial and PTA funds and no school CCTV policy.	2017/18 Audit Plan		Actions have been agreed with the Head teacher. These will be followed up as part of the 2017/18 Audit Plan
PCC1718 - 073 - SIM card inventory & stock control - Regeneration - Tristan Samuels	0	6	No Assurance	Weak controls over inventory and stock	Six high risk exceptions have been raised as a result of this review. These were in relation to incomplete inventory records, access controls for the safe, active SIM cards awaiting cancellation, no evidence to support transfer of stock between teams, no processes for the ordering or disposing of stock and whether activation levels for the cards were appropriate.	2017/18 Audit Plan		Actions have been agreed with the previous Director. These will be followed up as part of the 2017/18 Audit Plan

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APPENDIX A2 - Audits Completed Since The Last Meeting (15th September 2017)

Audit Title	Critical Risk	High Risk	Medium Risk	Low Risk - Improvement	Total Exceptions	Achievement of organisation's strategic objectives	Compliance	Safeguarding of Assets	Effectiveness of Operations	Reliability & Integrity	Audit Assurance	Summary
PCC1718-073 - SIM card inventory & stock control - Regeneration - Tristan Samuels	0	4	2	0	6	NAT	NAT	3	3	NAT	No assurance	Six high risk exceptions have been raised as a result of this review. These were in relation to incomplete inventory records, access controls for the safe, active SIM cards awaiting cancellation, no evidence to support transfer of stock between teams, no processes for the ordering or disposing of stock and whether activation levels for the cards were appropriate.
PCC1718-014 - Data Sweeps - Corporate - Michael Lawther	0	1	0	0	1	NAT	1	NAT	NAT	NAT	Limited assurance	One high risk exception has been raised as a result of this review. Testing highlighted 24 unsecured laptops (average value £600 each), 3 unsecured security passes, 3 unlocked key safes and 8 instances of unsecured sensitive data. This is a reduction in the number of unsecured laptops and sensitive data found over the last three years, but an increase in unlocked key safes and unsecured activated passes.
PCC1718-028 - iExpenses - Finance & Information Service - Chris Ward	0	7	0	0	7	1	5	NAT	1	NAT	Limited assurance	7 high risk exceptions have been raised as a result of the audit review. These related to inadequate management review of claims, claims being incorrectly authorised, claims being made that contravene the Travel & Subsistence policy, lack of receipts, staff not undertaking the iexpenses training, inadequate journey descriptions and employees potentially splitting claims so as to exceed the 60 mile limit for journeys.
PCC1718-062 - Meon Infant School - External	0	3	0	0	3	1	1	1		NAT	Limited assurance	Three high risk exceptions were raised as a result of this review relating to weaknesses in operational controls for DBS documentation, petty cash and inventory.
Page 1												

Audit Title	Critical Risk	High Risk	Medium Risk	Low Risk - Improvement	Total Exceptions	Achievement of organisation's strategic objectives	Compliance	Safeguarding of Assets	Effectiveness of Operations	Reliability & Integrity	Audit Assurance	Summary
PCC1718-008 - Children in Need - Children's Social Care - Alison Jeffery	0	0	3	0	3	NAT	3	NAT	NAT	NAT	Reasonable Assurance	Three medium risk exceptions were raised as a result of this review relating to lack of compliance with Children in Need internal procedures, gaps in the content of Children in Need plans, and the way in which concerns from the referrals had been addressed and recorded within the case notes.
PCC1718-011 - Licensing & Enforcement - City Development & Culture - Stephen Baily	0	0	0	0	0	NAT		NAT		NAT	Assurance	No exceptions were raised as a result of this audit
Page 2												

APPENDIX B

2016/17 Followed Up Audits since the last meeting - High Risk		High Risk Open		High Risk Closed		Total High Risk	Comments
Exceptions							
Audit Title							
1617-005	ASC - Adult Safeguarding Board	0	0%	1	100%	1	
1617-081	C&C - Printing Shared Service	0	0%	1	100%	1	

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Agenda Item 7

REPORT FOR PERIOD September 2016 - September 2017



Portsmouth
CITY COUNCIL

Title of meeting:	Governance & Audit & Standards Committee
Date of meeting:	27 October 2017
Subject:	Compliance with the Gifts and Hospitality Protocol
Report by:	City Solicitor
Wards affected:	All
Key decision:	No
Full Council decision:	No

1. Purpose of report

To update members on any issues regarding compliance with the Gifts and Hospitality protocol and to advise on remedies.

2. Recommendations

- a) That the Committee considers whether or not to make any recommendations for change.
- b) That in the absence of any changes, the report is noted.

3. Background

- a) The Protocol for Gifts & Hospitality was approved by the Standards Committee on 12 September 2007 subject to a six month review on the 31 March 2008. The protocol and "Frequently Asked Questions" were subsequently approved by the Standards Committee on the 31st March 2008.
- b) The protocol requires an annual report by the City Solicitor on compliance to enable this committee to make any necessary recommendations for change - this report addresses that requirement.
- c) The Gift and Hospitality Policy is regularly reviewed and was last updated August 2017 (update to FAQs).

4. Reasons for recommendations

A breakdown of the entries in the Gifts & Hospitality system are contained in the appendices to support the following assessments of protocol compliance.

The total number of entries for the period covered by this report (1 September 2016 - 1 September 2017) is 137. A full data set is available; specific data reports are enclosed with this report at the appendices.

The main requirements of the protocol are as follows -

**A. Items which may be accepted**

Under the protocol these items must be under £25 in value for gifts and under £40 in value for hospitality (£5 gift limit for staff in Adult Social Care). They must be given without ulterior motive. There should not be any danger of misinterpretation by the public and they must not have become a frequent occurrence.

- a) There are a number of entries where the value exceeds the limits outlined above and these are dealt with specifically below.
- b) All other entries have been approved by Directors and meet the requirements of the protocol.

B. Items which must not be accepted

These include:

- those where the value exceeds £25 (gifts) or £40 (hospitality), (£5 for Adult Social Care)
- gifts of cash (this has been interpreted to also include vouchers)
- gifts from persons with whom the council is in contract negotiations (or could be) and those where we regulate or monitor services.

For the period covering this report:

- a) there are a number of entries for gifts where the value exceeds £40 (and one entry exceeding £25). These are not considered separately as they have all been either donated or rejected but can be reviewed at Appendix 5.
- b) there are a number of entries where gifts have been donated.
- c) there are a number of entries for cash or vouchers.

These entries are dealt with below. There do not appear to be any other entries that do not adhere to the general principles contained in the protocol.

C. Hospitality

- a) The principles for acceptance generally follow those in respect of gifts (except the permitted value is £40).
- b) All entries have been appropriately recorded and actioned (approved or rejected) by the appropriate Director.

D. Entries for Hospitality where the value exceeds £40

- a) A breakdown of the system entries where the value has exceeded £40 is contained at Appendix 1:
- b) Of the 7 entries where the value exceeded £40 –



- i) 3 offers of hospitality were rejected;
- ii) 4 entries were accepted where it was considered appropriate as relevant to PCC business as follows:
 - One event presented economic insights relevant to PCC financial forecasting;
 - One event provided opportunity to discuss Portsmouth tennis facilities / development;
 - One event was relevant to the Parklife initiative;
 - One event was offered by the Portsmouth Down Syndrome Association and was appropriate for parents to attend.

The hospitality was spread across the directorates of the Council with no concentration on any one directorate.

E. Entries for Adult Social Care exceeding £5 limit

- a) A breakdown of the system entries for Adult Social Care gifts exceeding £5 is contained at Appendix 2.
- b) There were 11 entries, of which 9 were accepted and 2 were donated.
- c) Of the 9 accepted entries:
 - i) One entry is for hospitality and concerns a dinner to discuss business intervention with the in-house interventions team;
 - ii) 6 gifts were shared amongst staff team;
 - iii) 1 gift was received to avoid offence following insistence by the client (pair of shoes)
 - iv) 1 gift was accepted as the receiver was a member of and had set up the Dementia Walking Group.
- d) Two entries were donated to the Lord Mayor's Appeal.

F. Cash and vouchers

A breakdown of the system entries for cash or vouchers is contained in Appendix 3.

A total of 10 entries have been noted on the register.

- a) There have been 6 cash gifts, of which all 6 were rejected.
- b) There have been 4 incidences of gift vouchers, of which all 4 were rejected.

G. Donated gifts



A breakdown of the system entries for donated gifts is contained in Appendix 4.

a) 25 gifts have been donated in total, as follows:

- i) 20 to Lord Mayor's Appeal;
- ii) 1 gift donated to staff team (under £5);
- iii) 2 gifts donated to Hospital Social Care team;
- iv) 1 gift donated to the Carers Centre;
- v) 1 gift donated to Young Persons Supported Housing.

5. Equality impact assessment (EIA)

This report does not require an Equality Impact Assessment as it does not propose any new or changed services, policies or strategies.

6. Legal implications

The legal implications are embodied within this report.

6. Director of Finance's comments

There are no financial implications arising from the recommendations contained within this report.

Appendices:

- 1. Hospitality exceeding £40
- 2. Adult Social Care Gifts over £5 Limit
- 3. Cash and Vouchers
- 4. Donated Gifts
- 5. All Gifts exceeding £25 limit

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Signed by:

Background list of documents: Section 100D of the Local Government Act 1972



The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Data report form Gifts & Hospitality system	Held by System Administrator

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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Signed by:

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Gifts received exceeding £40 limit
1 September 2016 - 1 September 2017

Value	Specified Value	Classification	Receiver	Service	Date Received	Description	Sub Classification	Action	Donor Name	Known Donor Interests	Donated To	Reason	Approver	Director
£25 - £40		Gift	Michael Robinson	Transport, Environment and Business Support	17/11/2016	Tickets for Panto at Kings Theatre	Other	Rejected	Kings Theatre	None		Not appropriate	Michael Lawther	David Williams
Over £25 (specify)	Approx. £40	Gift	Sam Johnston	Property and Housing	20/12/2016	A box of 6 No. bottles of Prosecco wine.	Other	Donated	Ahmarra Doors	A company	Lord Mayor Appeal	I felt that offence might be caused in refusal and returning the gift, which was sent at Christmas. However, since I was unable to accept it personally, it was felt that a donation to the Lord Mayor's Appeal would be a more appropriate course of action.	James Hill	Michael Lawther
	425.00	Gift	Kayleigh Johnson	Property and Housing	22/08/2017	Ipad won in downloaded Building Information Management object survey - automatically entered into competition - Donated to Lord Mayors Charity	Other	Donated	Technal	Door/Window manufacturer	Lord Mayor Appeal	Gift high value	James Hill	Michael Lawther
	£50	Gift	Brenda Tregarthen	Property and Housing	12/08/2017	£50 Gift voucher	Cash / Voucher	Rejected	PEG North & South Community Group			Explained to them that I was not allowed to accept gifts as a Portsmouth City Council Employee, therefore gave it back to them.	James Hill	Michael Lawther
	£50	Gift	Danielle Eberhardt	Community and Communication	28/04/2017	digital radio, mug and jelly beans	Cash / Voucher	Donated	REDACTED	new radio station coming to Portsmouth		donating DAB radio to Lord Mayors charity	Louise Wilders	Michael Lawther
	£30	Gift	William Gamlin	Property and Housing	31/05/2017	£30 cash offered	Cash / Voucher	Rejected	REDACTED	Resident of XXX St Johns Court		Gift offered was cash	James Hill	Michael Lawther
	£30	Gift	Paul Whent	Property and Housing	10/02/2017	XXXXXX offered £30 in cash to Paul When as Paul helped XXXXXX with removal of a sofa from XXXXXX flat	Cash / Voucher	Rejected	REDACTED	Resident of XXX Bresler House		Rejected as cash	James Hill	Michael Lawther
	£25 - £30 - not sure	Gift	Jane Mee	Culture and City Development	19/07/2017	Light catcher, stained glass butterfly	Other	Donated	REDACTED	Friends of Cumberland House XXXXXX	Lord Mayor Appeal	Relationship is professional and does not necessitate gifts	Stephen Bailly	Michael Lawther

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Adult Social Care Gifts above £5
1 September 2016 - 1 September 2017

Value	Receiver	Date Received	Description	Classification	Sub Classification	Action	Donor Name	Donor Interests	Donated To	Reason	Approver	Approved By Approver	Approval Decision Date	Approver Reason	Director
£5 - £25	Linda Dube	06/07/2017	Pink Ladies Sandals	Gift	Other	Accepted	AIS 99582	Resident in Caroline Square.		Client Insisted for me to have the sandals.	Angela Dryer	Yes	25/09/2017	Client insisted on staff member taking gift.	David Williams
	Claire Traviss	23/02/2017	2 boxes of Thornton's chocolates to be shared with the Community Independence Team	Gift	Other	Accepted	REDACTED			Tried to decline but client insisted that I take the chocolates and share them with the team to say thank you for all our help	Angela Dryer	Yes		Not for personal consumption	David Williams
	Jim Lines	25/01/2017	It was arranged for the team of in-house interventionists to have dinner with the inventor of the Vanguard Method, whose methodology PCC has adopted for change. This dinner was arranged so that the in-house interventionists could learn more from the inventor about the Vanguard Method and how it has been applied elsewhere to drive public-sector improvement. The inventor picked up the bill for the meal at the end of the evening, which we accepted.	Hospitality		Accepted	Vanguard			Advised by Andy Biddle that I should disclose that we accepted John's invitation to pay the bill at the end of the meal.	Angela Dryer	Yes		Corporately arranged	David Williams
	Joanne Byrne	24/01/2017	Flowers	Gift	Other	Accepted	REDACTED	Daughter of client sent gift to thank me.		Flowers were sent to me at the Civic Offices and have been displayed publicly in the office for everyone to enjoy.	Angela Dryer	Yes		Fresh Flowers put in staff area	David Williams
	Natasha Smith	22/12/2016	perishable goods	Gift	Other	Accepted	REDACTED	None		christmas gift	Angela Dryer	Yes		Perishable goods delivered before Christmas and shared with staff team	David Williams
	Natasha Smith	22/12/2016	champagne	Gift	Other	Donated	REDACTED	None	Lord Mayor Appeal	christmas gift	Angela Dryer				David Williams
	Gabrielle Downer	21/12/2016	Body shop (mini body lotions)	Gift	Other	Accepted	REDACTED	None		Gift from family after client was discharged to thank for the support. After polite refusal, family continued to insist. Gift was accepted and gievn out to memebes of the team.	Angela Dryer	Yes		Access to approve only just obtained - historic gift	David Williams
	Nicky Maxwell	21/12/2016	cheese and wine gift box	Gift	Other	Accepted	REDACTED	None		Carer of service user thank you / christmas gift	Angela Dryer	Yes		Access to approve only just obtained - historic gift	David Williams

Adult Social Care Gifts above £5
1 September 2016 - 1 September 2017

Katy Walsh	07/12/2016	BAYLISS AND HARDING SKIN SPA	Gift	Other	Donated	REDACTED	None	Lord Mayor Appeal	The gift cost over £10	Angela Dryer					David Williams
Nicky Ansell	20/09/2016	Notebook	Gift	Other	Accepted	REDACTED	None		Received from a member of the Dementia Walking Group which I assisted to set up but am now withdrawing from	Angela Dryer	Yes	25/09/2017	Historic Request		David Williams
Rowshonar a Reza	05/09/2016	Me to You Mugs	Gift	Other	Accepted	REDACTED	None		group member leaving the country	Angela Dryer	Yes	25/09/2017	Historic Request		David Williams

Cash and Vouchers received for period 1 September 2016 - 1 September 2017

Service Text	Date Received	Value Desc	Specified Value	Receiver	Description	Classification	Sub Classification	Action	Donor Interests	Reason	Approver	Director
Property and Housing	12/08/2017	Over £25 (specify)	£50	Brenda Tregarthen	£50 Gift voucher	Gift	Cash / Voucher	Rejected		Explained to them that I was not allowed to accept gifts as a Portsmouth City Council Employee, therefore gave it back to them.	James Hill	Michael Lawther
Property and Housing	12/08/2017	Over £25 (specify)	£50	Brenda Tregarthen	£50 gift voucher	Gift	Cash / Voucher	Rejected		Explained to them that I can not accept gifts as a Portsmouth City Council Employee, therefore I gave it back to them.	James Hill	Michael Lawther
Property and Housing	12/08/2017	Over £25 (specify)	£50	Brenda Tregarthen	£50 gift voucher	Gift	Cash / Voucher	Rejected		Explained to them that I can not accept gifts as a Portsmouth City Council Employee, therefore I gave it back to them.	James Hill	Michael Lawther
Property and Housing	31/05/2017	Over £25 (specify)	£30	William Gamlin	£30 cash offered	Gift	Cash / Voucher	Rejected	Resident of XXXX St Johns Court	Gift offered was cash	James Hill	Michael Lawther
Property and Housing	18/05/2017	£5 - £25		Rachel Fuller	offer of 100 Turkish liras = £21.76 as at 3/7/17	Gift	Cash / Voucher	Rejected	Resident in the sheltered scheme	Rejected as offer was of money	James Hill	Michael Lawther
Property and Housing	12/04/2017	£5 - £25		Rachel Fuller	£10 in cash	Gift	Cash / Voucher	Rejected	Resident in the sheltered scheme	Cash gift offered, so rejected	James Hill	Michael Lawther
Property and Housing	10/02/2017	Over £25 (specify)	£30	Paul Whent	REDACTED offered £30 in cash to Paul. When as Paul helped REDACTED with removal of a sofa from REDACTED flat	Gift	Cash / Voucher	Rejected	Resident of XXX Bresler House	Rejected as cash	James Hill	Michael Lawther
Property and Housing	23/12/2016	£5 - £25		Chris Wignall	8 x gift tokens of £10 to staff at Nicholson Gardens	Gift	Cash / Voucher	Rejected	Daughter of resident who passed away	Gift tokens	James Hill	Michael Lawther
Property and Housing	18/12/2016	£5 - £25		Graham Pearce	£20 in cash offered	Gift	Cash / Voucher	Rejected	Resident of Bresler House	Rejected as cash cannot be accepted	James Hill	Michael Lawther
Property and Housing	16/12/2016	£5 - £25		Danny Ardrey	£10.00 cash given within Christmas Card	Gift	Cash / Voucher	Rejected	Resident of John Marshall Court	Rejected as no cash gifts permitted.	James Hill	Michael Lawther

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Donated Gifts report 1 September 2016 - 1 September 2017

Service Text	Date Received	Value Desc	Specified Value	Receiver	Description	Classification	Sub Classification	Action	Donor Interests	Donated To	Donated To Other	Reason	Approver	Director
Adult Services	25/08/2017	Under £5		Claudine Rees	Box of Roses chocolates 321g	Gift	Other	Donated	Son of client I was working with	Other	Gift donated to team members	Gift was offered by REDACTED for myself and my team. Gift donated to team members	Angela Dryer	David Williams
Adult Services	27/07/2017	Under £5		Otilia Zheke	Received a small box of chocolates	Gift	Other	Donated		Other	Donated to Hospital Social Work Team	Share with colleagues	Angela Dryer	David Williams
Adult Services	28/04/2017	Under £5		Claudine Rees	1 x box of Heroes Chocolates 323g, donated to hospital social care team	Gift	Other	Donated	Social worker had completed work with REDACTED mother. Client is self-funding placement.	Other	Adult social care, hospital team	This is the recipients team and other team members, eg. admin staff and management have indirectly worked on this case	Angela Dryer	David Williams
Adult Services	22/12/2016	£5 - £25		Natasha Smith	champagne	Gift	Other	Donated	None	Lord Mayor Appeal		christmas gift	Angela Dryer	David Williams
Adult Services	09/12/2016	Under £5		Jayne Gentle	chocolates	Gift	Other	Donated	None	Other	carers at carers centre	To share at Christmas	Angela Dryer	David Williams
Adult Services	07/12/2016	£5 - £25		Katy Walsh	BAYLISS AND HARDING SKIN SPA	Gift	Other	Donated	None	Lord Mayor Appeal		The gift cost over £10	Angela Dryer	David Williams
Community and Communication	28/04/2017	Over £25 (specify)	£50	Danielle Eberhardt	digital radio, mug and jelly beans	Gift	Cash / Voucher	Donated	new radio station coming to Portsmouth			donating DAB radio to Lord Mayors charity	Louise Wilders	Michael Lawther
Culture and City Development	19/07/2017	Over £25 (specify)	£25 - £30 - not sure	Jane Mee	Light catcher, stained glass butterfly	Gift	Other	Donated	Friends of Cumberland House, REDACTED	Lord Mayor Appeal		Relationship is professional and does not necessitate gifts	Stephen Baily	Michael Lawther
Culture and City Development	18/05/2017	£5 - £25		Diane Clay	Bottle of white wine which I would like to donate to the Lords Mayors raffle	Gift	Other	Donated	Friend Of Cumberland House	Lord Mayor Appeal		Would cause offence if I refused	Stephen Baily	Michael Lawther
Property and Housing	22/08/2017	Over £25 (specify)	£425.00	Kayleigh Johnson	Ipad won in downloaded Building Information Management object survey - automatically entered into competition - Donated to Lord Mayors Charity	Gift	Other	Donated	Door/Window manufacturer	Lord Mayor Appeal		Gift high value	James Hill	Michael Lawther

Property and Housing	20/12/2016	Over £25 (specify)	Approx. £40	Sam Johnston	A box of 6 No. bottles of Prosecco wine.	Gift	Other	Donated	A company	Lord Mayor Appeal		I felt that offence might be caused in refusal and returning the gift, which was sent at Christmas. However, since I was unable to accept it personally, it was felt that a donation to the Lord Mayor's Appeal would be a more appropriate course of action.	James Hill	Michael Lawther
Property and Housing	13/12/2016	£5 - £25		Sarah Babbage	Perfume	Gift	Other	Donated	None	Other	Young Persons Supported Housing	I wasn't available to decline the gift when the customer approached	James Hill	Michael Lawther
Property and Housing	05/12/2016	£5 - £25		Peter Mountford	Two Bottles of Wine	Gift	Other	Donated	Lessee of Holiday Inn Express Farlington (PCC is Landlord)	Lord Mayor Appeal		Christmas Gift - Lessee is assigning interest to a third party.	James Hill	Michael Lawther
Property and Housing	11/11/2016	£5 - £25		Amanda Thomson	Biscuits/body cream/notepads	Gift	Other	Donated	None	Lord Mayor Appeal		To say thank you as I am moving to another office	James Hill	Michael Lawther

Value	Specified Value	Classification	Receiver	Service	Date Received	Description	Action	Donor Name	Known Donor Interests	Reason	Approver	Approved By Approver	Approver Reason
Over £40 (specify)	Estimated at £300	Hospitality	Meredydd Hughes	Property and Housing	08/08/2017	Match ticket and hospitality at Cricket match	Rejected	Abacus Lighting Ltd	Electrical Lighting supplier and contractor	Rejected - As a local authority employee I can not accept any offer of a gift , hospitality or sponsorship	James Hill		
	Approx £80	Hospitality	Chris Ward	Finance and IT	31/05/2017	Hospitality invitation from E & Y, to hear a presentation on the economic insight & business implications for the UK post Brexit, which is based on HM Treasury's model, followed by a Q & A session. At Hotel du Vin, Winchester	Accepted	Ernst & Young LLP	External Auditors for Portsmouth City Council	The presentation is based on HM Treasury model and therefore has implications for the financial forecast for PCC	Michael Lawther	Yes	Considered appropriate as relevant to PCC financial forecasting
	£195	Hospitality	Denise Bastow	Transport, Environment and Business Support	01/02/2017	Invitation to attend the British Parking Awards Lunch on 10th March 2017	Rejected	Alpha Parking	Parking Consultancy Firm	Company provide consultancy and training for the Parking Section so it would not be appropriate to accept this hospitality	Michael Lawther		
	£100	Hospitality	David Evans	Culture and City Development	12/07/2017	Wimbledon Championship 2017 visit	Accepted	Lawn Tennis Association	None	Opportunity to see the workings of a major tennis tournament and to discuss future developments of tennis tournaments in Portsmouth and upgrading facilities	Stephen Bailly	Yes	Invitation from Sport England /partnership working relationship - NoTicket purchase by PCC
		Hospitality	Paddy May	Human Resources, Legal and Performance	10/11/2016	Attendance at England v Spain match at Wembley following an FA Seminar on Parklife	Accepted	The FA	None	PCC is interested in working with the FA to take forward the Parklife initiative. This is an initiative to promote social benefits as well as make football more sustainable. The event starts with a seminar at 4:30pm with a chance to discuss opportunities with the FA and other football stakeholders before the game and during the game. Initial email from Director about the invite was on 1st November 2016	Jon Bell	Yes	Attendance at match integral to purpose of legitimate business meeting and so not feasible to turn down hospitality without undermining overall aims of attendance at event

		Hospitality	Michael Robinson	Transport, Environment and Business Support	10/11/2016	Annual British Parking Association Dinner.	Rejected	Videalert	Supplier to PCC Parking	Not appropriate	Michael Lawther	N/A	
		Hospitality	Victoria Revie	Children's Services and Education	20/10/2016	two Tickets to Portsmouth Down Syndrome Association black tie charity dinner on board HMS Warrior	Accepted	REDACTED	None	REDACTED - contains personal information	Di Smith	Yes	This is an appropriate event for Victoria to attend



Title of meeting:	Governance & Audit & Standards Committee Council
Date of meeting:	27 October 2017 14 November 2017
Subject:	Review of Members' Allowance Scheme
Report by:	Chief Executive
Wards affected:	n/a
Key decision:	No
Full Council decision:	Yes

1. Purpose of report

The purpose of the report is

- (1) To seek approval for the review process from the Governance & Audit & Standards Committee
- (2) To recommend to Council the findings of the Independent Remuneration Panel for adoption into the Members' Allowances Scheme.

2. Recommendations

To Governance & Audit & Standards Committee

That it approves the review process.

To Council (via Governance & Audit & Standards Committee)

That

- (1) No change should be made to any of the various elements comprising the Members Allowances Scheme ("the Scheme") except that,
 - (a) the Lord Mayor and Deputy Lord Mayor are to be included in the Scheme with a Special Responsibility Allowance (SRA) multiple of Basic Allowance of 0.7 and 0.1 respectively making the positions index-linked and if the recommendation is agreed by Council, to be effective from the date of that Council Meeting.

Note 1 This is not an additional allowance for the Lord Mayor and Deputy Lord Mayor but is simply to bring their allowance formally within the scheme and particularly within the Index Linked regime rather than be permanently fixed as they have been. The proposed changes result in broadly similar

allowances currently paid for these positions outside of the scheme which are - Lord Mayor allowance is currently £7,100 and the Deputy Lord Mayor is currently £923.

Note 2 A footnote would be added to the relevant section as follows "Recognising the roles of Lord Mayor and Deputy Lord Mayor are greater than is required normally of a councillor, as per The Local Authorities (Members' Allowances) (England) Regulations 2003, Special Responsibility Allowances"

- (b) a note would be added to the Scheme to clarify that any remuneration received through representing the Council on any Outside Body sits outside the Scheme.**
- (c) the wording in the section on Carers' Allowance is amended to link it to the "Portsmouth Living Wage" (currently £7.85 per hour)**
- (d) the wording of the first paragraph of section B (1) Travelling Allowances is amended to add the following wording
That "Travel claims to a destination outside the City must be from a member's Portsmouth registered address, (or from the Council's Civic Offices if that is the member's starting point and is nearer to the destination). Claims from another location can be made if it is nearer to the destination outside the City."**
- (2) Notwithstanding the index-linked arrangement, a further review of the Scheme be carried out to be completed in time for the start of the 2021-2022 financial year to meet the 4-yearly review requirement.**
- (3) The existing Independent Review Panel be retained as a Standing Panel in the interim period, whose members (with a quorum of three for any decision to be taken) can consider issues that arise in connection with the Scheme before the next review, either by email or in meetings.**

The Scheme incorporating the above revisions is attached as Appendix 1 for approval

- (4) The members of the Independent Review Panel be thanked for their time and attention in undertaking the Review.**

3. Background

- 3.1. Under the Local Authorities (Members Allowances) (England) Regulations 2003, Portsmouth City Council is required to have an Independent Remuneration Panel to review the Members' Allowance Scheme. The last review took place in 2012.
- 3.2. PCC Members' Allowances are index-linked, which means that instead of an annual review (which the Regulations would otherwise require) the Council must review the scheme every 4 years.
- 3.3. In order to ensure impartiality, an Independent Remuneration Panel (IRP) was formed to review the Portsmouth City Council Members' Allowances Scheme.
- 3.4. The 2017 Independent Remuneration Panel comprised representatives of the local Business, Public, Voluntary and Community sectors:

- Walter Cha - retired former Senior Partner at Blake Lapthorn (Panel Chair)
- Mark Waldron - The News
- Sue Dovey - Action Hampshire
- Brian Johnson - BAE Systems
- Bernie Topham- University of Portsmouth
- Michael Dyer - Verisona
- Keith Greenfield - Wightlink Ferries

- 3.5 The Panel first met to agree the review process on 23 February 2017 and decided to adopt a two stage approach to the review. The Panel decided initially to recommend to Council to continue to apply to Members' Allowances the index-linked arrangement with Portsmouth City Council staff pay awards. This was recommended to Council via the Governance & Audit & Standards Committee and was adopted at the Full Council meeting on 21 March 2017.
- 3.6 The second stage was to send a request to Councillors seeking their views on any aspects of the scheme including the Basic Allowance, Special Responsibility Allowances, Carers' Allowances and Travel Allowances, which they would like the Panel to consider as part of the scheme. The responses received (four) were circulated in advance of the second meeting (along with a general information pack) to all Panel members with other comparative information that had been requested.
- 3.7. At a meeting held on 3 October 2017, (meeting notes attached at Appendix 2), the Panel discussed the responses received to assist in agreeing further recommendations (via Governance & Audit & Standards Committee) to a future Full Council meeting and to express their own views on the Scheme. Officers were also in attendance to answer any queries that the Panel had.

4. Reasons for recommendations

- 4.1 The Regulations state that where an authority has regards to an index for the purpose of an annual adjustment of allowances it must not rely on the index for longer than a period of 4 years before seeking a further recommendation from the Independent Remuneration Panel established in respect of the authority on the application of an index to its scheme.
- 4.2. The Council is required by law to consult with the Independent Remuneration Panel, prior to making any decision to replace, amend or not implement the existing scheme of allowances. The recommendations of the Independent Remuneration Panel are therefore set out above.

5. Equality impact assessment

An equality impact assessment is not required as the recommendations do not have a negative impact on any of the protected characteristics as described in the Equality Act 2010

6. Legal implications

Under the Local Authorities (Members Allowances) (England) Regulations 2003, Portsmouth City Council is required to have an Independent Remuneration Panel to review the Members' Allowance Scheme. This review is compliant with these regulations.

7. Director of Finance's comments

The recommendations contained in the report can be met from the existing budget

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Signed by:

Appendices:

Appendix 1 - Members' Allowance Scheme 2017/18 (proposed revised version)

Appendix 2 - Notes from the Independent Remuneration Panel Meeting held on 3 October 2017

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Information Pack for Panel	Directorate of Community and Consultation

.....
Signed by:



PORTSMOUTH CITY COUNCIL
MEMBERS' ALLOWANCES SCHEME
2017/18

(A) PAYMENT OF ALLOWANCES

(1) Basic Allowance

The annual basic allowance is £10,740, payable to each member in monthly instalments, in arrears.

(2) Special Responsibility Allowances

The following are specified as the positions carrying special responsibilities, for which special responsibility allowances are payable. Payments will be made in monthly instalments, in arrears.

(A Member may claim only one such allowance, which, in the case of ambiguity, is the special responsibility allowance with the highest value):-

Role	Multiple of basic allowance	SRA
Leader	1.8	£19,333
Cabinet member	0.7	£7,518
Leader of the main opposition group	0.6	£6,444
Other group leader (5 or more members)	0.3	£3,222
Other group leader (2 to 4 members)	0.2	£2,148
Chair of a regulatory committee	0.35	£3,759
Chair of a scrutiny panel	0.25	£2,686
Shadow Cabinet Spokesperson	0.1	£1,075
*Lord Mayor	0.7	£7,518
*Deputy Lord Mayor	0.1	£1075

The basic allowance is index linked to any annual pay adjustment that may be awarded to local government officers, and does not constitute an amendment to this scheme.

* Recognising the roles of Lord Mayor and Deputy Lord Mayor are greater than is required normally of a councillor, as per The Local Authorities (Members' Allowances) (England) Regulations 2003, Special Responsibility Allowances.

(3) Technical Additions

- (i) Members' allowances will be annually adjusted in accordance with average percentage pay award figures applicable to local government employees from 1st April of each year (or from whenever implemented).
- (ii) When the term of office for a member begins or ends other than at the beginning or end of a financial year, entitlement shall be to payment of part of the basic or special responsibility allowance as is proportionate to the number of days served as a member/holding the relevant special responsibility allowance in that year.

- (iii) A member may elect to forgo an allowance or any part of an allowance by giving notice of such intention in writing to the Payroll and Pensions Manager.

(B) TRAVEL RATES

Travel allowance is claimable by members at the same rate as officers, and these will be updated in line with such rates. The private motor vehicle business mileage rate will be updated when HM Revenue and Customs review the rate.

(1) Travelling Allowance

Travelling expenses cannot be claimed for business journeys within the city as these expenses are covered by the members' basic allowance with the exception of late night taxis (see note below). **Travel claims to a destination outside the City must be from a member's Portsmouth registered address, (or from the Council's Civic Offices if that is the member's starting point and is nearer to the destination). Claims from another location can be made if it is nearer to the destination outside the City.**

Where expenditure is necessarily incurred on travelling away from the city on formally approved city council business within the United Kingdom a member may claim an allowance not exceeding the following:-

Public Transport - The ordinary fare

Rail - Standard (non first class) fare

Private Motor Vehicles	45p per mile (Max of 60 miles per claim and 10,000 miles per year)
	25p per mile there after

Private Motor Cycles	24p per mile
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Bicycles	20p per mile
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Taxis - (1) When engaged on city council business within the city after 11 pm and where no alternative means of transport are reasonably available, Members may claim the actual expenditure incurred.

(2) When engaged on city council business out of the city and in cases of urgency or where no public transport is reasonably available, Members may claim the amount of the actual fare and any reasonable gratuity.

NB(1): Receipts for expenditure incurred where taxis or public transport must be retained and submitted with the members' claim. In addition a VAT receipt for at least **50%** of the total claim is required when claiming motor vehicle/cycle mileage.

NB(2): A claim for travel under this scheme shall be made within TWO MONTHS of the date of the meeting.

(2) Subsistence Allowance

Subsistence is not claimable.

(C) CARERS' ALLOWANCE

This allowance is to enable a carer to be employed to look after a child or an elderly or disabled person who normally resides with a councillor and cannot be left alone. This allowance can only be claimed when the Member concerned is required to attend approved meetings as per Appendix 1.

A carers' allowance is not applicable for party group meetings, canvassing or electioneering, but is available for ward work, advice centres and civic functions. Reimbursement for meetings is allowed beyond the actual duration of the meeting, given that care must usually be booked in advance for a fixed period. The allowance will not be payable to the claimant's own household.

The rate of reimbursement for carers' allowance is equivalent to the **Portsmouth Living Wage – currently £7.85** per hour. This is per person cared for and is unlimited. Records of any payments made must be submitted to the local democracy manager. No payment under this scheme can be made without receipts.

NB(1): Any claim for carers' allowances made under this scheme shall be made within **TWO MONTHS** of the meeting.

(D) IT ALLOWANCE

An IT allowance is not claimable.

(E) ATTENDANCE ALLOWANCES

In accordance with Section 99(4) of the Local Government Act 2000, attendance allowances are no longer payable.

(F) PRIVATE TELEPHONES/PRIVATE TELEPHONE USAGE

The costs involved in the installation of a telephone line at a member's private address, the costs of council related calls made from such a telephone and the monthly line rental for the telephone are not claimable.

(G) MOBILE PHONE ALLOWANCE

All Members are entitled to the use of a council-owned mobile phone, and may receive reimbursement for all council business calls made.

(H) LOCAL GOVERNMENT PENSION SCHEME (LGPS)

In accordance with The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014, members can no longer join the LGPS.

(I) OUTSIDE BODIES APPOINTMENTS

Any remuneration received through representing the Council on any Outside Body sits outside the Scheme.

(J) DATE OF THE NEXT INDEPENDENT REMUNERATION PANEL REVIEW OF MEMBERS' ALLOWANCES

Annual adjustments are in place but **notwithstanding the index-linked arrangement, a further review of the Scheme be carried out to be completed in time for the start of the 2021-2022 financial year to meet the 4-yearly review requirement.**

APPENDIX 1
(to the Members' Allowances Scheme)

APPROVED DUTIES FOR THE PURPOSES OF CLAIMING CARERS' & TRAVEL ALLOWANCES

- a meeting of the Cabinet (including informal Cabinet meetings)
- a meeting of a committee of the Cabinet
- a meeting of the authority
- a meeting of a committee, panel or sub-committee of the authority
- a meeting of some other body to which the authority make appointments or nominations, or
- a meeting of a committee or sub-committee of a body to which the authority make appointments or nominations
- ward advice centres, and other ward work
- civic functions
- a meeting which has both been authorised by the authority, a committee, or sub-committee of the authority or a joint committee of the authority and one or more other authorities, or a sub-committee of a joint committee and to which representatives of more than one political group have been invited (if the authority is divided into several political groups) or to which two or more councillors have been invited (if the authority is not divided into political groups)
- a meeting of a local authority association of which the authority is a member
- duties undertaken on behalf of the authority in pursuance of any standing order requiring a member or members to be present while tender documents are opened
- duties undertaken on behalf of the authority in connection with the discharge of any function of the authority conferred by or under any enactment and empowering or requiring the authority to inspect or authorise the inspection of premises
- duties undertaken on behalf of the authority in connection with arrangements made by the authority for the attendance of pupils at a school approved for the purposes of section 342 of the Education Act 1996
- any other duty approved by the authority in connection with discharging the duties of the authority or its committees or sub-committees.

Appendix 2
Independent Remuneration Panel (IRP)

Meeting Notes

Tuesday 3 October 2017

A meeting of the Independent Remuneration Panel (IRP) was held at 4pm on Tuesday 3 October 2017 at the Civic Offices, Portsmouth.

Panel:-

Ms Bernie Topham (Chief Operating Officer - Portsmouth University)
Keith Greenfield (CEO of Wightlink Ferries)
Walter Cha (Retired Solicitor)
Mark Waldron - (Editor, The News)
Brian Johnson - BAE Systems

Officers:-

Michael Lawther, Deputy Chief Executive, City Solicitor and Monitoring Officer
Stewart Agland, Local Democracy Manager
Sue Page, Finance Manager
Vicki Plytas, Senior Local Democracy Officer
Peter Smith-Parkyn, Local Democracy Assistant

Apologies

Apologies for absence were received on behalf of Sue Dovey and Michael Dyer.

Interests

There were no declarations of interest.

Summary of discussion

Walter Cha was appointed Chair.

Stewart Agland advised that PCC Members' Allowances are index-linked, which means that instead of an annual review (which the Regulations would otherwise require) the Council must review the scheme every 4 years.

He summarised the process so far advising that the Panel had adopted a two stage approach to the review and this was the second stage. At the last meeting, the Panel had agreed to send a request to Councillors seeking their views on any aspects of the scheme including the Basic Allowance, Special Responsibility Allowances, Carers' Allowances and Travel Allowances, which they would like the Panel to consider as part of the scheme.

The Panel meeting today was to discuss the responses received following that request to assist in agreeing further recommendations (via Governance & Audit & Standards Committee) to a future Full Council meeting and to express their own views on the Scheme. He said that the responses had been circulated to the panel in advance of the meeting.

The Chair suggested that the Panel should consider the responses received from Councillors first and then move on to a more general discussion to enable them to decide on their recommendations.

Consideration of Responses Received

- Of the numerous Outside Bodies on which elected members were represented, only 2 currently provided remuneration. This was paid by the Outside Body concerned and was not a payment made by the Council. One was a Cabinet appointment (involving 2 members being appointed (Portsmouth Dockyard Naval Trust) and one was a Full Council appointment, involving one member being appointed (Hampshire Fire and Rescue Service). The City Solicitor said that there was no discretion in respect of these positions as to which Council body appointed the elected members and that payment was made in respect of work done by those elected members. Following debate it was agreed that a note would be added to the scheme to clarify that payment from Outside Bodies was outside the Members Allowances Scheme.
- It was confirmed that paying elected members an attendance allowance was not permissible under national legislation and this was already noted in the scheme. There were many opinions on what made a good councillor and there was much more involved in the role than attending council meetings although obviously that was important.
- The Panel was advised that reducing the Special Responsibility Allowances (as suggested in one response) was technically an option, but the money saved would be subject to political will and could not be ear-marked for a specific purpose.
- The Panel noted those responses from members that their allowances should not be increased at this time, other than in line with the index-linked amount.

A general discussion then took place during which it was confirmed that overall the roles of elected members had remained much the same as when the last review took place. The City Solicitor said that the level of remuneration should encourage participation in local democracy and the Panel should take this into account during their deliberations.

In response to queries, it was confirmed

- That the current formula was introduced in 2008/9
- That members had not indicated any discontent about their allowance
- That the current governance arrangements had only varied slightly since the last review.
- That the allowances paid to members of PCC were about average as compared with similar authorities

Members of the Panel discussed all the information before them and noted the answers to their queries. They concluded that the current members' allowance scheme should remain in its existing form, except for the recommended changes listed below

- the anomaly whereby the Lord Mayor and Deputy Lord Mayor were not included in the scheme should be corrected and that if this recommendation were accepted, this should take effect from the date of the Council Meeting where this was agreed. The allowance should be 0.7 for the Lord Mayor and 0.1 for the Deputy Lord Mayor and index-linking should apply as for other elected members

- With regard to the Carers' Allowance, the City Solicitor said he would arrange for the wording to be amended to refer to the Portsmouth Living Wage (currently £7.85)
- With regard to the Travel Allowance, it was confirmed that this was the same as applied to officers. The Panel said they wanted the wording to make clear that regarding travel expenses to a venue outside the City, the amount should be calculated using the distance either from a Member's Portsmouth registered address (or from the Council's Civic Offices if that is the Member's starting point and it is closer to the destination). Claims from another destination can be made if it is nearer to the destination outside the City.

RECOMMENDATIONS to Council (via Governance & Audit & Standards Committee)
That

- (1) No change should be made to any of the various elements comprising the Members Allowances Scheme ("the Scheme") attached as Appendix 1 except that,**
 - (a) the Lord Mayor and Deputy Lord Mayor are to be included in the Scheme with a Special Responsibility Allowance (SRA) multiple of Basic Allowance of 0.7 and 0.1 respectively making the positions index-linked and if the recommendation is agreed by Council, to be effective from the date of that Council Meeting. A footnote would be added to the relevant section as follows "Recognising the roles of Lord Mayor and Deputy Lord Mayor are greater than is required normally of a councillor, as per The Local Authorities (Members' Allowances) (England) Regulations 2003, Special Responsibility Allowances"**
 - (b) a note would be added to the Scheme to clarify that any remuneration received through representing the Council on any Outside Body sits outside the Scheme.**
 - (c) the wording in the section on Carers' Allowance is amended to link it to the "Portsmouth Living Wage" (currently £7.85 per hour)**
 - (d) the wording of the first paragraph of section B (1) Travelling Allowances is amended to add the following wording**

That "Travel claims to a destination outside the City must be from a member's Portsmouth registered address, (or from the Council's Civic Offices if that is the member's starting point and is nearer to the destination). Claims from another location can be made if it is nearer to the destination outside the City."
- (2) That notwithstanding the index-linked arrangement, a further review of the Scheme be carried out to be completed in time for the start of the 2021-2022 financial year to meet the 4-yearly review requirement.**
- (3) That the existing Independent Review Panel be retained as a Standing Panel in the interim period, whose members (with a quorum of three for any decision to be taken) can consider issues that arise in connection with the Scheme before the next review, either by email or in meetings.**

The meeting ended at 5.20pm.

Title of meeting: The Governance and Audit & Standards Committee

Date of meeting: 27 October 2017

Subject: Update on the council's compliance with its Equality Impact Assessment Process

Report by: City Solicitor

Wards affected: All

Key decision: No

Full Council decision: No

1. Purpose of report

- 1.1. To update the Committee on the compliance of council services with the council's Equality Impact Assessment process since the last meeting held on 4 November 2016.

2. Recommendations

- 2.1. That the Committee notes the contents of the report;
- 2.2. That the Committee continues to monitor the compliance of the council services with the Equality Impact Assessment process adopted by the Council, on an annual basis.

3. Update on the Council's compliance with the Equality Impact Assessment (EIA) process

3.1. Background

- 3.1.1. The Equality Act 2010 introduced the Public Sector Equality Duty, which requires the council to consider the impact of its day-to-day activities, including development of new or changed policies, strategies, projects and services, on people with any of the eight 'protected characteristics'. These are age, race, disability, sex, gender reassignment, sexual orientation, religion or belief, and pregnancy and maternity. The council must take steps to identify and mitigate

any potential discriminatory or disproportionately negative impact of its activities on any of the equality groups as part of its decision-making and implementation process.

3.1.2. Non-compliance can lead to costly, time-consuming and reputation-damaging legal challenge by individuals or pressure groups.

3.1.3. The council has a well-established Equality Impact Assessment (EIA) process which assists compliance with the Equality Duty. The process requires that a preliminary EIA, if relevant, should be undertaken at the initial stage of (re)design / development of a policy, strategy, project or service. If the preliminary EIA identifies a potential negative impact on any of the groups protected under the Equality Act 2010, a full EIA should be undertaken before any final decision is made. The full EIA should take into account results of any public consultation and any other relevant local and national information available, including any effects of similar initiatives elsewhere in the UK.

3.1.4. The EIA process requires that all completed EIAs are sent to the Equality & diversity team for quality assurance before being submitted with a relevant report for a decision.

3.2. Compliance of council services with the Equality Impact Assessment process

3.2.1. As part of the council's EIA process, council services are required to undertake review EIAs on the major services, policies, and functions of the council that have been identified by the management and the equality & diversity team as having a potential present or future disproportionately negative impact on people possessing any of the 'protected characteristics'.

Since November 2016, 61 Equality impact assessments have been completed, 52 of these were preliminary and 9 were full EIAs. EIAs are completed for reports that go to committee that require a decision as well as any new/changed policy, strategy, project or service, they are all required to be quality assured by the Equality & diversity team but this is not always the case.

All reports to Cabinet and Committees have their relevant EIA considered as part of the report review and decision making process. When committee reports are published on the web EIAs are normally attached. Sometimes the equality & diversity team does not get the opportunity to see the EIAs before

being published. Therefore, the list of EIAs below may not be the total number of EIAs that have been completed this year.

There is still work to be done with services to ensure all EIAs are sent to the equality & diversity team. There is then an opportunity to quality assure the EIAs before being published on the web to make sure mistakes are avoided.

3.2.2. The 9 full Equality impact assessments that were completed are listed below:

Adult social care and public health

- Portsmouth Pharmaceutical Needs Assessment 2018 (revised from 2015 version) – Consultation was undertaken
- Integrated Wellbeing Service restructure

Resources

- Amend the Council tax support scheme to enable a reduction in annual expenditure – Consultation was undertaken

Environment and community safety

- Supporting victims of domestic violence and abuse (DVA)– Consultation was undertaken

Education

- This Assessment relates to the bid for a Special Free school in Portsmouth, and is required by the Education, Skills and Funding Agency as part of the bidding process.

Adult social care and public health

- Domiciliary Care Preferred Provider List

Housing and property

- Household Waste Recycling Centre (HWRC) charging for NON-HOUSEHOLD ITEMS ONLY

Traffic and transportation

- Palmerston Road Regeneration Scheme– Consultation was undertaken
- Street lighting strategy – Consultation was undertaken

3.2.3. The 52 Preliminary Equality impact assessments that were completed are the following:

Housing

- Staff review of Statutory Services Team within Property & Housing Service

Traffic and transportation

- Doyle Avenue Parking bay - provision of
- Palmerston Road South – Improvements– Consultation was undertaken
- Parking Resident Permits Renewal module
- London Road / London Avenue Junction Improvements
- Elkstone Road traffic calming
- Anglesea Rd bridge abutment demolition, plus layout changes to the controlled crossing over Anglesea Rd / Park Rd.
- Wickham Street Reconstruction plus associated works
- Northern Parade Cycle Route– Consultation was undertaken
- Air Quality Strategy 2017 – 2027– Consultation was undertaken
- Traffic Regulation Order no.24 of 2017: Doyle Avenue
- Traffic Regulation Order no.36 of 2017
- Isambard Brunel (IB) Car Park Improvement and Maintenance.
- Tendered Bus Routes – Review of the 19/19A contract
- Review of transport team
- Review of KA Old Portsmouth residents' parking zone: Proposed reduction of 2 hours' free parking for non-residents to 1 hour.
- Western Road - Clearway & Speed Reduction
- Scootability Training to be provided to primary school aged children up until March 2017.
- Family Cycle Training and Learn to Ride training packages aimed at vulnerable road user groups to take place on-road.
- One-way system, Wickham Street, Portsmouth
- Sustainable Travel Transition Fund 2016/17
- Job Seekers - Active Steps
- Changing Pay and Display operating hours and amendments to loading and waiting restrictions (TRO 58/2016)
- Victoria Road North.
/Bradford Road Junction pedestrian refuge

Resources

- Means Testing Assessment Policy for Adoption, Special Guardianship, Child Arrangement & Residence Orders
- Revenue and Benefits SMS

Employment

- Substance Misuse - Drug and Alcohol Testing Policy
- PCMI Employment and Training
- Events Service Review 2017
- A voluntary commitment to Disability Confident that encourages employers to recruit, retain and develop disabled staff and those with health conditions.
- Staff review of Statutory Services Team within Property & Housing Service

Education

- Re-tendering of 2 current contracts:
 - Outreach provision for Families with children 0 - 5
 - Volunteer, Recruitment, Support and Development
- A review of the Special Educational Needs and Disability team, Children's Disability Team and Local Offer team structures - January 2017
- Decommissioning of current traded service, development of new model of strategic support for governors, through the Portsmouth Education Partnership, utilising external providers.
- Reduction of the number of Progression Advisers due to a reduction in the external funding stream.

Licensing

- Town Police Clauses Act 1847 - Demand for the services of hackney carriages

Culture, leisure and sport

- Portsmouth Museums annual update - review of previous year and priorities for the year ahead. Transforming the D-Day Museum remains the priority.
- Portsmouth City Council Sports Facilities Strategy 2017-2027
- Library and Archive Service website development

Adult social care and public health

- Health and Wellbeing Strategy refresh 2018-2021
- Public Health Transformation Fund

- Better Care Fund 2017-2019
- Transforming Adult Social Care
- Savings Proposal - Review of high cost Older Persons and Physical Disability Packages of care cases to identify the correct funding stream.
- Savings Proposal - Review of low cost packages of care with the possibility of a percentage of people who receive non personal care services to be transferred to a willing VCS. This saving is the cost differential on the hourly rate.

Planning, Regeneration & economic development

- Review of the existing Portsmouth Core Strategy

Environment and community safety

- Boarding Dogs for the Homeless
- Cessation of grants from the community safety element of the environment and community safety portfolio

Children's social care

- Intensive family support service for children and families currently delivered as a Family Intervention Project by Barnardo's.
- Reduction of the number of Data Tracking Officers due to a change in statutory requirements for tracking and the need to make financial savings.
- Ensuring sustainability of Beechside overnight residential short break service and increasing occupancy from 79% to closer to an efficient 90% occupancy.

Education, children and young people scrutiny

- Education, Children and Young People Scrutiny Panel review into how well Portsmouth City Council and partners are preventing and dealing with Child Sexual Exploitation (CSE).

Council services are overall pro-active in planning for equality analysis as part of their project processes and contacting the equality & diversity team for advice and support. Occasional prompting is necessary as well as the team's support in ensuring the EIAs are of good quality. When that happens, the team provides additional training and guidance to individual officers in question.

In addition, in order to ensure that council officers and members are provided with information about latest developments in the Equality Law and their

implications for the way council services operate, and understand the council's EIA process, the Equality & Diversity Team:

- a) Provides reports on developments in equality law to Directors Board, Departmental Management Team Meetings, and the Governance and Audit & Standards Committee.
- b) Works with our Learning & development services to ensure that their training courses are up-to-date.
- c) Provides advice and training to council officers on an individual basis - this is often preferred to group training sessions as it helps our officers understand the practical relevance of the Equality Law in the context of their service's work.

- **Reasons for recommendations**

- To assist the Council to comply with its legal obligations under the Equality law.

- **Equality impact assessment (EIA)**

- This report does not require an Equality Impact Assessment as it does not propose any new or changed services, policies or strategies.

6. Legal Implications

- 6.1. The public sector equality duty calls for due regard to be had to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities.

7.

- 7.1. The EIA process, described above, contributes to this

8. Finance Comments

- 8.1. There are no financial implications in respect of the recommendations.

.....
Signed by:

Appendices: Nil

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Nil	

.....
Signed by:



Title of meeting:	Governance and Audit and Standards Committee
Subject:	Procurement Management Information
Date of meeting:	27 October 2017
Report by:	Director of Finance and Information Services
Wards affected:	N/A

It is recommended that the attached appendices 1 and 4 be considered as an exempt/confidential matter and that the press and public are excluded for the following reasons:

- Exempt information is defined in section 100A and, by reference, Schedule 12A of the Local Government Act 1972 ("the 1972 Act"). To be exempt, information must fall within one of the categories listed in paragraphs 1 to 7 of Schedule 12A, must not fall within one of the excluded categories in paragraphs 8 and 9 and the public interest in maintaining the exemption must outweigh the public interest in disclosing the information;
- The attached Appendices 1 and 4 contain some information relating to the financial or business affairs of particular companies as well as PCC; and
- Although there is a public interest favouring public access to local authority meetings, given the financial and commercially sensitive information contained in the report the public interest in maintaining the exemption outweighs the public interest in disclosing the (exempt) information.

1. Requested by

Governance and Audit and Standards Committee

2. Purpose

To provide evidence to allow the committee to evaluate the extent that Portsmouth City Council is achieving value for money in its contracts for goods, services and works.

3. Information Requested

The way that the City Council demonstrates that it is paying competitive rates is by:

- a) subjecting procurement to a competitive process
- b) ensuring that we obtain the quality of service that we are paying for
- c) testing value for money against industrial comparators

Section 1: Compliance with Contract Procedure Rules

This table reports on all invoices paid against purchase orders with a value of £5,000 or more in **July 2017**.
This corresponds to the threshold between low-value and medium-value contracts from the Contract Procedure Rules.

Contracts of £5,000 or more must be published on the Contracts Register

The presence of a contract on the Contracts Register implies that either:

- The contract has been awarded following a competitive process of quotation or tender and that at least three written quotations or tenders have been received; or
- A waiver has been approved by the appropriate Director, Procurement Manager or Gateway Board to allow departure from the Contract Procedure Rules with written justification for this approval.

Members approved a recommendation of a target of greater than 95% conformance with Contract Procedure Rules. Where this target is not met by an individual directorate, a comment on the risk of the non-compliant spend in the monitoring month is provided by the Procurement Manager.

Purchase orders that are linked to a contract on the Contracts Register are flagged as compliant. Legal Services has commented that whilst this methodology is indicative of good practice, is not definitive as to compliance with legal requirements.

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Directorate	Year to date 2017/18			July 2017			Risk (if less than 95% target)
	Total transaction value	Total value of non-compliant transactions	% compliance	Total transaction value	Total value of non-compliant transactions	% compliance	
Adult Services	£14,711,062	£668,803	95%	£934,549	£36,194	96%	
Swift (AS and CSC)	Included in AS and CSC directorates			£2,078,421	£0	100%	
Children's Services and Education	£7,598,706	£497,253	93%	£644,965	£30,174	95%	
Children's Social Care	£4,003,610	£205,199	95%	£772,062	£43,838	94%	LOW
Community and Communication	£335,806	£58,222	83%	£30,970	£2,567	92%	LOW
Culture and City Development	£1,998,616	£651,578	67%	£435,796	£9,552	98%	
Other (capital spend)	£11,873,805	£1,266,208	89%	£2,918,660	£157,049	95%	
Finance and Information Services	£1,495,447	£214,985	86%	£595,930	£2,989	99%	
HR, Legal and Performance	£782,338	£58,072	93%	£184,780	£26,700	86%	LOW
Integrated Commissioning Unit	£221,379	£80,740	64%	£16,658	£0	100%	
Portsmouth International Port	£1,147,954	£30,263	97%	£310,583	£0	100%	
Property and Housing	£21,276,853	£1,612,595	92%	£2,716,630	£46,926	97%	
Public Health	£2,738,535	£238,364	91%	£131,907	£1,243	99%	
Transport Environment and Business Support	£3,138,484	£558,046	82%	£232,751	£6,086	97%	
TOTAL	£71,322,595	£6,140,328	91%	£12,004,662	£363,317	97%	

A detailed commentary on non-compliant transactions in the month of July 2017 is provided in **Appendix 1** (exempt).

Reports on low level transactions (less than £4,000) have not been requested by the Procurement Manager and so do not appear in Appendix 1.

Section 2: Waivers awarded this quarter

This table presents a summary of those contracts added to the contract register during Q2 2017/18 which have a waiver associated with them.

Waivers for procurements which depart from the Contract Procedure Rules are recorded for contracts over £5,000 value.

Available reasons for waivers are:

- Insufficient time
- Emergency
- Not obtaining 3 bids
- Not advertising the opportunity
- Direct award
- Use of a previous tender
- Original spend estimate wrong
- Extension of lapsed contract for continuity
- Shared service
- Single source
- Service user choice
- Other

Under the Contract Procedure Rules, waivers can be approved by:

- Director (or Chief Executive, or Deputy Chief Executive) - up to £100,000
- Procurement Manager - £100,000 to £1M
- Gateway Board - over £1M

More detail regarding waivers approved in Q2 2017/18 is provided in **Appendix 2**

Reason for waiver	Number of contracts	Contract value
Direct award	21	£776,079
Insufficient time	2	£517,370
Not obtaining 3 bids	4	£177,163
Other	1	£36,000
Original spend estimate wrong	1	£5,015
Total	29 (30% of all contracts awarded in Q2)	£1,511,627 (5% of all contracts awarded in Q2)



	Value of all contracts awarded Q2	Total number of contracts awarded Q2	Waiver reasons	Value of Waivers Q2	Number of waivers Q2
Adult Services	£ 2,981,012	6	Insufficient time	£ 517,370	2
			TOTAL WAIVERS Waivers as % of all contracts	£ 517,370 17%	2 33%
Children's Services and Education	£ 2,027,136	2	Direct award	£ 18,000	1
			TOTAL WAIVERS Waivers as % of all contracts	£ 18,000 1%	1 50%
Community and Communication	£ 12,500	1	Direct award	£ 12,500	1
			TOTAL WAIVERS Waivers as % of all contracts	£ 12,500 100%	1 100%
Culture and City Development	£ 466,663	10	Direct award	£ 51,660	4
			TOTAL WAIVERS Waivers as % of all contracts	£ 51,660 11%	4 40%
Finance and Information Services	£ 1,362,883	12	Direct award	£ 259,163	3
			Not obtaining 3 bids	£ 12,569	2
			Original spend estimate wrong	£ 5,015	1
			TOTAL WAIVERS Waivers as % of all contracts	£ 276,747 20%	6 50%
HR Legal and Performance	£ 3,585,533	17	Direct award	£ 106,740	5
			Other	£ 36,000	1
			TOTAL WAIVERS Waivers as % of all contracts	£ 142,740 4%	6 35%
Portsmouth International Port	£ 1,925,002	6	Direct award	£ 173,207	3
			Not obtaining 3 bids	£ 164,594	2
			TOTAL WAIVERS Waivers as % of all contracts	£ 337,801 18%	5 83%
Property and Housing	£ 5,222,297	24	Direct award	£ 50,000	1
			TOTAL WAIVERS Waivers as % of all contracts	£ 50,000 1%	1 4%
Public Health	£ 11,510,400	9	Direct award	£ 75,000	1
			TOTAL WAIVERS Waivers as % of all contracts	£ 75,000 1%	1 11%
Transport Environment and Business Support	£ 1,705,669	10	Direct award	£ 29,809	2
			TOTAL WAIVERS Waivers as % of all contracts	£ 29,809 2%	2 20%
TOTAL	£ 30,799,095	97			

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Section 3: Spend with Waiver



Portsmouth
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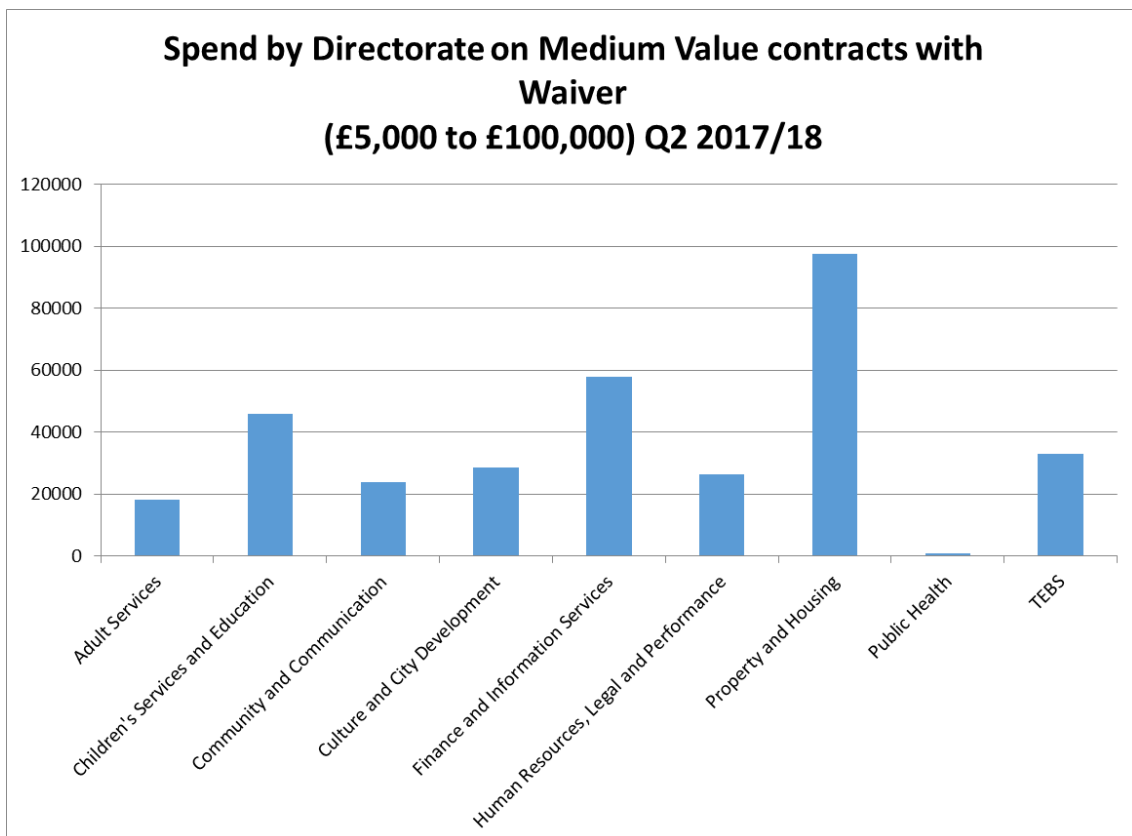
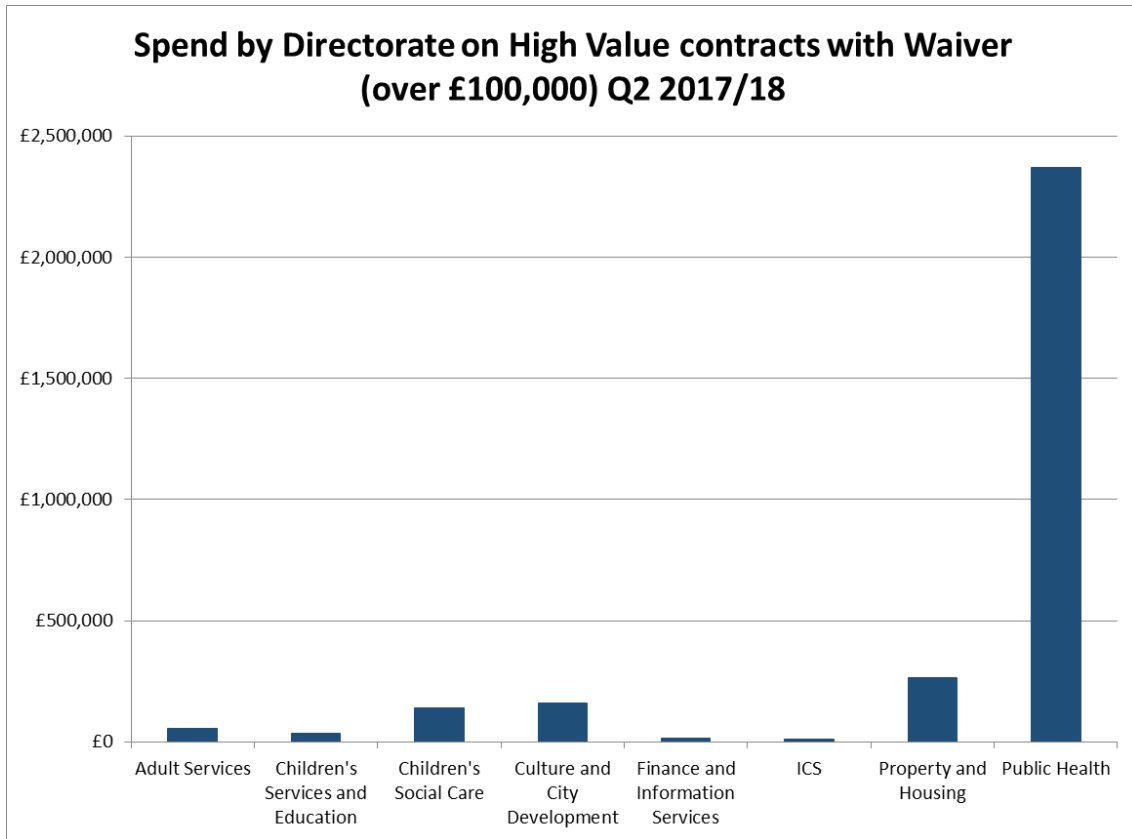
The table and graphs provide a breakdown by Directorate of the actual spend during Q2 2017/18 on contracts which have waivers associated with them.

Waivers are not required for contracts below £5,000 (under CPRs).

See **Appendix 3** for details of payments under contracts with waivers in Q2.

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	TOTAL SPEND IN QUARTER				WAIVER SPEND IN QUARTER				% OF TOTAL SPEND COVERED BY WAIVER IN QUARTER			
	2016/17		2017/18		2016/17		2017/18		2016/17		2017/18	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Adult Services	£4,669,719	£3,526,673	£3,143,868	£3,628,603	£145,711	£211,108	£198,139	£75,422	3%	6%	6%	2%
Swift Interface (ASC and CSC)	£5,855,298	£6,662,539	£6,299,453	£6,716,800	£0	£0	£0	£0	0%	0%	0%	0%
Children's Services and Education	£5,983,258	£4,759,567	£6,267,762	£2,353,652	£15,764	£112,793	£79,015	£83,103	0%	2%	1%	4%
Children's Social Care	£1,630,550	£2,948,686	£2,539,268	£2,197,902	£40,887	£346,671	£369,535	£139,514	3%	12%	15%	6%
Community and Communication	£257,679	£229,276	£233,435	£215,420	£10,675	£56,045	£73,116	£23,735	4%	24%	31%	11%
Culture and City Development	£1,761,804	£1,422,292	£1,714,694	£1,926,651	£227,507	£219,431	£194,390	£190,626	13%	15%	11%	10%
Executive	£431,906	£1,584,345	£147,357	£371,512	£1,937	£0	£0	£0	0%	0%	0%	0%
Finance and Information Services	£686,546	£832,319	£757,298	£1,340,587	£125,143	£92,635	£261,782	£85,768	18%	11%	35%	6%
HR Legal and Performance	£613,027	£371,172	£948,644	£962,661	£169,232	£17,379	£17,804	£26,499	28%	5%	2%	3%
Integrated Commissioning Service	£168,057	£151,876	£191,657	£128,394	£0	£0	£15,000	£9,300	0%	0%	8%	7%
Property and Housing	£15,938,215	£14,086,144	£18,201,287	£19,952,626	£150,093	£127,419	£130,742	£365,319	1%	1%	1%	2%
Public Health	£3,125,820	£2,552,069	£1,535,380	£3,140,588	£1,319,308	£1,022,300	£689,279	£2,370,979	42%	40%	45%	75%
Regulatory Services and Community Safety	£592,162	£0	£0		£381,025	£0	£0	£0	64%	0%	0%	0%
Transport Environment and Business Support	£5,512,685	£8,392,851	£3,817,585	£3,016,894	£86,216	£203,120	£32,460	£39,881	2%	2%	1%	1%
TOTALS	£47,227,172	£47,519,949	£45,797,778	£45,954,925	£2,673,498	£2,408,900	£2,061,261	£3,410,146	6%	5%	5%	7%

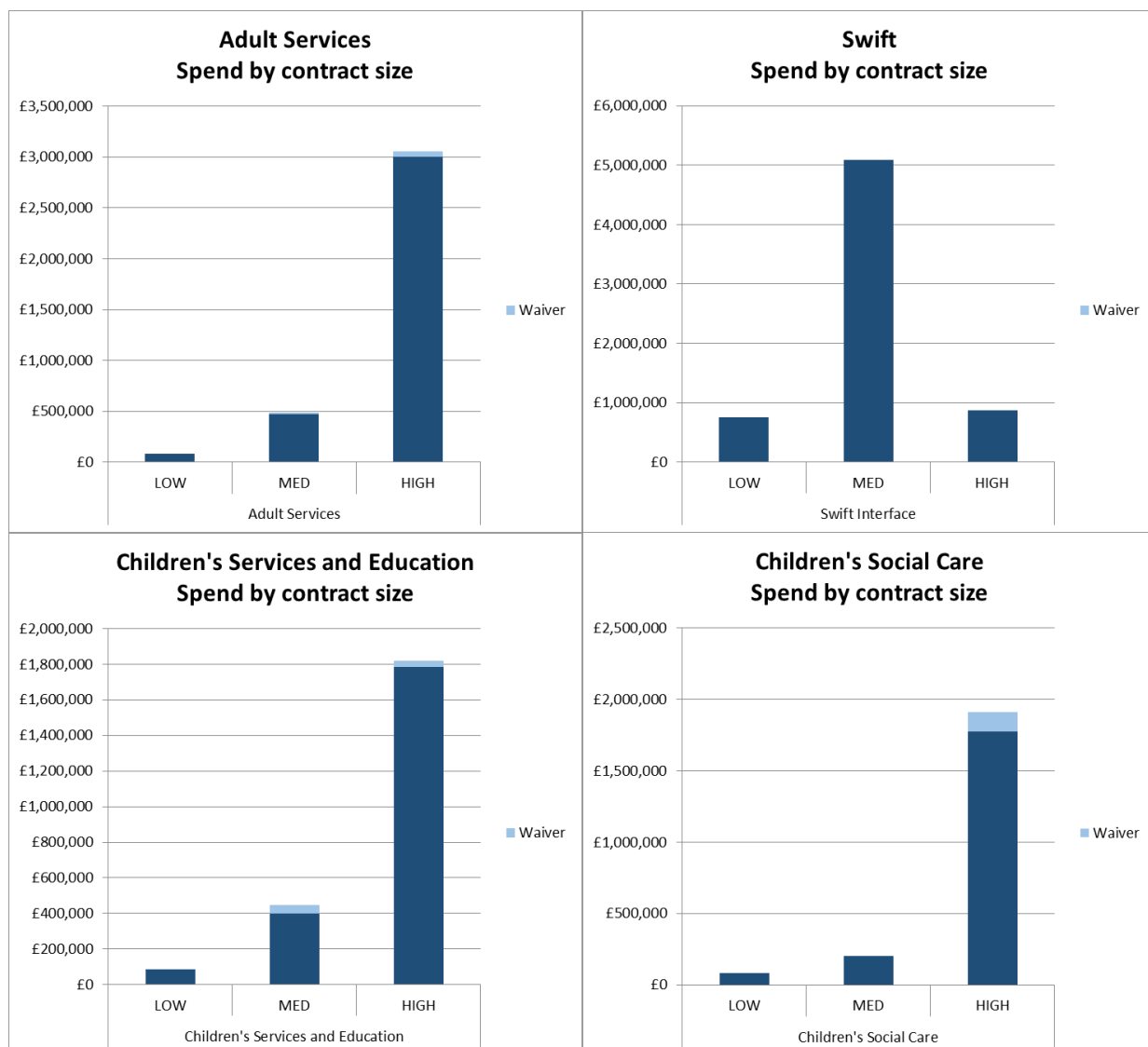


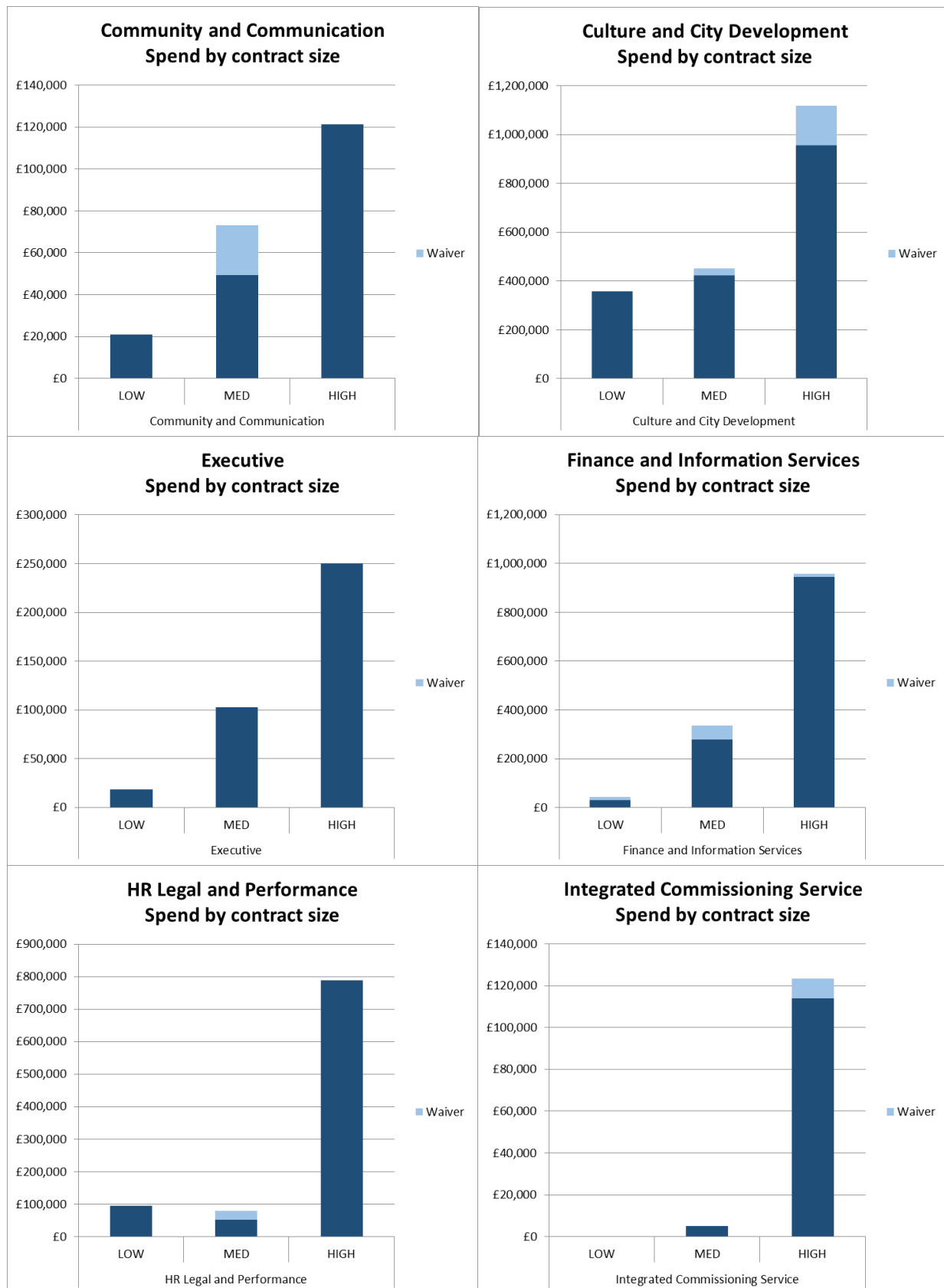
Section 4: Spend by Contract Size

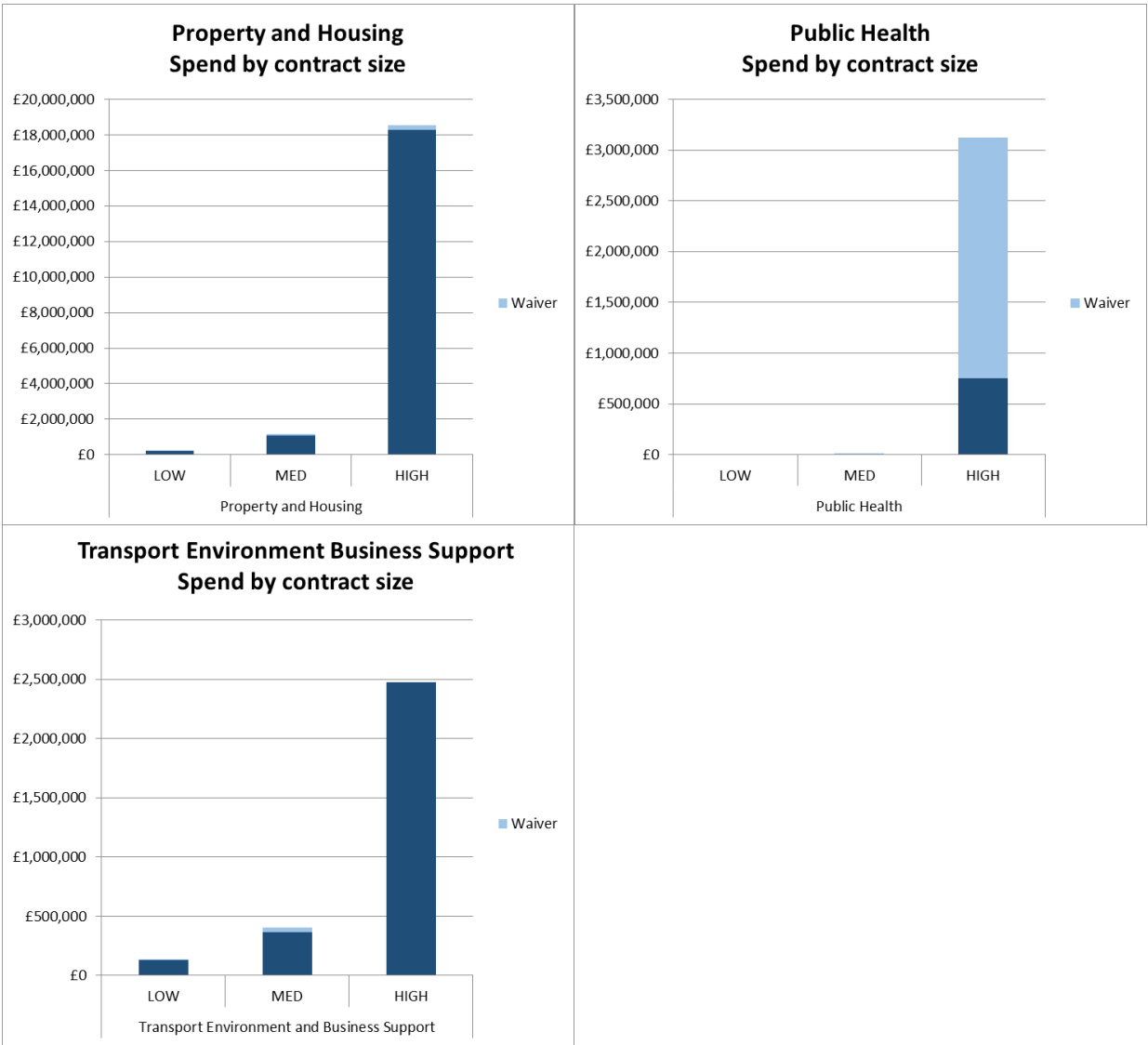
The following graphs present the actual spend by Directorate in Q2 2017/18, and how this is broken down into spend under high, medium and low value contracts.

High value contracts £100,000 and over
Medium value contracts between £5,000 and £100,000
Low value contracts below £5,000

The columns are stacked to show the proportion of the total spend which has been associated with a waiver.







Section 5: Suppliers paid over £100,000 in Q2 by Directorate

The tables show those suppliers who have been paid over £100,000 in Q2 2017/18 by directorate. They are arranged in descending order of value by directorate.

The spend with these suppliers represents **75%** of the total spend in Q2.

The 74 suppliers below represent **6%** of the total number of suppliers paid in Q2 (1167).

	Q2 spend with supplier	% of Directorate Q2 spend
Adult Services		
SEVACARE (UK) LTD	£700,298	19%
NHS PORTSMOUTH CCG	£262,180	7%
MILLBROOK HEALTHCARE	£239,452	7%
THE YOU TRUST	£224,288	6%
DIMENSIONS (UK) LTD	£188,069	5%
COMMUNITY INTEGRATED CARE (CIC)	£176,353	5%
CARE UK COMMUNITY PARTNERSHIPS LTD	£157,629	4%
CROSSBIND LTD T/A COSHAM COURT	£146,751	4%
RICHMOND FELLOWSHIP	£122,976	3%
BRITISH RED CROSS SOCIETY	£100,000	3%
Swift		
DIMENSIONS (UK) LTD	£536,675	8%
APEX PROPERTY VENTURES LTD	£345,338	5%
COMMUNITY INTEGRATED CARE (CIC)	£273,355	4%
AFFINITY TRUST LTD	£249,893	4%
CREATIVE ADVANCES LTD	£230,036	3%
CARE MANAGEMENT GROUP LIMITED	£219,307	3%
DOLPHIN HOMES LTD	£217,704	3%
CRESCENT COMMUNITY CARE SERVICES LTD	£206,015	3%
VOYAGE CARE	£172,244	3%
HANDLE WITH CARE (PORTSMOUTH) LTD	£170,002	3%
SEVACARE (UK) LTD	£169,348	3%
ROYAL MENCAP SOCIETY	£155,943	2%
ASTER CARE LTD	£155,419	2%
B S CARE LTD	£153,045	2%
CHOICE CARE GROUP	£145,045	2%
CHAOS SUPPORT LIMITED	£135,897	2%
SUMMERLANDS	£132,451	2%
AUTISM HAMPSHIRE	£110,543	2%
CARING FOR YOU LIMITED	£104,905	2%
BEACONSFIELD RESIDENTIAL CARE HOME	£104,643	2%
PATHWAYS SUPPORT	£100,146	1%

	Q2 spend with supplier	% of Directorate Q2 spend
Children's Services and Education		
ISS FACILITY SERVICES EDUCATION	£558,966	24%
GRANNAG LIMITED	£540,813	23%
CAMBIAN GROUP LTD	£279,490	12%
ENABLE ABILITY	£136,693	6%
PETES AIRLINK LIMITED	£100,641	4%
Children's Social Care		
BRAMLEY CARE LTD T/A APPLE ORCHARD	£209,756	10%
FAIRWAYS CARE (UK) LTD	£192,424	9%
BLUE SKY FOSTERING	£118,960	5%
FOSTERING SOLUTIONS	£116,947	5%
BARNARDO SERVICES LTD	£107,394	5%
THE SERENDIPITY CENTRE LTD	£102,515	5%
Culture and City Development		
ISS FACILITY SERVICES LANDSCAPING	£232,624	12%
SAVILLS (UK) LTD	£155,244	8%
PORTSMOUTH CULTURAL TRUST	£142,645	7%
Executive		
STEER DAVIES AND GLEAVE LTD	£221,728	60%
Finance and Information Services		
CIVICA SERVICES LIMITED	£353,700	33%
HR Legal and Performance		
COMENSURA LTD	£381,081	40%
Public Health		
SOLENT NHS TRUST	£2,370,137	75%
THE SOCIETY OF ST JAMES	£458,054	15%
PORTSMOUTH HOSPITALS NHS TRUST	£180,055	6%
Transport Environment and Business Support		
KNIGHTS BROWN CONSTRUCTION LTD	£1,442,483	40%
GEOFFREY OSBORNE LTD	£1,007,062	28%
A & F PILBEAM CONSTRUCTION LTD	£267,905	7%
BALFOUR BEATTY GROUP	£212,683	6%
FIRST	£130,446	4%



	Q3 spend with supplier	% of Directorate Q3 spend
Property and Housing		
MOUNTJOY LIMITED	£4,082,369	20%
COMSERV (UK) LIMITED	£2,885,437	14%
PMC CONSTRUCTION AND DEVELOPMENT SERVICES LTD	£2,446,306	12%
LIBERTY GAS GROUP LIMITED	£1,351,781	7%
BAM CONSTRUCTION LTD	£1,322,160	7%
LAWTECH GROUP LIMITED	£823,129	4%
VALE SOUTHERN CONSTRUCTION	£807,302	4%
BIFFA MUNICIPAL LTD	£724,476	4%
D M HABENS (THE BUILDER) LTD	£525,928	3%
CANADA LIFE INVESTMENTS	£515,951	3%
HAMPSHIRE COUNTY COUNCIL	£501,948	3%
KEEPMOAT REGENERATION (APOLLO) LTD	£305,627	2%
CORRIGENDA LIMITED T/A CHURCHES	£304,600	2%
FELTHAM CONSTRUCTION LIMITED	£240,765	1%
E C ROBERTS CENTRE	£184,790	1%
SSE CONTRACTING LTD	£168,845	1%
THE SOCIETY OF ST JAMES	£153,458	1%
THE SALVATION ARMY	£145,166	1%
SPACE RENEWABLE ENERGY LTD	£144,765	1%
VEAR BUILDING SERVICES LIMITED	£123,317	1%
SSE PLC (SCOTTISH AND SOUTHERN ENERGY PLC)	£116,085	1%
TWO SAINTS LTD	£111,575	1%

Section 6: Supplier Performance

	Total number of contracts	KPI score (see legend below)				Expired KPI (more than 1 year since last scored)	KPI never scored	KPI not yet due	No KPI scheduled
		Gold	Green	Amber	Red				
Jan 2016	711	46	210	22	0	34	88	247	64
Jun 2016	728	53	211	24	1	24	96	258	61
Sep 2016	672	47	219	24	3	26	91	202	60
Jan 2017	699	50	202	24	2	49	110	190	72
Sept 2017	709	58	174	27	2	36	112	191	109

Section 6: Notes**Key**

- Gold: Outstanding performance
 - Green: Performing to standard
 - Amber: Some areas of improvement required
 - Red: Failing to perform
 - Expired KPI: a schedule is in place, and at least one KPI score has been recorded, but there has been no KPI scoring in the last 12 months
 - KPI never scored: a schedule is in place, but there have been no KPI scores for the contract
 - KPI not yet due: a schedule is in place, but KPI scores are not due yet. This includes contracts where KPIs are overdue by less than 3 months (grace period)
- No KPI scheduled: no KPI instances have been scheduled.

KPIs are not scheduled for the following reasons: Temporary accommodation (28); Overarching framework agreements (26); Concessions (10); Locally commissioned services (7); Registration, subscription and membership fees (7); Grants (6); Leases (5); Not subject to Procurement Regulations (4) and Single Supplier markets (2)

The remaining 14 contracts without KPI schedules will be investigated and addressed as necessary.

There are two contracts where the supplier is performing to an unsatisfactory level and remedial action is taking place (Red KPI score), and 27 contracts which require improvement in performance (Amber KPI score).

Reports from contract managers on those contracts with a Red KPI score and a list of those contracts with an Amber KPI score are provided in **Appendix 4** (exempt).

THIS ITEM IS FOR INFORMATION ONLY
Section 7: Supplier Performance Monitoring



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Contracts which have never had a KPI score:

Directorate	KPIs never scored			
	Total number of contracts (Q2)	Number of contracts with no KPI score (Q2)	% of contracts with no KPI score (Q2)	Annual contract value of un-scored contracts (Q2)
Property and Housing	187	41	22%	£12,214,992
Transport Environment and Business Support	48	13	27%	£12,185,423
Finance and Information Services	106	12	11%	£2,817,548
Children's Services and Education	31	4	13%	£2,804,508
Culture and City Development	70	17	24%	£620,221
Community and Communication	38	9	24%	£616,595
Children's Social Care	24	4	17%	£260,890
HR Legal and Performance	41	6	15%	£79,425
Adult Services	95	3	3%	£25,900
Public Health	17	1	6%	£15,000
Portsmouth International Port	41	1	2%	£11,850
Regulatory Services and Community Safety	9	1	11%	£5,060
Executive	2	0	0%	£0
	709	112	16%	£31,657,412

Contracts which have not had a KPI score in 12 months:

Directorate	KPIs not scored for 12 months			
	Total number of contracts (Q2)	Number of contracts with old KPI score (Q2)	% of contracts with old KPI score (Q2)	Annual contract value of un-scored contracts (Q2)
Property and Housing	187	7	4%	£9,816,378
HR Legal and Performance	41	4	10%	£2,531,465
Transport Environment and Business Support	48	7	15%	£1,069,800
Culture and City Development	70	7	10%	£308,485
Finance and Information Services	106	7	7%	£117,435
Community and Communication	38	4	11%	£101,199
Children's Services and Education	31	0	0%	£0
Portsmouth International Port	41	0	0%	£0
Executive	2	0	0%	£0
Adult Services	95	0	0%	£0
Children's Social Care	24	0	0%	£0
Public Health	17	0	0%	£0
Regulatory Services and Community Safety	9	0	0%	£0
TOTAL	709	36	5%	£13,944,762

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Signed by (Director)

Appendices:

- Appendix 1: Non Conformance (exempt)
- Appendix 2: Waivers
- Appendix 3: Payments under waiver
- Appendix 4: Contract performance issues (exempt)

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

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Appendix 2

Details of waivers approved in Q2 2017/18

Procurement Management Information

27 October 2017

Directorate	Title	Supplier	Contract Value	Current contract annual value	Contract Start Date	Contract Expiry Date	Reference number	Reason for waiver	Waiver authoriser
Culture and City Development	Central Library Health Hub	FG Library Products Ltd	£ 10,660	£ 10,660	30/06/2017	26/09/2017	C00003706	Direct award	Director
Culture and City Development	Play Area Portsmouth Museum	Russell Leisure Ltd T/A Russell Play	£ 30,000	£ 30,000	04/07/2017	31/10/2017	C00003707	Direct award	Director
Portsmouth International Port	Scour Mattress Dive Condition Survey	Scour protection limited	£ 16,080	£ 16,080	24/07/2017	31/08/2017	C00003709	Not obtaining 3 bids	Director
Finance and Information Services	Recruitment Agency Fees	Sheridan Maine Limited	£ 5,015	£ 5,015	01/07/2017	31/07/2017	C00003723	Original spend estimate wrong	Director
Culture and City Development	Transforming the D-Day Museum HLF External Evaluation	Anne Millman Associates	£ 5,000	£ 5,000	01/07/2017	31/01/2021	C00003725	Direct award	Director
HR Legal and Performance	South East Employers Membership and E-PayCheck	South East Employers	£ 45,000	£ 9,000	01/04/2017	31/03/2022	C00003727	Direct award	Director
HR Legal and Performance	Xpert HR Annual Membership	Reed Business Information Limited	£ 14,740	£ 3,685	01/04/2017	31/03/2021	C00003728	Direct award	Director
Culture and City Development	Southsea Food Festival - Power Supply	Tech Events Services Limited	£ 6,000	£ 6,000	15/07/2017	29/09/2017	C00003729	Direct award	Director
Adult Services	Day Services - Horticulture	The Right To Work C.I.C.	£ 84,470	£ 42,235	20/03/2017	19/03/2019	C00003731	Insufficient time	Director
Portsmouth International Port	Linkspan 4 Replacement Viaduct Bearings	Freyssinet Ltd	£ 148,207	£ 148,207	24/07/2017	31/08/2018	C00003733	Direct award	Procurement Manager
Finance and Information Services	Toad Software	Quest International Software Ltd	£ 89,572	£ 9,751	31/07/2017	31/07/2019	C00003737	Direct award	Director
Finance and Information Services	E-Service Desk & Metastorm (Open Text)	OpenText Corporation	£ 137,831	£ 6,408	05/09/2017	04/03/2018	C00003738	Direct award	Director
Finance and Information Services	Oracle Premier Support For Systems for CSI	Esteem Systems Ltd	£ 1,047	£ 1,047	20/07/2017	19/07/2018	C00003739	Not obtaining 3 bids	Director
Transport Environment and Business Support	Utility Diversions - Anglesea Road bridge abutments enabling works	University of Portsmouth	£ 6,809	£ 6,809	30/12/2016	31/05/2017	C00003741	Direct award	Director
Property and Housing	Lease of Franking Machines - Civic Offices	Neopost Ltd	£ 50,000	£ 50,000	01/06/2017	31/05/2020	C00003742	Direct award	Director
Transport Environment and Business Support	Paint Inspection Consultancy Services	A W Corrosion Solutions Limited	£ 23,000	£ 23,000	01/04/2017	30/10/2017	C00003756	Direct award	Director
Finance and Information Services	Oracle Premier support for Contract 5221401. TERM: 1-Sep-17 TO 31-Aug-18	Esteem Systems Ltd	£ 11,522	£ 11,522	01/09/2017	31/08/2018	C00003757	Not obtaining 3 bids	Director
Portsmouth International Port	Research on Disposal of Scrubber Sludge - Portsmouth International Port	Houlder Limited	£ 15,000	£ 15,000	07/08/2017	25/08/2017	C00003758	Direct award	Director
Community and Communication	Project Bridge Consultancy Support 2017	Sequoia Consultancy Services	£ 12,500	£ 12,500	01/09/2017	31/12/2017	C00003764	Direct award	Director
Portsmouth International Port	Berth 2 Walkway for Portsmouth International Port	ML UK LTD	£ 148,514	£ 148,514	14/08/2017	31/12/2018	C00003774	Not obtaining 3 bids	Director
Adult Services	Discharge Home to Assess (H2A)	Agincare Group Ltd	£ 432,900	£ 432,900	01/04/2016	31/10/2017	C00003775	Insufficient time	Director
Children's Services and Education	Educational Psychology Services 2017/18	Rob Faulkner	£ 18,000	£ 18,000	27/07/2017	31/08/2018	C00003778	Direct award	Director
HR Legal and Performance	Assistant Accounting & Professional Account Taxation Technician Apprenticeships	Highbury College	£ 36,000	£ 18,000	26/06/2017	25/06/2019	C00003786	Other	Director
Public Health	Safe Space	Street Pastors Portsmouth	£ 75,000	£ 15,000	01/04/2013	31/03/2018	C00003787	Direct award	Director
HR Legal and Performance	Data Analyst L4 - Apprenticeship Training	PETA Ltd	£ 15,000	£ 7,500	26/06/2017	25/06/2019	C00003788	Direct award	Director
HR Legal and Performance	Supporting Teaching and Learning in Schools	Youthforce	£ 14,000	£ 7,000	26/06/2017	25/06/2019	C00003789	Direct award	Director
HR Legal and Performance	Network Engineer Level 4 - Apprenticeship Training	PETA Ltd	£ 18,000	£ 9,000	26/06/2017	25/06/2019	C00003790	Direct award	Director
Finance and Information Services	iServer Enterprise Architecture Software	Orbus Software UK	£ 31,760	£ 31,760	25/09/2017	24/09/2018	C00003799	Direct award	Director
Portsmouth International Port	Multimodal Exhibition 2018	Clarion Events Ltd	£ 10,000	£ 10,000	18/09/2017	31/05/2018	C00003800	Direct award	Director

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Appendix 3

Procurement Management Information
27 October 2017

Q2 spend with HIGH VALUE (>£100,000) contracts with Waiver

Adult Services			
C00003337	Temporary Staff - Adult Social Care	Staff 2000 Limited	£8,474
C00003645	Supported Living in Seven Properties	Voyage 1 Limited	£48,705
Children's Services and Education			
C00003490	School Improvement (Raising Standards/addressing schools causing concern)	Solent Academies Trust	£16,668
C00003498	Disclosure and Barring Service Checks	Disclosure & Barring Service	£20,416
Children's Social Care			
C00001187	Provision of Outreach Practical Parenting Support	Home-Start Portsmouth	£21,000
C00001526	Family Intervention Project	Barnardo's	£54,716
C00001635	Early Support Volunteer Co-ordinator	Home-Start Portsmouth	£5,763
C00002013	Contract for Public Health Services	Solent NHS Trust (formerly Solent Healthcare)	£58,035
Culture and City Development			
C00003083	Portsmouth DMP Promotion on London Underground	Exterior Media (UK) Ltd	£37,995
C00003173	Mortuary Costs Portsmouth - Coroner's Office	Portsmouth Hospitals NHS Trust	£73,906
C00003251	Pathologist Fees - Coroner's Office	Multiple Suppliers	£31,139
C00003372	Retail Purchasing 2016 - 2018 - Culture	Multiple Suppliers	£14,888
C00003498	Disclosure and Barring Service Checks	Disclosure & Barring Service	£4,268
Finance and Information Services			
C00002284	Website Hosting 2014	Timico Ltd	£7,731
C00003738	E-Service Desk & Metastorm (Open Text)	OpenText Corporation	£6,408
Integrated Commissioning Unit			
C00002013	Contract for Public Health Services	Solent NHS Trust (formerly Solent Healthcare)	£7,500
C00002076	Family Nurse Partnership Programme	Solent NHS Trust (formerly Solent Healthcare)	£1,800
Property and Housing			
C00001351	Mechanical Planned Servicing & Reactive Repairs	Churches	£247,564
C00003339	Domiciliary Care Services through Guaranteed Hours	Sevacare (UK) Ltd	£13,746
C00003514	Fire and Intruder Alarm Servicing, Maintenance and Monitoring	Solent Sound Systems Ltd	£4,657
Public Health			
C00002013	Contract for Public Health Services	Solent NHS Trust (formerly Solent Healthcare)	£1,028,838
C00002076	Family Nurse Partnership Programme	Solent NHS Trust (formerly Solent Healthcare)	£1,341,299

Q2 spend with MEDIUM VALUE (£5,000 to £100,000) contracts with Waiver

Adult Services			
C00003461	Provision of Analyse Local Services	Inform CPI	£693
C00003550	Operational Expenses for Shift	SHIFT Portsmouth	£5,000
C00003639	Brain Injury Information and Support Service	Headway Portsmouth and South East Hampshire	£2,000
C00003640	Adult Mental Health Advocacy Support Services	HAVANT AND EAST HANTS MIND	£4,800
C00003641	Portsmouth Teenage Project	Enable Ability	£5,750
Children's Services and Education			
C00002353	Children/Young People & Families Website - Local Offer Initiative	Chapman Web Design Ltd	£633
C00002949	Tuition 1:1 /Small Group Tuition Services	Home School Tutoring UK (Hampshire West/Central)	£2,736
C00003497	Educational Psychology Services 2017	Panoramic Associates Limited	£12,550
C00003530	NQT Contract	Solent Academies Trust	£24,000
C00003605	Training Provided By Hampshire County Council	Hampshire County Council	£200
C00003641	Portsmouth Teenage Project	Enable Ability	£5,000
C00003778	Educational Psychology Services 2017/18	Rob Faulkner	£900
Community and Communication			
C00003249	Panacea Software 2016 - 2017	Panacea Applications Limited	£19,804
C00003757	Oracle Premier support for Contract 5221401. TERM: 1-Sep-17 TO 31-Aug-18	Esteem Systems Ltd	£3,931
Culture and City Development			
C00003149	Asbestos Analysis - Coroner's Office	Occupational and Environmental Analytical Diagnostic Services Ltd	£2,300
C00003150	Mortuary Costs Southampton - Coroner's Office	Southampton University Hospital	£2,886
C00003236	Transportation of Bodies - Portsmouth & South East (Petersfield)	Dignity Funerals T/A Carrells Funeral Service	£2,104
C00003238	Transportation of Bodies - Portsmouth & South East (Portsmouth)	Barrells Funeral Directors	£1,045
C00003461	Provision of Analyse Local Services	Inform CPI	£700
C00003551	Visit Portsmouth Website 2017	New Mind Internet Consultancy Limited	£400
C00003595	Local Social Entrepreneurs Service	Wayfinder Associates	£30
C00003598	Landscape Masterplan D-Day Museum & Public Realm Strategy	Spindrift Development Services Limited	£13,544
C00003729	Southsea Food Festival - Power Supply	Tech Events Services Limited	£5,422
Finance and Information Services			
C00003344	Regulatory Service IDOX Uniform	IDOX Software Ltd	£5,000
C00003555	Licence Support Renewal (10537947) 2017 - 2018	Oracle Corporation UK Ltd	£31,648
C00003628	Check Point Firewall Upgrade	Ultima Business Solutions Ltd	£1,900
C00003697	C-Series Bottomline Support and Maintenance Renewal	Bottomline Technologies Europe Ltd	£6,761
C00003723	Recruitment Agency Fees	Sheridan Maine Limited	£4,740
C00003737	Toad Software	Quest International Software Ltd	£7,921
HR Legal and Performance			
C00003523	Temporary Staff - Sourcing for other Local Authorities	Multiple Suppliers	£13,894
C00003756	Paint Inspection Consultancy Services	A W Corrosion Solutions Limited	£12,605
Property and Housing			
C00001882	Booster Pumps Servicing, Repair, and Replacement	Action Pumps Ltd	£5,207
C00001918	Dry Riser Testing for Housing and Property Services 2013-2018	M&P Dry Risers Ltd	£1,695
C00003085	Cost Consultancy - Dunsbury Hill Farm	Mace Limited	£11,504
C00003340	Software Support for Oracle RDBMS X 15 Licences	Northgate Public Services (UK) Limited	£1,614
C00003341	Office Furniture Removal and Recycling - Civic Offices	The Recycled Assets Company	£250
C00003344	Regulatory Service IDOX Uniform	IDOX Software Ltd	£20,000
C00003356	Rental of PA and Sound Equipment - Civic Offices	Stanley Security Solutions Limited	£2,100
C00003428	DNO - Various PV Projects	Scottish and Southern Energy	£1,640
C00003451	Lift Emergency Phone Lines	Six Degrees Group	£8,012
C00003651	Landport Community Centre Association IT Provision	Landport Community Association	£36,000
C00003737	Toad Software	Quest International Software Ltd	£1,830
C00003757	Oracle Premier support for Contract 5221401. TERM: 1-Sep-17 TO 31-Aug-18	Esteem Systems Ltd	£7,591
Public Health			
C00003175	Staffing Support Grant - Fratton Community Centre	Fratton Community Association	£842
Transport Environment and Business Support			
C00003075	Adult Functional Skills Qualifications - The Learning Place	Northern Council for Further Education (NCFE)	£993
C00003115	Northgate Payments Arrangements Module and Maintenance.	Northgate Public Services (UK) Limited	£3,085
C00003203	Replacement handheld equipment and associated items	Spur Information Solutions Ltd	£25,228
C00003461	Provision of Analyse Local Services	Inform CPI	£1,074
C00003562	Traffic Signal Configurations - Consultancy - Farlington	WSP	£2,720

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