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# NOTICE OF MEETING

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## GOVERNANCE & AUDIT & STANDARDS COMMITTEE

FRIDAY, 6 NOVEMBER 2015 AT 2.30 PM

THE EXECUTIVE MEETING ROOM - THIRD FLOOR, THE GUILDHALL

Telephone enquiries to 023 9283 4058

Email: Vicki.plytas@portsmouthcc.gov.uk

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### Membership

Councillor Simon Boshier (Chair)  
Councillor Ian Lyon (Vice-Chair)  
Councillor John Ferrett  
Councillor Steve Hastings  
Councillor Hugh Mason  
Councillor Phil Smith

### Standing Deputies

Councillor Ryan Brent  
Councillor Scott Harris  
Councillor Lynne Stagg  
Councillor David Tompkins  
Councillor Matthew Winnington  
Councillor Rob Wood

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(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](http://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 of the Meeting held on 25 September 2015 (Pages 1 - 10)**

To confirm the minutes of the meeting held on 25 September 2015 as a correct record.

**RECOMMENDED that the minutes of the meeting held on 25 September 2015 be confirmed and signed by the Chair as a correct record**

**4 Updates on actions identified in the minutes**

**5 External Audit (Ernst & Young) Annual Audit Letter and a Verbal Update on Planning for 2015/16 (Pages 11 - 24)**

The purpose of this annual audit letter is to communicate the key issues arising from the audit work to the Members and external stakeholders, including members of the public.

**6 Audit Performance Status Report to 6 October 2015 (Pages 25 - 42)**

The purpose of the report is to update the Governance and Audit and Standards Committee on the Internal Audit Performance for 2015/16 to 6<sup>th</sup> October 2015 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 2015/16 to 6<sup>th</sup> October 2015**

**(2) Note the highlighted areas of control weakness for the 2015/16 Audit Plan**

**7 Treasury Management Mid-year Review. (Pages 43 - 70)**

(For Information Only)

The purpose of the report is to review the current treasury management position and strategy and make recommendations to improve the strength and performance of the treasury management operation. This report seeks to amend the minimum revenue provision (MRP) policy for the repayment of unsupported borrowing, to allow a wider range of investments to be made on the basis of a single credit rating, and to review the investment counter party limits. Appendix A aims to inform members and the wider community of the Council's Treasury Management position at 30 September 2015 and of the risks attached to that position.

**RECOMMENDED that the Governance and Audit and Standards Committee notes the recommendations set out in paragraph 2 of the**

**report which will go to Cabinet and Full Council for decision.**

**8 Changes to the designated independent person dismissal procedures (Pages 71 - 84)**

The purpose of the report is to inform members of a change to the process (as recently agreed by Employment Committee) that must be followed for the dismissal of designated statutory officer posts (Head of Paid Service, Monitoring Officer or Chief Finance Officer) and to seek, from Governance and Audit and Standards Committee (G&A&S), a recommendation to council to amend paragraph 10 of the Council's *Officers' Employment Procedure Rules in Part 3D of the Constitution* to reflect this new process.

**RECOMMENDED that :**

- 1) Governance & Audit & Standards Committee recommends that Full Council approves the changes to paragraph 10 of the revised new Officers Employment Procedure Rules as shown in Appendix 2**
- 2) Council approves the changes to paragraph 10 of the new Officer Employment Procedure Rules as shown in Appendix 2 recommended by Governance and Audit and Standards Committee.**

**9 Compliance with the Gifts and Hospitality Protocol (Pages 85 - 152)**

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 the report be noted.**

**10 Review of Members' Code of Conduct and Committee Arrangements for Assessment, Investigation and Determination of Complaints (Pages 153 - 164)**

The report advises the Committee that following Members' consideration of the Code of Conduct earlier in the year, further changes have been made to the Arrangements for Assessment, Investigation and Determination of Complaints following the resolution passed at the Committee on 17 April 2015.

**RECOMMENDED that Members of the Committee**

- (i) Agree the proposed changes to the Arrangements for Assessment, Investigation and Determination of Complaints set out in the appendix (or propose and agree further changes) and**

(ii) **Recommend the agreed changes to Council for adoption.**

**11 Contract Procedure Rules (Pages 165 - 186)**

The purpose of the report is to seek the adoption of revised Contract Procedure Rules to be implemented in place of those approved on 20<sup>th</sup> July 2010.

**RECOMMENDED that the Governance & Audit & Standards Committee**

- (1) Agree the proposed changes to the Contract Procedure Rules as set out as Appendix 1 to this report and**
- (2) Recommend the revised Contract Procedure Rules be adopted by Council and brought into force from 1 January 2016**

**12 Date of Next Scheduled Meeting**

The next meeting is scheduled for 29 January 2016.

**Information**

Members of the public are now permitted to use both audio visual recording devices and social media during this meeting, on the understanding that it neither disrupts the meeting or 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.

# Agenda Item 3

## GOVERNANCE & AUDIT & STANDARDS COMMITTEE

MINUTES OF THE MEETING of the Governance & Audit & Standards Committee held on Friday, 25 September 2015 at 2.30 pm at the Conference Room A - 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](http://www.portsmouth.gov.uk).)

### Present

Councillor Simon Boshier (in the chair)

Councillor John Ferrett  
Councillor Steve Hastings  
Councillor Hugh Mason  
Councillor Phil Smith

Councillor David Tompkins (Standing Deputy)

### Officers

Michael Lawther, Deputy Chief Executive & City Solicitor  
Joh Bell, Director of HR Legal & Procurement  
Julian Pike, Deputy Director of Finance & S151 Officer  
Lyn Graham, Chief Internal Auditor  
Elizabeth Goodwin, Deputy Chief Internal Auditor  
Mark Justesen & Kate Handy, External Auditors (Ernst & Young)

#### 49. Apologies for Absence (AI 1)

Apologies for absence had been received from Councillor Ian Lyon who was represented by Councillor David Tompkins as his standing deputy.

#### 50. Declarations of Members' Interests (AI 2)

There were no declarations of members' interests.

#### 51. Minutes from the meeting held on 26 June 2015 (AI 3)

**RESOLVED that the minutes of the meeting held on 26 June 2015 be confirmed and signed by the chair as a correct record.**

#### 52. Updates on Actions identified in the minutes (AI 4)

Minute 4 (previous update) The City Solicitor confirmed that a letter had been sent from the Director of Adult Services regarding the

appointment of an advocate for Adult Safeguarding, and he would request that it be recirculated to members of this committee.

Minute 4 & minute 29/14 (previous update) - councillor training and development - the Chair was satisfied that it was not necessary to invite Claire Upton-Brown and Nickii Humphreys to this meeting to give an update.

Minute 7 - (designated independent persons) - the City Solicitor reported that it was likely that a third independent person would soon be appointed.

Minute 9 - (Annual Internal Audit Report) - three actions were reported on:

- (i) Employee code of conduct - The City Solicitor reported that revision of the code was in progress as part of revisions being made to the City Council's constitution.
- (ii) Debt recovery - The Deputy Chief Internal Auditor reported that this would be covered as part of a later agenda item.
- (iii) School audit - the Deputy Chief Internal Auditor reported that there had not yet been an additional visit to the school in question regarding financial compliance but the committee would be up dated when this had happened.

### **53. Annual Governance Statement 2014/15 (AI 5)**

Rob Rimmer, Business Change Manager, presented the Annual Governance Statement for 2014/15. During discussion, the following matters were raised:-

- Regarding ensuring all staff have access to the policy hub, the Deputy Section 151 Officer reported that this was being examined and the two groups experiencing access difficulties were new starters and staff at the Port. A software upgrade would be available in January for the policy hub and in the interim a manual work around would be used for these staff.
- Members felt that continued monitoring of testing of public buildings regarding Legionella was prudent, and it was noted that this included schools, Care Homes and the Port as well as the Pyramids. It was confirmed that the council is no longer responsible for these checks at academies.
- Members considered that member training should continue to be monitored.
- With regard to non-compliance of financial rules training, the Chief Internal Auditor reported that whilst this was difficult to quantify currently due to the changes in directorates following the new structure, individual staff PDRs should enable these checks to be made. Members were keen that this continue to be monitored.

**RESOLVED that Governance and Audit and Standards Committee:**

- a) **Noted the progress and recommendations made against the 2013/14 annual governance issues as set out in Appendix A**
- b) **Approved the Annual Governance Statement 2014/15 for publication as set out in Appendix B**
- c) **Approved the 2015 Local Code of Governance for publication as set out in Appendix C**
- d) **Confirmed the monitoring process for the next AGS cycle.**

#### **54. Statement of Accounts 2014/15 (AI 6)**

Members of the committee had received a draft of the statement of accounts and an amendment sheet was circulated at the meeting, which would then be incorporated into the final version for publication.

Arising from the previous presentation of the draft accounts to members Councillor Lyon had raised questions that were put on his behalf by Councillor Tompkins (as his standing deputy) regarding whether any income had been taken to the Revenue Account belonging to the following financial year and also whether any debtors which did not arise until the following financial year had been included as debtors at the 2014/15 Balance Sheet date.

The Deputy Head of Finance and Section 151 Officer confirmed that no income relating to periods after 31 March 2015 had been recorded as income in the 2014/15 Revenue Accounts and that no debtors arising after the Balance Sheet date had been included as debtors on the Balance Sheet; he clarified the difference between the terms 'debt owed' at the Balance Sheet date all of which is included in the 2014/15 Accounts and debt owed but 'not due' at the Balance Sheet date.

He explained that debt owed which was due for payment within 365 days of the Balance Sheet date is classified as short term debtors on the Balance Sheet and owed debt due for payment later than 365 days is classified as long term debtors on the Balance Sheet. Examples given by the Deputy Head of Finance and Section 151 Officer why a debt may be owed but not due for payment at the Balance Sheet date included invoices being within agreed payment terms at the Balance Sheet date, (e.g. 30 days after date of invoice), alternative negotiated terms applying and debts being paid via an agreed instalment plan. Owed debt that was outside of agreed payment terms is classified as short term debt and recovery action would be in progress.

It was acknowledged that some of the financial terminology could be made clearer, such as 'adjustment for non-cash movement'.

In response to a question on the depreciation on council dwellings, it was reported that for buildings this was usually calculated as 60 years but this could be less for components.

**RESOLVED that the Statement of Accounts 2014/15 be approved by the committee and signed off by the Chair and Director of Finance & S151 Officer.**

#### **55. External Audit Annual Results Report 2014/15 - Ernst & Young (AI 7)**

(TAKE IN REPORT)

Kate Handy and Mark Justesen, External Auditors (Ernst & Young) jointly presented the report. They explained that the Council is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. In the Annual Governance Statement, the Council reports publicly on the extent to which it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in the year and on any planned changes in the coming period.

During discussion the following matters arose:-

- Under 'Value for Money' the concerns raised about current plans and available management capacity not being sufficient to enable the identification and delivery of savings/efficiencies to the scale required in the time available, were acknowledged.
- Harbour Accounts - It was confirmed that no official communication from the Department for Transport advising of the deadline for submission of Harbour Accounts for the Commercial Port had been received. The council would await a deadline before this extra work would be undertaken.
- Highways PFI - the City Solicitor reported that there were ongoing, complex negotiations with Colas (and the Treasury was aware of the situation), and there would be a report back to the committee on progress.
- It was requested that there be a report back to the committee on the extension of Systems Thinking across the Council
- It was confirmed that Greg Povey, Assistant Director of Contracts, would be bringing a report to this committee in January on contract procedures

The committee accepted the External Audit Annual Results Report 2014/15 and the chair signed the letter of representation that was also signed by Mr Chris Ward, Head of Financial Services.

**RESOLVED that the External Audit Annual Results Report 2014/15 be noted.**

**56. Sector Update Report from External Auditor (AI 8)**

(TAKE IN REPORT)

Kate Handy, External Auditor, Ernst & Young, introduced the report and said that the LG Sector update was a general information report which was not specific to Portsmouth City Council but provided information on what was happening across the wider region. .

**RESOLVED that the update from the external auditor be received.**

**57. Performance Management Update Q1 (AI 9)**



Kelly Nash, Corporate Performance Manager, presented the report and advised that information from Property was still awaited. She advised that in future this report would be produced in its previous format as a single report on performance with comparative information from other local authorities.

During discussion the following matters were raised:

- Councillor John Ferrett as Chair of HOSP was particularly concerned over staff capacity issues relating to Adult Social Care and the impact on unsafe discharges from hospital. He asked that further information on the numbers involved be provided to the Chair and Vice Chair of HOSP.
- With regard to FOI requests, the time and resources taken up by persistent requests was discussed and the City Solicitor reported that the intention was to undertake an information management project to clear files. This would ensure that only what is really needed is kept and this would help to reduce the time in responding to FOI requests.

**RESOLVED that the Governance and Audit and Standards Committee:**

**1) noted the report;**

**2) commented on the performance issues highlighted in section 4, and governance issues in section 6, including agreeing if any further action is required**

**3) Agreed the actions proposed in section 5.**

#### **58. Treasury Management Outturn 2014/15 (AI 10)**

(TAKE IN REPORT)

(This report was before the committee for information only and would be included on 13 October 2015 Council Agenda for approval).

Michael Lloyd introduced the report and explained that the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code requires local authorities to calculate prudential indicators before the start of and after each financial year. Those indicators that the Council is required to calculate at the end of the financial year are contained in Appendix A of this report.

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 questions, the following matters were clarified:-

- Slippage -For the PRED portfolio Michael Lloyd advised that there had been major schemes causing this (for City Deal and at Tipner, with issues including moving a firing range and finding historic structures which had caused delays). For the Culture & Leisure portfolio planning consent had taken longer than anticipated for the Arches project and the Lottery funding had not been confirmed for Canoe Lake.

- With regard to Investment funding - the Deputy Director of Finance and S151 Officer advised that it was likely that the investment fund would be used to buy a property in the near future.
- It was noted that the council had changed banks in December 2014 and were now with Barclays Bank.

**RESOLVED the Governance and Audit and Standards Committee received the report and noted the recommendations relating to Appendices A and B as set out in paragraph 2 of the report.**

**59. Revision of Investment Strategy and Treasury Management Monitoring Report for the First Quarter of 2015/16 (AI 11)**

(Report before this Committee for information and will be going to Council on 13 October 2015)

Michael Lloyd presented the report and explained that its purpose is to amend the Investment Strategy to allow the Council to invest in 5 year equity trackers and to increase the geographical investment limits and the variable interest rate exposure limit. Appendix A contains the Treasury Management Monitoring Report which aims to inform members and the wider community of the Council's Treasury Management position at 30 June 2015 and of the risks attached to that position.

During discussion the following matters were clarified

- The proposed investment in the 5 year equity trackers offered protection from a potential crash in the stock market, with a cap on its return.
- The Asian investments were based in Singapore and Australia and not China.

A suggestion was made that consideration might in future be given to clarifying the wording in recommendation (1) regarding unsecured investments, to reflect that up to 5 year trackers would be permitted.

**RESOLVED that recommendations 1. to 6. set out in paragraph 2 of the report be noted.**

**60. Persistent Complainants Policy (AI 12)**

(TAKE IN REPORT)

The City Solicitor and Corporate Complaints Officer presented the report and explained that its purpose was to bring to the attention of the Governance & Audit & Standards Committee the revised Persistent Complainants Policy attached as appendix A. Unreasonable and unreasonably persistent complainants can dramatically impinge on the service area's ability to investigate the complaint, the complaints made by others and the day to day functions of the service. The policy has been updated to ensure continued best practice in complaint investigation and complaint management.

**RESOLVED that the Governance & Audit & Standards Committee approve the Persistent Complainants Policy for use across Portsmouth City Council.**

**61. Revision of Corporate Complaints Policy (AI 13)**

(TAKE IN REPORT)

The Corporate Complaints Officer presented the report which defined what does or does not constitute a complaint. The City Solicitor added that this would help in managing the expectations of those making complaints.

**RESOLVED the Governance & Audit & Standards Committee approved the Corporate Complaints Policy for use across Portsmouth City Council.**

**62. Local Government Ombudsman Annual Review report - Information only (AI 14)**

(TAKE IN REPORT)

The City Solicitor and Corporate Complaints Officer presented the report which provided the Committee with information on the Annual Review by the Local Government Ombudsman (dated June 2015). The report outlined complaints it has considered against Portsmouth City Council for the period 2014/2015. The City Solicitor said the review showed that PCC had a good record in dealing with LGO cases and a low number of complaints being upheld. He explained that the disparity in the number of cases received and decisions made related to some cases being decided in a different year from their submission.

**63. Audit Performance Status Report to 24 August for Audit Plan 2015/16 (AI 15)**

(TAKE IN REPORT)

The Deputy Chief Internal Auditor presented the report and updated the committee on an area of concern regarding Safer Recruitment; a follow up audit had been undertaken which showed that the issue had now been resolved. For Children's Social Care direct payments, this would need to be followed up and reported back to the committee. There would also need to be a report back on the critical risk exception concerning Legionella.

In response to queries the following matters were clarified:

- The DBS Safer Recruitment checks had been undertaken but copies had not necessarily been passed back to the HR recruitment team; the managers were checking that these had been received.

- Members of the committee (and standing deputies) asked to receive a list of the 49 roads not covered in the PFI contract with Colas and it was noted that some of these were on Housing or Leisure land, so were outside the highways arena.
- Debt Recovery - it was explained that the officer who would have taken on the testing role had been seconded to a channel shift role but the S151 Officer was requesting there be back-fill of this specialist post.

Jon Bell, Head of HR, Legal & Performance, announced that it was Lyn Graham's last committee meeting as Chief Internal Auditor as she would be retiring. The Chair and committee wished to place on record their gratitude to Lyn Graham for her professionalism, help and support of the committee since its inception. Lyn responded that she had enjoyed working with the committee.

**RESOLVED that**

- (1) Members noted the Audit Performance for 2015/16 to 24<sup>th</sup> August 2015**
- (2) Members noted the highlighted areas of control weakness for the 2015/16 Audit Plan.**

**64. Volunteer Policy and cover report (AI 16)**

The City Solicitor asked the committee to consent to the withdrawal of this item as after further consideration it was deemed more appropriate to be considered by the Employment Committee. This was agreed.

**65. Exclusion of Press and Public (AI 17)**

**RESOLVED 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 report contains information defined as exempt in Part 1 of Schedule 12A to the Local Government Act, 1972 - Data Security Breaches (under exemption paragraphs 1,2 & 3).**

**66. Data Breaches (AI 18)**

Members considered the exempt appendix in exempt session and then moved back into open session. The committee confirmed that it wished to continue to receive reports on data breaches.

**RESOLVED that Members of the Governance & Audit & Standards 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 4.35 pm.

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Councillor Simon Boshier  
Chair

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# Agenda Item 5

## Portsmouth City Council

Annual Audit Letter for the year ended 31 March 2015

October 2015

Ernst & Young LLP









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The Members  
Portsmouth City Council,  
Civic Offices,  
Guildhall Square,  
Portsmouth PO1 2AL

26 October 2015

Dear Members

## Annual Audit Letter 2014/15

The purpose of this annual audit letter is to communicate the key issues arising from our work to the Members and external stakeholders, including members of the public.

We have already reported the detailed findings from our audit work in our 2014/15 audit results report to the 25 September 2015 Governance, Audit and Standards Committee, representing those charged with governance. We do not repeat them here.

The matters reported here are those we consider most significant for the Council.

This is the last year that I will audit Portsmouth City Council and my successor for the 2015/16 audit will be Helen Thompson. I would like to take this opportunity to thank officers for their assistance during the course of our work both this year and in the time I have been the auditor of the Council.

Yours sincerely

K L Handy  
Director  
For and on behalf of Ernst & Young LLP  
Enc.

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Relevant parts of the Audit Commission Act 1998 are transitionally saved by the Local Audit and Accountability Act 2014 (Commencement No. 7, Transitional Provisions and Savings) Order 2015 for 2014/15 audits.

The Audit Commission's 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the accountable officer of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's 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 Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (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.

## 1. Executive summary

Our 2014/15 audit work was undertaken in accordance with the Audit Plan issued on 18 February 2015 and was conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

The Council is responsible for preparing and publishing its Statement of Accounts, accompanied by an Annual Governance Statement (AGS). In the AGS, the Council reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Council is also responsible for having proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for:

- forming an opinion on the financial statements, and on the consistency of other information published with them;
- reviewing and reporting by exception on the Council's AGS;
- forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources; and
- undertaking any other work specified by the Audit Commission and the Code of Audit Practice.

Summarised below are the results of our work across all these areas:

Area of work	Result
Audit of the financial statements of the Council for the financial year ended 31 March 2015 in accordance with International Standards on Auditing (UK & Ireland)	On 28/09/15 we issued an unqualified audit opinion on the Council's financial statements
Form a conclusion on the arrangements the Council has made for securing economy, efficiency and effectiveness in its use of resources	On 28/09/15 we issued an unqualified value for money conclusion
Report to the National Audit Office on the accuracy of the consolidation pack the Council needs to prepare for the Whole of Government Accounts	We reported our findings to the National Audit Office on 28/09/15
Consider the completeness of disclosures on the Council's AGS, identify any inconsistencies with other information which we know about from our work and consider whether it complies with CIPFA/ SOLACE guidance	No issues to report
Consider whether we should make a report in the public interest on any matter coming to our notice in the course of the audit	No issues to report
Determine whether we need to take any other action in relation to our responsibilities under the Audit Commission Act	No issues to report

***As a result of the above we have also:***

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Issued a report to those charged with governance of the Council with the significant findings from our audit.

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Our Audit Results Report was presented to the Governance, Audit and Standards Committee on 25/09/15

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Issued a certificate that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.

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Issued on 28/09/15

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In December 2015 we will also issue a report to those charged with governance of the Council summarising the certification of grant claims and returns work we have undertaken.

## 2. Key findings

### 2.1 Financial statement audit

The Council's Statement of Accounts is an important tool to show both how the Council has used public money and how it can demonstrate its financial management and financial health.

We audited the Council's Statement of Accounts in line with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission and issued an unqualified audit report on 28 September 2015.

Our detailed findings were reported to the September 2015 Governance, Audit and Standards Committee.

The main issues identified as part of our audit, the work we did in response, and the conclusions we reached are set out below:

#### **Significant risk: Management Override**

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Management is in a unique position to perpetrate fraud because of their ability to directly or indirectly manipulate accounting records, and prepare fraudulent financial statements, by overriding controls that otherwise appear to be operating effectively.

In response to this risk, we tested the appropriateness of journal entries and other adjustments made in the preparation of the financial statements, reviewed accounting estimates for evidence of management bias; and evaluated the business rationale for any significant unusual transactions

Our work did not identify any instances of management override.

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#### **Other risk: Property, Plant and Equipment**

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In 2014/15 officers made a number of changes in how they record Property, Plant and Equipment assets, how they value them, and how they are disclosed in the accounts.

In response we reviewed how these changes were controlled, and conducted testing on the valuation and disclosure of assets.

We did not identify any specific errors in his regard but did note that a number of assets are either not currently being depreciated or are held at nil value. While we concluded these could not result in a material error in the accounts, we did recommend officers review these assets to ensure they are valued correctly and that all assets are depreciated in accordance with the Council's accounting policy.

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## 2.2 Value for money conclusion

As part of our work we must also conclude whether the Council has proper arrangements to secure economy, efficiency and effectiveness in the use of resources. This is known as our value for money conclusion.

In accordance with guidance issued by the Audit Commission, our 2014/15 value for money conclusion was based on two criteria. We consider whether the Council had proper arrangements in place for:

- ▶ securing financial resilience, and
- ▶ challenging how it secures economy, efficiency and effectiveness.

We issued an unqualified value for money conclusion on 28/09/15 but noted the following:

### **Significant risk: Financial Resilience**

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*We identified a risk in our Audit Plan around whether the Council's longer-term financial strategy was sufficient to secure a stable financial position that would enable it to continue operating for the foreseeable future. We upgraded this to a significant risk in the course of 2014/15 as, although the Council has a good track record of managing its finances and delivering savings, the Chancellor's forthcoming spending review is likely to mean the Council will need to deliver more savings than currently planned over the life of this parliament.*

*In response we monitored action taken to address any forecasted overspending, reviewed the assumptions underpinning the budget, and monitored progress in developing the savings needed over the next three years.*

We reported that the Council is taking sensible steps to become more financially independent of central government and commercial in the way that it operates, in response to the financial challenges it faces. However, we expressed a number of concerns about whether:

- current plans were sufficient to identify the scale of savings required in the time available. The Council has identified it needs to deliver £31m of further savings over the next three years, which may well increase after the spending review, and most of the easy opportunities have already been realised. Future savings of this scale will require more radical changes to how and what services are delivered in the future;
- there is sufficient management capacity to deliver such a significant change programme in the wake of previous and planned reductions in staff levels; and
- services were receiving appropriate central support to identify remedial plans, where they are forecasting demand-led overspends.

We concluded that, unless the Council can accelerate the pace of current plans to reduce costs, or introduce additional strategic initiatives, it will need to grow its income to remain financially stable, as drawing on reserves would not be sustainable.

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### **Other risk: Follow up on 2013/14 value for money work**

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*In 2013/14 we identified two risks on which work was on-going at the time of our reporting.. These were the robustness of:*

- *Adult Social Care performance management arrangements, and*
- *the planning and delivery of Better Care Fund work.*

*In response we reviewed the Council's progress in these areas in 2014/15.*

We reported that Adult Social Care is facing an uncertain future; with new legislative responsibilities, increasing demand for services, cost pressures from the introduction of the minimum living wage, a high level of staff vacancies, and significant savings to identify over the next few years.

The service has made good progress during 2014/15 in strengthening its performance management arrangements but the planned work cannot be completed until further progress has been made in integrating health and social care services.

The Better Care Fund forms part of this integration agenda and schemes are generally progressing in line with plans. However we reported that further work was needed on how integrated health and social care locality teams will operate to improve the service user's experience and minimise duplication. There are different decision making processes at present, and expenditure is separately accounted for, so we recommended the Council reconsider how the pooled budget works so funds can be delegated and spent via a single integrated approach.

We also noted a number of key initiatives had slipped:

- Need and demand profiling – this is about understanding the holistic care needs of the Portsmouth population, and how they are expected to change over time, to inform the redesign of existing health and social care services.
- Care homes – this is about working with care homes to improve the quality and range of care provided in situ to reduce unnecessary admissions to hospital.
- Prevention – this is about tackling the primary causes of ill-health and earlier intervention to prevent avoidable deterioration in people's health and loss of independence.

We concluded that the Council needed to work with health partners to address these issues and accelerate critical workstreams.

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## **2.3 Whole of Government Accounts**

We performed the procedures required by the National Audit Office on the accuracy of the consolidation pack prepared by the Authority for Whole of Government Accounts purposes.

We reported that there were no obvious errors and omissions in the Council's Data Collection Tool but that they had, in accordance with the guidance they had received, applied a materiality in disclosing counter-party information and so this was not complete.

## **2.4 Annual Governance Statement (AGS)**

We are required to consider the completeness of disclosures in the Council's AGS, identify any inconsistencies with the other information which we know about from our work, and consider whether it complies with relevant guidance.

We completed this work and did not identify any areas of concern

## **2.5 Objections received**

We did not receive any objections to the 2014/15 financial statements from members of the public.

## 2.6 Other powers and duties

We identified no issues during our audit that required us to use powers under the Audit Commission Act 1998, including reporting in the public interest.

## 2.7 Independence

We communicated our assessment of independence to the Governance, Audit and Standards Committee on 25/09/15. In our professional judgement the firm is independent and the objectivity of the engagement director and audit staff has not been compromised within the meaning of regulatory and professional requirements

## 2.8 Certification of grant claims and returns

We will issue the Annual Certification report for 2014/15 in December 2015.



### **3. Control themes and observations**

As part of our work, we obtained enough understanding of internal control to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we must tell the Council about any significant deficiencies in internal control we find during our audit.

We did not identify any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in the Council's financial statements.

## 4. Looking ahead

We identified a number of matters that we believe are worth bringing to Members' attention, as set out in the table below:

Description	Impact
<p>Highways Network Asset (formerly Transport Infrastructure Assets):</p> <p>The Invitation to Comment on the Code of Accounting Practice for 2016/17 (ITC) sets out the requirements to account for Highways Network Asset under Depreciated Replacement Cost from the existing Depreciated Historic Cost. This is to be effective from 1 April 2016.</p> <p>This will be a material change of accounting policy for the Council. It will also require changes to existing asset management systems and valuation procedures.</p> <p>Relevant assets may also be held outside of the highways department e.g. within the Housing Revenue Account, which will also have to be valued on the revised basis.</p> <p>Nationally, latest estimates are that this will add £1,100 billion to the net worth of authorities.</p>	<p>CIPFA have produced LAAP bulletin 100, which provides a suggested timetable for actions to prepare for this change. This has been supplemented by the issue of the Code of Practice on Transport Infrastructure Guidance Notes (May 2015) and ITC (July 2015).</p> <p>The Council has made good progress in preparing for this but will need to be able to :</p> <ul style="list-style-type: none"> <li>• demonstrate the completeness of base information, in liaison with Highways and other relevant departments.</li> <li>• ensure that valuation information is appropriate to the Council, and that national valuation indicators are not used without consideration of their appropriateness locally.</li> <li>• analyse the impact across the HRA and General Fund</li> </ul>
<p>The Accounts and Audit Regulations 2015 were laid before Parliament in February 2015. A key change in the regulations is that from the 2017/18 financial year the timetable for the preparation and approval of accounts will be brought forward.</p> <p>As a result, the Council will need to produce draft accounts by 31 May and these accounts will need to be audited by 31 July.</p>	<p>These changes provide challenges for both the preparers and the auditors of the financial statements.</p> <p>The Council is aware of this challenge and the need to start planning for the impact of these changes. This will necessarily include review of the processes for the production and audit of the accounts, including areas such as the production of estimates, particularly in relation to pensions and the valuation of assets, and the year-end closure processes.</p> <p>This year's closedown was completed by the existing 30 June target and the opinion given by the audit reporting deadline of 30 September.</p> <p>The Council will need to work with its auditors on how it will produce accounts one month earlier and enable the audit to be completed two months earlier..</p>

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# Agenda Item 6



Portsmouth  
CITY COUNCIL

<b>Title of meeting:</b>	Governance & Audit & Standards Committee
<b>Date of meeting:</b>	6 <sup>th</sup> November 2015
<b>Subject:</b>	Audit Performance Status Report to 6 <sup>th</sup> October 2015
<b>Report by:</b>	Chief Internal Auditor
<b>Wards affected:</b>	All
<b>Key decision:</b>	No
<b>Full Council decision:</b>	No

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## 1. Summary

- 1.1 One new critical risk exception from the 2015/16 Audit Plan has been highlighted in this report. Three audits have resulted in "No Assurance" being given, one from the 2014/15 plan and two from the 2015/16 plan. Further details can be found under Section 6 of this report
- 1.2 There are now 119 planned audits for 2015/16 made up of 88 new reviews and 31 follow up audits. Of these, 68 (57%) have been completed or are in progress as at 6<sup>th</sup> October 2015. This represents 32 audits (47%) where the report has been finalised, 4 audits (6%) where the report is in draft and 32 audits (47%) currently in progress.
- 1.3 In addition to the planned audits there are 11 areas of on-going work and 4 continuous audits which contribute to risk assurance.
- 1.4 Areas of Assurance are shown in Appendix A. Results of completed follow up audits can be found within Appendix B.

## 2. Purpose of report

- 2.1 This report is to update the Governance and Audit and Standards Committee on the Internal Audit Performance for 2015/16 to 6<sup>th</sup> October 2015 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 2015/16 to 6<sup>th</sup> October 2015
- 3.2 That Members note the highlighted areas of control weakness for the 2015/16 Audit Plan

#### 4. Background

- 4.1 The Annual Audit Plan for 2015/16 has been drawn up in accordance with the agreed Audit Strategy approved by this Committee on 30th January 2015 following consultation with Heads of Services, Strategic Directors and the Chair of this Committee.

#### 5. Audit Plan Status 2015/16 to 6<sup>th</sup> October 2015

##### Percentage of the approved plan completed

- 5.1 57% of the annual audit plan has been completed or is in progress as at 6<sup>th</sup> October 2015. Appendix A shows the completed audits for 2015/16. Appendix B shows the completed follow up audits for 2015/16

The overall percentage figure is made up as follows:

- 14 new reviews (12%) where the report has been issued, 4 in draft form (3%) and 32 (27%) where work is in progress
- 18 planned follow ups (14%) where the report has been issued and 1 (1%) where work is in progress

- 5.2 As requested by Members of the Committee a breakdown of the assurance levels on completed audits 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.

##### Changes to the 2015/16 Audit Plan

- 5.3 One full audit has been removed since the last meeting of the Committee.
- 5.3.1 Empty Properties - Full audit removed as Private Sector Housing are no longer working proactively in this area. The reason for this is that budget constraints have resulted in capital support to owners no longer being offered. Secondly changes to legislation has made it more difficult for the Authority to bring empty properties back into use.
- 5.4 One full audit on Banking has been added to the Audit Plan since the last meeting of the Committee.

##### Reactive Work

- 5.5 Reactive work completed by Internal Audit in 2015/16 includes:

- 11 special investigations
- 39 items of advice

As well as the following unplanned reviews/work:

- Channel Shift Programme
- Disposal of goods found within abandoned garages
- Community Capacity Grant

- Contract Procedure Rules update
- Cash Handling Instructions update
- External marketing and presentations
- Contract Issues Adult Social Care

### **Exceptions**

5.6 Of the full audits completed so far this year the number of exceptions within each category have been:

- 1 Critical Risk
- 29 High Risk
- 4 Medium Risk
- 4 Low Risk (Improvements)

5.7 The table below is a comparison of the audit status figures at this time for this financial year and the previous two years.

	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
<b>% of the audit plan progressed</b>	49%	55%	57%
<b>No. of Critical exceptions</b>	2	3	1
<b>No. of High risk exceptions</b>	89	41	29

### **Ongoing Areas**

5.8

The following 11 areas are on-going areas of work carried out by Internal Audit;

- Regulation of Investigatory Powers Act (RIPA)- authorisations and training
- Anti-Money Laundering review of Policy and training
- Investigations (included in the 200 days of reactive work)
- Financial Rules waivers
- National Fraud Initiative (NFI) to facilitate national data matching carried out by the Audit Commission
- 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**

- 5.9 The following 4 areas are subject to continuous audit (i.e. regular check to controls) and feed into overall assurance;
- Legionella Management
  - Asbestos Management
  - Key risks management in services
  - Performance Management

## **6. Areas of Concern & Updates**

### **Updates**

#### **6.1. Housing & Property Service - PAT Testing - Resolved**

6.1.1 A critical risk exception had been raised as part of the 2014/15 Audit after testing found that 13 of a sample of 36 electrical items had either not been tested or were past their retest date. Further issues were highlighted in regard to the coverage of PAT testing in restricted areas and external sites. Failure to adequately test electrical equipment increases the risk of death or injury as a result of faulty equipment. Should an accident occur there will also be a financial risk from any litigation that may follow.

6.1.2.1 Agreed Action: A new Health & Safety Audit and Inspection Policy was to be introduced to provide further guidance to staff and managers which will include managing portable electrical equipment. Additionally the Health & Safety Unit were conduct annual compliance reviews in this area.

6.1.2.2 Follow Up Testing Results: The corporate policy was issued on Policy Hub on 2<sup>nd</sup> April 2015. The policy places a responsibility on site managers and staff to ensure that procedures are in place to monitor and maintain portable electrical equipment. In addition the issue of PAT testing is being regularly raised and discussed at the Health, Safety & Wellbeing forum and is included within the corporate e-newsletter.

#### **6.2 Transport, Environment & Business Support - Home to School Transport - Unresolved**

6.2.1 The 2014/15 audit of this area highlighted two critical risk exceptions. These were followed up as part of the 2015/16 Audit Plan.

6.2.2.1 The first critical risk exception related to operators not being asked to prove that they hold the insurance policies specified within the contract. If an accident occurs and the operator was found not to be covered by insurance the Authority could suffer significant reputational damage. Should anyone be injured in an accident the Authority may also be open to litigation on the basis that it failed to take sufficient steps to ensure that its operators had the necessary insurances.



- 6.2.2.2 Agreed Action: All operators were to be contacted and asked to provide copies of the relevant insurance policies. Moving forward both annual checks and random spot checks were to be implemented
- 6.2.2.3 Follow Up Testing Results: Testing found that all operators except one had provided up to date insurance documents that satisfied the terms of the contract. The Home to School Transport team is working with the operator to provide the insurance documents by the end of September 2015.
- 6.2.3.1 The second critical risk exception related to Disclosure and Barring Service (DBS) checks. The contractual framework requires all drivers to have an enhanced DBS check. Testing found that no checks were being made to ensure that operators and their drivers were fulfilling these criteria.
- 6.2.3.2 Agreed Action: All operators were to be contacted and asked to provide evidence that their drivers had the required DBS checks in place. Moving forward both annual checks and random spot checks were to be implemented
- 6.2.3.3 Follow Up Testing Results: Two operators are based in Portsmouth and as such have provided all of these details to the Licensing department, as such they did not respond to the request from the transport team. The Road Safety & Active Travel Manager is going to work with Licensing to obtain a list of all drivers from those two companies registered with the Authority by the end of September 2015. This will then be cross referenced with a list of drivers undertaking home to school transport routes to ensure all drivers have a valid DBS.
- 6.2.4 A further follow up will be conducted by Internal Audit in October 2015 and the results communicated at the next meeting of the committee.
- 6.3 **Finance & Information Service - Purchase Cards - Unresolved**
- 6.3.1.1 A critical risk exception was raised during the 2014/15 audit after testing undertaken on 25 purchase card logs containing 179 transactions identified breaches of Financial Rules in the following areas:
- 7 transactions where an adequate VAT receipts were not provided equating to £160.14 of incorrectly claimed VAT
  - 2 transactions which did not have a genuine business need. These were flowers purchased for a Foster Carer (£10.00) and a birthday cake for a member of staff (£9.49)
  - 1 transaction where the collection of loyalty card points had occurred
- Financial rules provide a comprehensive control framework to ensure the Authority's financial transactions and records are lawful, accurate and consistent. Non compliance with financial rules increases the risk of fraud, theft and financial loss to the Authority. The audit was followed up as part of the 2015/16 Audit Plan.
- 6.3.1.2 Agreed Actions:

- Guidance relating to VAT and general purchase card "Dos and Don'ts" to be recirculated to all purchase card holders.
- A targeted communication will be sent to line managers identifying key weaknesses to look out for when signing off transaction logs.
- Education and Children's Social Care managers to receive reminder training on inappropriate expenditure
- Purchase Card Policy to be reviewed in line with the implementation of a purchase card system which is expected during 2015/16

6.3.1.3 Follow Up Testing Results: Testing confirmed that the Purchase Card "Dos and Don'ts" had been produced and circulated to all card holders as well as managers within Education and Children's Social Care. The targeted communication for line managers has been drafted but not yet sent out; a new action date of 31<sup>st</sup> October 2015 has been agreed. The specification for the new Purchasing Card system has been agreed with the s.151 Officer, the Accounts Payable Team Leader is currently liaising with IS with regard to its implementation. The policy will be revised once it has been launched. Testing also undertook sample testing on 25 purchase card logs from April 2015 within which 5 areas of non compliance were highlighted:

- Financial Rule Q11 - Failure to provide proper receipts on 3 transactions
- Purchase Card Policy S.26 - Failure to claim VAT totalling £38.44 across 7 transactions
- Financial Rule Q10 - Collection of loyalty points for 8 transactions on one purchasing card
- Financial Rule Q12 - Failure to provide a VAT receipt for 4 transactions totalling £92.54
- Purchase Card Policy S.26 - Incorrect calculation of VAT on two transactions resulting in over claiming £0.64 of VAT

As at 15<sup>th</sup> June 2015 the Authority had 820 purchase card holders. Expenditure between 1<sup>st</sup> April 2015 - 15<sup>th</sup> June 2015 was approximately £455,000.

#### 6.4 **External - Highbury Primary School - Resolved**

6.4.1 The full audit of Highbury Primary School resulted in 12 high risk and 2 medium risk exceptions being raised, as such Internal Audit were unable to give any assurance as to the effectiveness of the financial management controls at the school. The audit was followed up as part of the 2015/16 Audit Plan

6.4.2.1 The high risk exceptions related to non-compliance with PCC Financial Rules, Policies, the Scheme for Financing Schools or SFVS requirements which has resulted in an audit opinion that the Governor's self-assessment of the financial management of the School is not in line with our findings as per the Schools Financial Value Standard (SFVS).

6.4.2.2 Agreed Actions: Actions were agreed for the 14 exceptions, further details can be found within the follow up report.

6.4.2.3 Follow Up Testing Results: A site visit was undertaken at the school on 22<sup>nd</sup> September 2015. Testing confirmed that the actions for all 14 exceptions have been completed as agreed.

## 6.5 External - Copnor Primary School - Resolved

6.5.1 The full audit of Copnor Primary School resulted in 9 high risk and 3 medium risk exceptions being raised, as such Internal Audit were unable to give any assurance as to the effectiveness of the financial management controls at the school.

6.5.2.1 The high risk exceptions related to non-compliance with PCC Financial Rules, Policies, the Scheme for Financing Schools or SFVS requirements which has resulted in an audit opinion that the Governor's self-assessment of the financial management of the School is not in line with our findings as per the Schools Financial Value Standard (SFVS).

6.5.2.2 Agreed Actions: Actions were agreed for the 12 exceptions, further details can be found within the follow up report.

6.5.2.3 A site visit was undertaken at the school on 14th September 2015. Testing confirmed that the actions for all 12 exceptions have been completed as agreed.

### New Areas of Concern

## 6.6 2014/15 Audit - Portsmouth International Port - Income Dues

6.6.1 When a commercial ferry uses Portsmouth International Port (PIP) the ferry company are required to pay Harbour Dues to the Port based on a variety of factors including the size of the vessel, the number of passengers, vehicles and freight. Two high risk exceptions arose from the 2014/15 Audit, as a result the audit was given a no assurance rating as reliance could not be placed upon the accuracy of the Harbour Dues information provided to the Port by the ferry company.

6.6.2.1 Through the course of audit testing it was identified that the Harbour Dues reports submitted between April 2014 - January 2015 did not accurately reflect the number of passengers, vehicles and freight that travelled to and from the PIP. For the period April 2014-January 2015 and an underpayment was calculated as being £21,693.75. Furthermore testing identified that a number of chargeable freight codes were not being picked up and included within the Harbour Dues report. For the period April 2014 - January 2015 these undeclared items equated to an under declaration of Harbour dues totalling approximately £62,000. If PIP are unable to place reliance on the accuracy of the figures provided by the ferry company there is a financial risk that the PIP are not receiving the correct level of income.

6.6.2.2 After the completion of onsite testing the ferry company and PIP have agreed that after netting the over and under payments discovered a sum of £104,438.13 was due to PIP for undeclared dues for the extended period April 2013 - January 2015. This figure has since been paid in full to PIP.

6.6.2.3 Agreed Actions: The key actions agreed as a result of audit testing were:

- Spot checking will be undertaken by PIP on a number of sailings each month to ensure the accuracy of the information received from the ferry company
- The calculations contained within the monthly report will be checked for arithmetical accuracy
- The coding of the ferry company's software was altered to ensure the chargeable freight codes are included moving forward. Monthly reports are to be manually checked by the ferry company before submission.

6.6.3 A follow up audit will be undertaken in January 2016 as part of the 2015/16 Audit Plan.

## 6.7 **2015/16 Audit - Finance & Information Service - Application Archiving**

6.7.1 The audit of Application Archiving was given no assurance because as previously reported in the Modern Records & Data Archiving Audit the Authority does not have a current and accurate Corporate Retention Schedule. As a result testing found that all data held in four of the Authority's main applications (Oracle EBS, Northgate Housing, Northgate Revs & Bens and W2 Document Management System) is being retained, the oldest of which dates back to 2002. By holding all this information indefinitely there is a risk that the Authority is in breach of the Data Protection Act 1998 by retaining personal data for longer than is necessary. There are also financial implications involved with regard to the hard disk space required to house data that is potentially redundant.

6.7.2 Agreed Action: A project is being drafted to acquire a professional archivist to review the Corporate Retention Schedule. Once the new schedule is complete Data Owners will be responsible for managing, archiving or purging data as necessary. The overall project timescale has been set at 2 years from October 2015.

6.7.3 Internal Audit will review the progress of this project in Quarter of the 2016/17 financial year.

## 6.8 **2015/16 Audit - Transport, Environment & Business Support - PCMI Manufacturing**

6.8.1 PCMI is a business owned by the Authority which seeks to provide employment opportunities and skills training. Its primary income stream is the production of signs and banners for both internal and external customers. The audit focus was on the manufacturing element of the business. The audit resulted in 5 high risk exceptions being raised and an overall level of no assurance.

- 6.8.2.1 Two of the high risk exceptions were breaches of the Authority's Financial Rules with regard to inadequate stock controls and a failure to sign Cash Handling Instructions. A further exception was raised as not all staff had completed the required PCC Mandatory Training courses. Financial rules provide a comprehensive control framework to ensure the Authority's financial transactions and records are lawful, accurate and consistent. Non compliance with financial rules increases the risk of fraud, theft and financial loss to the Authority. If staff have not completed their mandatory training they may not be fully aware of their responsibilities and duties which could result in operational inefficiencies.
- 6.8.2.2 Agreed Actions: Stock records are now to be updated on a weekly basis as part of the production planning process, in addition quarterly spot checks will be undertaken to ensure recorded levels are accurate. All staff have been made aware of the need to sign Cash Handling Instructions and undertake mandatory training
- 6.8.3.1 The fourth high risk exception relates to the transparency of job pricing. Of a sample of 25 completed jobs 50% contained at least one element where materials had been priced without evidence to support the figure quoted.
- 6.8.3.2 Agreed Action: Any future prices that are entered manually are to be supported by supporting calculations which justify the price quoted.
- 6.8.4.1 The final high risk exception was raised as testing found that PCMI's terms and conditions did not contain any reference to the Copyright, Design & Patent Act 1998. PCMI as the manufacturer of goods has a responsibility to verify that they and the customer have permission to produce an item with the specified design. Failure to do so could result in PCMI producing a design which breaches a Copyright, this could result in a fine and potential damage their reputation which in turn could affect future trade
- 6.8.4.2 Agreed Action: PCMI's terms and conditions are to be updated to include reference to the responsibilities of all parties with regard to Copyright. Both Legal Services and Trading Standards are to be consulted to ensure the wording minimises the risk of Copyright breach at PCMI
- 6.8.5 This audit will be followed up as part of the 2016/17 Audit Plan.
- 6.9 **2015/16 Information Governance Security Sweeps - Interim Update**
- 6.9.1 Each year as part of the Information Governance Audit out of hours security sweeps are conducted within the Civic Offices to identify any unsecure data or PCC assets. The first of two security sweeps was conducted on Saturday 26<sup>th</sup> September 2015.
- 6.9.2 The sweep covered the entire Civic Offices and Chaucer House. Overall there were 24 instances where potentially sensitive data was found to be unsecured along with 52 unsecured laptops.

- 6.9.3 Where data was found to be unsecured photographs were taken and a red sticker left to make staff in that area aware. Details of all 24 instances along with the photographs have been forwarded to the Deputy Chief Executive who will be meeting with the relevant Directors to discuss the issues. Should a breach of the Data Protection Act 1998 occur the Authority could be liable to a fine and significant reputational damage.
- 6.9.4 Any unsecured laptops were seized by Internal Audit and stored securely over the weekend. Staff whose laptops were seized were left a letter which they had to return to Internal Audit in order to reclaim their laptop. When collecting their laptop staff were reminded of the Keep IT Secure & Legal Policy. All staff whose laptops were seized are to receive a letter from the Deputy Chief Executive warning that should their laptop be found unsecured on a future security sweep formal action may be taken. PCC laptops are encrypted so if a laptop were to be stolen the data on it should be protected, however there would be the financial cost to the Authority as a new laptop would need to be purchased as well as operational risk if an immediate replacement could not be sourced from IS.
- 6.9.5 A further security sweep is to be conducted by Internal Audit during Quarter 4 after which time a full audit report will be issued.

**6.10 2015/16 Audit - Community & Communication - Ground Floor Security & Reception Arrangements**

- 6.10.1 One critical risk exception was raised as during 4 observations totalling 8.5 hours the Auditor noted 5 instances where conversations containing highly sensitive personal data occurred within the public area of the Civic Offices Ground Floor. During 4 of the 5 instances ground floor meeting rooms were available for use. Holding sensitive conversations in a public space could result in a breach of the Data Protection Act 1998. Any breach could result in fines for the Authority as well as reputational damage.
- 6.10.2 Agreed Action: A corporate communication is to be sent to all staff notifying them of the results of the audit along with the associated risks to the clients and the Authority. Security and City Help Desk staff are now going to report any instances where they overhear personal information being disclosed within the reception area. The findings of the Audit have been shared with the Caldicott Guardian in Children's Social Care and all staff in that service are to be reminded about data protection and privacy protocols.
- 6.10.3 A follow up audit will be conducted in December 2015.

**7. Comments on the plan to date**

- 7.1 The 2015/16 Audit Plan is on course to be completed by 31<sup>st</sup> March 2016. The 57% of audits either completed or in progress is a slight improvement on the 2014/15 figure. One critical risk exception has been raised under the 2015/16 plan whilst the number of high risks (29) is lower than the 2014/15 figure (41).

**8. Equality impact assessment (EIA)**

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

**9. Legal Implications**

9.1 Legal Services have considered the report and are 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.

9.2 Where system weaknesses have been identified he is satisfied that the appropriate steps are being taken to have these addressed.

**10. Finance Comments**

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

10.2 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.

.....  
Signed by: Elizabeth Goodwin, Chief Internal Auditor

**Appendices:**

- Appendix A – Completed audits from 2015/16 Audit Plan
- Appendix B - Completed follow up audits from 2015/16 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	<a href="http://www.legislation.gov.uk/uksi/2011/817/contents/made">http://www.legislation.gov.uk/uksi/2011/817/contents/made</a>
2 Audit	<a href="http://democracy.portsmouth.gov.uk/ieListDocuments.aspx?CIId=148">http://democracy.portsmouth.gov.uk/ieListDocuments.aspx?CIId=148</a>

Strategy 2015/16	<a href="#">&amp;Mid=3065&amp;Ver=4</a>
3 Previous Audit Performanc e Status and other Audit Reports	Refer to Governance and Audit and Standard meetings –reports published online <a href="http://democracy.portsmouth.gov.uk/ieListMeetings.aspx?Committeed=148">http://democracy.portsmouth.gov.uk/ieListMeetings.aspx? Committeed=148</a>

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

.....  
Signed by:



APPENDIX A

Audits Completed between 1st April 2015-24th August 2015												
Audit Title	Critical Risk	High Risk	Medium Risk	Low Risk - Improvement	Total Exceptions	Internal Control Environment	Compliance	Safeguarding of Assets	Effectiveness of Operations	Reliability & Integrity	Audit Assurance	Summary
<b>Stephen Baily - Director of Culture &amp; City Development</b>												
1516-023   CDC - Hillside and Wymering		8			8	0	7	1	NAT	NAT	No Assurance	Eight high risk exceptions have been raised as a result of this review and, although audit testing has not highlighted any misappropriation of funds, no assurance can be given in relation to the financial processes and controls at the Wymering Community Centre until a robust financial management framework is in place and operating. This audit was followed up in year. See Appendix B for details
<b>Di Smith - Director of Children Services &amp; Education</b>												
1516-039   CSE - Pupil Premium funding		1			1	0	1	NAT	0	0	Limited Assurance	One high risk exception was raised as a result of testing which relates to one school out of the sample of nine not publishing Pupil Premium Funding spend details for 2014/2015 on the school website.
<b>Owen Buckwell - Director of Property &amp; Housing</b>												
1516-079   HSP - Security Passes and Building Access		1		1	2	0	2	0	NAT	0	Limited Assurance	One high risk exception was raised as testing found that swipe passes of ex-employees were not being disabled potentially allowing unauthorised access to PCC buildings
<b>External</b>												
1516-091   EXT - LHB											N/A	Audit completed for external client
1516-092   CSE - St Edmunds		5			5	0	4	1	0	0	Limited Assurance	The Full Audit resulted in five high risk exceptions being raised for the areas tested.- the agreed actions were all addressed and evidenced before the conclusion of the report therefore mitigating the risks highlighted. Completion of the Schools Financial Value Standard (SFVS) statement for year ending March 2015 is in line with Internal Audit's judgment.
<b>Total for period</b>	0	15	0	1	16							

Audits Completed between 25th August 2015 - 6th October 2015												
Audit Title	Critical Risk	High Risk	Medium Risk	Low Risk - Improvement	Total Exceptions	Internal Control Environment	Compliance	Safeguarding of Assets	Effectiveness of Operations	Reliability & Integrity	Audit Assurance	Summary
<b>Stephen Baily - Director of Culture &amp; City Development</b>												
1516-017   CDC - Planning fees		1	2		3	2	0	NAT	1	NAT	Limited Assurance	One high risk and two medium risk exceptions arose on Planning Fees. The high risk relates to incomplete mandatory Financial Rules training. The medium risk exceptions relate to publication of outdated fees and lack of evidence regarding the calculation of the planning fees verification.

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1516-018   CDC - Dunsbury Hill Farm					0			NAT			Assurance	This is an interim report on the construction of the DHF access road. No exceptions have been raised but a number of risks highlighted that will be followed up at the next audit including Oak tree roots and stream design, SGN gas main relocation and effects of adverse weather
1516-021   CDC - Museum & Heritage Service - Volunteers					0			NAT	NAT	NAT	Assurance	Based on testing conducted assurance can be given regarding the arrangements in place for volunteers working for the Museum & Heritage Service.
<b>Alan Cufley - Director of Transport, Environment &amp; Business Support</b>												
1516-029   TES - PCMI Manufacturing		5			5	1	2	1	1	0	No Assurance	Five high risk exceptions arose within this audit which has resulted in no assurance overall. The exceptions relate to mandatory training, cash handling, copyright regulations, transparency of pricing and stock control.
<b>Louise Wilders - Director of Community &amp; Communication</b>												
1516-031   C&C - Cashiers & Cash Collection		4		3	7	NAT	3	2	NAT	2	Limited Assurance	Five high risk exceptions have been raised in relation to the PCC Cash Handling instructions, the retention of grey slips receipts from the cash collection contractor, donations belonging to the D-Day Museum Trust being held in the D-Day museum safe and banked by a member of PCC staff, a breach of the Anti-Money Laundering Policy and Procedures which requires all cash payments over £2000 to be reported to Internal Audit and a lack of evidence to confirm that the checks have been undertaken by internal audit on the reports of cash payments to identify if there is a need to report information on to the Serious Organised Crime Agency (SOCA) which is a legal requirement; failure to do so is a criminal offence.
1516-037   C&C - Security & Reception Arrangements	1	3	2		6	NAT	NAT	NAT	6	NAT	No Assurance	One critical risk exception, four high risk exceptions and one medium risk exception have been raised as a result of audit testing. The critical exception relations to conversations deemed as confidential that are taking place in the open reception area. The high risk exceptions were raised in relation to the visitors booking system, reporting of incidents in the ground floor reception area, to a security presence in the ground floor reception area and the use of the 9 ground floor meeting rooms in the reception area.
<b>Chris Ward - Director of Finance &amp; Information Service</b>												
1516-051   FIS - Grants (PH, LSTF etc.)					0	0	0	NAT	NAT	NAT	Assurance	No exceptions were raised in this audit. Testing reviewed the 2014/15 Public Health Grant expenditure to ensure it complied with the grant criteria.
1516-052   FIS - Application Archiving		1			1	NAT	1	NAT	0	NAT	No Assurance	One high risk exception arose within the audit of application archiving. The exception highlights that of the 4 databases sampled, no archiving or deletion of data is occurring which could potentially lead to a breach of the Data Protection Act 1998
<b>Total for period</b>	<b>1</b>	<b>14</b>	<b>4</b>	<b>3</b>	<b>22</b>							

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2014/15 Followed Up Audits - Critical Risk Exceptions	Critical Risk Open		Critical Risk Closed		Total Critical Risk	Comments
Audit Title						
F1415-066   FIN - Concessionary Travel Passes	0	0%	1	100%	1	
						The agreed actions were set on a short, medium and long term basis. Due to resource pressures the medium term action was not completed on time and has been pushed back to September 2015. Further details can be found within the full September Audit Performance Report
F1415-078   H&P - Safer Recruitment	1	100%	0	0%	1	
						Sample testing on 25 purchase card logs saw further non compliance with both purchasing card and financial rules. A review of the purchasing card process is to form part of the Procure to Pay project
F1415-056   FIN - Purchase Cards	1		0		1	
F1415-086   H&P - PAT Testing	0		1		1	
						Whilst progress has been made in respect of reviewing transport operators insurance and DBS details the Authority still does not have complete records in these areas
F1415-110   T&E - Home to school transport	2		0		2	
Total	4	67%	2	33%	6	

2014/15 Followed Up Audits - High Risk Exceptions	High Risk Open		High Risk Closed		Total High Risk	Comments
Audit Title						
						A high risk exception relating to a lack of inventory management was raised during the initial audit. Follow up testing evidenced that stock control processes have been implemented and management checks enforced. However, to fully mitigate the risks identified, reconciliations are required on the stock collections and jobs completed to verify all stock is accounted for.
F1415-027   CAB - Homecheck Telecare	1	20%	4	80%	5	
F1415-067   HLP - eBay Account	0	0%	1	100%	1	
F1415-076   H&P - Claims	0	0%	2	100%	2	

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							A high risk exception relating to B&B spend variances was raised during the initial audit. The agreed action to analyse the variance has not yet been completed as resources were instead used to create a process with a view to preventing future variances occurring.
F1415-077	H&P - Homelessness & Temporary Accommodation	1	100%	0	0%	1	
F1415-078	H&P - Safer Recruitment	0	0%	1	100%	1	
F1415-098	PIP - Port Finance	0	0%	1	100%	1	
F1415-123	EXT - Langstone Infant	0	0%	5	100%	5	
F1415-129	EXT - Manor Infant	0	0%	13	100%	13	
							An in year follow up was completed after 8 high risk exceptions were highlighted during the initial audit
1516-023	CUL - Hillside & Wymering Lodge	0	0%	8	100%	8	
F1415-014	CSC - Portsmouth Safeguarding Children's Board	0	0%	4	100%	4	
F1415-056	FIN - Purchase Cards	0	0%	1	100%	1	
							A project proposal to tackle the outstanding accounts on a trace code has been drawn up. This was not implemented within the agreed timescale as staff departures resulted in resources being focused in other areas
F1415-061	FIN - Debt Recovery	1	100%	0	0%	1	
F1415-086	H&P - PAT Testing	1	100%	0	0%	1	
							The addendum to the Maintenance Contract has been drafted and is to be included within the contract extension
F1415-101	PIP - Maintenance	1	100%	0	0%	1	
							No tendering exercises have been undertaken since the initial audit therefore further testing in this area could not be conducted
F1415-110	T&E - Home to school transport	1	50%	1	50%	2	
F1415-124	EXT - Copnor Primary	0	0%	9	100%	9	
F1415-137	EXT - Highbury Primary	0	0%	12	100%	12	
							Enforcement at the Park & Ride is still suspended as work continues with a view to ensuring live data is available to enforcement officers on their handheld machines
F1415-141	T&E - Park & Ride	1	100%	0	0%	1	
Total		7	10%	62	90%	69	

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2014/15 Followed Up Audits - Medium Risk Exceptions		Medium Risk Open		Medium Risk Closed		Total Medium Risk
Audit Title						
F1415-067	HLP - eBay Account	0	0%	1	100%	1
F1415-077	H&P - Homelessness & Temporary Accommodation	1	100%	0	0%	1
F1415-137	EXT - Highbury Primary	0	0%	2	100%	2
F1415-086	H&P - PAT Testing	1	100%	0	0%	1
F1415-124	EXT - Copnor Primary	0	0%	3	100%	3
Total		2	25%	6	75%	8

2014/15 Followed Up Audits - Low Risk Exceptions		Low Risk Open		Low Risk Closed		Total Low Risk
Audit Title						
F1415-067	HLP - eBay Account	0	0%	1	100%	1
F1415-076	H&P - Claims	0	0%	2	100%	2
F1415-056	FIN - Purchase Cards	0	0%	1	100%	1
F1415-061	FIN - Debt Recovery	1	100%	0	0%	1
Total		1	17%	5	83%	6

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# Agenda Item 7

<b>Title of Meeting</b>	Cabinet City Council Governance & Audit & Standards Committee (information only)
<b>Subject:</b>	Treasury Management Mid-Year Review for 2015/16
<b>Date of decision:</b>	5 November 2015 (Cabinet) 6 November 2015 (Governance & Audit & Standards Committee – Information only) 10 November 2015 (City Council)
<b>Report by:</b>	Chris Ward, Director of Financial & Information Services and Section 151 Officer
<b>Wards affected:</b>	All
Key decision:	Yes
Budget & policy framework decision:	Yes

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## 1. Purpose of report

The purpose of the report is to review the current treasury management position and strategy and make recommendations to improve the strength and performance of the treasury management operation. This report seeks to amend the minimum revenue provision (MRP) policy for the repayment of unsupported borrowing, to allow a wider range of investments to be made on the basis of a single credit rating, and to review the investment counter party limits. Appendix A aims to inform members and the wider community of the Council's Treasury Management position at 30 September 2015 and of the risks attached to that position.

## 2. Recommendations

1. That the annuity method of calculating the minimum revenue provision (MRP) for the repayment of debt is applied with effect from 2015/16 to General Fund post 1 April 2008 self-financed borrowing excluding:
  - Finance Leases
  - Service concessions (including Private Finance Initiative schemes)
  - Borrowing to fund long term debtors (including finance leases);
2. That investments be made in enhanced or cash plus money market funds on the basis of a single credit rating and that these be treated as category 6 investments
3. That the investment counter party limits be revised as shown in Appendix B

4. That the following investment duration limits be approved:

	Maximum Duration Limit
<u>Category 1</u> United Kingdom Government including the Debt Management Office Deposit Facility	Up to 5 years
<u>Category 2</u> Local authorities in England, Scotland and Wales	Up to 5 years
<u>Category 3</u> RSLs with a single long term credit rating of Aa-	Up to 10 years
<u>Category 4</u> Banks (including equity trackers) with a short term credit rating of F1+ and a long term rating of Aa-. Aaa rated money market funds.	Up to 5 years
<u>Category 5</u> RSLs with a single A long term credit rating of A-	Up 10 years
<u>Category 6</u> Banks (including equity trackers) and corporate bonds with a short term credit rating of F1 and a long term rating of A+. Building societies with a short term credit rating of F1 and a long term rating of A. Enhanced money market funds with a single AA credit rating.	Up to 5 years.
<u>Category 7</u> Banks (including equity trackers) and corporate bonds with a short term credit rating of F1 and a long term rating of A. Building societies with a short term credit rating of F1 and a long term rating of A-.	Up to 5 years
<u>Category 8</u> Banks (including equity trackers) and corporate bonds with a short term credit rating of F1 and a long term rating of A-.	Up to 5 years
<u>Category 9</u> Building societies with a short term credit rating of F2 and a long term rating of BBB.	Up to 2 years
<u>Category 10</u> Unrated building societies in the strongest financial position	Up to 2 years
<u>Category 11</u> Unrated building societies in a strong financial position	Up to 364 days



5. That the following actual Treasury Management indicators for the second quarter of 2015/16 be noted:

(a) The Council's debt at 30 September was as follows:

<b>Prudential Indicator 2015/16</b>	<b>Limit</b>	<b>Position at 30/9/15</b>
	£M	£M
Authorised Limit	503	469
Operational Boundary	484	469

(b) The maturity structure of the Council's borrowing was:

	<b>Under 1 Year</b>	<b>1 to 2 Years</b>	<b>3 to 5 Years</b>	<b>6 to 10 Years</b>	<b>11 to 20 Years</b>	<b>21 to 30 Years</b>	<b>31 to 40 Years</b>	<b>41 to 50 Years</b>
Lower Limit	0%	0%	0%	0%	0%	0%	0%	0%
Upper Limit	20%	20%	30%	30%	40%	40%	60%	70%
Actual	1%	4%	3%	4%	17%	11%	19%	41%

(c) The Council's interest rate exposures at 30 September 2015 were:

	<b>Limit</b>	<b>Actual</b>
	£m	£m
Fixed Interest	304	218
Variable Interest	(358)	(242)

(d) Sums invested for periods longer than 364 days at 30 September 2015 were:

<b>Maturing after</b>	<b>Original Limit</b>	<b>Actual</b>
	£m	£m
31/3/2016	243	159
31/3/2017	231	70
31/3/2018	228	5

### **3. Background**

CIPFA's Treasury Management Code requires a Treasury Management Mid-Year Review to be considered by the City Council. The Council's treasury management position at 30 September and the risks attached to that position are reported in Appendix A.

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 require each authority to "determine for the current financial year an amount of minimum provision which it considers prudent". Our current policy uses the asset life equal instalment method. However, 60% of the Council's borrowings mature in over 30 years meaning that funds are set aside in advance of need. All but £11m of the Council's borrowing is PWLB debt. The PWLB introduced new lower discount rates to calculate premiums on the early repayment of debt in 2010. The increased premiums resulting from this means that the existing debt is unlikely to be repaid early or rescheduled. In the meantime providing MRP using the asset life equal instalment method is contributing to the Council's high cash balances. The need to invest such high cash balances exposes the Council to credit risk in the event that one of the Council's investment counterparties gets into financial difficulties.

The Council has to hold some of its cash in liquid investments in order to meet its expenditure obligations when they fall due. The Council currently invests its short term cash in instant access money market funds which are currently yielding around 0.46%.

The Council changed its provider for investment counter party information on 1<sup>st</sup> May following the expiry of the previous contract. In addition there have been some changes to the credit ratings of the Council's investment counterparties.

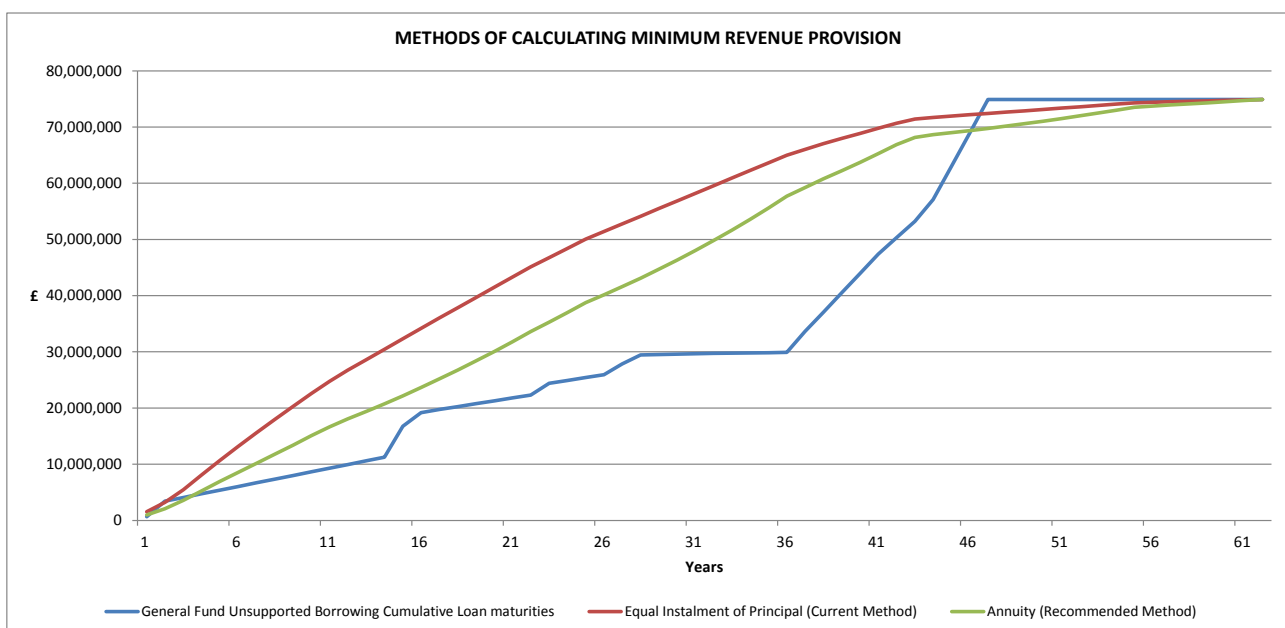
The Council's investment strategy approved by the City Council on 17 March 2015 set various duration limits for different investments depending on their credit quality.

#### 4. Reasons for Recommendations

It is recommended that the annuity method of calculating minimum revenue provision (MRP) for the repayment of debt is applied with effect from 2015/16 to General Fund post 1 April 2008 self-financed borrowing excluding:

- Finance Leases
- Service concessions (including Private Finance Initiative schemes)
- Borrowing to fund long term debtors (including finance leases)

This will still ensure that provision is made for the repayment of unsupported borrowing within the life of the assets that it is used to finance, but in a way that better reflects the maturity pattern of the Council's borrowing and avoids the credit risk associated with providing for the repayment of debt long before there is any realistic chance of the debt actually being repaid. The graph below illustrates this point.



It should also be borne in mind that the real value of the Council's long term borrowing will be considerably eroded by inflation prior to it becoming due for repayment which is a further argument for not providing for its repayment excessively early.

Separate arrangements exist to provide MRP for finance leases, service concessions and borrowing to fund long term debtors. MRP on finance leases and service concessions including Private Finance Initiative (PFI) arrangements equals the charge that goes to write down the balance sheet liability. The principal element of the income receivable from long term debtors is set aside to repay debt if the asset was financed through self-financed borrowing in order that the repayment of the debt is financed from the capital receipt. The principal element of the rent receivable from finance leases is set aside to repay debt if the asset was financed through self-financed borrowing in order that the repayment of the debt is financed from the capital receipt. It is not recommended that these arrangements be changed.

The returns on the Council's short term cash could be significantly enhanced by investing funds where same day access is not required in enhanced or cash plus money market funds which require two to four days' notice of withdrawals. These funds only have a single credit rating whereas the Council's investment policy generally requires investment counter parties to have two credit ratings. This provides the Council with greater assurance as it is relying on the analysis of two credit rating agencies rather than just one. However there is a cost to obtaining multiple credit ratings and enhanced or cash plus funds only have a single credit rating. It is therefore recommended that investments be made in enhanced or cash plus money market funds on the basis of a single credit rating. These funds have AA or AAA credit ratings. However it is recommended that these funds be treated as category 6 (A+) investments to reflect the increased risk of relying on a single credit rating (as opposed to category 4 if two ratings had been obtained).

The Council's new supplier of counter party information has suggested some additional counter parties that meet the Council's credit criteria. It is recommended that these be added to the Council's investment counter party list and that the investment limits be revised to take account of any changes to counter party's credit ratings.

Following the City Council's decision on 13 October to permit unsecured investments with a duration in excess of 2 years to be placed with banks; it is recommended that the following investment duration limits in the investment strategy be approved:

	Maximum Duration Limit
<u>Category 1</u> United Kingdom Government including the Debt Management Office Deposit Facility	Up to 5 years
<u>Category 2</u> Local authorities in England, Scotland and Wales	Up to 5 years
<u>Category 3</u> RSLs with a single long term credit rating of Aa-	Up to 10 years
<u>Category 4</u> Banks (including equity trackers) with a short term credit rating of F1+ and a long term rating of Aa-. Aaa rated money market funds.	Up to 5 years
<u>Category 5</u> RSLs with a single A long term credit rating of A-	Up 10 years
<u>Category 6</u> Banks (including equity trackers) and corporate bonds with a short term credit rating of F1 and a long term rating of A+. Building societies with a short term credit rating of F1 and a long term rating of A. Enhanced money market funds with a single credit rating of AA.	Up to 5 years.
<u>Category 7</u> Banks (including equity trackers) and corporate bonds with a short term credit rating of F1 and a long term rating of A. Building societies with a short term credit rating of F1 and a long term rating of A-.	Up to 5 years
<u>Category 8</u> Banks (including equity trackers) and corporate bonds with a short term credit rating of F1 and a long term rating of A-.	Up to 5 years
<u>Category 9</u> Building societies with a short term credit rating of F2 and a long term rating of BBB.	Up to 2 years
<u>Category 10</u> Unrated building societies in the strongest financial position	Up to 2 years
<u>Category 11</u> Unrated building societies in a strong financial position	Up to 364 days

## 5. Equality impact assessment (EIA)

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

## 6. Legal Implications

The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2011 to ensure that the Council's budgeting, financial management, and accounting practices meet the relevant statutory and professional requirements. Members must have regard to and be aware of the wider duties placed on the Council by various statutes governing the conduct of its financial affairs.

## 7. Director of Finance's comments

All financial considerations are contained within the body of the report and the attached appendices

.....  
 Signed by Director of Financial Services & IS (Section 151 Officer)

### Appendices:

**Appendix A: Treasury Management Mid-Year Review 2015/16**

**Appendix B: Investment Counter Party List**

### **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:

	<b><u>Title of document</u></b>	<b>Location</b>
1	Treasury Management Files	Financial Services
2		

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by the City Council on 10 November 2015.

.....  
 Signed by: Leader of the Council

**TREASURY MANAGEMENT MID YEAR REVIEW OF 2015/16****1. GOVERNANCE**

The Treasury Management Policy Statement, Annual Minimum Revenue Provision for Debt Repayment Statement and Annual Investment Strategy approved by the City Council on 17 March 2015 provide the framework within which Treasury Management activities are undertaken.

**2. ECONOMIC UPDATE****United Kingdom**

UK gross domestic product (GDP) growth rates in 2013 of 2.2% and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and the 2015 growth rate is likely to be a leading rate in the G7 again, possibly being equal to that of the US. However, quarter 1 of 2015 was weak at +0.4% (+2.9% y/y) though there was a rebound in quarter 2 to +0.7% (+2.4% y/y). Growth is expected to weaken marginally to about +0.5% in quarter 3 as the economy faces headwinds for exporters from the appreciation of Sterling against the Euro and weak growth in the EU, China and emerging markets, plus the dampening effect of the Government's continuing austerity programme, although the pace of reductions was eased in the May Budget.

Despite these headwinds, the Bank of England is forecasting growth to remain around 2.4 – 2.8% over the next three years, driven mainly by strong consumer demand as the squeeze on the disposable incomes of consumers has been reversed by a recovery in wage inflation at the same time that CPI inflation has fallen to, or near to, zero over the last quarter. Investment expenditure is also expected to support growth.

The August Bank of England Inflation Report forecast was notably subdued with inflation barely getting back up to the 2% target within the 2-3 year time horizon. However, with the price of oil taking a fresh downward direction and Iran expected to soon re-join the world oil market after the impending lifting of sanctions, there could be several more months of low inflation still to come, especially as world commodity prices have generally been depressed by the Chinese economic downturn.

There are therefore considerable risks around whether inflation will rise in the near future as strongly as previously expected; this will make it more difficult for the central banks of both the US and the UK to raise rates as soon as had previously been expected, especially given the recent major concerns around the slowdown in Chinese growth, the knock on impact on the earnings of emerging countries from falling oil and commodity prices, and the volatility we have seen in equity and bond markets in 2015 so far, which could potentially spill over to impact the real economies rather than just financial markets.

### United States

The American economy has made a strong comeback after a weak first quarter's growth at +0.6% (annualised), to grow by no less than 3.9% in quarter 2 of 2015. While there had been confident expectations during the summer that the Fed. could start increasing rates at its meeting on 17 September, or if not by the end of 2015, the recent downbeat news about Chinese and Japanese growth and the knock on impact on emerging countries that are major suppliers of commodities, was cited as the main reason for the Fed's decision to pull back from making that start. This has led to a reappraisal of the likelihood of any increase occurring in 2015 with early 2016 now being widely regarded as being more likely.

### Eurozone (EZ)

In the Eurozone, the European Central Bank (ECB) fired its big bazooka in January 2015 in unleashing a massive €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it is intended to run initially to September 2016. This already appears to have had a positive effect in helping a recovery in consumer and business confidence and a start to a significant improvement in economic growth. GDP growth rose to 0.5% in quarter 1 2015 (1.0% y/y) but came in at +0.4% (+1.5% y/y) in quarter 2 and looks as if it may maintain this pace in quarter 3. However, the recent downbeat Chinese and Japanese news has raised questions as to whether the ECB will need to boost its QE programme if it is to succeed in significantly improving growth in the EZ and getting inflation up from the current level of around zero to its target of 2%.



### 3. INTEREST RATE FORECAST

The Council's treasury advisor, Capita Asset Services, has provided the following forecast:

	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
Bank rate	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.50%	1.50%	1.75%	1.75%
5yr PWLB rate	2.40%	2.50%	2.60%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%
10yr PWLB rate	3.00%	3.20%	3.30%	3.40%	3.50%	3.70%	3.80%	3.90%	4.00%	4.10%	4.20%
25yr PWLB rate	3.60%	3.80%	3.90%	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	4.60%
50yr PWLB rate	3.60%	3.80%	3.90%	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	4.60%

Capita Asset Services undertook a review of its interest rate forecasts on 11 August. Later in August, fears around the slowdown in China and Japan caused major volatility in equities and bonds and sparked a flight from equities into safe havens like gilts and so caused PWLB rates to fall. However, there is much volatility in rates as news ebbs and flows in negative or positive ways and news in September in respect of Volkswagen, and other corporates, has compounded downward pressure on equity prices. This latest forecast includes a first increase in Bank Rate in quarter 2 of 2016.

Despite market turbulence in late August, and then September, causing a sharp downturn in PWLB rates, the overall trend in the longer term will be for gilt yields and PWLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. Increasing investor confidence in eventual world economic recovery is also likely to compound this effect as recovery will encourage investors to switch from bonds to equities.

The overall balance of risks to economic recovery in the UK is currently evenly balanced. Only time will tell just how long this current period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing safe haven flows.
- UK economic growth turns significantly weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU, US and China.

- A resurgence of the Eurozone sovereign debt crisis.
- Recapitalisation of European banks requiring more government financial support.
- Monetary policy action failing to stimulate sustainable growth and to combat the threat of deflation in western economies, especially the Eurozone and Japan.
- Emerging country economies, currencies and corporates destabilised by falling commodity prices and / or the start of United States Fed. rate increases, causing a flight to safe havens

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- Uncertainty around the risk of a UK exit from the EU.
- The ECB severely disappointing financial markets with a programme of asset purchases which proves insufficient to significantly stimulate growth in the EZ.
- The commencement by the US Federal Reserve of increases in the Fed. funds rate in 2015, causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

#### 4. NET DEBT

The Council's net borrowing position excluding accrued interest at 30 September 2015 was as follows:

	1 April 2015	30 September 2015
	£'000	£'000
Borrowing	376,471	383,795
Finance Leases	3,027	2,740
Service Concession Arrangements (including Private Finance Initiative)	83,068	82,589
<b>Gross Debt</b>	<b>462,566</b>	<b>469,124</b>
Investments	(321,917)	(408,236)
<b>Net Debt</b>	<b>140,649</b>	<b>60,888</b>

The Council has a high level of investments relative to its gross debt due to a high level of reserves, partly built up to meet future commitments under the Private Finance Initiative schemes and future capital expenditure. However these reserves are fully committed and are not available to fund new expenditure. The £84m of borrowing taken in 2011/12 to take advantage of the very low PWLB rates has also temporarily increased the Council's cash balances.

The current high level of investments increases the Council's exposure to credit risk, ie. the risk that an approved borrower defaults on the Council's investment. In the interim period where investments are high because loans have been taken in advance of need, there is also a short term risk that the rates (and therefore the cost) at which money has been borrowed will be greater than the rates at which those loans can be invested. The level of investments will fall as capital expenditure is incurred and commitments under the Private Finance Initiative (PFI) schemes are met.

## 5. DEBT RESCHEDULING

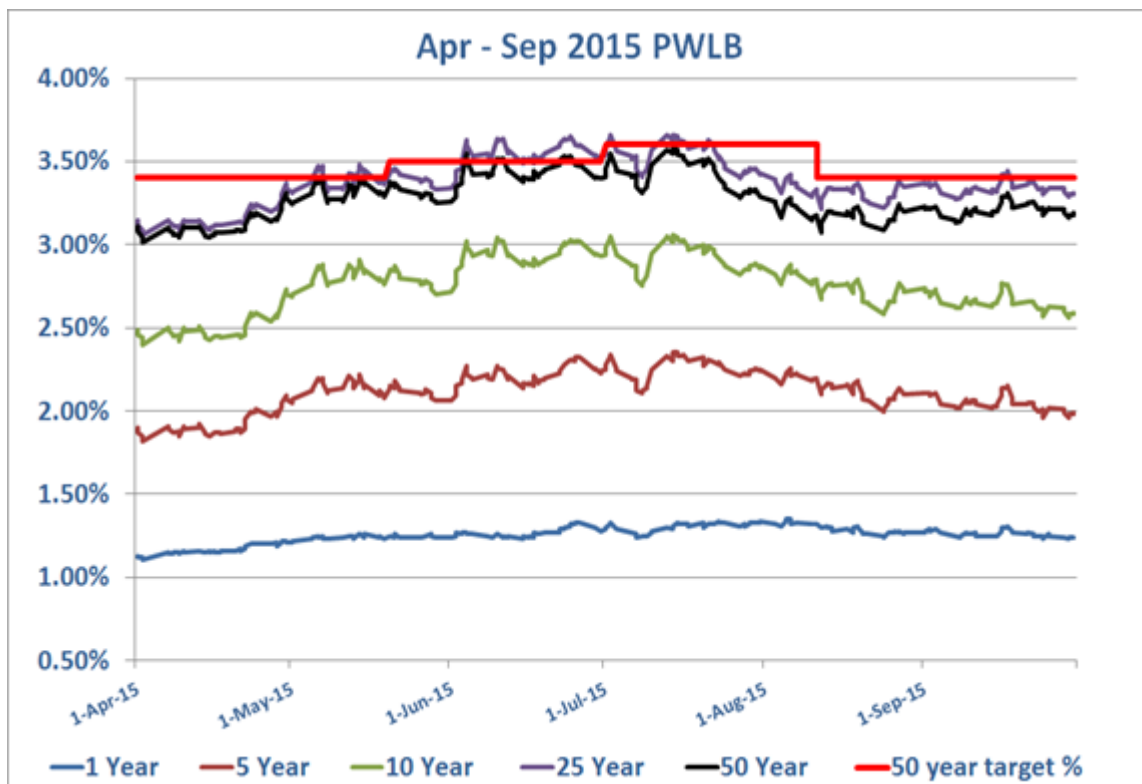
Under certain circumstances it could be beneficial to use the Council's investments to repay its debt. However this normally entails paying a premium to the lender, namely the Public Works Loans Board (PWLB). Debt rescheduling is only beneficial to the revenue account when the benefits of reduced net interest payments exceed the cost of any premiums payable to the lender. Debt rescheduling opportunities have been limited in the current economic climate and by the structure of interest rates following increases in PWLB new borrowing rates in October 2010.

No debt rescheduling was undertaken during the first half of the year.

## 6. BORROWING ACTIVITY

The City Council has access to borrow £18m from the Public Works Loans Board (PWLB) at the project rate in 2015/16 to fund the development of Tipner, Horsea Island and Dunsbury Hill Farm. The project rate is 0.2% less than the certainty rate that the PWLB normally offers to the Council.

The graph below shows the PWLB's certainty rates in the first six months of 2015/16.



There were many small movements in PWLB rates in the first six months of 2015/16, both upwards and downwards, but overall the general trend has been an increase in interest rates during the first quarter but then a fall during the second quarter. There was a dip in PWLB rates on 24<sup>th</sup> August and £9m was borrowed from the PWLB at the project rate which was 2.73% at the time. The loan has a term of 15 years repayable at maturity in August 2030.

The remaining £9m of the allocation will be borrowed at a time when PWLB rates are favourable.

The Council's debt at 30 September was as follows:

<b>Prudential Indicator 2015/16</b>	<b>Limit</b>	<b>Position at 30/9/14</b>
	£M	£M
Authorised Limit	503	469
Operational Boundary	484	469

## **7. MATURITY STRUCTURE OF BORROWING**

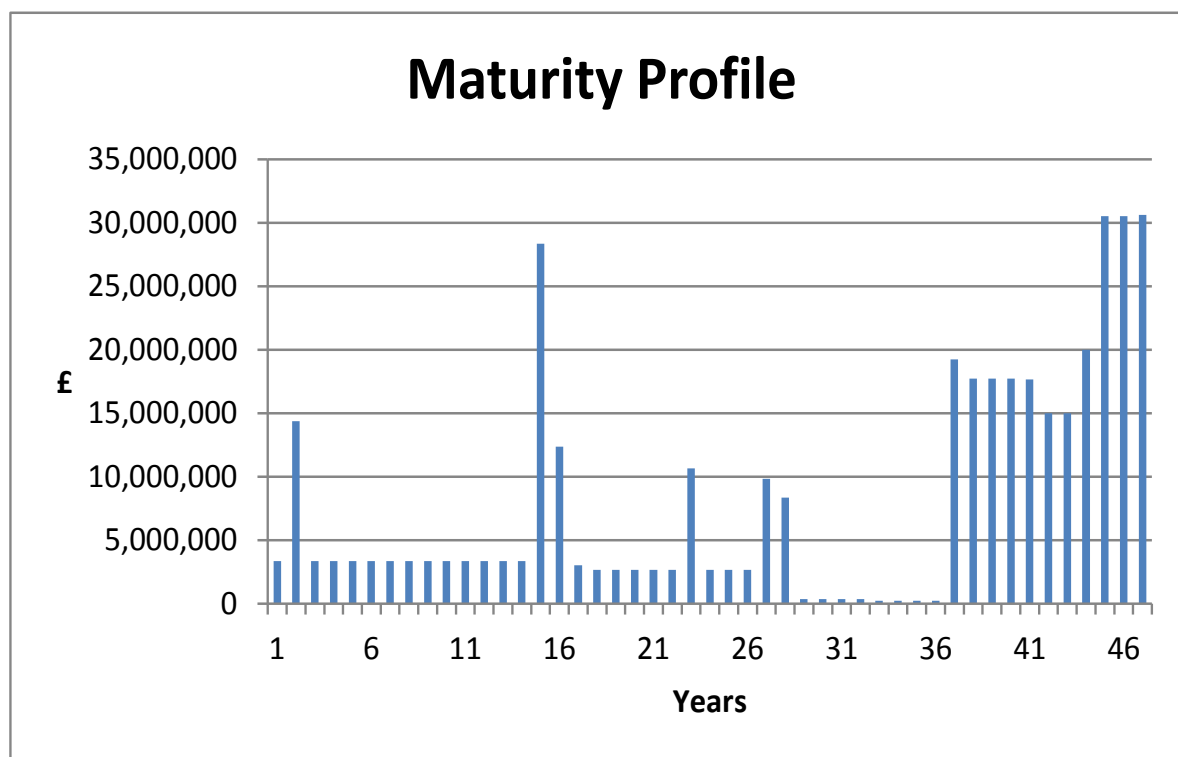
In recent years the cheapest loans have often been very long loans repayable at maturity.

During 2007/08 the Council rescheduled £70.8m of debt. This involved repaying loans from the Public Works Loans Board (PWLB) early and taking out new loans from the PWLB with longer maturities ranging from 45 to 49 years. The effect of the debt restructuring was to reduce the annual interest payable on the Council's debt and to lengthen the maturity profile of the Council's debt.

£50m of new borrowing was taken in 2008/09 to finance capital expenditure. Funds were borrowed from the PWLB at fixed rates of between 4.45% and 4.60% for between 43 and 50 years.

A further £173m was borrowed in 2011/12 to finance capital expenditure and the HRA Self Financing payment to the Government. Funds were borrowed from the PWLB at rates of between 3.48% and 5.01%. £89m of this borrowing is repayable at maturity in excess of 48 years. The remaining £84m is repayable in equal installments of principal over periods of between 20 and 31 years.

As a result of interest rates in 2007/08 when the City Council rescheduled much of its debt and interest rates in 2008/09 and 2011/12 when the City Council undertook considerable new borrowing 60% of the City Council's debt matures in over 30 years' time. This is illustrated in graph below.



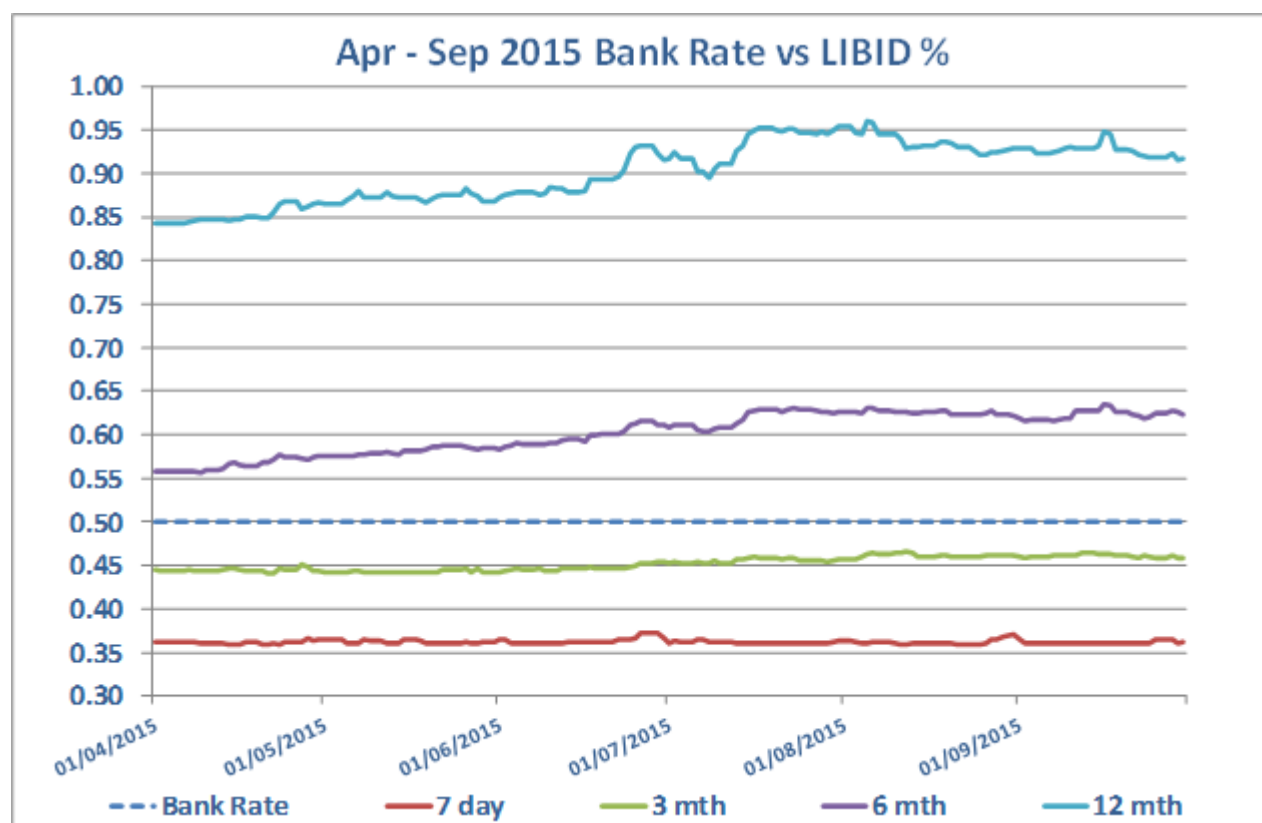
CIPFA's Treasury Management in the Public Services Code of Practice which the City Council is legally obliged to have regard to requires local authorities to set upper and lower limits for the maturity structure of their borrowing. The limits set by the City Council on 17 March together with the City Councils actual debt maturity pattern are shown below.

	<b>Under 1 Year</b>	<b>1 to 2 Years</b>	<b>3 to 5 Years</b>	<b>6 to 10 Years</b>	<b>11 to 20 Years</b>	<b>21 to 30 Years</b>	<b>31 to 40 Years</b>	<b>41 to 50 Years</b>
Lower Limit	0%	0%	0%	0%	0%	0%	0%	0%
Upper Limit	20%	20%	30%	30%	40%	40%	60%	70%
Actual	1%	4%	3%	4%	17%	11%	19%	41%

## 8. INVESTMENT ACTIVITY

In accordance with the Government's statutory guidance, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. It is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the 0.5% Bank Rate.

Short term market interest rates for the first half of 2015/16 are shown in the graph below:



The Council's investment portfolio has increased by £86.3m from £321.9m to £408.2m. This resulted in up to £85m being invested in AAA rated money market funds and 1 month UK Government Treasury Bills which paid interest of between 0.33 and 0.42% until it was possible to invest these funds for a longer term at higher interest rates. This caused the average return on the Council's investments to fall from 0.76% in 2014/15 to 0.68% in the first quarter of 2015/16. Despite this the Council has been able to reduce its investments in other local authorities by £54.5m from £161.5m to £107.0m. Local authorities are currently typically offering 0.5% for a year or 0.9% for two years compared to 1.05% for a year or 1.25% for two years from other borrowers.

The overall investment portfolio yield for the first six months of the year is 0.76%.

The Council's budgeted investment return for 2015/16 is £2,297k, and performance for the year to date is £376k above budget. This is due to having more cash to invest than had been anticipated and improved investment returns.

## **9. REVISION OF INVESTMENT COUNTER PARTIES**

The Council changed its provider for counter party information on 1<sup>st</sup> May following the expiry of the previous contract. The Council's new supplier of counter party information has suggested some additional counter parties that meet the Council's credit criteria.

In addition there have been a lot of changes to institutions credit ratings in the first six months of 2015/16. Following the financial crisis many governments, including the UK government, put bank resolution arrangements in place so that if a bank fails in future, it will be depositors that fund the resolution of the failure rather than the tax payer. This resulted in numerous banks being placed on negative outlook by the credit rating agencies as they considered whether uplifts to credit ratings on the basis of sovereign support were still justified. At the same time the regulatory authorities have required banks to strengthen their balance sheets. Uplifts to credit ratings for sovereign support have now been largely removed. The credit rating agencies have also changed their methodologies to focus more on loss absorbing capital, effectively shareholders' funds. The credit rating agencies have now completed many of their reviews and as a result of banks strengthening their balance sheets, many of the negative outlooks that were placed on banks did not actually result in downgrades.

It is recommended that the new counter parties identified be added to the Council's investment counter party list and that the investment limits be revised to take account of any changes to counter party's credit ratings.

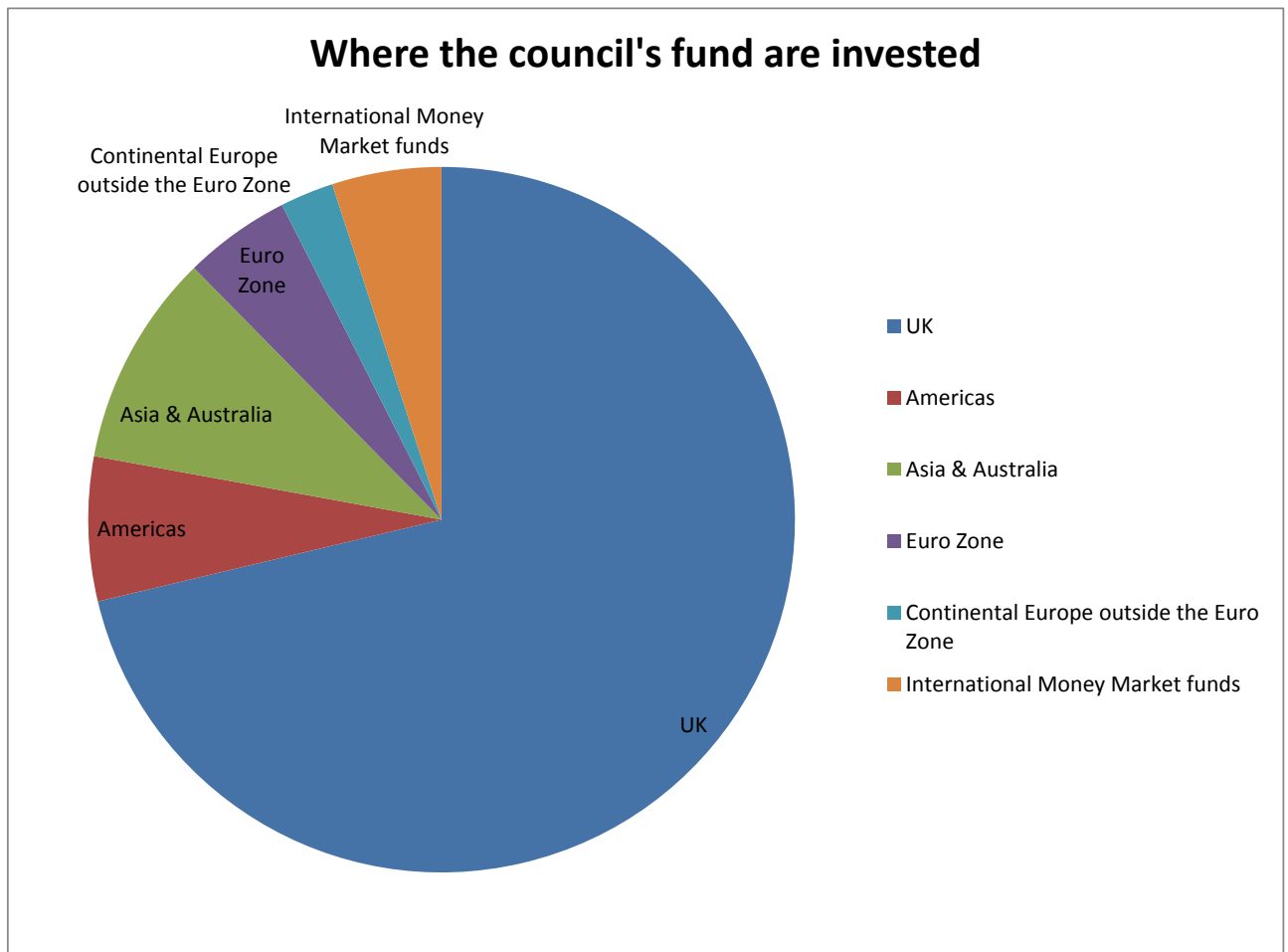
## **10. SECURITY OF INVESTMENTS**

The risk of default has been managed through limiting investments in any institution to £30m or less depending on its credit rating and spreading investments over countries and sectors.

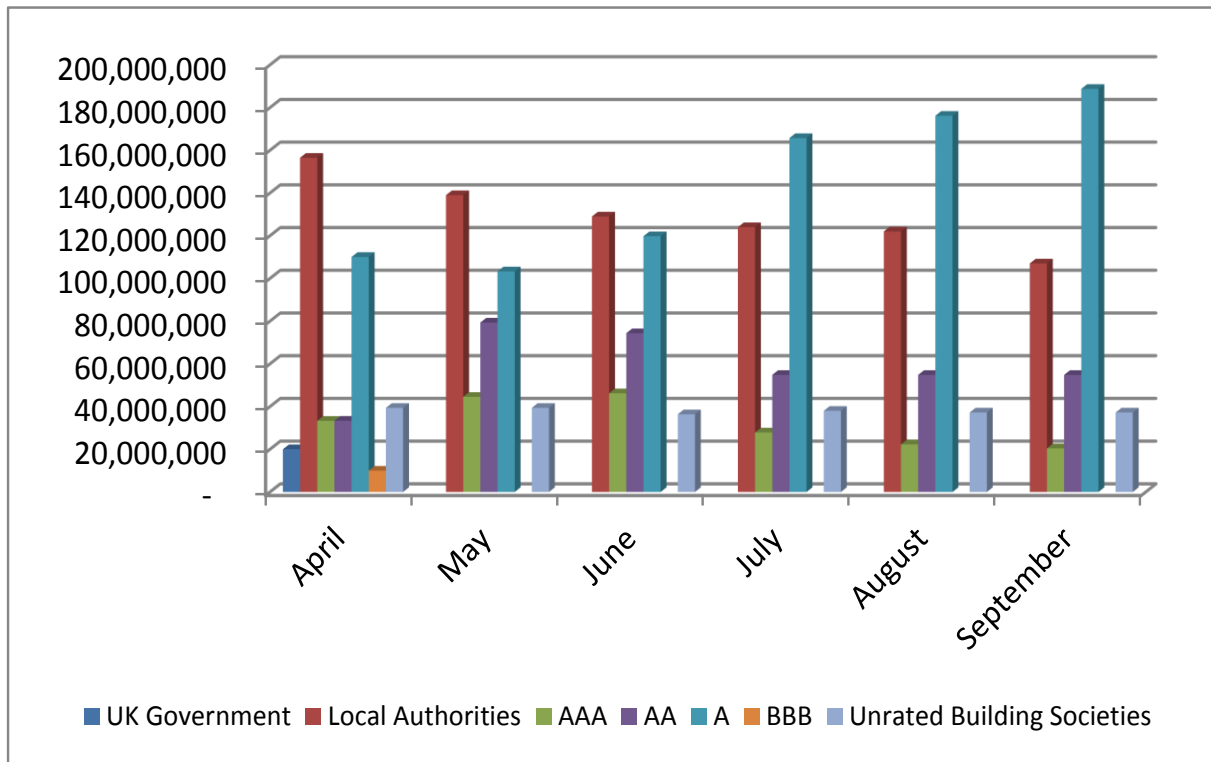
At 30 September 2015 the City Council had on average £5.8m invested with each institution.



The chart below shows where the Council's funds were invested at 30 September 2015.



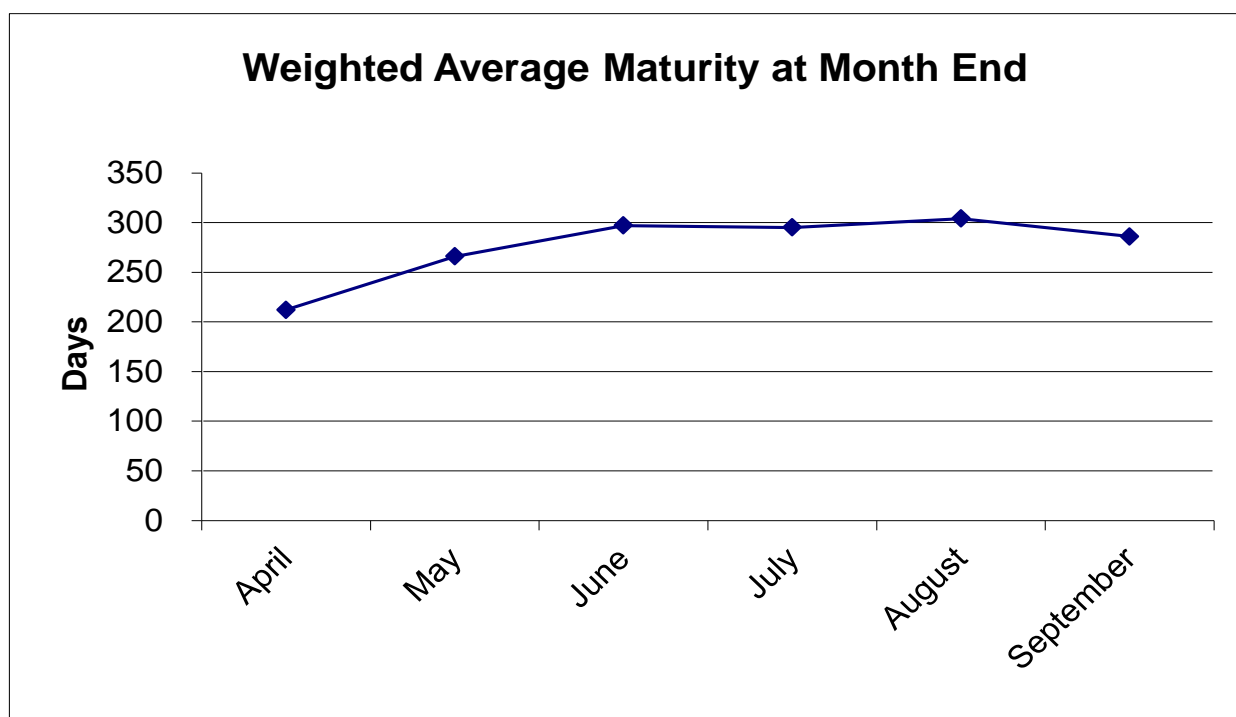
The chart below shows how the Council's investment portfolio has changed in terms of the credit ratings of investment counter parties over the first six months of 2015/16.



It can be seen from the graph above that investments in local authorities have declined over the first six months of 2015/16. These investments have largely been replaced by investments in A rated counter parties which generally offer a better return than investments in local authorities.

## 11. LIQUIDITY OF INVESTMENTS

The weighted average maturity of the City Council's investment portfolio started at 212 days in April and increased to 297 days in June as suitable investments opportunities became available for the increased level of cash in the first quarter of the year. Since June the weighted maturity of the investment portfolio has been fairly stable. This is shown in the graph below.



The Treasury Management Policy seeks to maintain the liquidity of the portfolio, ie. the ability to liquidate investments to meet the Council's cash requirements, through maintaining at least £10m in instant access accounts. At 30 September £20.4m was invested in instant access accounts. Whilst short term investments provide liquidity and reduce the risk of default, they do also leave the Council exposed to falling interest rates.

Under CIPFA's Treasury Management Code it is necessary to specify limits on the amount of long term investments, ie. investments exceeding 364 days that have maturities beyond year end in order to ensure that sufficient money can be called back to meet the Council's cash flow requirements. The Council's performance against the limits set by the City Council on 17 March 2015 is shown below.

<b>Maturing after</b>	<b>Limit</b>	<b>Actual</b>
	£m	£m
31/3/2016	243	159
31/3/2017	231	70
31/3/2018	228	5

## 12. INTEREST RATE RISK

This is the risk that interest rates will move in a way that is adverse to the City Council's position.

The CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes require local authorities to set upper limits for fixed interest rate exposures. Fixed interest rate borrowing exposes the Council to the risk that interest rates could fall and the Council will pay more interest than it need have done. Long term fixed interest rate investments expose the Council to the risk that interest rates could rise and the Council will receive less income than it could have received. However fixed interest rate exposures do avoid the risk of budget variances caused by interest rate movements. The Council's performance against the limits set by the City Council on 17 March 2015 is shown below.

	<b>Limit</b>	<b>Actual</b>
	<b>£m</b>	<b>£m</b>
Maximum Projected Gross Borrowing – Fixed Rate	395	384
Minimum Projected Gross Investments – Fixed Rate	(91)	(166)
Fixed Interest Rate Exposure	304	218

The CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes also require local authorities to set upper limits for variable interest rate exposures. Variable interest rate borrowing exposes the Council to the risk that interest rates could rise and the Council's interest payments will increase. Short term and variable interest rate investments expose the Council to the risk that interest rates could fall and the Council's investment income will fall. Variable interest rate exposures carry the risk of budget variances caused by interest rate movements. The Council's performance against the limits set by the City Council on 17 March 2015 is shown below.

	<b>Limit</b>	<b>Actual</b>
	<b>£m</b>	<b>£m</b>
Minimum Projected Gross Borrowing – Variable Rate	-	-
Maximum Projected Gross Investments – Variable Rate	(358)	(242)
Variable Interest Rate Exposure	(358)	(242)

The City Council is particularly exposed to interest rate risk because all the City Council's debt is made up of fixed rate long term loans, but most of the City Council's investments are short term. Future movements in the Bank Base Rate tend to affect the return on the Council's investments, but leave fixed rate long term loan payments unchanged. This could favour the City Council if short term interest rates rise.

The risk of a 0.5% change in interest rates to the Council is as follows:

<b><u>Effect of +/- 0.5% Rate Change</u></b>	<b>2015/16 (Part Year)</b>	<b>2016/17</b>	<b>2017/18</b>
	£'000	£'000	£'000
Long Term Borrowing	-	2	55
Investment Interest	(123)	(641)	(780)
<b>Net Effect of +/- 0.5% Rate Change</b>	<b>(123)</b>	<b>(639)</b>	<b>(725)</b>

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## INVESTMENT COUNTER PARTY LIST

Category	Counter Party	Average Long Term Credit Rating *	Comments	Investment Limit £	Maximum Term
1	United Kingdom Government including investments explicitly guaranteed by the UK Government	AA+		Unlimited	5 years
2	All local authorities in England, Scotland & wales	n/a		30,000,000	5 years
3	Registered Social Landlords (RSLs)	AA-		30,000,000	10 years
4	Australia & New Zealand Banking Group	AA-		26,000,000	5 years
4	Commonwealth Bank of Australia	AA-		26,000,000	5 years
4	National Australia Bank	AA-		26,000,000	5 years
4	Westpac Banking Corporation	AA-		26,000,000	5 years
4	Bank of Nova Scotia	AA-		26,000,000	5 years
4	Toronto Dominion Bank	AA		26,000,000	5 years
4	DZ Bank AG	AA-	New counter party	26,000,000	5 years
4	Landwirtschaftliche Rentenbank	AAA	New counter party	26,000,000	5 years
4	NRW Bank	AA	New counter party	26,000,000	5 years
4	Bank Nederlanden Gemeeten	AA+	New counter party	26,000,000	5 years
4	Nederlandse Waterschapsbank NV	AA+	New counter party	26,000,000	5 years
4	DBS Bank	AA		26,000,000	5 years
4	Overseas Chinese Banking Corp	AA		26,000,000	5 years
4	United Overseas Bank	AA		26,000,000	5 years
4	Nordia Bank AB	AA-		26,000,000	5 years
4	Svenska Handelsbanken	AA-	Upgraded from category 6	26,000,000	5 years
4	HSBC Bank plc	AA-	Upgraded from category 6	26,000,000	5 years
4	Bank of New York Mellon	AA-		26,000,000	5 years
4	JP Morgan Chase Bank NA	AA-	Upgraded from category 6	26,000,000	5 years
4	Wells Fargo Bank NA	AA-		26,000,000	5 years
4	Nordic Investment Bank	AAA		26,000,000	5 years
4	Inter-American Development Bank	AAA		26,000,000	5 years
4	IBRD (World Bank)	AAA		26,000,000	5 years
4	Council of Europe Development Bank	AA+		26,000,000	5 years
4	European Bank for Reconstruction & Development	AAA		26,000,000	5 years
4	European Investment Bank	AA+		26,000,000	5 years

Category	Counter Party	Average Long Term Credit Rating *	Comments	Investment Limit £	Maximum Term
4	Global Treasury Funds Plc	AAA	Money Market Fund	26,000,000	Instant Access
4	Morgan Stanley Funds Plc	AAA	Money Market Fund	26,000,000	Instant Access
4	Short Term Investment Company (Global Series) Plc	AAA	Money Market Fund	26,000,000	Instant Access
4	Goldman Sachs Sterling Liquidity Reserve	AAA	Money Market Fund	26,000,000	Instant Access
4	Scottish Widows Investment Partnership Global Liquidity Sterling Fund	AAA	Money Market Fund	26,000,000	Instant Access
4	BNY Mellon Sterling Liquidity Fund	AAA	Money Market Fund	26,000,000	Instant Access
4	Deutsche Global Liquidity Series Plc	AAA	Money Market Fund	26,000,000	Instant Access
4	Morgan Stanley Funds Plc	AAA	Money Market Fund	26,000,000	Instant Access
4	Aberdeen Investment Cash OEIC Plc	AAA	New counter party. Money Market Fund	26,000,000	Instant Access
4	Insight Investment	AAA	New counter party. Money Market Fund	26,000,000	Instant Access
4	Federated Investors (UK) LLP	AAA	New counter party. Money Market Fund	26,000,000	Instant Access
4	Royal London Asset Management	AAA	New counter party. Money Market Fund	26,000,000	Instant Access
4	Standard Life Sterling Liquidity Fund	AAA	New counter party. Money Market Fund	26,000,000	Instant Access
5	Registered Social Landlords (RSLs)	A-		20,000,000	10 years



Category	Counter Party	Average Long Term Credit Rating *	Comments	Investment Limit £	Maximum Term
6	Lloyds TSB Bank plc	A+	Upgraded from category 8	20,000,000	5 years
6	Standard Chartered Bank	A+		20,000,000	5 years
6	Bank of Montreal	A+	Downgraded from category 4	20,000,000	5 years
6	Canadian Imperial Bank of Commerce	A+	Downgraded from category 4	20,000,000	5 years
6	Royal Bank of Canada	A+	Downgraded from category 4	20,000,000	5 years
6	Landesbank Hessen - Thuringen	A+	New counter party	20,000,000	5 years
6	Sumitomo Mitsui Banking Corporation Europe Ltd	A+	New counter party	20,000,000	5 years
6	Rabobank Nederland NV	A+	Downgraded from category 4	20,000,000	5 years
6	Swedbank AB	A+		20,000,000	5 years
6	DNB Bank	A+		20,000,000	5 years
6	Bank of America NA	A+	New counter party	20,000,000	5 years
6	Citibank NA	A+	New counter party	20,000,000	5 years
6	Morgan Stanley	A+	New counter party	20,000,000	5 years
6	Coventry Building Society	A	Upgraded from category 7	20,000,000	5 years
6	Nationwide Building Society	A	Upgraded from category 7	20,000,000	5 years
6	Standard Life Investments	AAA	New counter party. Short Duration Cash Fund	20,000,000	3 working days notice
6	Aberdeen Investment Cash OEIC Plc	AAA	New counter party. Cash Investment Fund	20,000,000	3 working days notice
6	Insight Investment	AAA	New counter party. Liquidity Plus Fund	20,000,000	4 working days notice
6	Federated Investors (UK) LLP	AAA	New counter party. Cash Plus Fund	20,000,000	2 working days notice
6	Royal London Asset Management	AA	New counter party. Cash Plus Fund	20,000,000	2 working days notice

Category	Counter Party	Average Long Term Credit Rating *	Comments	Investment Limit £	Maximum Term
7	Santander UK Plc	A	New Counter party	13,000,000	5 years
7	Barclays Bank Plc	A	Upgraded from category 8	13,000,000	5 years
7	Macquarie Bank Ltd	A	New Counter party	13,000,000	5 years
7	National Bank of Canada	A	Downgraded from category 6	13,000,000	5 years
7	Danske Bank	A	New counter party	13,000,000	5 years
7	Landesbank Baden Wurtenburg	A	New counter party	13,000,000	5 years
7	ABN Amro Bank NV	A		13,000,000	5 years
7	ING Bank NV	A		13,000,000	5 years
7	Skandinaviska Enskilda Banken (SEB)	A		13,000,000	5 years
7	Credit Suisse	A		13,000,000	5 years
7	UBS AG	A		13,000,000	5 years
7	Goldman Sachs (including Goldman Sachs International Bank)	A	New counter party	13,000,000	5 years
7	National Bank of Canada	A		13,000,000	5 years
7	Leeds Building Society	A-		13,000,000	5 years
8	Deutsche Bank AG	A-		10,000,000	5 years
8	Bayern LB	A-	New counterparty	10,000,000	5 years
9	Yorkshire Building Society	A-	Short term rating P2	10,000,000	2 years
10	Furness Building Society	Unrated		4,200,000	2 years
10	Leek United Building Society	Unrated		4,200,000	2 years
10	Newbury Building Society	Unrated		3,900,000	2 years
10	Hinckley & Rugby Building Society	Unrated		2,800,000	2 years
10	Tipton & Coseley Building Society	Unrated		1,800,000	2 years
10	Marsden Building Society	Unrated		1,700,000	2 years
10	Dudley Building Society	Unrated		1,600,000	2 years
10	Loughborough Building Society	Unrated		1,400,000	2 years
10	Harpenden Building Society	Unrated		1,400,000	2 years
10	Stafford Railway Building Society	Unrated		1,200,000	2 years
10	Swansea Building Society	Unrated		1,100,000	2 years
10	Chorley and District	Unrated		1,000,000	2 years
11	Nottingham Building Society	BBB	Single rating	6,000,000	364 days
11	Progressive Building Society	Unrated		6,000,000	364 days
11	Cambridge Building Society	Unrated		5,700,000	364 days
11	Monmouthshire Building Society	Unrated		4,800,000	364 days
11	Darlington Building Society	Unrated		2,600,000	364 days
11	Market Harborough Building Society	Unrated		2,000,000	364 days
11	Melton Mowbray Building Society	Unrated		1,900,000	364 days
11	Scottish Building Society	Unrated		1,900,000	364 days
11	Hanley Economic Building Society	Unrated		1,600,000	364 days
11	Mansfield Building Society	Unrated		1,400,000	364 days
11	Vernon Building Society	Unrated		1,300,000	364 days

#### Notes

\* The long term credit ratings shown are adjusted to take account of possible future actions resulting from negative watches & outlooks.

# Agenda Item 8



Portsmouth  
CITY COUNCIL

Agenda item:

<b>Title of meeting:</b>	Governance & Audit & Standards Full Council
<b>Date of meeting:</b>	6 <sup>th</sup> November 2015 10 <sup>th</sup> November 2015
<b>Subject:</b>	Changes to the designated independent person dismissal procedures
<b>Report From:</b>	Director of HR, Legal & Procurement
<b>Report by:</b>	Paddy May, Corporate Strategy Manager
<b>Wards affected:</b>	N/A
<b>Key decision:</b>	No
<b>Full Council decision:</b>	Yes

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## 1. Purpose of report

- 1.1. To inform members of a change to the process (as recently agreed by Employment Committee) that must be followed for the dismissal of designated statutory officer posts (Head of Paid Service, Monitoring Officer or Chief Finance Officer) and to seek, from Governance and Audit and Standards Committee (G&A&S), a recommendation to council to amend paragraph 10 of the Council's *Officers' Employment Procedure Rules in Part 3D of the Constitution* to reflect this new process.
- 1.2. This process was developed following a previous debate at G&A&S and Full Council and the request that consideration be given as to how an appeal process would work. The revised approach, allowing an appeal, was agreed at Employment Committee and this has led to a further proposed change to the Officers Employment Procedure Rules which has to be approved by Full Council via a recommendation from G & A & S.

## 2. Recommendations

- 2.1. It is recommended that :
  - 1) Governance & Audit & Standards Committee recommends that Full Council approves the changes to paragraph 10 of the revised new Officers Employment Procedure Rules as shown in Appendix 2
  - 2) Council approves the changes to paragraph 10 of the new Officer Employment Procedure Rules as shown in Appendix 2 recommended by Governance and Audit and Standards Committee.

### **3. Background**

- 3.1. As previously reported to G&A&S the dismissal process for the Head of Paid Service, the Monitoring Officers and the Chief Finance Officers (S151 officer) have been changed. Previously any allegation of misconduct against any of these officers had to be undertaken by a Designated Independent Person (DIP) and no disciplinary action could be taken other than that which had been recommended in a report by the DIP. The purpose of these requirements was to ensure that these officers could discharge their duties without any fear of being influenced by elected members or of being dismissed without good reason.
- 3.2. In response to a policy position that the process of appointing a DIP and undertaking an investigation was bureaucratic, complex, time consuming and expensive, new regulations (the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015 ("the regulations")) were issued which had the effect of directing councils to change their standing orders. Councils had to agree the new approach at the first ordinary Council meeting after the election and modify their standing orders (or equivalent) with the text given in the regulations. In Portsmouth this meant that changes had to be made to the "Officers' Employment Procedure Rules in Part 3D of the Constitution" and this was agreed at the Council meeting on the 7<sup>th</sup> July.
- 3.3. When G&A&S considered this issue in June 2015 they agreed to the process and the changes to our Officers Employment Procedure Rules to ensure that the Council met its statutory obligations. However G&A&S and Full Council were very concerned that the requirements in the regulations did not allow for an appeal process. A revised process that allowed for an appeal was agreed at Employment Committee on 15<sup>th</sup> September 2015. This has led to the creation of a revised version of paragraph 10 of the Officers Employment Procedure Rules and these need to be approved by Full Council via a recommendation from G&A&S. Appendix 1 to this report shows the proposed process as a flow chart and Appendix 2 includes the proposed changes to paragraph 10 of the new Officers Employment Procedure Rules that reflect this process.

### **4. The proposed new arrangements**

- 4.1. It is worth stressing that the new regulations do not "trump" employment law. A process that is entirely consistent with the new regulations could be against Employment Law and therefore leave the Council open to legal challenge through an employment tribunal. It is therefore important that we designed a process that was both consistent with the new regulations and with employment law. It should be noted that nationally it has been very rare for such dismissals to take place.
- 4.2. The Local Government Association published an Advisory Bulletin which suggested a new process that could be followed that would be consistent with the new regulations and employment law. In this advisory bulletin they state *"the regulations provide little detail of how the new process will operate in practice. For this reason authorities will need to consider how the new process could work in their authority and in particular how they will join the gaps in the Regulations to ensure the effective running of a disciplinary / dismissal process"*. A modified version of the LGA approach was the approach agreed by Employment Committee. Appendix 1 provides a flow chart that reflects what was agreed at Employment Committee.

- 4.3 Employment Committee agreed that in the event of a potential disciplinary process against one of the designated statutory officer posts that the Council should secure by way of the Director of HR, Legal and Procurement (or in the event that the factual circumstances suggest that a conflict of interests may arise in respect of that Director another Director) the establishment of:
- an Investigation and Disciplinary Committee (I&DC) of three members; and
  - a standing I&DC Appeals Committee of three members,
  - along with a Panel to independently advise on the decision.
- 4.4 Each of the I&DC and the I&DC Appeals Committee would be made up of councillors in political proportionality to the number of seats each party has on the council and each of whom shall not take part in any decisions of the council relating to the same matter. The process is as follows:
- The I&DC should:
    - screen potential disciplinary / dismissal issues to consider whether they require investigation and whether the relevant "protected" officer should be suspended
    - organise the investigation
    - review the results of the investigation to consider what disciplinary action, if any, is appropriate after hearing the views of the relevant officer and then report its recommendations
    - refer the matter to the Panel if the recommendation is for a dismissal (the new Panel would be set up in line with the new regulations, to be convened by the Director of HR, Legal and Procurement (or other Director in the event of a conflict of interests), as described in the draft Officers' Employment Procedure Rules, at Appendix 2).
    - subject to the right of appeal referred to below, send any report from the Panel, alongside its own report to Council for a formal decision.
  - In the event that the relevant "protected" officer elects to appeal the recommendation (within a 14 day time limit), the I&DC Appeals Committee shall convene to hear the appeal of the relevant "protected" officer, who shall review the decision of the I&DC, referring any new matters to the Panel, before submitting a report to Council for formal decision.
  - If the Council approves the dismissal the City Solicitor or Deputy City Solicitor (in the event that the City Solicitor was the relevant "protected" officer) shall notify all members of the Cabinet of the name, and matters relevant to the dismissal.
  - Following receipt of the notification above, the Leader may within 7 days, give notice of objection to the dismissal, accompanied by reasons for the objection.
  - The City Solicitor or Deputy City Solicitor (in the event that the City Solicitor was the relevant "protected" officer) may request that the I&DC action the dismissal provided that:

- No objection is received from the Leader; or,
- Upon receiving an objection, a meeting of the Council is convened, the objection considered, and the Council resolves that the objection is not material or is not well-founded.

4.5 The advice from the LGA is that if a process is set up without an I&DC, or equivalent, and the process results in a dismissal it would not be possible to have an appeal because no one would have the authority to overturn the Council's decision.

4.6 Undertaking the process as described would also satisfy the Executive Objections procedure. The Executive Objection Procedure, set out in Schedule 3 to the 2001 Regulations, remains in force.

4.7 Finally it is worth noting that whilst we have met the requirements to amend our standing orders, or equivalent, this has no effect on the contracts of employment of the designated officers or on the National Terms and Conditions. The current national Joint Negotiating Committee (JNC) terms and conditions for Chief Officers are based on the old DIP process. The statement of particulars for the three Portsmouth City Council designated statutory officer posts state that "Any disciplinary situation will be handled in accordance with the principles of the Joint Negotiating Committee for Chief Officers of Local Authorities" This means that until these change the Council would be following the old DIP process. The LGA is currently in discussion with CLG and the unions about updating the national terms and conditions although it is not clear when this will be complete.

## **5. Reasons for recommendations**

5.1 The recommendations in this report are to amend paragraph 10 of the Officers Employment Procedure Rules from Part 3D of the Constitution so that they are consistent with the process agreed by Employment Committee and the regulations and employment law. It is worth noting that negotiations are still being undertaken nationally about how the new regulations will be implemented and so there may be further changes required.

## **6. Equality impact assessment (EIA)**

6.1 A preliminary EIA was completed at the time of taking the report to Council and this concluded that there was no requirement for a full EIA at that stage.

## **7. Legal Implications**

7.1 All legal comments are contained within the body of the report.

## **8. Director of Finance's comments**

8.1 No specific budget provision exists for such an event and should this situation arise, costs would represent a call on contingency.

.....  
Signed by: Jon Bell, Director of HR, Legal & Procurement

**Appendices:**

Appendix 1 - A flow chart showing how the process, approved by Employment Committee on 15<sup>th</sup> September, would work for the dismissal of the Head of Paid Service, Monitoring Officer or S151 Officer for reasons other than redundancy, permanent ill health or infirmity of mind and body, or failure to renew a contract of employment for a fixed term (unless the authority has undertaken to renew such a contract).

Appendix 2 - Complete proposed New Officers' Employment Procedure Rules from Part 3D of the Constitution (clean version)

**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:

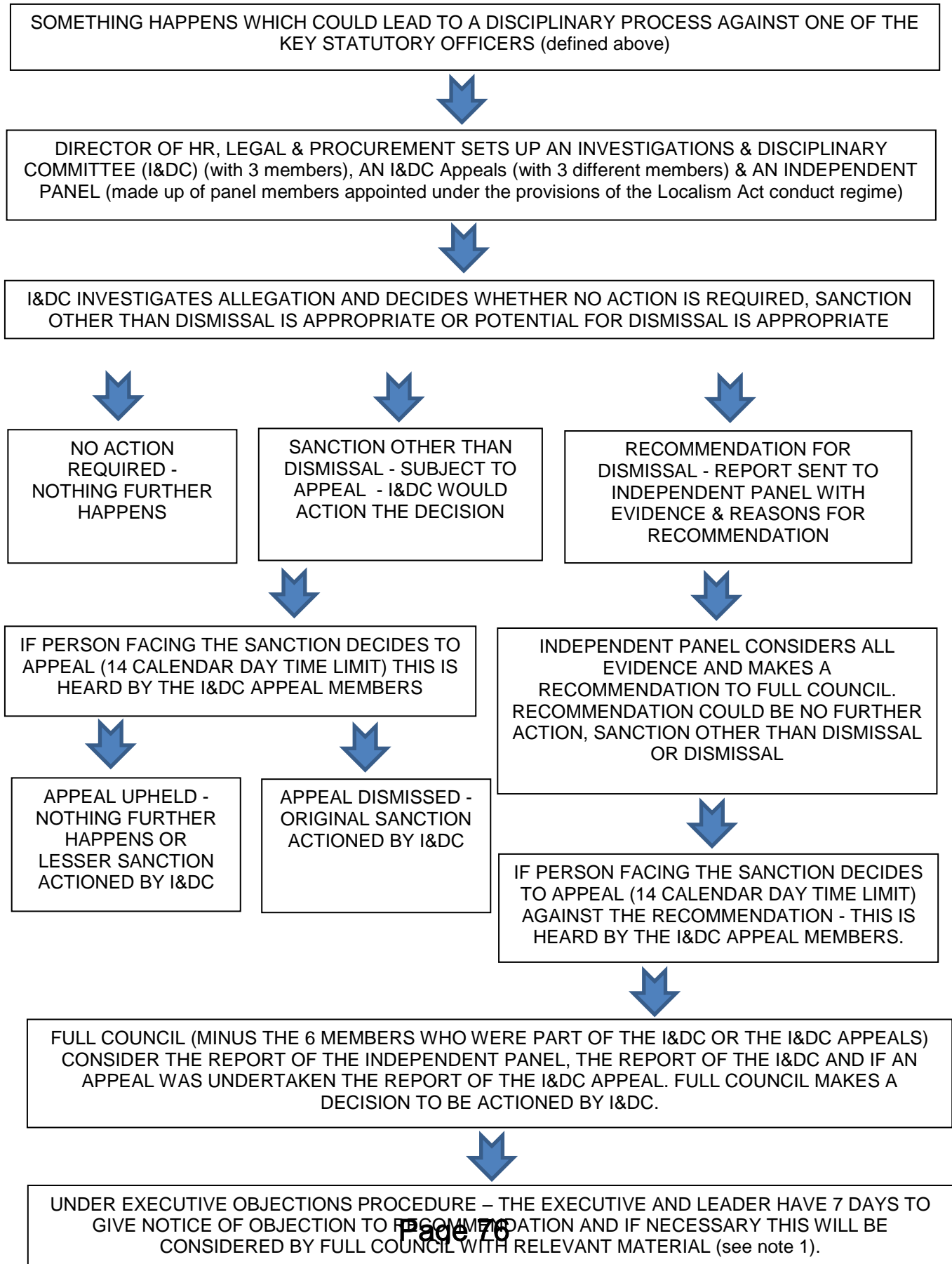
Title of document	Location

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

.....  
Signed by: Name and Title

**APPENDIX 1**

**Process flow chart for dismissal of Head of Paid Service, S151 Officer or Monitoring Officer**





**APPENDIX 1****Note 1****Executive Objection Procedure**

If the Council approves the dismissal the City Solicitor or Deputy City Solicitor (in the event that the City Solicitor was the relevant "protected" officer) shall notify all members of the Cabinet of the name, and matters relevant to the dismissal.

- (1) Following receipt of the notification above, the Leader may within 7 days, give notice of objection to the dismissal, accompanied by reasons for the objection.
- (2) The City Solicitor or Deputy City Solicitor (in the event that the City Solicitor was the relevant "protected" officer) may request that the I&DC action the dismissal provided that:
  - No objection is received from the Leader; or,
  - Upon receiving an objection, a meeting of the Council is convened, the objection considered, and the Council resolves that the objection is not material or is not well-founded.

**APPENDIX 2****Proposed Officers' Employment Procedure Rules in Part 3D of the Constitution****Part 3D - Officers' Employment Procedure Rules <sup>1</sup>**

These rules determine procedures to be followed in the recruitment of senior officers of the council and in any disciplinary action which may become necessary and the involvement of Members in such matters. Further details of the disciplinary process for senior officers are contained in relevant policies agreed by the Employment Committee.

**1. Recruitment and appointment****(a) Declarations**

- i) The council will draw up a statement requiring any candidate for appointment as an officer to state in writing whether they are related to, or in a relationship with, any existing councillor or employee of the council; or of the partner of such persons.
- ii) No candidate so related to a councillor or an officer will be appointed without the authority of the relevant chief officer or an officer nominated by him/her.

**(b) Seeking support for appointment.**

- i) Subject to paragraph (iii), the council will disqualify any applicant who directly or indirectly seeks the support of any councillor for any appointment with the council. The content of this paragraph will be included in any recruitment information.
- ii) Subject to paragraph (iii), no councillor will seek support for any person for any appointment with the council.
- iii) Nothing in paragraphs (i) and (ii) above will preclude a councillor from giving a written reference for a candidate for submission with an application for appointment.

**2. Recruitment of head of paid service and chief officers**

Where the council proposes to appoint a chief officer and it is not proposed that the appointment be made exclusively from among their existing officers, the council will:

- (a) draw up a statement specifying:
  - i) the duties of the officer concerned; and
  - ii) any qualifications or qualities to be sought in the person to be appointed;
- (b) make arrangements for the post to be advertised in such a way as is likely to bring it to the attention of persons who are qualified to apply for it;
- (c) make arrangements for a copy of the statement mentioned in paragraph (1) to be sent to any person on request;

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<sup>1</sup> Last updated on [to be added]

**APPENDIX 2**

3. **Where a post has been advertised as provided in paragraph 2(b), the council shall -**
- (a) interview all qualified applicants for the post, or
  - (b) select a short list of such qualified applicants and interview those included on the short list.
4. Where no qualified person has applied the council shall make further arrangements for advertisement in accordance with paragraph 2(b),
5. The council may authorise a chief officer to carry out any or all of the steps in paragraphs 2, 3 and 4 above and unless the council otherwise directs, the chief executive is authorised to carry out those steps in respect of any chief officer post.
6. **Appointment of head of paid service**
- (a) The arrangements for the appointment of the head of paid service (the chief executive) are reserved to the council<sup>2</sup>.
  - (b) Where the Employment Committee or an appointments sub committee is acting on behalf of the authority, the full council must approve the appointment before an offer of appointment is made.<sup>3</sup>
  - (c) The council may only make or approve the appointment of the head of paid service where no well-founded objection has been made by any member of the Cabinet.
7. **Appointment of chief officers**
- (a) The arrangements for and appointment of all chief officers and staff on the Joint National Council for Chief Officers conditions of service is delegated to the Employment Committee who are authorised to delegate any such process and appointment (including the terms of any contract for such appointment) to an 'appointments sub committee', which shall comprise such members as the Employment Committee thinks fit, but must include at least one member of the Cabinet.
  - (b) An offer of employment under (a) above must not be made by the Employment Committee or the appointments sub committee until —
    - (i) the chief executive has been notified of the names of the shortlisted candidates together with any particulars considered relevant to the proposed appointment;
    - (ii) the chief executive has notified every member of the Cabinet of —
      - any particulars relevant to the proposed appointment of any of the shortlisted candidates;

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<sup>2</sup> The head of paid service (usually referred to as the Chief Executive) is a statutory appointment pursuant to section 4 of the Local Government and Housing Act 1989.

<sup>3</sup> Paragraph 4 of Part 2 of Schedule 1 of the Local Authorities (Standing Orders) (England) Regulations 2001(as amended).

**APPENDIX 2**

- the period within which any objection to the making of any offer is to be made by the Leader of the Council on behalf of the Cabinet; and
- (iii) either —
  - The Leader has, within the period specified, notified the committee that the Cabinet has no objection to the making of any offer;
  - the chief executive has notified the committee that no objection was received from the Leader within the period specified; or
  - the committee is satisfied that any objection received from the Leader of the Council within the period specified is not material or is not well-founded.

**8. Other appointments**

- (a) Officers other than head of paid service and chief officers

Appointment of officers on any other scheme of condition of service is the responsibility of the relevant chief officer or his/her nominee, and may not be made by councillors.

**9. Disciplinary action of Relevant Officers**

- (a) **Suspension.** The head of paid service, monitoring officer and chief finance officer may be suspended whilst an investigation takes place into alleged misconduct. That suspension will be on full pay and last no longer than two months.

- (b) councillors will not be involved in disciplinary action against any officer other than those employed on the Joint National Council for Chief Officers conditions of service.

**10. Dismissal of the Head of Paid Service, Monitoring Officer or Chief Finance Officer**

- (a) In this paragraph 10:
- "the 2011 Act" means the Localism Act 2011;
  - "independent person" means a person appointed under section 28(7) of the 2011 Act;
  - "local government elector" means a person registered as a local government elector in the council's area;
  - "The Panel" means a committee appointed by the council for the purposes of advising the council on matters relating to the dismissal of the head of paid service, the monitoring officer or the chief financial officer;

**APPENDIX 2**

- "relevant meeting" means a meeting of the full council to consider whether or not to approve a proposal to dismiss the head of paid service, the monitoring officer or the chief financial officer;
  - "relevant officer" means the chief officer, head of paid service, or monitoring officer, as the case may be.
- (b) Where the Employment Committee or a committee acting on its behalf is discharging on behalf of the council the function of dismissal of a relevant officer, the full council must approve that dismissal before notice of dismissal is given to that person.

The relevant officer may not be dismissed unless the procedure set out in the following paragraphs 10(b) (i) to (xi) is complied with:

- (i) The Director of HR, Legal, and Procurement (or in the event that the factual circumstances suggest that a conflict of interests may arise in respect of that Director another Director) shall appoint:
- a. In consultation with the leaders of each political group, a committee of three members (the Investigation and Disciplinary Committee (I&DC)) shall be established, made up of councillors in political proportionality to the number of seats each party has on the council and each of whom shall not take part in any decisions of the council relating to the same matter;
  - b. In consultation with the leaders of each political group, a committee of three members (the I&DC Appeals Committee) not being members of the I&DC shall be established made up of councillors in political proportionality to the number of seats each party has on the council and each of whom shall not take part in any decisions of the council relating to the same matter;
  - c. A Panel of at least two independent persons appointed in accordance with the procedure set out below at (ii) to (v) for the purpose of providing advice, views, and recommendations.
- (ii) The Panel referred to at (i) (c) shall comprise "relevant independent persons" (meaning any independent person who has been appointed by the council), or where there are fewer than two such persons, such independent persons as have been appointed by another authority or authorities as the council considers appropriate.
- (iii) Subject to paragraph (iv), the council must appoint to the Panel such relevant independent persons who have accepted an invitation issued

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- in accordance with paragraph (iii) in accordance with the following priority order-
- (1) a relevant independent person who has been appointed by the council and is a local government elector;
  - (2) any other relevant independent person who has been appointed by the council;
  - (3) a relevant independent person who has been appointed by another authority or authorities.
- (iv) No more than two relevant independent persons need be appointed but the Council may do so.
  - (v) The Panel must be appointed at least 20 working days before the relevant meeting.
  - (vi) A meeting of the Investigation and Disciplinary Committee (the I&DC) shall:
    - a. Screen potential disciplinary / dismissal issues to consider whether they require investigation and whether the relevant officer should be suspended;
    - b. Organise an investigation;
    - c. Review the results of the investigation to consider what disciplinary action, if any, is appropriate after hearing the views of the relevant officer and then report its recommendations;
    - d. If the recommendation is for a dismissal, refer the matter to the Panel who shall review the decision and report of the I&DC, and provide their advice, views, and recommendations;
    - e. The I&DC shall, subject to (vii) below, provide the report of the Panel alongside its own report to Council for a formal decision.
  - (vii) In the event that the relevant officer elects to appeal the decision of the I&DC to recommend dismissal the I&DC Appeals Committee shall convene to hear the appeal of the relevant officer, and shall review:
    - a. the decision and report of the I&DC
    - b. any report of the Panel on the matter
    - c. any representations made by the relevant officer,
    - d. any additional commentary provided by the Panel (in relation to any new matters raised)

Following which, the I&DC Appeals Committee shall where it resolves to recommend dismissal, submit its report together with any report of the Panel to Council for formal decision

**APPENDIX 2**

- (viii) Before the taking of the vote at the relevant meeting on whether or not to approve such a dismissal, the full council must take into account, in particular-
- any advice, views or recommendations of the Panel;
  - the conclusions of any investigation into the proposed dismissal; and
  - any representations of the officer whose dismissal is being considered at the meeting
- (ix) If the Council approves the dismissal the City Solicitor or Deputy City Solicitor (in the event that the City Solicitor was the relevant officer) shall notify all members of the Cabinet of the name, and matters relevant to the dismissal.
- (x) Following receipt of the notification above, the Leader may within 7 days, give notice of objection to the dismissal, accompanied by reasons for the objection.
- (xi) The City Solicitor or Deputy City Solicitor (in the event that the City Solicitor was the relevant officer) may request that the I&DC action the dismissal provided that:
- a. No objection is received from the Leader; or,
  - b. Upon receiving an objection, a meeting of the Council is convened, the objection considered, and the Council resolves that the objection is not material or is not well-founded.

Any remuneration, allowances or fees paid by the council to an independent person appointed to the Panel must not exceed the level of remuneration, allowances or fees payable to that independent person in respect of that person's role as independent person under the 2011 Act.

**11. Dismissal of other Senior Officers**

- (a) councillors will not be involved in the dismissal of any officer other than those who are employed on the Joint National Council for Chief Officers conditions of service.
- (b) Where the Employment Committee or a committee acting on its behalf is discharging the function of dismissal of an officer on the Joint National Council for Chief Officers Conditions of Service, at least one member of the Cabinet must be a member of that committee.
- (c) Notice of the dismissal of an officer on the Joint National Council for Chief Officers Conditions of Service must not be given by the council, the Employment Committee, a sub-committee or officer until —
  - (i) the chief executive has been notified of the name of the person whom it is proposed to dismiss and any particulars which are considered relevant to the dismissal;

**APPENDIX 2**

- (ii) the chief executive has notified every member of the Cabinet of —
- the name of the person whom it is proposed to dismiss;
  - any particulars relevant to the proposed dismissal;
  - the period within which any objection to the proposed dismissal is to be made by the Leader of the Council on behalf of the Cabinet; and
- (iii) either —
- The Leader has, within the period specified, notified the committee or officer taking the decision that the Cabinet has no objection to the dismissal;
  - the chief executive has notified the committee or officer taking the decision that no objection was received from the Leader within the period specified; or
  - the committee or officer is satisfied that any objection received from the Leader of the Council within the period specified is not material or is not well-founded.

*(These Rules incorporate where required within paragraphs 6, 7, 8, 9, 10 and 11, the provisions of the Local Authorities (Standing Orders) (England) Regulations 2001)(as amended).*

**NOTE:**

The term chief officer includes Directors.



# Agenda Item 9

REPORT FOR PERIOD October 2014 - October 2015



Portsmouth  
CITY COUNCIL

<b>Title of meeting:</b>	Governance & Audit & Standards Committee
<b>Date of meeting:</b>	6 <sup>th</sup> November 2015
<b>Subject:</b>	Compliance with the Gifts and Hospitality Protocol
<b>Report by:</b>	City Solicitor
<b>Wards affected:</b>	All
<b>Key decision:</b>	No
<b>Full Council decision:</b>	No

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## 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

That the report be noted.

## 3. Background

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 31<sup>st</sup> March 2008.

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.

## 4. Reasons for recommendations

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

The number of entries for the period covered by this report (1 October 2014 to 23 October 2015) is 136 (Appendix 1).

The main requirements of the protocol are as follows -

- A. Items which may be accepted under the protocol 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 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.
- a) As mentioned above there are a number of entries where the value exceeds £25 or £40 (or £5 for Adult Social Care) and there are also a number of entries of cash, or vouchers. These are dealt with separately below.
  - b) There do not appear to be any other entries that do not adhere to the general principles contained in the protocol.
- C. Hospitality – the principles for acceptance generally follow those in respect of gifts (except the permitted value is £40).
- a) All entries have been appropriately recorded and actioned (approved or rejected) by the appropriate Director.
- D. Analysis of entries where the value has exceeded £25 or £40 (Appendix 2):
- a) Of the 18 entries where the value exceeded £25 –
    - i) 15 concerned hospitality invites of which:-
      - 9 were rejected and 6 were accepted.
    - ii) It should be noted that the 6 acceptances were all offers of hospitality and therefore met with protocol and concerned the following:-
      - (1) One working lunch with Biffa - developing waste contract;
      - (2) One student volunteer awards dinner attended to champion volunteering in Portsmouth;
      - (3) Three dinners attended by Harbour Master as representative of Port;
      - (4) One dinner with Portsmouth Property Association attended by relevant director.
    - iii) 2 were authorised as proportionate gifts where refusal would offend;
    - iv) 1 concerned an invite to a football match which was rejected.
  - b) Of the 8 entries where the value exceeded £40 -

- i) 5 were rejected;
- ii) Of the 3 accepted, 2 were industry events and 1 was a Great South Run entry for PCC.

E. As regards Adult Social Care where the entries exceed the £5 limit (Appendix 3):

- a) There were 5 entries in total.
- b) 4 were accepted and 1 was donated.
- c) Of the 4 accepted gifts:
  - i) 2 gifts were accepted due to the working relationship with the volunteer staff, no ulterior motive apparent;
  - ii) 1 gift was accepted to avoid offence;
  - iii) 1 gift was shared with the team.

F. Cash and vouchers

- a) An analysis of the system entries for cash or vouchers is contained in Appendix 4.
- b) For this period there have been 3 cash gifts, of which:
  - i) Two cash gifts were donated to the Lord Mayor's Appeal, of these:
    - (1) One gift was for £100. The donor was contacted to return the gift but asked for it to be donated to the Lord Mayor's Appeal.
    - (2) One gift was for £5 which was also donated to the Lord Mayor's Appeal.
    - (3) One cash gift of £5 was rejected.
- c) There have been 3 gifts of vouchers, of which:
  - i) One was a voucher entry for the Great South Run, which was accepted;
  - ii) One gift voucher was accepted as proportionate to specific help given;
  - iii) One gift voucher was donated to Portsmouth Food Bank.

G. Donated gifts

- a) An analysis of the system entries for donated gifts is contained in Appendix 5.
- b) 14 gifts have been donated in total as follows:
  - i) 11 to Lord Mayor's Appeal;
  - ii) 2 to the Carer's Centre;
  - iii) 1 to Portsmouth Food Bank.

**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. Finance comments**

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

**Appendices:**

1. All Gifts by Department Report;
2. All Gifts by Value Report;
3. Adult Social Care Gifts over £5 Limit;
4. Cash and Vouchers;
5. Donated Gifts Report

.....  
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:

<b>Title of document</b>	<b>Location</b>
Data report form Gifts & Hospitality	Held by System Administrator

system	

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

.....  
Signed by:

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# Gifts And Hospitality - All Gifts by Department Report

Data from 1st October 2014 to date

Report Rundate: 27/10/2015

## Receiver Details

## Approver Details

## Strategic Director Details

### Adult Social Care

Department count: 13

#### Less than £5

Value count: 8

Date	Receiver Details	Approver Details	Strategic Director Details
22/12/2014	Jayne Gentle small set of kitchen measuring spoons Receiver donated to use in carers centre kitchen Reason: christmas	Robert Watt	David Williams
19/12/2014	Keely Storey Plant Receiver Accepted Reason: Did not want to upset Friday Club members	Approved by Robert Watt Reason: within limits	David Williams
18/12/2014	Jayne Gentle earings Receiver donated to Lord Mayor Reason: christmas	Robert Watt	David Williams
18/12/2014	Jayne Gentle christmas plant Receiver donated to carers centre reception Reason: christmas	Robert Watt	David Williams
15/12/2014	Channon Dootson Bassetts Jelly Babies Jar 570g Receiver Accepted Reason: Work very closely with the person, see her as a friend as well as a colleaugue, however she is a volunteer.	Approved by Robert Watt Reason: within limits	David Williams
18/11/2014	Lorna Mooney Diary - File uploaded Receiver Accepted Reason: I visited and the service user was adamant that I accepted one and she had bought for different visitors. She advised me that the cost was £1 and on looking at the website where she purchased them I can verify this. <a href="http://www.cardfactory.eu.com/calendars--diaries/product/purple-2015-index-diary/colour/ONE">http://www.cardfactory.eu.com/calendars--diaries/product/purple-2015-index-diary/colour/ONE</a>	Approved by Robert Watt Reason: within limit	David Williams
13/11/2014	Jessica Franckeiss Bottle of bucks fizz Receiver Accepted Reason: A thank you from a client	Approved by Robert Watt Reason: not able to return	David Williams

**Receiver Details****Approver Details****Strategic Director Details****Adult Social Care**

Department count: 13

13/11/2014

Mandy Barnes  
 A bottle of bucks fizz  
 Receiver Accepted  
 Reason: A thank you from a client

Approved by Robert Watt  
 Reason: not able to return

David Williams

**£5 to £25**

Value count: 4

22/12/2014

Madelyn Pratt  
 3 boxes mince pies and 1 bottle of Prosecco  
 Receiver Accepted  
 Reason: left in reception mince pies shared with all ASC  
 Staff bottle of wine handed to Justin Wallace-Cook for raffle  
 at care home

Approved by Robert Watt  
 Reason: donated

David Williams

17/12/2014

Sara-Rose Langston  
 Tea mug  
 Receiver Accepted  
 Reason: No ulterior motive, no danger of misinterpretation  
 and not a frequent occurrence. My relationship with Holly is  
 as a colleague, rather than a client.

Approved by Robert Watt  
 Reason: within limits

David Williams

16/12/2014

Niamh Dalziel  
 Indulgent Hot Chocolate Mug Set  
 Receiver Accepted  
 Reason: I see Holly as a colleague, she works alongside  
 me on a project and is a peer and friend however she is a  
 volunteer.

Approved by Robert Watt  
 Reason: within limits

David Williams

16/12/2014

Greg Nugent  
 ASDA voucher  
 Receiver donated to Portsmouth Food Bank  
 Reason: Unsolicited Xmas gift which I am donating to  
 Portsmouth Food Bank

Approved by Robert Watt  
 Reason: donated

David Williams

**£25 to £40**

Value count: 1

03/09/2015

Sharon Ford  
 Flowers, small box of chocolates, wine  
 Receiver Accepted  
 Reason: Would offend if rejected

Approved by Robert Watt  
 Reason: refusal would offend.

David Williams



**Receiver Details****Approver Details****Strategic Director Details****Chief Executives Office**

Department count: 13

**Less than £5**

Value count: 1

20/07/2015

David Williams  
 Invitation drinks reception, panel discussion and Q&A session for the America's Cup World Series  
 Receiver Rejected  
 Reason: Invited as representative of the City Council

N/A

David Williams

Michael Lawther

**£5 to £25**

Value count: 6

29/09/2015

David Williams  
 Hampshire, Solent & Isle of Wight Museums Showcase - Reception  
 Receiver Rejected  
 Reason: Invited as representative of the City Council

N/A

David Williams

Michael Lawther

14/09/2015

David Williams  
 Invitation to SOLACE Summit dinner  
 Receiver Rejected  
 Reason: Networking event for Local Authority Chief Executives

N/A

David Williams

Michael Lawther

10/09/2015

David Williams  
 Invitation to reception to celebrate 5th anniversary of business  
 Receiver Rejected  
 Reason: Invited as representative of the City Council

N/A

David Williams

Michael Lawther

30/06/2015

David Williams  
 Invitation to view America's Cup World Series racing and post-race analysis, with refreshments  
 Receiver Accepted  
 Reason: Invited as representative of the City Council

Approved by David Williams  
 Reason: Representing PCC at event

Michael Lawther

23/06/2015

David Williams  
 Invitation to Summer Reception  
 Receiver Rejected  
 Reason: Networking event. Invited as representative of the City Council.

N/A

David Williams

Michael Lawther

10/06/2015

David Williams  
 Working lunch  
 Receiver Accepted  
 Reason: Partnership working, economic development and regeneration

Approved by David Williams  
 Reason: within policy - valid business reason

Michael Lawther

**Receiver Details****Approver Details****Strategic Director Details****Chief Executives Office**

Department count: 13

**£25 to £40**

Value count: 5

20/10/2015	David Williams Invitation to Solent Business Awards Dinner Receiver Rejected Reason: Invited as representative of the City Council	N/A	David Williams	Michael Lawther
20/07/2015	David Williams Invitation to the South Coast Proms Receiver Rejected Reason: Invited as representative of the City Council	N/A	David Williams	Michael Lawther
17/07/2015	David Williams Invitation to the Opening Ceremony of the America's Cup World Series events and the South Coast Proms Receiver Rejected Reason: Invited as representative of the City Council	N/A	David Williams	Michael Lawther
23/03/2015	David Williams Invitation to Grand Opening of No Man's Fort Receiver Rejected Reason: Invited as representative of the City Council	N/A	David Williams	Michael Lawther
06/10/2014	David Williams Invitation to Society of Maritime Industries Dinner Receiver Rejected Reason: Networking event - invited as representative of the City Council	N/A	David Williams	Michael Lawther

**Greater than £40**

Value count: 1

03/10/2014	David Williams Invitation to Heart of the Rowans Hospice Appeal Gala Dinner Receiver Rejected Reason: Invited as guest to a fundraising event	N/A	David Williams	Michael Lawther
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**Receiver Details**

**Approver Details**

**Strategic Director Details**

**Children's Social Care and Safeguarding**

Department count: 11

07/01/2015	Jacqui Sinclair Elizabeth Arden 5th Avenue perfume Receiver donated to Lord Mayor Reason: Recieved from Client	Di Smith	David Williams
19/12/2014	Alice Waters jewellery from asda Receiver donated to Lord Mayor Reason: Christmas Present	Rejected by Di Smith Reason: agree with donation	David Williams
19/12/2014	Katy Willcox Jewellery from asda Receiver donated to Lord Mayor Reason: Christmas Present	Rejected by Di Smith Reason: agre donation	David Williams
04/11/2014	Jacqui Sinclair Bouquet of flowers Receiver Accepted Reason: Thank you from childs grandparent for being her grandsons voice	Approved by Di Smith Reason: Minimal value, perishable item	David Williams

**Receiver Details**

**Approver Details**

**Strategic Director Details**

**City Development and Cultural Services**

Department count: 5

**£5 to £25**

Value count: 4

24/04/2015 Kelly Porter  
Scarf and 'friendship' bracelet  
Receiver Accepted  
Reason: Would have caused offence if declined receipt of gift

Approved by Stephen Baily  
Reason: Refusal would have caused offence

Michael Lawther

17/12/2014 Clare Forsyth  
Crabtree and Evelyn mini shower gel and body lotion  
Receiver Accepted  
Reason: Given as I lead a reading group. To reject would cause offence

Approved by Stephen Baily  
Reason: Refusal would cause offence

Michael Lawther

17/12/2014 Clare Forsyth  
Morris and Co hand cream collection  
Receiver Accepted  
Reason: Given as I lead a reading group. To reject would cause offence

Approved by Stephen Baily  
Reason: Refusal would cause offence

Michael Lawther

15/10/2014 Claire Looney  
Project specific Mug & T-shirt offered by Basse Normandie Orchestra & City of Caen  
Receiver Accepted  
Reason: The gifts were offered all the Portsmouth participants of the project with the t-shirt being worn during the performances

Approved by Stephen Baily  
Reason: Refusal would offend

Michael Lawther

**£25 to £40**

Value count: 1

02/09/2015 Kirsty Garrod  
Fortnum & Mason bee mug AND jar of honey (total cost = £26.70)  
Receiver Accepted  
Reason: Would have been considered rude to reject, but could donate instead

Approved by Stephen Baily  
Reason: Refusal would cause offence

Michael Lawther

**Receiver Details**

**Approver Details**

**Strategic Director Details**

**Community and Communication**

Department count: 2

**Less than £5**

Value count: 1

19/12/2014

Clare Lennard  
Quality Street chocolates  
Receiver Accepted  
Reason: Was delivered to ground floor reception who accepted it and brought it up to local taxation office

Approved by Louise Wilders  
Reason: small value gift

Michael Lawther

**£5 to £25**

Value count: 1

23/10/2014

Ed Woodhouse  
Light lunch, under £10 value  
Receiver Accepted  
Reason: Lunch during a long day doing sight visit at Wychavon with LA & Civica

Approved by Louise Wilders  
Reason: Basic Refreshment

Michael Lawther

**Receiver Details****Approver Details****Strategic Director Details****Corporate Assets, Business and Standards**

Department count: 5

**£5 to £25**

Value count: 4

19/06/2015 Peter Martin  
£5.00 Cash  
Receiver Accepted  
Reason: Carried out repair on back door at property

12/01/2015 Colin Walker  
Gift Pack of Jack FM Ale (4 bottles), Beer Glasses (3 x pint glasses) and Jack FM beer mats - File uploaded  
Receiver donated to Lord Mayor  
Reason: Received as part of products awareness pack, as example of promotional products by Jack FM

12/01/2015 Rebecca Coghlan  
Box of snacks - File uploaded  
Receiver donated to Lord Mayor  
Reason: didnt want to accept as Radio Parter interviews are due in Jan 2015

08/10/2014 Crystal Stelling  
3 bottles of wine  
Receiver donated to Lord Mayor  
Reason: Today I was given 2 bottles of red wine and a bottle of white wine from a contractor that we do not regularly work with (owner's choice) as gifts to Ken Stow and myself. His name is Mr Scott of Murray Builders. I accepted these gifts as I felt that it would have caused offence if I had refused them.

Approved by Alan Cufley  
Reason: Donated to Lord Mayors Appeal

Michael Lawther

Alan Cufley

Michael Lawther

Alan Cufley

Michael Lawther

Alan Cufley

Michael Lawther

**£25 to £40**

Value count: 1

17/11/2014 Peter Mountford  
Hovercraft trip and factory visit  
Receiver Rejected  
Reason: Officer manages property on behalf of PCC

N/A Alan Cufley

Michael Lawther

**Culture and City Development**

Department count: 1

**Less than £5**

Value count: 1

10/12/2014 Donna tebbs  
Tin of Biscuits

Receiver Accepted  
Reason: Refusal would offend

Approved by Stephen Baily  
Reason: Agree that refusal would offend with the group who she has worked with.

Michael Lawther

**Receiver Details**

**Approver Details**

**Strategic Director Details**

**Customer, Community and Democratic Services**

Department count: 4

**Less than £5**

Value count: 1

01/10/2015

Danielle Milasinovic  
x2 mini tourches  
Receiver Accepted  
Reason: would have been rude not to and will give to Lord Mayors charity

Approved by Louise Wilders  
Reason: donaion to LM

Michael Lawther

**£5 to £25**

Value count: 2

23/12/2014

Margaret Stevens-Hoare  
12 Christmas cupcakes  
Receiver Accepted  
Reason: gift for the whole office and would cause offence if not accepted

Approved by Louise Wilders  
Reason: no reason not to

Michael Lawther

23/10/2014

Louise Wilders  
Lunch to value £6.50  
Receiver Accepted  
Reason: visit to Wychavon 8 am to 17:00

Approved by Louise Wilders  
Reason: Low value buisness lunch

Michael Lawther

**£25 to £40**

Value count: 1

09/12/2014

Lee Todd  
Invitation to Wave 105 Christmas party  
Receiver Rejected  
Reason: Inappropriate to attend

N/A      Louise Wilders

Michael Lawther



**Receiver Details**

**Approver Details**

**Strategic Director Details**

**Education and Strategic Commissioning**

Department count: 3

**Less than £5**

Value count: 1

19/12/2014

Lyn Callaway  
Tin of biscuits  
Receiver Accepted  
Reason: A thank you for support with her son.

Approved by Di Smith  
Reason: minimal value

David Williams

**£5 to £25**

Value count: 2

15/10/2015

Lauren Bray  
Bunch of flowers and 'Celebrations' chocolates  
Receiver Accepted  
Reason: Gift of thanks for work undertaken in relation to donor's son (securing a school placement)

Di Smith

David Williams

28/08/2015

Lyn Callaway  
Bunch of flowers and a bottle of wine plus card.  
  
Receiver Accepted  
Reason: Change in case worker of foster child

Approved by Di Smith  
Reason: minimal value & reasonable reason for gift

David Williams

**Receiver Details****Approver Details****Strategic Director Details****Finance**

Department count: 4

**£5 to £25**

Value count: 4

22/09/2015	Elena Knight Flowers, card and chocolate Receiver Accepted Reason: Thank you from Portsdown Primary School for the financial support	Chris Ward	Michael Lawther
15/07/2015	Andrea Hennessy Red wine and Wine wine  Receiver Accepted Reason: Representative of a client was very happy with the service provided by our team	Approved by Chris Ward Reason: Low value and no ability to influence contracts	Michael Lawther
16/04/2015	Lindsay Ingram Free tickets for Charity Wrestling Event made t the Payments Team - File uploaded Receiver Rejected Reason: not appropriate	N/A      Chris Ward	Michael Lawther
15/12/2014	Trish Barfield Confectionary selection Receiver Accepted Reason: Gift from software supplier for all team to share	Approved by Chris Ward Reason: Small value	Michael Lawther

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**Finance and Information Service**

Department count: 1

**Less than £5**

Value count: 1

22/12/2014	Sarah Kirby box of chocolate Receiver Accepted Reason: Thanking us for time and help over the last year	Approved by Ed Woodhouse Reason: small gift	Margaret Geary
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**Receiver Details**

**Approver Details**

**Strategic Director Details**

**Health, Safety and Licensing**

Department count: 3

**Less than £5**

Value count: 1

05/06/2015

Kelly Ratcliffe  
Flowers

Receiver Accepted  
Reason: thankyou for working with family

Approved by Janet Maxwell  
Reason: Under £25, to refuse likely to cause offence

David Williams

**£5 to £25**

Value count: 2

13/03/2015

Caroline Holding  
Bottle of Prosecco  
Receiver Accepted  
Reason: Accepted

Approved by Janet Maxwell  
Reason: Low value, no ulterior motive, one off gift

David Williams

17/12/2014

Sharon Furtado  
Box of 6 mince pies, a tin of toffees, 2 x bottles of wine and 4 promotional diaries  
Receiver Accepted  
Reason: A thank you from Biscoes solicitors to EIP for the work they do. The gifts were shared between 16 members of staff

Approved by Janet Maxwell  
Reason: Value is less than £25, not a regular occurrence

David Williams

**Receiver Details****Approver Details****Strategic Director Details****Housing and Property Services**

Department count: 38

**Less than £5**

Value count: 17

26/05/2015	James Sizer 4 x bags of liquorice allsorts Receiver Accepted Reason: thanks for help given	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
22/05/2015	Peter Diamond 150g box rafaello chocs Receiver Accepted Reason: small gift - refusal may offend. shared with team	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
11/05/2015	Denise Mccaffray Milk Tray Chocolates Receiver Accepted Reason: Thank you Gift	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
07/05/2015	Christine Hayman SIX PACKETS OF BISCUITS Receiver Accepted Reason: Good customer service by the team	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
11/03/2015	Kerry Fletcher vegetables Receiver Accepted Reason: under £5.00	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
26/02/2015	Michelle Gilmore £1.00 Receiver Accepted Reason: Wanted to say thanks, would not accept that unable to take from him. Have put the £1.00 into the dress down day fund at the Buckland Housing Office.	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
19/02/2015	Christine Hayman shower cream set Receiver Accepted Reason: Thank you for service given	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
29/01/2015	Carole Capel 7 packets of biscuits Receiver Accepted Reason: Good Customer Service	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther

**Receiver Details****Approver Details****Strategic Director Details****Housing and Property Services**

Department count: 38

19/01/2015	James Sizer sweets and chocolate Receiver Accepted Reason: as a thank you to office for recent help	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
23/12/2014	Gil Shears 780g box of Quality Street - for all staff at Leigh Park Receiver Accepted Reason: Christmas	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
23/12/2014	Gill Hoskins Small box of chocolates Receiver Accepted Reason: Xmas thank you	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
22/12/2014	Gill Hoskins Tin of sweets Receiver Accepted Reason: Xmas thank you to Hosuing Office	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
18/12/2014	Danny Ardrey Small box of chocolates Receiver Accepted Reason: Thank you gift	Approved by Owen Buckwell Reason: Low value and to refuse would offend	Michael Lawther
16/12/2014	Allison Rushford Box of Celebration Sweets Receiver Accepted Reason: For staff assistance regarding forst aid in Bukcland Area Office	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
11/12/2014	Lauren Taylor Rose - Echo Falls Receiver Accepted Reason: Xmas Present	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
08/12/2014	Holly Lovejoy quality street Receiver Accepted Reason: Gratitude from tenant for assistance	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
31/10/2014	Jeremy Underdown Photographic print Receiver Accepted Reason: Whe nhelping with a tenancy matter discussed an mutual intrest in antartica	Approved by Owen Buckwell Reason: Within guidelines	Michael Lawther

Receiver DetailsApprover DetailsStrategic Director DetailsHousing and Property Services

Department count: 38

£5 to £25

Value count: 16

08/10/2015	Alan Wright Gift voucher Receiver Accepted Reason: Help with additional funds from DWP	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
05/10/2015	Joy Yates bottle of white wine Receiver Accepted Reason: Thank you for helping him	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
18/09/2015	Joanna Barton Bottle of Wine Receiver Accepted Reason: Really happy with the help received by Housing Officer	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
29/07/2015	Elizabeth Goulding Silver Necklace Receiver Rejected Reason: As this was over the Value of £5	N/A Owen Buckwell	Michael Lawther
10/07/2015	Robert Leslie Invitation to evening drinks reception to be held a by Charity in Gunwharf on 6/8/15 - File uploaded Receiver Accepted Reason: Completion of a lottery funded charity project which took place in PCC building	Approved by Owen Buckwell Reason: Within Policy	Michael Lawther
09/07/2015	Shellie-Anne Walker Cake Receiver Accepted Reason: Nominal Value refusal would offend	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
04/06/2015	Michael Wheeler Bottle of wine Receiver donated to Lord Mayor Reason: For being helpful and considerate.	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
18/02/2015	Katie Clarke Flowers Receiver Accepted Reason: As a thank you	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther

**Receiver Details****Approver Details****Strategic Director Details****Housing and Property Services**

Department count: 38

18/02/2015	Sarah Babbage Flowers Receiver Accepted Reason: As thanks	Approved by Owen Buckwell Reason: Small gift - approved	Michael Lawther
10/02/2015	Anne Davies bouquet of flowers Receiver Accepted Reason: refusal would have caused offence to customer	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
02/02/2015	Diane Daley Flowers and chocolate biscuits Receiver Accepted Reason: Small token; would have caused offence to refuse	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
26/01/2015	Jackson Rogers Bouquet Of Flowers Receiver Accepted Reason: Following Death of Mr Searson's Father	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
17/12/2014	James Sizer box of biscuits, 2 x de-icer, ice scaper Receiver Accepted Reason: christmas gift for green and clean managers	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
10/12/2014	John Godsall £5 cash Receiver Rejected Reason: Cash prohibited	N/A Owen Buckwell	Michael Lawther
02/12/2014	Ashley Bryant Selection of promotional pens, note pads and torches Receiver Accepted Reason: Each items was low value and was shared amongst colleagues	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
19/11/2014	Ashley Bryant 2 x bottles wine Receiver Rejected Reason: Gift more that £5. Donor is a current contractor so has commercial motivations.	N/A Owen Buckwell	Michael Lawther

**£25 to £40**

Value count: 1

**Receiver Details****Approver Details****Strategic Director Details****Housing and Property Services**

Department count: 38

05/10/2014 Paul Fielding  
CIWM Lunch  
  
Receiver Accepted  
Reason: Developing partnering working ith Biffa, and networking with waste profession

Approved by Owen Buckwell  
Reason: Partnering event with key partner - supporting professional institution

Michael Lawther

**Greater than £40** Value count: 3

13/08/2015 Steve Macer  
Hospitality Goodwood Race Meeting - File uploaded  
Receiver Rejected  
Reason: To promote the work of the E.C Roberts Centre

N/A Owen Buckwell

Michael Lawther

08/05/2015 Steve Groves  
Jewson Moreys Sunflower Ball (in aid of Earl Mountbatten Hospice)  
Receiver Rejected  
Reason: Rejected as Mountjoy are tendering for repairs contracts

N/A Owen Buckwell

Michael Lawther

07/10/2014 Jon Crawford  
Great South Run Entry Voucher Code  
Receiver Accepted  
Reason: Representing PCC (PCC v Caen)

Approved by Owen Buckwell  
Reason: within approval limits

N/A Michael Lawther  
Reason: 2256

**Others**

Value count: 1

09/03/2015 Denise Mccaffray  
Cash gift in envelope - £100.00 - File uploaded  
Receiver donated to Lord Mayor  
Reason: no details to return gift; donor adamant that gift benefits residents of Portsmouth if it could not go to the specific officer who had helped him

Approved by Owen Buckwell  
Reason: As per emails Re donation

Michael Lawther



**Receiver Details****Approver Details****Strategic Director Details****HR, Legal and Performance**

Department count: 7

**Less than £5**

Value count: 4

23/07/2015

Megan Barnard  
4-day access pass to America's Cup World SeriesApproved by Jon Bell  
Reason: Attendance necessary due to duties of post holder

Michael Lawther

Receiver Accepted  
Reason: Access required to restricted areas in order to carry out working duties on site - support to the Leader of the Council including logistics, media enquiries, etc

22/12/2014

Paddy May  
APSE Annual Diary for 2015 (arrived in post)  
Receiver Accepted  
Reason: Arrived in post - nominal value - no easy way to reject other than posting back!Approved by Jon Bell  
Reason: nominal value

Michael Lawther

19/12/2014

Kim Ruddock  
chocolates  
Receiver Accepted  
Reason: christmas giftApproved by Jon Bell  
Reason: minimal value

Michael Lawther

05/12/2014

Jan Biles  
Chocolate advent calendar  
Receiver Accepted  
Reason: Gift under £5Approved by Jon Bell  
Reason: Nominal value

Michael Lawther

**£5 to £25**

Value count: 2

23/03/2015

Samantha Brown  
Pen and compact mirror  
Receiver Accepted  
Reason: Work undertaken for Portsmouth UniApproved by Jon Bell  
Reason: Within policy - item of nominal value

Michael Lawther

17/03/2015

Iwona Defer  
Promotional Parker Pen & Little mirror  
Receiver Accepted  
Reason: A token of appreciation for assisting to run a mock court session for The University of Portsmouth students

Jon Bell

Michael Lawther

**£25 to £40**

Value count: 1

28/04/2015

Brian Bracher  
Attendance at University Student Volunteer Awards Dinner  
Receiver Accepted  
Reason: Attended as part of role to promote and champion volunteering in PortsmouthApproved by Jon Bell  
Reason: Appropriate in course of duties

Michael Lawther

**Receiver Details**

**Approver Details**

**Strategic Director Details**

**Information Service**

Department count: 1

**£5 to £25**

Value count: 1

28/11/2014

Simon Whitworth  
Toucan Wireless Speaker  
Receiver Accepted  
Reason: Took part in a online webinar to discuss  
Portsmouth's technology deployment for Super Connected  
Cities

Approved by Chris Ward  
Reason: Low value item

Michael Lawther

**Partners**

Department count: 1

**Less than £5**

Value count: 1

15/10/2014

Monika Legg  
A bunch of flowers  
Receiver Accepted  
Reason: Gratitude

Approved by Michael Lawther  
Reason: within limit

David Williams

**Receiver Details****Approver Details****Strategic Director Details****Portsmouth International Port**

Department count: 6

**£5 to £25**

Value count: 1

24/12/2014

Martin Putman  
 Hamper - tea/biscuits/jams given to Deputy Harbour  
 Master, Ben McInnes  
 Receiver donated to Lord Mayor  
 Reason: Contractor

Approved by Martin Putman  
 Reason: Note donated

Michael Lawther

**£25 to £40**

Value count: 5

01/05/2015

Rupert Taylor  
 Dedication Ceremony - "Harbour Spirit" - File uploaded  
 Receiver Accepted  
 Reason: Attending as Harbour Master

Approved by Martin Putman  
 Reason: Within allowed limits

Michael Lawther

01/05/2015

Martin Putman  
 Hants CC Annual Service Winchester Cathedral - File  
 uploaded  
 Receiver Accepted  
 Reason: Unavailable to attend

Approved by Martin Putman  
 Reason: Within allowed limits

Michael Lawther

20/03/2015

Martin Putman  
 Opening of 'No-Man's Fort' Hotel Venue  
 Receiver Accepted  
 Reason: Attending as representative of Port and Harbour  
 Master

Approved by Martin Putman  
 Reason: Within allowed limit

Michael Lawther

26/01/2015

Martin Putman  
 Brittany Ferries Gastronomic Event to St Malo & return  
 Receiver Rejected  
 Reason: Ferry operator at Port - inappropriate

N/A          Martin Putman

Michael Lawther

02/12/2014

Martin Putman  
 Chamber of Shipping Annual Dinner  
 Receiver Rejected  
 Reason: Received from contractor at Port

N/A          Martin Putman

Michael Lawther

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**Receiver Details****Approver Details****Strategic Director Details****Property and Housing**

Department count: 5

**Less than £5**

Value count: 5

24/12/2014	Karen Burnett box of chocs Receiver Accepted Reason: gift	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
24/12/2014	Karen Burnett BOX OF CHOCS Receiver Accepted Reason: GIFT	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
23/12/2014	Karen Burnett BOX OF CHOCS Receiver Accepted Reason: GIFT	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
22/12/2014	Karen Burnett BOX OF CHOCOLATES Receiver Accepted Reason: XMAS GIFT	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
22/12/2014	Karen Burnett BOX OF CHOCS FOR OFFICE STAFF Receiver Accepted Reason: GIFT	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther

**Receiver Details****Approver Details****Strategic Director Details****Revenues and Benefits**

Department count: 5

**Less than £5**

Value count: 4

22/07/2015 Kimberley Stroud  
Box of Milk Tray  
Receiver Accepted  
Reason: For help and understanding regarding a long on-going Housing benefit query and supporting proofs required

Approved by Louise Wilders  
Reason: donated - discussed future

Michael Lawther

25/02/2015 Glenn Mckay  
bottle of white wine  
Receiver Accepted  
Reason: Thanking Glenn for his help given

Approved by Louise Wilders  
Reason: Small gift

Michael Lawther

15/12/2014 Tanya Restell  
box of biscuits  
Receiver Accepted  
Reason: thnakyou for help over the yr - merry xmas

Approved by Louise Wilders  
Reason: Nominal gift

Michael Lawther

08/12/2014 Tanya Restell  
box of biscuits  
Receiver Accepted  
Reason: thankyou to counter staff hb and La

Approved by Louise Wilders  
Reason: Small value gift

Michael Lawther

**£5 to £25**

Value count: 1

14/01/2015 Tanya Restell  
box of thorntons chocolates  
Receiver Accepted  
Reason: excellent customer service at front counter assisting her with the claim and phoning employer for her

Approved by Louise Wilders  
Reason: Small value gift

Michael Lawther

**Receiver Details****Approver Details****Strategic Director Details****Transport and Environment**

Department count: 7

**Less than £5**

Value count: 1

23/12/2014

Hayley Chivers  
Digital desktop clock/calendar/calculatorReceiver Accepted  
Reason: Low value gift, do not want to damage stakeholder relationsApproved by Alan Cufley  
Reason: Low value, gesture of goodwill from key stakeholder

Michael Lawther

**£5 to £25**

Value count: 1

09/09/2015

Michael Robinson  
Box of Godiva Chocolates for staff that took part in the programme.  
Receiver donated to Lord Mayor  
Reason: Over £25

Alan Cufley

Michael Lawther

**£25 to £40**

Value count: 1

15/01/2015

Alan Cufley  
Dinner Guest (PCC rep) Portsmouth Property Association Annual Dinner  
Receiver Accepted  
Reason: Within policy - representing PCCApproved by Alan Cufley  
Reason: networking

Michael Lawther

**Greater than £40**

Value count: 4

02/09/2015

Michael Robinson  
Invite to Appyparking launch event  
Receiver Rejected  
Reason: I do not feel it appropriate to attend

N/A Alan Cufley

Michael Lawther

07/04/2015

Michael Robinson  
Dinner  
Receiver Rejected  
Reason: Not attending event/not appropriate.

N/A Alan Cufley

Michael Lawther

02/03/2015

Steven Hewett  
Guest Invitation to British Parking Awards from Whyte & Co Enforcement Services  
Receiver Accepted  
Reason: Attending BPA awards with Michael Robinson PCC Parking Operations Manager as Guest of Whyte & CO. PCC Final nominee in three categoriesApproved by Alan Cufley  
Reason: industry event, networking & recognition of work with long term partner

Michael Lawther

**Receiver Details**

**Transport and Environment**

Department count: 7

11/02/2015 Michael Robinson  
Lunch at British Parking annual awards  
  
Receiver Accepted  
Reason: PCC is shortlisted for 3 awards

**Approver Details**

Approved by Alan Cufley  
Reason: Partnership working, industry event,  
networking opportunity

**Strategic Director Details**

Michael Lawther

**Transport, Environment and Business Support**

Department count: 1

**£25 to £40**

Value count: 1

22/04/2015 Yann Vochelle  
Football ticket  
Receiver Rejected  
Reason: Team building - Amended to Rejected - Anna  
Balogh request to Nick May

N/A Alan Cufley

Michael Lawther

**Total count of Gifts: 136**

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# Gifts And Hospitality - All Gifts by Value Report

Data from 1st October 2014 to date

Report Rundate: 27/10/2015

<u>Less than £5</u>	<u>Receiver Details</u>	<u>Approver Details</u>	<u>Strategic Director Details</u>
<u>Adult Social Care</u>			
19/12/2014	Keely Storey Plant Receiver Accepted Reason: Did not want to upset Friday Club members	Approved by Robert Watt Reason: within limits	David Williams
15/12/2014	Channon Dootson Bassetts Jelly Babies Jar 570g Receiver Accepted Reason: Work very closely with the person, see her as a friend as well as a colleaugue, however she is a volunteer.	Approved by Robert Watt Reason: within limits	David Williams
18/11/2014	Lorna Mooney Diary - File uploaded Receiver Accepted Reason: I visited and the service user was adamant that I accepted one and she had bought for different visitors. She advised me that the cost was £1 and on looking at the website where she purchased them I can verify this. <a href="http://www.cardfactory.eu.com/calendars--diaries/product/purple-2015-index-diary/colour/ONE">http://www.cardfactory.eu.com/calendars--diaries/product/purple-2015-index-diary/colour/ONE</a>	Approved by Robert Watt Reason: within limit	David Williams
13/11/2014	Jessica Franckeiss Bottle of bucks fizz Receiver Accepted Reason: A thank you from a client	Approved by Robert Watt Reason: not able to return	David Williams
13/11/2014	Mandy Barnes A bottle of bucks fizz Receiver Accepted Reason: A thank you from a client	Approved by Robert Watt Reason: not able to return	David Williams
18/12/2014	Jayne Gentle christmas plant Receiver donated to carers centre reception	Robert Watt	David Williams

**Receiver Details**

Reason: christmas

**Approver Details****Strategic Director Details**

18/12/2014	Jayne Gentle earrings Receiver donated to Lord Mayor Reason: christmas		Robert Watt		David Williams
22/12/2014	Jayne Gentle small set of kitchen measuring spoons Receiver donated to use in carers centre kitchen Reason: christmas		Robert Watt		David Williams

**Chief Executives Office**

20/07/2015	David Williams Invitation drinks reception, panel discussion and Q&A session for the America's Cup World Series Receiver Rejected Reason: Invited as representative of the City Council	N/A	David Williams		Michael Lawther
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<u>Receiver Details</u>		<u>Approver Details</u>		<u>Strategic Director Details</u>
<u>Children's Social Care and Safeguarding</u>				
15/01/2015	Jacqui Sinclair Flowers Receiver Accepted Reason: Thankyou from client	Approved by Di Smith Reason: Minimal value, perishable item		David Williams
23/12/2014	Julia Newton Tin of biscuits Receiver Accepted Reason: It would cause offence to decline	Approved by Di Smith Reason: agree minimal value		David Williams
18/12/2014	Kerry Bailey Bottle of wine Receiver Accepted Reason: Thanking me for support and help through assessment process	Approved by Di Smith Reason: agree miniumal value		David Williams
17/12/2014	Jacqui Sinclair chocolates Receiver Accepted Reason: Thank you from family	Approved by Di Smith Reason: minimal value		David Williams
05/12/2014	Kerry Bailey Bottle of wine Receiver Accepted Reason: Thanking me for support and help through assessment process	Approved by Di Smith Reason: agree minimal value		David Williams
13/10/2015	Lauren Whincop 2 x 'Moustache' dummies for a baby Receiver Rejected Reason: Rejected as from vulnerable adult (parent) with high level of physical and emotional health needs. I am mindful that this parent needs very professional clear boundaries.	N/A	Di Smith	David Williams

**Receiver Details**

**Approver Details**

**Strategic Director Details**

**Community and Communication**

19/12/2014 Clare Lennard  
Quality Street chocolates  
Receiver Accepted  
Reason: Was delivered to ground floor reception who accepted it and brought it up to local taxation office

Approved by Louise Wilders  
Reason: small value gift

Michael Lawther

**Culture and City Development**

10/12/2014 Donna tebbs  
Tin of Biscuits  
  
Receiver Accepted  
Reason: Refusal would offend

Approved by Stephen Baily  
Reason: Agree that refusal would offend with the group who she has worked with.

Michael Lawther

**Customer, Community and Democratic Services**

01/10/2015 Danielle Milasinovic  
x2 mini tourches  
Receiver Accepted  
Reason: would have been rude not to and will give to Lord Mayors charity

Approved by Louise Wilders  
Reason: donaion to LM

Michael Lawther

**Education and Strategic Commissioning**

19/12/2014 Lyn Callaway  
Tin of biscuits  
Receiver Accepted  
Reason: A thank you for support with her son.

Approved by Di Smith  
Reason: minimal value

David Williams

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**Receiver Details**

**Approver Details**

**Strategic Director Details**

**Finance and Information Service**

22/12/2014 Sarah Kirby  
box of chocolate  
Receiver Accepted  
Reason: Thanking us for time and help over the last year

Approved by Ed Woodhouse  
Reason: small gift

Margaret Geary

**Health, Safety and Licensing**

05/06/2015 Kelly Ratcliffe  
Flowers  
  
Receiver Accepted  
Reason: thankyou for working with family

Approved by Janet Maxwell  
Reason: Under £25, to refuse likely to cause offence

David Williams

<u>Receiver Details</u>		<u>Approver Details</u>	<u>Strategic Director Details</u>
<u>Housing and Property Services</u>			
26/05/2015	James Sizer 4 x bags of liquorice allsorts Receiver Accepted Reason: thanks for help given	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
22/05/2015	Peter Diamond 150g box rafaello chocs Receiver Accepted Reason: small gift - refusal may offend. shared with team	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
11/05/2015	Denise Mccaffray Milk Tray Chocolates Receiver Accepted Reason: Thank you Gift	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
07/05/2015	Christine Hayman SIX PACKETS OF BISCUITS Receiver Accepted Reason: Good customer service by the team	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
11/03/2015	Kerry Fletcher vegetables Receiver Accepted Reason: under £5.00	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
26/02/2015	Michelle Gilmore £1.00 Receiver Accepted Reason: Wanted to say thanks, would not accept that unable to take from him. Have put the £1.00 into the dress down day fund at the Buckland Housing Office.	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
19/02/2015	Christine Hayman shower cream set Receiver Accepted Reason: Thank you for service given	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
29/01/2015	Carole Capel 7 packets of biscuits Receiver Accepted	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther

**Receiver Details****Approver Details****Strategic Director Details**

Reason: Good Customer Service

19/01/2015	James Sizer sweets and chocolate Receiver Accepted Reason: as a thank you to office for recent help	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
23/12/2014	Gil Shears 780g box of Quality Street - for all staff at Leigh Park Receiver Accepted Reason: Christmas	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
23/12/2014	Gill Hoskins Small box of chocolates Receiver Accepted Reason: Xmas thank you	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
22/12/2014	Gill Hoskins Tin of sweets Receiver Accepted Reason: Xmas thank you to Hosuing Office	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
18/12/2014	Danny Ardrey Small box of chocolates Receiver Accepted Reason: Thank you gift	Approved by Owen Buckwell Reason: Low value and to refuse would offend	Michael Lawther
16/12/2014	Allison Rushford Box of Celebration Sweets Receiver Accepted Reason: For staff assistance regarding forst aid in Bukcland Area Office	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
11/12/2014	Lauren Taylor Rose - Echo Falls Receiver Accepted Reason: Xmas Present	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
08/12/2014	Holly Lovejoy quality street Receiver Accepted	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther

**Receiver Details**

Reason: Gratitude from tenant for assistance

**Approver Details****Strategic Director Details**

31/10/2014

Jeremy Underdown  
 Photographic print  
 Receiver Accepted  
 Reason: Whe nhelping with a tenancy matter discussed an mutual intrest in antartica

Approved by Owen Buckwell  
 Reason: Within guidelines

Michael Lawther

**HR, Legal and Performance**

23/07/2015

Megan Barnard  
 4-day access pass to America's Cup World Series  
  
 Receiver Accepted  
 Reason: Access required to restricted areas in order to carry out working duties on site - support to the Leader of the Council including logistics, media enquiries, etc

Approved by Jon Bell  
 Reason: Attendance necessary due to duties of post holder

Michael Lawther

22/12/2014

Paddy May  
 APSE Annual Diary for 2015 (arrived in post)  
 Receiver Accepted  
 Reason: Arrived in post - nominal value - no easy way to reject other than posting backl

Approved by Jon Bell  
 Reason: nominal value

Michael Lawther

19/12/2014

Kim Ruddock  
 chocolates  
 Receiver Accepted  
 Reason: christmas gift

Approved by Jon Bell  
 Reason: minimal value

Michael Lawther

05/12/2014

Jan Biles  
 Chocolate advent calendar  
 Receiver Accepted  
 Reason: Gift under £5

Approved by Jon Bell  
 Reason: Nominal value

Michael Lawther

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<u>Partners</u>	<u>Receiver Details</u>	<u>Approver Details</u>	<u>Strategic Director Details</u>
15/10/2014	Monika Legg A bunch of flowers Receiver Accepted Reason: Gratitude	Approved by Michael Lawther Reason: within limit	David Williams
<b><u>Property and Housing</u></b>			
24/12/2014	Karen Burnett box of chocs Receiver Accepted Reason: gift	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
24/12/2014	Karen Burnett BOX OF CHOCS Receiver Accepted Reason: GIFT	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
23/12/2014	Karen Burnett BOX OF CHOCS Receiver Accepted Reason: GIFT	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
22/12/2014	Karen Burnett BOX OF CHOCOLATES Receiver Accepted Reason: XMAS GIFT	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
22/12/2014	Karen Burnett BOX OF CHOCS FOR OFFICE STAFF Receiver Accepted Reason: GIFT	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther

<u>Receiver Details</u>		<u>Approver Details</u>	<u>Strategic Director Details</u>
<b><u>Revenues and Benefits</u></b>			
22/07/2015	Kimberley Stroud Box of Milk Tray Receiver Accepted Reason: For help and understanding regarding a long on-going Housing benefit query and supporting proofs required	Approved by Louise Wilders Reason: donated - discussed future	Michael Lawther
25/02/2015	Glenn Mckay bottle of white wine Receiver Accepted Reason: Thanking Glenn for his help given	Approved by Louise Wilders Reason: Small gift	Michael Lawther
15/12/2014	Tanya Restell box of biscuits Receiver Accepted Reason: thnakyou for help over the yr - merry xmas	Approved by Louise Wilders Reason: Nominal gift	Michael Lawther
08/12/2014	Tanya Restell box of biscuits Receiver Accepted Reason: thankyou to counter staff hb and La	Approved by Louise Wilders Reason: Small value gift	Michael Lawther
<b><u>Transport and Environment</u></b>			
23/12/2014	Hayley Chivers Digital desktop clock/calendar/calculator  Receiver Accepted Reason: Low value gift, do not want to damage stakeholder relations	Approved by Alan Cufley Reason: Low value, gesture of goodwill from key stakeholder	Michael Lawther

Receiver Details

Approver Details

Strategic Director Details

Adult Social Care

22/12/2014	Madelyn Pratt 3 boxes mince pies and 1 bottle of Prosecco Receiver Accepted Reason: left in reception mince pies shared with all ASC Staff bottle of wine handed to Justin Wallace-Cook for raffle at care home	Approved by Robert Watt Reason: donated	David Williams
17/12/2014	Sara-Rose Langston Tea mug Receiver Accepted Reason: No ulterior motive, no danger of misinterpretation and not a frequent occurrence. My relationship with Holly is as a colleague, rather than a client.	Approved by Robert Watt Reason: within limits	David Williams
16/12/2014	Niamh Dalziel Indulgent Hot Chocolate Mug Set Receiver Accepted Reason: I see Holly as a colleague, she works alongside me on a project and is a peer and friend however she is a volunteer.	Approved by Robert Watt Reason: within limits	David Williams
16/12/2014	Greg Nugent ASDA voucher Receiver donated to Portsmouth Food Bank Reason: Unsolicited Xmas gift which I am donating to Portsmouth Food Bank	Approved by Robert Watt Reason: donated	David Williams

<u>Receiver Details</u>		<u>Approver Details</u>		<u>Strategic Director Details</u>
<b><u>Chief Executives Office</u></b>				
30/06/2015	David Williams Invitation to view America's Cup World Series racing and post-race analysis, with refreshments Receiver Accepted Reason: Invited as representative of the City Council	Approved by David Williams Reason: Representing PCC at event		Michael Lawther
10/06/2015	David Williams Working lunch Receiver Accepted Reason: Partnership working, economic development and regeneration	Approved by David Williams Reason: within policy - valid business reason		Michael Lawther
29/09/2015	David Williams Hampshire, Solent & Isle of Wight Museums Showcase - Reception Receiver Rejected Reason: Invited as representative of the City Council	N/A	David Williams	Michael Lawther
14/09/2015	David Williams Invitation to SOLACE Summit dinner Receiver Rejected Reason: Networking event for Local Authority Chief Executives	N/A	David Williams	Michael Lawther
10/09/2015	David Williams Invitation to reception to celebrate 5th anniversary of business Receiver Rejected Reason: Invited as representative of the City Council	N/A	David Williams	Michael Lawther
23/06/2015	David Williams Invitation to Summer Reception Receiver Rejected Reason: Networking event. Invited as representative of the City Council.	N/A	David Williams	Michael Lawther

**Receiver Details**  
**Children's Social Care and Safeguarding**

**Approver Details**

**Strategic Director Details**

28/07/2015 Katherine Rose  
 Bag  
 Receiver Accepted  
 Reason: Given as a thank you gift for support in getting a young person thier passport

Approved by Di Smith  
 Reason: Minimal value from enquiries undertaklen

David Williams

04/11/2014 Jacqui Sinclair  
 Bouquet of flowers  
 Receiver Accepted  
 Reason: Thank you from child's grandparent for being her grandsons voice

Approved by Di Smith  
 Reason: Minimal value, perishable item

David Williams

19/12/2014 Alice Waters  
 jewellery from asda  
 Receiver donated to Lord Mayor  
 Reason: Christmas Present

Rejected by Di Smith  
 Reason: agree with donation

David Williams

19/12/2014 Katy Willcox  
 Jewellery from asda  
 Receiver donated to Lord Mayor  
 Reason: Christmas Present

Rejected by Di Smith  
 Reason: agre donation

David Williams

07/01/2015 Jacqui Sinclair  
 Elizabeth Arden 5th Avenue perfume  
 Receiver donated to Lord Mayor  
 Reason: Recieved from Client

Di Smith

David Williams

**Receiver Details**  
**City Development and Cultural Services**

**Approver Details**

**Strategic Director Details**

24/04/2015 Kelly Porter  
Scarf and 'friendship' bracelet  
Receiver Accepted  
Reason: Would have caused offence if declined receipt of gift

Approved by Stephen Baily  
Reason: Refusal would have caused offence

Michael Lawther

17/12/2014 Clare Forsyth  
Crabtree and Evelyn mini shower gel and body lotion  
Receiver Accepted  
Reason: Given as I lead a reading group. To reject would cause offence

Approved by Stephen Baily  
Reason: Refusal would cause offence

Michael Lawther

17/12/2014 Clare Forsyth  
Morris and Co hand cream collection  
Receiver Accepted  
Reason: Given as I lead a reading group. To reject would cause offence

Approved by Stephen Baily  
Reason: Refusal would cause offence

Michael Lawther

15/10/2014 Claire Looney  
Project specific Mug & T-shirt offered by Basse Normandie Orchestra & City of Caen  
Receiver Accepted  
Reason: The gifts were offered all the Portsmouth participants of the project with the t-shirt being worn during the performances

Approved by Stephen Baily  
Reason: Refusal would offend

Michael Lawther

**Community and Communication**

23/10/2014 Ed Woodhouse  
Light lunch, under £10 value  
Receiver Accepted  
Reason: Lunch during a long day doing sight visit at Wychavon with LA & Civica

Approved by Louise Wilders  
Reason: Basic Refreshment

Michael Lawther

**Receiver Details**  
**Corporate Assets, Business and Standards**

**Approver Details**

**Strategic Director Details**

19/06/2015 Peter Martin  
£5.00 Cash  
Receiver Accepted  
Reason: Carried out repair on back door at property

Approved by Alan Cufley  
Reason: Donated to Lord Mayors Appeal

Michael Lawther

12/01/2015 Colin Walker  
Gift Pack of Jack FM Ale (4 bottles), Beer Glasses (3 x pint glasses) and Jack FM beer mats - File uploaded  
Receiver donated to Lord Mayor  
Reason: Received as part of products awareness pack, as example of promotional products by Jack FM

Alan Cufley

Michael Lawther

12/01/2015 Rebecca Coghlan  
Box of snacks - File uploaded  
Receiver donated to Lord Mayor  
Reason: didnt want to accept as Radio Parter interviews are due in Jan 2015

Alan Cufley

Michael Lawther

08/10/2014 Crystal Stelling  
3 bottles of wine  
Receiver donated to Lord Mayor  
Reason: Today I was given 2 bottles of red wine and a bottle of white wine from a contractor that we do not regularly work with (owner's choice) as gifts to Ken Stow and myself. His name is Mr Scott of Murray Builders. I accepted these gifts as I felt that it would have caused offence if I had refused them.

Alan Cufley

Michael Lawther

**Receiver Details**  
**Customer, Community and Democratic Services**

**Approver Details**

**Strategic Director Details**

23/12/2014 Margaret Stevens-Hoare  
12 Christmas cupcakes  
Receiver Accepted  
Reason: gift for the whole office and would cause offence if not accepted

Approved by Louise Wilders  
Reason: no reason not to

Michael Lawther

23/10/2014 Louise Wilders  
Lunch to value £6.50  
Receiver Accepted  
Reason: visit to Wychavon 8 am to 17:00

Approved by Louise Wilders  
Reason: Low value business lunch

Michael Lawther

**Education and Strategic Commissioning**

28/08/2015 Lyn Callaway  
Bunch of flowers and a bottle of wine plus card.  
  
Receiver Accepted  
Reason: Change in case worker of foster child

Approved by Di Smith  
Reason: minimal value & reasonable reason for gift

David Williams

15/10/2015 Lauren Bray  
Bunch of flowers and 'Celebrations' chocolates  
Receiver Accepted  
Reason: Gift of thanks for work undertaken in relation to donor's son (securing a school placement)

Di Smith

David Williams



<u>Finance</u>	<u>Receiver Details</u>	<u>Approver Details</u>	<u>Strategic Director Details</u>	
15/07/2015	<p>Andrea Hennessy Red wine and Wine wine</p> <p>Receiver Accepted Reason: Representative of a client was very happy with the service provided by our team</p>	<p>Approved by Chris Ward Reason: Low value and no ability to influence contracts</p>	Michael Lawther	
15/12/2014	<p>Trish Barfield Confectionary selection</p> <p>Receiver Accepted Reason: Gift from software supplier for all team to share</p>	<p>Approved by Chris Ward Reason: Small value</p>	Michael Lawther	
22/09/2015	<p>Elena Knight Flowers, card and chocolate</p> <p>Receiver Accepted Reason: Thank you from Portsdown Primary School for the financial support</p>	Chris Ward	Michael Lawther	
16/04/2015	<p>Lindsay Ingram Free tickets for Charity Wrestling Event made t the Payments Team - File uploaded</p> <p>Receiver Rejected Reason: not appropriate</p>	N/A	Chris Ward	Michael Lawther

**Receiver Details**  
**Health, Safety and Licensing**

**Approver Details**

**Strategic Director Details**

13/03/2015 Caroline Holding  
Bottle of Prosecco  
Receiver Accepted  
Reason: Accepted

Approved by Janet Maxwell  
Reason: Low value, no ulterior motive, one off gift

David Williams

17/12/2014 Sharon Furtado  
Box of 6 mince pies, a tin of toffees, 2 x bottles of wine and  
4 promotional diaries  
Receiver Accepted  
Reason: A thank you from Biscoes solicitors to EIP for the  
work they do. The gifts were shared between 16 members  
of staff

Approved by Janet Maxwell  
Reason: Value is less than £25, not a regular  
occurrence

David Williams

	<u>Receiver Details</u>	<u>Approver Details</u>	<u>Strategic Director Details</u>
	<b><u>Housing and Property Services</u></b>		
08/10/2015	Alan Wright Gift voucher Receiver Accepted Reason: Help with additional funds from DWP	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
05/10/2015	Joy Yates bottle of white wine Receiver Accepted Reason: Thank you for helping him	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
18/09/2015	Joanna Barton Bottle of Wine Receiver Accepted Reason: Really happy with the help received by Housing Officer	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
10/07/2015	Robert Leslie Invitation to evening drinks reception to be held a by Charity in Gunwharf on 6/8/15 - File uploaded Receiver Accepted Reason: Completion of a lottery funded charity project which took place in PCC building	Approved by Owen Buckwell Reason: Within Policy	Michael Lawther
09/07/2015	Shellie-Anne Walker Cake Receiver Accepted Reason: Nominal Value refusal would offend	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
18/02/2015	Katie Clarke Flowers Receiver Accepted Reason: As a thank you	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
18/02/2015	Sarah Babbage Flowers Receiver Accepted Reason: As thanks	Approved by Owen Buckwell Reason: Small gift - approved	Michael Lawther
10/02/2015	Anne Davies bouquet of flowers Receiver Accepted	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther

	<u>Receiver Details</u>	<u>Approver Details</u>	<u>Strategic Director Details</u>
	Reason: refusal would have caused offence to customer		
02/02/2015	Diane Daley Flowers and chocolate biscuits Receiver Accepted Reason: Small token; would have caused offence to refuse	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
26/01/2015	Jackson Rogers Bouquet Of Flowers Receiver Accepted Reason: Following Death of Mr Searson's Father	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
17/12/2014	James Sizer box of biscuits, 2 x de-icer, ice scaper Receiver Accepted Reason: christmas gift for green and clean managers	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
02/12/2014	Ashley Bryant Selection of promotional pens, note pads and torches Receiver Accepted Reason: Each items was low value and was shared amongst colleagues	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
04/06/2015	Michael Wheeler Bottle of wine Receiver donated to Lord Mayor Reason: For being helpful and considerate.	Approved by Owen Buckwell Reason: within approval limits	Michael Lawther
29/07/2015	Elizabeth Goulding Silver Necklace Receiver Rejected Reason: As this was over the Value of £5	N/A      Owen Buckwell	Michael Lawther
10/12/2014	John Godsall £5 cash Receiver Rejected Reason: Cash prohibited	N/A      Owen Buckwell	Michael Lawther

	<u>Receiver Details</u>	<u>Approver Details</u>	<u>Strategic Director Details</u>
19/11/2014	Ashley Bryant 2 x bottles wine Receiver Rejected Reason: Gift more than £5. Donor is a current contractor so has commercial motivations.	N/A Owen Buckwell	Michael Lawther

**HR, Legal and Performance**

23/03/2015	Samantha Brown Pen and compact mirror Receiver Accepted Reason: Work undertaken for Portsmouth Uni	Approved by Jon Bell Reason: Within policy - item of nominal value	Michael Lawther
17/03/2015	Iwona Defer Promotional Parker Pen & Little mirror Receiver Accepted Reason: A token of appreciation for assisting to run a mock court session for The University of Portsmouth students	Jon Bell	Michael Lawther

**Information Service**

28/11/2014	Simon Whitworth Toucan Wireless Speaker Receiver Accepted Reason: Took part in an online webinar to discuss Portsmouth's technology deployment for Super Connected Cities	Approved by Chris Ward Reason: Low value item	Michael Lawther
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**Portsmouth International Port**

24/12/2014	Martin Putman Hamper - tea/biscuits/jams given to Deputy Harbour Master, Ben McInnes Receiver donated to Lord Mayor Reason: Contractor	Approved by Martin Putman Reason: Note donated	Michael Lawther
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**Receiver Details**

**Approver Details**

**Strategic Director Details**

**Revenues and Benefits**

14/01/2015 Tanya Restell  
box of thorntons chocolates  
Receiver Accepted  
Reason: excellent customer service at front counter  
assisting her with the claim and phoning employer for her

Approved by Louise Wilders  
Reason: Small value gift

Michael Lawther

**Transport and Environment**

09/09/2015 Michael Robinson  
Box of Godiva Chocolates for staff that took part in the  
programme.  
Receiver donated to Lord Mayor  
Reason: Over £25

Alan Cufley

Michael Lawther

**Receiver Details**

**Approver Details**

**Strategic Director Details**

**Adult Social Care**

03/09/2015	Sharon Ford Flowers, small box of chocolates, wine Receiver Accepted Reason: Would offend if rejected	Approved by Robert Watt Reason: refusal would offend.	David Williams
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**Chief Executives Office**

20/10/2015	David Williams Invitation to Solent Business Awards Dinner Receiver Rejected Reason: Invited as representative of the City Council	N/A	David Williams	Michael Lawther
20/07/2015	David Williams Invitation to the South Coast Proms Receiver Rejected Reason: Invited as representative of the City Council	N/A	David Williams	Michael Lawther
17/07/2015	David Williams Invitation to the Opening Ceremony of the America's Cup World Series events and the South Coast Proms Receiver Rejected Reason: Invited as representative of the City Council	N/A	David Williams	Michael Lawther
23/03/2015	David Williams Invitation to Grand Opening of No Man's Fort Receiver Rejected Reason: Invited as representative of the City Council	N/A	David Williams	Michael Lawther
06/10/2014	David Williams Invitation to Society of Maritime Industries Dinner Receiver Rejected Reason: Networking event - invited as representative of the City Council	N/A	David Williams	Michael Lawther

**Receiver Details**

**Approver Details**

**Strategic Director Details**

**City Development and Cultural Services**

02/09/2015 Kirsty Garrod  
Fortnum & Mason bee mug AND jar of honey (total cost = £26.70)  
Receiver Accepted  
Reason: Would have been considered rude to reject, but could donate instead

Approved by Stephen Baily  
Reason: Refusal would cause offence

Michael Lawther

**Corporate Assets, Business and Standards**

17/11/2014 Peter Mountford  
Hovercraft trip and factory visit  
Receiver Rejected  
Reason: Officer manages property on behalf of PCC

N/A Alan Cufley

Michael Lawther

**Customer, Community and Democratic Services**

09/12/2014 Lee Todd  
Invitation to Wave 105 Christmas party  
Receiver Rejected  
Reason: Inappropriate to attend

N/A Louise Wilders

Michael Lawther

**Housing and Property Services**

05/10/2014 Paul Fielding  
CIWM Lunch  
  
Receiver Accepted  
Reason: Developing partnering working ith Biffa, and networking with waste profession

Approved by Owen Buckwell  
Reason: Partnering event with key partner - supporting professional institution

Michael Lawther

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<u>Receiver Details</u>		<u>Approver Details</u>		<u>Strategic Director Details</u>
<b><u>HR, Legal and Performance</u></b>				
28/04/2015	Brian Bracher Attendance at University Student Volunteer Awards Dinner Receiver Accepted Reason: Attended as part of role to promote and champion volunteering in Portsmouth	Approved by Jon Bell Reason: Appropriate in course of duties		Michael Lawther
<b><u>Portsmouth International Port</u></b>				
01/05/2015	Rupert Taylor Dedication Ceremony - "Harbour Spirit" - File uploaded Receiver Accepted Reason: Attending as Harbour Master	Approved by Martin Putman Reason: Within allowed limits		Michael Lawther
01/05/2015	Martin Putman Hants CC Annual Service Winchester Cathedral - File uploaded Receiver Accepted Reason: Unavailable to attend	Approved by Martin Putman Reason: Within allowed limits		Michael Lawther
20/03/2015	Martin Putman Opening of 'No-Man's Fort' Hotel Venue Receiver Accepted Reason: Attending as representative of Port and Harbour Master	Approved by Martin Putman Reason: Within allowed limit		Michael Lawther
26/01/2015	Martin Putman Brittany Ferries Gastronomic Event to St Malo & return Receiver Rejected Reason: Ferry operator at Port - inappropriate	N/A	Martin Putman	Michael Lawther
02/12/2014	Martin Putman Chamber of Shipping Annual Dinner Receiver Rejected Reason: Received from contractor at Port	N/A	Martin Putman	Michael Lawther

**Receiver Details**

**Approver Details**

**Strategic Director Details**

**Transport and Environment**

15/01/2015	Alan Cufley Dinner Guest (PCC rep) Portsmouth Property Association Annual Dinner Receiver Accepted Reason: Within policy - representing PCC	Approved by Alan Cufley Reason: networking	Michael Lawther
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**Transport, Environment and Business Support**

22/04/2015	Yann Vochelle Football ticket Receiver Rejected Reason: Team building - Amended to Rejected - Anna Balogh request to Nick May	N/A      Alan Cufley	Michael Lawther
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**Receiver Details****Approver Details****Strategic Director Details****Greater than £40****Chief Executives Office**

03/10/2014	David Williams Invitation to Heart of the Rowans Hospice Appeal Gala Dinner Receiver Rejected Reason: Invited as guest to a fundraising event	N/A	David Williams	Michael Lawther
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**Housing and Property Services**

07/10/2014	Jon Crawford Great South Run Entry Voucher Code Receiver Accepted Reason: Representing PCC (PCC v Caen)	Approved by Owen Buckwell Reason: within approval limits	N/A	Michael Lawther Reason: 2256
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13/08/2015	Steve Macer Hospitality Goodwood Race Meeting - File uploaded Receiver Rejected Reason: To promote the work of the E.C Roberts Centre	N/A	Owen Buckwell	Michael Lawther
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08/05/2015	Steve Groves Jewson Moreys Sunflower Ball (in aid of Earl Mountbatten Hospice) Receiver Rejected Reason: Rejected as Mountjoy are tendering for repairs contracts	N/A	Owen Buckwell	Michael Lawther
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	<u>Receiver Details</u>	<u>Approver Details</u>	<u>Strategic Director Details</u>
<b><u>Transport and Environment</u></b>			
02/03/2015	Steven Hewett Guest Invitation to British Parking Awards from Whyte & Co Enforcement Services Receiver Accepted Reason: Attending BPA awards with Michael Robinson PCC Parking Operations Manager as Guest of Whyte & CO. PCC Final nominee in three categories	Approved by Alan Cufley Reason: industry event, networking & recognition of work with long term partner	Michael Lawther
11/02/2015	Michael Robinson Lunch at British Parking annual awards  Receiver Accepted Reason: PCC is shortlisted for 3 awards	Approved by Alan Cufley Reason: Partnership working, industry event, networking opportunity	Michael Lawther
02/09/2015	Michael Robinson Invite to Appyparking launch event Receiver Rejected Reason: I do not feel it appropriate to attend	N/A      Alan Cufley	Michael Lawther
07/04/2015	Michael Robinson Dinner Receiver Rejected Reason: Not attending event/not appropriate.	N/A      Alan Cufley	Michael Lawther

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**Others**

**Housing and Property Services**

09/03/2015	Denise Mccaffray Cash gift in envelope - £100.00 - File uploaded Receiver donated to Lord Mayor Reason: no details to return gift; donor adamant that gift benefits residents of Portsmouth if it could not go to the specific officer who had helped him	Approved by Owen Buckwell Reason: As per emails Re donation	Michael Lawther
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**Between £5 and £25**

<b><u>Receiver</u></b>	<b><u>Date Received</u></b>	<b><u>Description</u></b>	<b><u>Accepted Rejected</u></b>	<b><u>Reason</u></b>	<b><u>Approver</u></b>	<b><u>Strategic Director</u></b>
Niamh Dalziel	16/12/2014	Indulgent Hot Chocolate Mug Set	Receiver Accepted	I see Holly as a colleague, she works alongside me on a project and is a peer and friend however she is a volunteer.	Approved by Robert Watt Reason: within limits	
Greg Nugent	16/12/2014	ASDA voucher	Receiver donated to Portsmouth Food Bank	Unsolicited Xmas gift which I am donating to Portsmouth Food Bank	Approved by Robert Watt Reason: donated	
Sara-Rose Langston	17/12/2014	Tea mug	Receiver Accepted	No ulterior motive, no danger of misinterpretation and not a frequent occurrence. My relationship with Holly is as a colleague, rather than a client.	Approved by Robert Watt Reason: within limits	
Madeira Pratt	22/12/2014	3 boxes mince pies and 1 bottle of Prosecco	Receiver Accepted	left in reception mince pies shared with all ASC Staff bottle of wine handed to Justin Wallace-Cook for raffle at care home	Approved by Robert Watt Reason: donated	

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**Hospitality £25 - £40**

<b><u>Receiver</u></b>	<b><u>Date Received</u></b>	<b><u>Description</u></b>	<b><u>Accepted Rejected</u></b>	<b><u>Reason</u></b>	<b><u>Approver</u></b>	<b><u>Strategic Director</u></b>
Sharon Ford	03/09/2015	Flowers, small box of chocolates, wine	Receiver Accepted	Would offend if rejected	Approved by Robert Watt Reason: refusal would offend.	

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GiftID	Date Received	Receiver	Receiver Id	DonorName	Description	Approx. Value	Accepted / Rejected	Accepted Rejected Reason	Classification	Approved By Approver	Approver	Approver Decision	Approved By Director	Director	Director Decision	Donated To	Donated To Other
2256	07/10/14	Jon Crawford	ams1139	Nova International	Great South Run Entry Voucher Code	>£40	Accepted	Representing PCC (PCC v Caen)	Hospitality	Yes	Owen Buckwell	within approval limits	N/A	Michael Lawther	2256		
2395	08/10/15	Alan Wright	643hhpr	Mrs Boydell	Gift voucher	£5-£25	Accepted	Help with additional funds from DWP	Gift	Yes	Owen Buckwell	within approval limits		Michael Lawther			
2343	09/03/15	Denise Mccaffray	758hhpr	Mr J Richardson	Cash gift in envelope - £100.00	£100	Donated	no details to return gift; donor adamant that gift benefits residents of Portsmouth if it could not go to the specific officer who had helped him	Gift	Yes	Owen Buckwell	As per emails Re donation		Michael Lawther		Lord Mayor Appeal	
2281	10/12/14	John Godsall	hhs226	Sarah Pearce	£5 cash	£5-£25	Rejected	Cash prohibited	Gift	N/A	Owen Buckwell			Michael Lawther			
2287	16/12/14	Greg Nugent	421345	Southsea Friends Community Group which I help to co-ordinate	ASDA voucher	£5-£25	Donated	Unsolicited Xmas gift which I am donating to Portsmouth Food Bank	Gift	Yes	Robert Watt	donated		David Williams		Other	Portsmouth Food Bank
2368	19/06/15	Peter Martin	424136	Mrs Dorothy Booth	£5.00 Cash	£5-£25	Accepted	Carried out repair on back door at property	Gift	Yes	Alan Cufley	Donated to Lord Mayors Appeal		Michael Lawther			

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# Gifts And Hospitality - Donated Gifts Report

Data from 1st October 2014 to date

Report Rundate: 27/10/2015

## Receiver Details

## Approver Details

### Lord Mayor's Appeal

#### Less than £5

##### Adult Social Care

18/12/2014 Jayne Gentle donated gift to Lord Mayor earrings  
Reason: christmas

#### £5 to £25

##### Children's Social Care and Safeguarding

07/01/2015 Jacqui Sinclair donated gift to Lord Mayor Elizabeth Arden 5th Avenue perfume

Reason: Recieved from Client

19/12/2014 Alice Waters donated gift to Lord Mayor jewellery from asda

Reason: Christmas Present

19/12/2014 Katy Willcox donated gift to Lord Mayor Jewellery from asda

Reason: Christmas Present

Rejected by Di Smith  
Reason: agree with donation

Rejected by Di Smith  
Reason: agre donation

##### Corporate Assets, Business and Standards

12/01/2015 Colin Walker donated gift to Lord Mayor Gift Pack of Jack FM Ale (4 bottles), Beer Glasses (3 x pint glasses) and Jack FM beer mats - File uploaded  
Reason: Received as part of products awareness pack, as example of promotional products by Jack FM

12/01/2015 Rebecca Coghlan donated gift to Lord Mayor Box of snacks - File uploaded

Reason: odidnt want to accept as Radio Parter interviews are due in Jan 2015

08/10/2014 Crystal Stelling donated gift to Lord Mayor 3 bottles of wine

### Receiver Details

Reason: Today I was given 2 bottles of red wine and a bottle of white wine from a contractor that we do not regularly work with (owner's choice) as gifts to Ken Stow and myself. His name is Mr Scott of Murray Builders. I accepted these gifts as I felt that it would have caused offence if I had refused them.

### Approver Details

### Housing and Property Services

04/06/2015 Michael Wheeler donated gift to Lord Mayor  
Bottle of wine  
Reason: For being helpful and considerate.

Approved by Owen Buckwell  
Reason: within approval limits

### Portsmouth International Port

24/12/2014 Martin Putman donated gift to Lord Mayor  
Hamper - tea/biscuits/jams given to Deputy Harbour Master, Ben McInnes  
Reason: Contractor

Approved by Martin Putman  
Reason: Note donated

### Transport and Environment

09/09/2015 Michael Robinson donated gift to Lord Mayor  
Box of Godiva Chocolates for staff that took part in the programme.  
Reason: Over £25

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of 199

### Housing and Property Services

09/03/2015 Denise Mccafray donated gift to Lord Mayor  
Cash gift in envelope - £100.00 - File uploaded  
Reason: no details to return gift; donor adamant that gift benefits residents of Portsmouth if it could not go to the specific officer who had helped him

Approved by Owen Buckwell  
Reason: As per emails Re donation

**Receiver Details**

**Approver Details**

**Donated to other**

**Less than £5**

**Adult Social Care**

22/12/2014 Jayne Gentle donated gift to use in carers centre kitchen  
small set of kitchen measuring spoons

Reason: christmas  
18/12/2014 Jayne Gentle donated gift to carers centre reception  
christmas plant  
Reason: christmas

**£5 to £25**

**Adult Social Care**

16/12/2014 Greg Nugent donated gift to Portsmouth Food Bank  
ASDA voucher  
Reason: Unsolicited Xmas gift which I am donating to Portsmouth Food Bank

Approved by Robert Watt  
Reason: donated

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<b>Title of meeting:</b>	Governance & Audit & Standards Committee
<b>Date of meeting:</b>	6 <sup>th</sup> November 2015
<b>Subject:</b>	Review of Members' Code of Conduct and Committee Arrangements for Assessment, Investigation and Determination of Complaints
<b>Report by:</b>	City Solicitor
<b>Wards affected:</b>	N/A
<b>Key decision:</b>	No
<b>Full Council decision:</b>	Yes

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## 1. Purpose of report

Following Members' consideration of the Code of Conduct earlier in the year, further changes have been made to the Arrangements for Assessment, Investigation and Determination of Complaints following the resolution passed at the Committee on 17 April 2015.

## 2. Recommendations

That Members of the Committee

- (i) Agree the proposed changes to the Arrangements for Assessment, Investigation and Determination of Complaints set out in the appendix (or propose and agree further changes) and
- (ii) Recommend the agreed changes to Council for adoption.

## 3. Background

Since members last considered the Code of Conduct and the Arrangements for Assessment, Investigation and Determination of Complaints, one complaint has been referred for investigation and a subsequent hearing has taken place. As a consequence of this in consultation with the members who have considered the complaint, further amendments to the procedure are proposed as set out in the attached appendix.

## 4. Reasons for recommendations

The amendments are proposed in order to clarify the procedure when there is no finding of fault and to avoid additional formal meetings having to be held

when the procedure can be dealt with under delegation to the City Solicitor in consultation with the members of the Initial Filtering Panel.

**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.

**7. Director of Finance's comments**

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

**Appendices:**

Appendix - Arrangements for Assessment, Investigation and Determination of Complaints (comparison document).

.....  
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

## **Governance and Audit and Standards Committee Arrangements for Assessment, Investigation and Determination of a Complaint that a Member has failed to Comply with the Members' Code of Conduct**

### **1. Application of these Arrangements**

- 1.1. These are the Arrangements to be followed by the Governance and Audit and Standards Committee of Portsmouth City Council ("the Council") in the assessment, investigation and determination of a complaint that any Member of the Authority has failed to comply with the Members' Code of Conduct. The Arrangements will be followed and applied in accordance with the requirements of the Localism Act 2011.

### **2. Receipt of Complaint**

- 2.1. A complaint shall be made by email to [michael.lawther@portsmouthcc.gov.uk](mailto:michael.lawther@portsmouthcc.gov.uk) or by post addressed to the Monitoring Officer to Portsmouth City Council (Civic Offices, Guildhall Square, Portsmouth PO1 2AL). The Complaint Form shall be used for this purpose.
- 2.2. Anonymous complaints will not normally be considered unless the complaint is accompanied by documentary or photographic evidence indicating an exceptionally serious or significant matter.

### **3. Notification to Member**

- 3.1. The Monitoring Officer shall provide the ~~Member who is the subject of the allegation~~ Subject-Member with written notification that a complaint has been made.

### **4. Terms of Reference of Initial Filtering Panel.**

- 4.1. The Initial Filtering Panel is established to receive allegations that a Member of the Council has failed to comply with the Members' Code of Conduct.
- 4.2. The Initial Filtering Panel shall be an informal meeting to enable the Monitoring Officer to obtain the views of Members upon a complaint, shall comprise three members and shall in so far as practicable shall have no more than one member of each political group represented on it
- 4.3. The Monitoring Officer will, within 10 working days of receipt of the complaint, set up an Initial Filtering Panel to see if the complaint falls within the Local Assessment Criteria. Having considered the complaint and taken into account the views of the Members and Independent Person, the Monitoring Officer will:-

4.3.1. Arrange:

- 4.3.1.1. a formal investigation of the allegation;<sup>5</sup> or
- 4.3.1.2. training or conciliation;<sup>5</sup> or
- 4.3.1.3. such other appropriate alternative steps; or

4.3.2. ~~Decide~~decide that no action should be taken in respect of the allegation.

4.4. The Monitoring Officer will take reasonable steps to notify the person making the allegation ("the Complainant"), and the Subject-Member ~~the subject of it,~~ of that decision. Where the decision is that no action should be taken, reasons for the decision shall be given, and reference made to the right to request a review of that decision under ~~Paragraph 5~~paragraph 5 below. This notification shall normally be given within ten working days of the decision being made.

4.5. The notification to the Subject-Member ~~concerned~~ shall include a copy of the complaint, unless the Monitoring Officer determines that to disclose the identity of the ~~complainant~~Complainant would be contrary to the public interest or would prejudice any person's ability to investigate the allegation.

4.6. When it is decided to investigate or take other action, it does not mean that the Initial Filtering Panel has made up its mind about the allegation.

The Initial Filtering Panel makes no findings of fact on the matter. It simply means that the Initial Filtering Panel believes the alleged conduct, if proven, may amount to a failure to comply with the Code of Conduct, and that some action should be taken in response to the complaint.

## 5. **Right to Request a Review**

5.1. Where a decision is made by the Initial Filtering Panel that no action should be taken in respect of the allegation, the Complainant ~~person who made the allegation~~ may make a request for that decision to be reviewed. The request shall be made in writing addressed to the Monitoring Officer. The request must be received within 30 days of notification being given under paragraph 4.4 above.

## 6. **Convening of Meeting of the Governance and Audit and Standards Review Sub-Committee**

6.1. The Monitoring Officer shall appoint, and convene a meeting of, the Governance and Audit and Standards Review Sub-Committee, ("the Review Sub-Committee") from amongst the Members of the Governance and Audit and Standards Committee, provided that at all times the composition of the Sub-Committee complies with paragraphs 6.2 and 6.3. The meeting shall take place within 20 working days of the date of receipt of the request for review, where practicable, and certainly within a maximum of three months from that date.



- 6.2. The Review Sub-Committee shall comprise three members and so far as is practicable have no more than one member from each political group represented on it.
- 6.3. The Review Sub-Committee shall not include any member who was a member of the Initial Filtering Panel whose decision to take no action is subject to review. This is to minimise the risk of conflicts of interest and ensure fairness for all parties.

## 7. Notification to Subject-Member

- 7.1. The Monitoring Officer shall notify the Subject-Member ~~who is the subject of the allegation~~ that a request for review has been received.

## 8. Terms of Reference of Governance and Audit and Standards Review Sub-Committee

- 8.1. The Governance and Audit and Standards Review Sub-Committee is established to review, upon the request of the ~~person who has made an allegation~~ Complainant that a Member of the Authority has failed or may have failed to comply with the Council's Code of Conduct, a decision of the Initial Filtering Panel that no action be taken in respect of that allegation.
- 8.2. Upon receipt of such request for a review and any accompanying report by the Monitoring Officer the Governance and Audit and Standards Review Sub-Committee shall, within 20 working days, review the decision of the Initial Filtering Panel and shall then do one of the following:
  - 8.2.1. ~~Refer~~ refer the allegation to the Monitoring Officer with an instruction that he/she arrange a formal investigation of the allegation or (after consultation with the Deputy Monitoring Officer where appropriate) directing that he/she arrange training, conciliation or such other appropriate alternative steps; or
  - 8.2.2. ~~Decide~~ decide that no action should be taken in respect of the allegation; or
  - 8.2.3. ~~Where~~ where the allegation is in respect of a person who is no longer a Member of the Authority but is a Member of another relevant authority (as defined in Section 27(6) of the Localism Act 2011) refer the allegation to the Monitoring Officer of that other Authority.
- 8.3. In reaching its decision, the Sub-Committee shall have regard to the Local Assessment Criteria.
- 8.4. The Sub-Committee shall instruct the Monitoring Officer to take reasonable steps to notify the ~~person making the allegation~~ Complainant, and the Subject-Member concerned, of that decision. Where the decision is that no action should be taken, reasons for the decision shall be given. This notification shall normally be given within ten working days of the decision being made.

- 8.5. When a matter is referred for investigation or other action, it does not mean that the Sub-Committee has made up its mind about the allegation. The Sub Committee makes no findings of fact on the matter. It simply means that the Sub-Committee believes the alleged conduct, if proven, may amount to a failure to comply with the Code of Conduct, and that some action should be taken in response to the complaint.

## 9. Referral for Steps other than Investigation

- 9.1. Where the Initial Filtering Panel or Review Sub-Committee has consulted the Monitoring Officer with a view to making a direction to take steps other than investigation that involve conciliation, the Monitoring Officer shall contact the ~~person making the allegation~~Complainant, and the ~~Subject-Member~~ ~~the subject of it,~~ seeking confirmation that they would co-operate with the action proposed if such a direction were made. It must be made clear that the decision to take other action, if pursued, will close the opportunity for the complaint to be fully investigated. The Monitoring Officer shall inform the Sub-Committee of the responses received from the ~~complainant~~ Complainant and ~~Subject-M~~member.
- 9.2. Where a direction is then made to take steps other than investigation, the Monitoring Officer shall report this as part of his annual report to Governance and Audit and Standards Committee. This meeting shall normally be open to the press and public, unless the Committee decides that, in accordance with Part VA of and Schedule 12A to the Local Government Act 1972, the report should be considered in private session.

## 10. Referral for Investigation

- 10.1. Where the Initial Filtering Panel or Review Sub-Committee has referred the matter to the Monitoring Officer for investigation, the Monitoring Officer shall arrange for such investigation to be carried out by the Deputy Monitoring Officer, or other person the Monitoring Officer considers to be suitably qualified and experienced to undertake the task (“the Investigating Officer”). This may include:

- 10.1.1. ~~Making-making~~ inquiries of such persons as the Investigating Officer considers necessary or expedient;
- 10.1.2. ~~Requiring-requiring~~ such persons to give such information or explanation as the Investigating Officer considers expedient;
- 10.1.3. ~~Inspection-inspection~~ of such documents as the Investigating Officer considers expedient.

The Monitoring Officer may set up a Sub-Committee to consider its further progress if the Subject-Member has died, resigned, or is seriously ill, and he is of the opinion that it is no longer appropriate to continue with an investigation.

- 10.2. Where the matter is referred back to a Sub-Committee they may decide not to proceed with the investigation.

10.3. On completion of an investigation, the Investigating Officer shall prepare a written report of the investigation making one of the following findings:

10.3.1. ~~That that~~ there has been a failure to comply with the Code of Conduct; or

10.3.2. ~~That that~~ there has not been a failure to comply with the Code of Conduct.

10.4. The Monitoring Officer shall send a copy of the Investigating Officer's report to the ~~Subject-Member the subject of the allegation, and to the Governance and Audit and Standards Committee. The Governance and Audit and Standards Committee shall then arrange for the report to be considered at a hearing of the Governance and Audit and Standards Consideration Sub-Committee ("Consideration Sub-Committee").~~

#### 11. Convening a meeting of the Consideration Sub-Committee Investigating Officer's finding of no failure to observe the Code of Conduct

~~11.1. In consultation with the Chair, the Monitoring Officer shall appoint, and convene a meeting of, the Consideration Sub-Committee, from amongst the Members of the Governance and Audit and Standards Committee, provided that at all times the investigation shall be carried out in accordance with any guidance issued by the Governance and Audit and Standards Committee and the composition of the Sub-Committee complies with Paragraph 11.2.~~

~~In the event that the Investigating Officer finds that there is no failure to observe the Code of Conduct, the Monitoring Officer shall consult with the Initial Filtering Panel or Review Panel as appropriate and if the Initial Filtering Panel or Review Panel, as appropriate, accepts the Investigating Officer's findings, the Investigating Officer shall give written notice of this to the Complainant and the Subject-Member.~~

~~10.5-11.2. In the event that the finding is not accepted, the Initial Filtering Panel or Review Panel may give further directions to the Monitoring Officer as appropriate.~~

~~10.6. The Consideration Sub-Committee shall comprise three members. Membership may include any member who has participated in consideration of the allegation at a meeting of the Governance and Audit and Standards Review Sub-Committee at an earlier stage.~~

~~10.7. This meeting shall not normally be open to the press and public, provided that the Sub-Committee decides that, in accordance with Part VA and Schedule 12A to the Local Government Act 1972, the report should be considered in private session.~~

#### 11.12. Terms of Reference of the Consideration Sub-Committee Finding a breach of the Code of Conduct

~~12.1. Where the Investigating Officer finds that there has been a breach of the Code the matter will be referred for consideration at a hearing~~

before the Governance and Audit and Standards Hearings Sub-Committee

~~11.1. The Consideration Sub-Committee shall be responsible for determining whether:~~

~~11.1.1. It accepts the Monitoring Officer's finding of no failure to observe the Code of Conduct; or~~

~~12. The matter should be referred for consideration at a hearing before the Governance and Audit and Standards Hearings Sub-Committee Finding of No Failure~~

~~13. \_\_\_\_\_~~

~~14. \_\_\_\_\_~~

~~15. Where a finding of no failure is made, the Monitoring Officer shall give written notification of this to the person who made the allegation, and the Member the subject of it.~~

~~16. \_\_\_\_\_~~

~~17. \_\_\_\_\_~~

~~18. The Monitoring Officer shall also arrange for a notice to be published on the Council's website, within 10 working days stating that there has been no failure to comply with the Code of Conduct, unless the Member the subject of the allegation requests that no such notice be published.~~

**19.13. Convening a meeting of the Governance and Audit and Standards Hearings Sub-Committee ("the Hearings Sub-Committee")**

~~19.1.13.1. Where the Assessment Sub-Committee decides that the matter should be referred for consideration at a hearing before the Hearings Sub-Committee, then, in consultation with the Chair, the Monitoring Officer shall appoint, and convene a meeting of, the Hearings Sub-Committee for this purpose.~~ The Sub-Committee shall be appointed from amongst the Members of the Governance and Audit and Standards Committee, provided that at all times the composition of the Sub-Committee complies with Paragraph 13.2.

~~19.2.13.2.~~ The Hearings Sub-Committee shall comprise three members. Membership may include any member who has participated in consideration of the allegation at a meeting of the Governance and Audit and Standards Review Sub-Committee ~~or Governance and Audit and Standards Consideration Sub-Committee~~ at an earlier stage.

~~19.3.13.3.~~ The meeting shall be held within three months of the date of completion of the Investigating Officer's report (or as soon as reasonably practicable thereafter) and at least fourteen days after the date on which the Monitoring Officer sent the Investigating Officer's report to the ~~member Subject-Member the subject of the allegation,~~ (unless the member agrees to it being held earlier).

~~19.4.13.4.~~ This meeting shall normally be open to the press and public, unless the Sub-Committee decides that, in accordance with Part VA and Schedule

12A to the Local Government Act 1972, the report should be considered in private session.

~~19.5.13.5.~~ The meeting of the Hearings Sub-Committee may consider the report in the ~~subject-Subject-member's-Member's~~ absence if the ~~subject-Subject-Mmember~~ does not attend the hearing. If the Sub-Committee is satisfied with the ~~subject-Subject-Mmember's~~ reasons for not being able to attend the meeting, it may arrange for the hearing to take place on another date.

#### ~~20.14.~~ **Terms of Reference of Hearings Sub-Committee**

~~20.1.14.1.~~ The Hearings Sub-Committee is established to hold a hearing and make one of the following findings:

~~20.1.1.14.1.1.~~ ~~That that~~ the Member did not fail to comply with the Code of Conduct; or

~~20.1.2.14.1.2.~~ ~~That that~~ the Member did fail to comply with the Code of Conduct, but that no action needs to be taken in respect of the matters considered at the hearing; or

~~20.1.3.14.1.3.~~ ~~That that~~ the Member did fail to comply with the Code of Conduct and that one of, or any combination of, the following sanctions should be imposed:

~~20.1.3.1.14.1.3.1.~~ ~~Censure-censure~~ of the Member;

~~20.1.3.2.14.1.3.2.~~ ~~Restriction-restriction~~ for a period not exceeding six months of that Member's access to the premises of the Authority or that Member's use of the resources of the Authority, provided that those restrictions are reasonable and proportionate to the nature of the breach, and do not unduly restrict the Member's ability to perform the functions of a Member;

~~20.1.3.3.14.1.3.3.~~ ~~Recommending-recommending~~ to the Member's Group Leader that he/she be removed from any or all Committees or Sub-Committees of the Authority;

~~20.1.3.4.14.1.3.4.~~ ~~Reports-reports~~ its findings to the Authority and/or the relevant authority responsible for appointing the Member to the Authority.

~~20.2.14.2.~~ Any sanction imposed shall take effect immediately, except where the Sub-Committee directs that it shall take effect on a later date within the following six months.

#### ~~21.15.~~ **Pre-Hearing Procedure**

~~21.1.15.1.~~ ~~In consultation with the Chair of the Governance and Audit and Standards Committee, the~~ The Monitoring Officer shall write to the Subject Member proposing a date for the hearing. The letter shall outline the hearing procedure, and the member's rights, asking for a response within a

set time. The letter shall enquire whether the ~~subject m~~Subject-Member:

~~21.1.1.~~15.1.1. ~~Wants-wants~~ to be represented at the hearing by a solicitor, barrister or other person;

~~21.1.2.~~15.1.2. ~~Disagrees-disagrees~~ with any of the findings in the investigation report, including reasons for any disagreements;

~~21.1.3.~~15.1.3. ~~Wants-wants~~ to give evidence at the hearing, either verbally or in writing;

~~21.1.4.~~15.1.4. ~~Wants-wants~~ to call relevant witnesses to give evidence and, if so to provide outlines or statements of the evidence those witnesses intend to give;

~~21.1.5.~~15.1.5. ~~Wants-wants~~ any part of the hearing to be held in private;:

~~21.1.6.~~15.1.6. ~~Wants-wants~~ to have any part of the investigation report or other documents withheld from the public; and

~~21.1.7.~~15.1.7. ~~Can-can~~ attend the hearing.

~~21.2.~~15.2. The Monitoring Officer shall send a copy of the Subject Member's response to the Investigating Officer, inviting them to say by a set date whether they wish to:

~~21.2.1.~~15.2.1. ~~Be-be~~ represented at the hearing;:

~~21.2.2.~~15.2.2. ~~Call-call~~ relevant witnesses to give evidence;

~~21.2.3.~~15.2.3. ~~Have-have~~ any part of the hearing held in private; and

~~21.2.4.~~15.2.4. ~~Have-have~~ any part of the investigation report or other documents withheld from the public.

~~21.3.~~15.3. The Monitoring Officer shall advise the Hearings Sub-Committee as necessary on any matter arising out of the Subject Member's response. At least two weeks before the hearing, the Monitoring Officer shall send a pre-hearing process summary to everyone involved in the complaint. This should set the date, time and place for the hearing, summarise the allegation, outline the main facts that are agreed and those which are not agreed, note whether the ~~subject-Subject-M~~ember will attend and be represented, list the witnesses who intend to give evidence, and outline the procedure to be followed at the hearing.

## ~~22.16.~~ **Hearing Procedure**

~~22.1.~~16.1. The hearing is a formal meeting of the Authority and is not a court of law. It does not hear evidence under oath, but it does decide factual evidence on the balance of probabilities. The hearing will be conducted in a demonstrably fair, independent and politically impartial way, so that members of the public and members of the Authority have confidence in the Council's procedures and findings.

~~22.2.16.2.~~ The procedure followed at the hearing will be confirmed in the pre-hearing process summary referred to in Paragraph 15.3.

### ~~23.17.~~ **Notification of Findings**

~~23.1.17.1.~~ As soon as reasonably practicable after the Hearings Sub- Committee makes its finding on the matter, the Monitoring Officer shall give written notice of the finding and the reasons for it to the Subject-Member and the ~~person who made the allegation~~ Complainant. ~~A summary of the finding and reasons for it shall be placed on the Council's website.~~

~~23.2.17.2.~~ ~~Where the finding is that there was no failure to comply with the Code of Conduct, a summary of the finding and reasons for it shall not be placed on the Council's website if the Subject-Member the subject of the finding so requests.~~

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<b>Title of meetings:</b>	Governance and Audit and Standards Committee Council
<b>Date of meetings:</b>	6 November 2015 10 November 2015
<b>Subject:</b>	Contract Procedure Rules
<b>Report by:</b>	City Solicitor
<b>Wards affected:</b>	All
<b>Key decision:</b>	No
<b>Full Council decision:</b>	Yes

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## 1. Purpose of report

To seek the adoption of revised Contract Procedure Rules to be implemented in place of those approved on 20<sup>th</sup> July 2010.

## 2. Recommendations

**That the Governance & Audit & Standards Committee**

- (1) Agree the proposed changes to the Contract Procedure Rules as set out as Appendix 1 to this report and**
- (2) Recommend the revised Contract Procedure Rules be adopted by Council and brought into force from 1 January 2016.**

## 3. Background

The current Contract Procedure Rules were adopted by the Council in 2010 and have not been updated since that date. As a result they do not reflect the most up to date legal requirements and practice.

There has also been significant case law interpreting both European and UK procurement procedures.

The effect of the case law and general developments in procurement processes has resulted in the adoption by the European Union of new directives relating to procurement. The UK government is obliged to bring these directives into UK law which it has done with the Public Contract Regulations 2015 which came into force on 26<sup>th</sup> February 2015. In these regulations the government has also implemented measures designed to make public contract opportunities more accessible to small and medium enterprises.

In addition to this the Council has introduced new procedures, for example Category Management, the Grantway process and the Strategic Management Process, which are not included in the current rules.

The opportunity has also been taken to make the Contract Procedure Rules compatible with an electronic format by including hyperlinks to guidance documents. The Contract Procedure Rules are more outcome based, and are designed to provide appropriate levels of flexibility, in conjunction with targeted oversight.

#### **4. Reasons for recommendations**

The Contract Procedure Rules followed by the Council should reflect current law and practice, and should also reflect the Council's approach to risk management. Accordingly they need to be updated to ensure that any risk to the Council caused by a failure to comply with legal requirements is kept to a minimum. The rules should also be in a form which gives as much information, as clearly as possible to those budget holders procuring contracts on behalf of the Council. The revised format of the Rules is considered to achieve that objective.

The Contract Procedure Rules divide contracts into types, depending on the sum of the contract value, and whether they are strategic, operational or transactional. These types are more fully described below:

By Value:

Low - Under £5,000

Medium - Between £5,000 and £100,000

High - Over £100,000, which includes contracts whose value exceeds the EU thresholds for Service and Works contracts of £174,000 and £3,100,000 respectively.

By Type

Strategic - contracts are over four years duration or have a lifetime value in excess of £4 million or is critical to the ongoing effective operation of the council with a supplier market of 3 or less or is annually renewable and has been in place for four years or more or has a high service or reputational risk for the Council.

Operational - contracts are over 18 months but less than four years in duration, or have a lifetime value between £400,000 and £4 million, or is a contract for major equipment requiring ongoing maintenance.

Transactional - contracts are those with a duration of less than 18 months (including extensions) or have a lifetime value under £400,000

or, are a one off supply contract for a product with no ongoing maintenance.

The management and control of risk, in terms of quality assuring tendering, checking for the necessity of a given procurement, and the risk as to the compliance of a given tender with the law on procurements, is assured by way of regular reviews of the procurement practices of budget holders by the Procurement Service through the application of Contract Procedure Rules, Gateway and Grantway processes, overview by the City Solicitor and Section 151 officer and the requirement for all procurements to comply with the Council's Financial Rules. Contract management will be overseen by the Strategic Contract Review Board and the Governance and Audit and Standards Committee.

**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**

Legal comments are contained within the body of this report.

**7. Director of Finance's comments**

This review of the Contract Procedure Rules reflects the requirements of Financial Rules that are put in place so that the City Council can meet all of its statutory responsibilities for the proper financial stewardship and safeguarding of public funds as required by law.

These revised Contract Procedure Rules need to be read in conjunction with the Financial Rules.

.....  
Signed by:

**Appendices:** Appendix 1 - Draft Contract Procedure Rules

**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

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

.....  
Signed by:

# Draft Contract Procedure Rules

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## 1. INTRODUCTION

- 1.1 The Council has a statutory duty under Section 135 Local Government Act 1972 to make Rules for the provision of supplies, services, works and Concessions. These Rules should be read in conjunction with the Council's Procurement Guidance ([link](#)) published on the Council's Intranet which provides more detail on specific procedures and practice.
- 1.2 These Contract Procedure Rules apply to all new procurements from 1 January 2016. The City Solicitor is responsible for updating and maintaining these Rules and has delegated authority to amend these Rules and the Procurement Guidance from time to time in article 12 of the constitution.
- 1.3 These Rules apply to all Contracts that are to be entered into by the Council as appropriate to the value of the transaction. They also apply to any Concession Contracts or Grant Agreements made by the Council that have required service outcomes or specifications.

## 2. APPLICATION AND INTERPRETATION

### 2.1 Definitions

In these Rules:

- "Anti Bribery Legislation"** Means the Bribery Act 2010 any provision relating to the prevention of corruption in any legislation relating to Local Government and any statute amending or replacing them and any statutory instrument made thereunder.
- "Authorised Officer"** means the officer with delegated authority from the relevant Service Director for the receipt of quotations and tenders and for signing Contracts
- "Best Value"** means the Council's duty under Section 3 Local Government Act 1999 to promote economies, efficiencies, and effectiveness
- "Category Manager"** means the person responsible for overseeing all procurement and Contract management activity for the Category within the Council that they are responsible for. A list of the current Category Managers may be found [here](#).
- "Commissioner"** means the person responsible for planning and scoping the requirements which form the object of the Contract, as described in the Procurement Guidance.
- "Concession Contract"** means an agreement whereby the Council grants another person, whether legal or natural, the right to provide a service or function, or carry out works, at that person's risk, to the public, as more fully described in Procurement Legislation and with appropriate and measurable levels of service (KPIs)
- "Contract Manager"** means the person responsible for the management of the Contract, its scope and maintaining day-to-day relationships with the supplier as described in the Procurement Guidance.
- "Contract"** means a Contract (whether in writing or otherwise) for supplies, services, or for the execution of any works and also includes Framework Agreements, Dynamic Purchasing Systems, and Concession Contracts. It excludes exempt Contracts.
- "Contracting Authorities"** means Central Government, local government bodies, bodies governed by public law or associations formed by any one or more of these.

<b>"Contract Guide"</b>	means a document based on a standard template which summarises the key procedures and actions to be undertaken in the management of the Contract,
<b>"Contract Operations Manual"</b>	means a document based on a standard template which provides, in a summary form, information on key stakeholders, relationships, contractual and financial arrangements concerning the Contract.
<b>"Contractor"</b>	means any person or company seeking to enter into a Contract with the Council.
<b>"Council"</b>	means Portsmouth City Council.
<b>"Dynamic Purchasing System"</b>	means a completely electronic process for making commonly used purchases, the characteristics of which, as generally available on the market, meet the requirements of the Contracting Authority and open throughout its validity to any Contractor which satisfies the selection criteria and has submitted an indicative tender that complies with the specification.
<b>"Equalities"</b>	Any duty or requirement placed on the council or any other body by the Equality Act 2011 or any legislation amending or replacing it and any statutory instrument made thereunder.
<b>"eSourcing Solution"</b>	means the on-line system maintained by the Council for notifying potential suppliers and Contractors of Contract opportunities, issuing tender documentation, administration of clarifications, receiving and receipting bids, awarding and managing Contracts and maintaining compliance with the Transparency Code through the publication of Contract spend.
<b>"Estimated Total Cost"</b>	means the aggregate total whole life cost of the supplies or services to be provided or works to be performed under a Contract estimated prior to its procurement, calculated in accordance with Procurement Legislation, as described in the Procurement Guidance ( <a href="#">link</a> ).
<b>"European Directive"</b>	means a Directive made in accordance with the Treaty on the Functioning of the European Union by the Commission of the European Union.
<b>"European Threshold"</b>	means the threshold applying to local authorities at which supplies, services and works are subject to the European Directives ( <a href="#">link</a> ).
<b>"Exempt Contract"</b>	means Contracts for the acquisition or disposal of an interest in land, the grant of a licence (unless a licence involves the letting of a Concession Contract), the raising of finance, Contracts of employment or a Contract for the provision of legal services in connection with litigation or dispute resolution.

<b>"Framework Agreement"</b>	means an agreement which establishes the terms under which a Contractor will enter into Contracts with the Contracting Authority in the period during which the Framework Agreement applies. A Contractor may be awarded a Contract under a framework for a period which extends beyond the termination date of the framework providing that the Contract is entered into before that date and is proportionate to the duration of the framework.
<b>"Grant Agreement"</b>	means an agreement whereby the Council provides monies to another person, whether legal or natural to provide a function or service without the expectation of any monetary benefit to the Council except the repayment of the monies if the services are not performed or not performed to a specified standard.
<b>"Joint Procurement Agreement"</b>	means combining the procurement actions of two or more Contracting Authorities. The key defining characteristic is that there should be only one tender published on behalf of all participating authorities.
<b>"Operational Contract"</b>	means a Contract that: <ul style="list-style-type: none"> <li>• lasts more than eighteen (18) months but less than four (4) years (including extensions) in duration; or;</li> <li>• is a Contract with a lifetime value of less than £4 million and greater than £400,000 (including extensions) or;</li> <li>• is a Contract for major equipment requiring on-going maintenance.</li> </ul> <p>Notwithstanding the above, a Contract that exceeds eighteen (18) months in length and is less than £100,000 in lifetime value is classified as a Transactional Contract.</p>
<b>"Procurement Category Business Partner"</b>	means the procurement officer responsible for advising the relevant Authorised Officer.
<b>"Procurement Document"</b>	means any document produced or referred to by the Council to describe or determine elements of the procurement or the procedure, including the Contract notice, the prior information notice where it is used as a means of calling for a competition, the technical specifications, the descriptive document, the invitation to tender, proposed conditions of contract, formats for the presentation of documents by Contractors, information on generally applicable obligations and any additional documents
<b>"Procurement Legislation"</b>	means the procurement directives of the European Union and any regulations that implement them within the United Kingdom
<b>"Service Director"</b>	means the senior officer under the Council's constitution of the Council Service responsible for the Contract
<b>"Social Value Duty"</b>	Means the duty imposed upon the Council by the Public Services Social Value Act 2011



<b>"Regulated Contract"</b>	means a Contract to be entered into which is subject to the provisions of the Procurement Legislation (in particular the Public Contracts Regulations 2015 and Concession Contracts Regulations 2016 as amended or replaced from time to time). The most up to date version of the Regulations may be obtained from Legal Services.
<b>"Strategic Contract"</b>	means a Contract that: <ul style="list-style-type: none"> <li>• lasts more than four (4) years (including extensions) in duration; or</li> <li>• is a Contract with a lifetime value in excess of £4 million (including extensions); or</li> <li>• is a Contract which is critical to the ongoing effective operation of the Council and is sourced from a market that only has three or fewer providers capable of supply; or</li> <li>• is an annually renewable Contract that has been in place for four or more years; or</li> <li>• is a Contract with potential for either high service user risk or high risk of reputational impact to the Council.</li> </ul> <p>Notwithstanding the above, a Contract that exceeds four (4) years in length but is under £1 million in lifetime value is classified as an Operational Contract.</p>
<b>"Transactional Contract"</b>	means a Contract that; <ul style="list-style-type: none"> <li>• lasts less than eighteen (18) months (including extensions); or</li> <li>• has a lifetime value less than £400,000 (including extensions); or</li> <li>• is a Contract for one-off supplies for a product to be consumed with no on-going maintenance.</li> </ul>
<b>"Transparency Information/Code"</b>	means the information that the Council is required to publish under the Local Authority Transparency Code 2015 to be found at <a href="https://www.gov.uk/government/publications/local-government-transparency-code-2015">https://www.gov.uk/government/publications/local-government-transparency-code-2015</a> as amended or replaced from time to time.
<b>"Umbrella Agreement"</b>	means one of the following agreement types: Framework Agreements, Dynamic Purchasing System, corporate Contracts, shared service arrangements, purchase of services from another Contracting Authority, etc.

Any departure from the definitions of "Operational", "Transactional" or "Strategic" in relation to Contracts shall be approved by the Procurement Manager, whose decision shall be final.

## 2.2 Compliance and Best Value, Social Value Duties, Equalities and Anti-Bribery Legislation

Every Contract, except Exempt Contracts, made by the Council shall comply with these Rules. Where compliance with these Rules contradicts the requirements of any statutory legislation the views of Legal Services must be obtained. Where compliance with these rules contradicts any specific best practice guidance advice must be sought from Legal Services and Procurement Services.

The Council is under a legal duty to promote Best Value and to consider the Public Services (Social Value) Act 2013 and the Public Sector Equality Duty and every officer engaged in the letting of Contracts shall have regard to these duties.

All Members and Officers of the Council must disclose any conflict of interest that they may have relating to a Contract to which these rules relate and in which they are acting on behalf of the Council. If any member or officer has such an interest they must not take any further part in the awarding of the Contract or grant and complete any appropriate declarations and registrations of interest.

No Member or Officer may solicit or receive any gift or financial inducement in respect of any Contract which is being awarded by the Council or commit any corrupt act or any offence under the Bribery Act 2010 or any act in breach of the Codes and Protocols set out in Part 4 of the Council's Constitution.

#### 2.3 Subdivision of Contracts

No Contract shall be subdivided into smaller Contracts or let via a series of short term agreements so as to avoid compliance with these Rules or Procurement Legislation. Contracts may be divided into lots, particularly to encourage procurement opportunities for Small and Medium Enterprises but the costs of the Contract shall be aggregated accordingly. Where a Regulated Contract is not divided into lots then a written record of that decision, with reasons, shall be included in the Contract notice and kept on the Council's eSourcing Solution. Detailed guidance on aggregation is provided in the Procurement Guidance. Contract and Category Managers must review the aggregate spend on Contracts for which they are responsible regularly (and at least every 6 months) to assess whether new Contracts should be procured.

#### 2.4 Value Added Tax

In calculating the value of a Contract for the purposes of these Rules, the sum shall be exclusive of VAT.

#### 2.5 Schools

Maintained Schools, and the Council where it acts on their behalf, must comply with these Rules when procuring Contracts. This includes use of the Council's eSourcing solution for such Contracts. In addition the appropriate Contract register entries must be made as set out in Rule 4.

#### 2.6 Other Contracting Authorities

Where the Council procures a Contract jointly with one or more other Contracting Authorities then approval of the proposed tender must be given through the Council's Gateway Process involving, where appropriate, the Strategic Contract Management Board. Where such a collaborative procurement exercise is undertaken then the Procurement Category Business Partner must be consulted and use of a Joint Procurement Agreement shall be considered as appropriate.

### **3. PROCUREMENT GUIDANCE**

3.1 Members and Officers must have regard to the guidance relating to the procurement of Contracts through the Gateway process and the awarding of grants through the Grantway process. Officers must also ensure that they carry out ongoing management of the Contract in accordance with these rules and any guidance issued by the Procurement Service.

### **4. RECORD KEEPING**

4.1 For all Contracts with a value of £5,000 or greater the following must be logged on the Council's eSourcing solution prior to commencement of the Contract:

- A copy of the draft Contract document to be replaced with a signed copy when available.
- The evaluation documents
- The standstill notice - if applicable

- Any waivers
- Any variations to the Contract
- Copy of the Contract operations manual (in respect of Strategic Contracts)
- Copy of the Contract Guide (in respect of Operational and Strategic Contracts)

4.2 Contracts should be reviewed annually and information updated accordingly.

4.3 A copy of the Contract Set-up form is available [here](#)

## 5. FORM OF CONTRACT

5.1 Contracts must accord with the Approved Forms of Contract ([link](#)), and any significant amendments or deviations must:

- a) Be referred to the Service Director, in relation to Contracts up to a value of £50,000;
- b) Be referred to the Procurement Category Business Partner, in relation to Contract with a value between £50,000 and £100,000
- c) Be referred to Legal Services in relation to Contracts with a value of £100,000 or above.

Each of whom shall have regard to the strategic importance of the Contract, and the risks associated with the change.

5.2 Risks shall be categorised as low, medium and high.

- A Low Risk is one which is unlikely to occur and which will have little or no impact on the provision of supplies and services under the Contract.
- A Medium Risk is one which is likely to occur and which will have significant impact on the provision of supplies and services under the Contract.
- A High Risk is one which is almost certain to occur and will have a major impact on the provision of supplies and services under the Contract.

5.3 Where a risk comprises one element from any category then the risk shall be assessed as being in the higher category.

5.4 The advice of legal services shall be sought where any of the risks are assessed as being medium or high.

5.5 In circumstances where an Approved Form of Contract is not to be used, the proposed form shall be approved by legal services.

5.6 Where these Rules require a Contract opportunity to be offered by tender, all documents relating to that tender, including draft terms of Contract must be available when the opportunity is advertised or when the OJEU Contract notice is published.

## 6. LOW VALUE CONTRACTS (under £5,000)

6.1 Where the Estimated Total Cost of a Contract does not exceed £5,000 no Contract shall be let unless at least three quotations have been obtained or the purchase is being made via a compliantly let Umbrella Agreement.

6.2 In the event that it is not possible due to factors outside of the Authorised Officers control - e.g. single source such as DVLA, Land Registry, utilities, etc. or price setting market norms such as low value purchases from retailers, transport operators, etc. - to obtain three quotations, the Authorised Officer is required to ensure Value for Money is achieved on a proportionate basis by consideration of purchasing options available.

6.3 Where quotations are sought the Authorised Officer must ensure that an audit trail is maintained and recorded on file. Quotations should be sought ideally in writing and via the Council's eSourcing solution. Where verbal quotations are sought the quotation from the successful organisation must be confirmed in writing and put on file.

6.4 In instances where no quotations have been sought where prices are set by seller in line with market norms no file note is required. For instances where competition is viable but less than three quotations have been obtained and the purchase has not been made via a compliant

Umbrella Agreement the Authorised Officer should file a written record stating the reasons for this.

- 6.5 Where supplies or services are paid for using a Purchasing Card then the Authorised Officer must satisfy themselves that it is an appropriate method of purchase and must not use the card in a way that will permit avoidance of these rules.

See flowchart at Appendix 1 for more details.

## **7. MEDIUM VALUE CONTRACTS (£5,000-£100,000)**

- 7.1 No Contract with an Estimated Total Cost between £5,000 and £100,000 shall be let unless at least three written quotations have been obtained from appropriately qualified and competent bidders via the Council's eSourcing solution or the purchase is being made via a compliantly let Umbrella Agreement.
- 7.2 Where the provisions of the Council's Grantway process apply these must be followed in strict accordance.
- 7.3 In seeking quotations, the Authorised Officer must ensure that an audit trail is maintained and recorded on the Council's eSourcing solution. Quotations must be sought via the Council's eSourcing solution. The Council's standard procurement documentation must be used.
- 7.4 Where the Authorised Officer decides to invite quotations via advertised process via publication to the unrestricted area of the Council's eSourcing solution the opportunity must also be advertised on Central Government's Contracts Finder.
- 7.5 In instances where no quotations have been sought and the purchase has not been made via a compliant umbrella agreement or where quotations have been sought but fewer than three have been obtained the Authorised Officer must seek approval from the relevant Service Director and any other officers relevant to the decision making process prior to the issue of Contract award letters to bidders in accordance with delegated authority provisions. A waiver must be completed, approved and filed on the Council's eSourcing solution.

## **8. HIGH VALUE CONTRACTS (over £100,000)**

- 8.1 No Contract with an Estimated Total Cost over £100,000 shall be let unless at least three written tenders have been obtained from appropriately qualified and competent bidders via the Council's eSourcing solution following an advertised tender process or the purchase is being made via a compliantly let Umbrella Agreement.
- 8.2 The provisions of the Council's Gateway and Grantway processes must be followed in strict accordance. Any departure from these processes must be expressly approved and documented within a completed waiver.
- 8.3 The opportunity must also be advertised on Central Government's Contracts Finder. Regard should also be given to advertisement of the opportunity within trade journals and other publications as appropriate.
- 8.4 In seeking tenders the Authorised Officer must ensure that an audit trail is maintained and recorded on file in accordance with the Council's record keeping policies. Tenders must be sought via the Council's eSourcing solution. The Council's standard procurement documentation must be used.
- 8.5 Contracts with a value in excess of the relevant EU threshold ([link](#)) must be let in accordance with the relevant Procurement Legislation. Commissioners must also follow the Gateway/Grantway process and any advice from the Procurement Service.

## **9. TENDER / QUOTATION PROCEDURE**

- 9.1 The Procedure shall be approved in accordance with the Gateway/Grantway Process and supporting Procurement Guidance as deemed appropriate by the Procurement Category Business Partner. ([link](#))
- 9.2 The Council's standard procurement documentation must be used and may only be altered or omitted with the express advice and approval of the Procurement Category Business Partner.

- 9.3 All invitations shall state that no bid shall be considered unless it is submitted in accordance with the requirements described in the instructions for quoting / tendering, and that no costs of tendering shall be met (without the express approval of the Procurement Manager).

## **10. PROVISION OF PRE BID SUBMISSION CLARIFICATION**

- 10.1 All requests for clarification from bidders must be dealt with as a matter of urgency in order to mitigate any delays to bidders in preparing their submissions. Similarly where the Authorised Officer identifies a requirement for further information or clarification or correction of previously distributed documentation this must be addressed and issued as a matter of urgency.
- 10.2 All responses to requests for clarification must be issued to all bidders. Where the Authorised Officer wishes just to respond to the requesting bidder for reasons of commercial confidence the approval and advice of the relevant Procurement Category Business Partner must be sought.
- 10.3 All requests for clarifications and responses must be filed and fully auditable using the Council's eSourcing solution (where utilised.). The clarifications and responses must be recorded via a clarification log in accordance with the Procurement guidance and standard template documentation.

## **11. EVALUATION PRINCIPLES**

- 11.1 Low and Medium Value Contracts shall be evaluated and agreed by the Authorised Officer.
- 11.2 High Value Contracts shall be evaluated and agreed under the Gateway Process involving the Procurement Category Business Partner, Service Director and any other officers relevant to the decision making process.
- 11.3 The assessment of bids must be in full accordance with the evaluation methodology communicated to bidders within the procurement documentation.
- 11.4 In the assessment of bids where it becomes apparent that a bidder has made a genuine mistake in their pricing they must be given the opportunity to correct their bid. In all instances the Authorised Officer must obtain the approval and advice of the Procurement Category Business Partner before seeking corrections from the relevant bidders via the Council's eSourcing solution.
- 11.5 Where further information is to be sought from bidders following submission of bids, which extends further than clarifying what has already been submitted and constitutes the submission of new information, the Authorised Officer must obtain the approval and advice of the Procurement Category Business Partner before seeking further information from the relevant bidders.
- 11.6 Full detailed bid information must be sought from all bidders at the point of inviting bids. Any departure from this must be expressly approved by the Procurement Category Business Partner in line with the Council's Gateway processes.
- 11.7 Should the Authorised Officer have a case to reject a bid as non-compliant they must gain the approval and advice of the Procurement Category Business Partner before proceeding.
- 11.8 Should the Authorised Officer consider a bid to be abnormally low they must investigate this with the relevant bidder/s, and in accordance with Procurement Legislation. Before proceeding with investigation the Authorised Officer must gain the approval and advice of the Procurement Category Business Partner. Following this investigation should the Authorised Officer consider that the reasoning and any corrections put forward by the bidder does not satisfy their concerns and wishes to reject the bid, they must seek the approval and advice of the Procurement Category Business Partner.
- 11.9 Should the Authorised Officer consider that a bidder does not meet minimum requirements and wishes to set aside the bid - which may relate to previous experience, legal standing, H&S record, financial standing, etc. as appropriate to the Contract in question - approval and advice must be sought from the Procurement Category Business Partner.

- 11.10 Should the Authorised Officer wish to take previous or current Contractual performance into account in the assessment of a bid - whether the Contract/s in question relate to Council or other Contracting Authorities - approval and advice must be sought from the Procurement Category Business Partner.

## **12. TECHNICAL AND FINANCIAL APPRAISAL**

- 12.1 The Authorised Officer shall comply with the Financial Rules of the Council as published by the S151 officer as amended from time to time.
- 12.2 The Authorised Officer shall in relation to all medium and high value (low value as appropriate) Contracts compile a report which refers to:
- a) Budget for the Contract.
  - b) Technical requirements of the Contractor.
  - c) Financial appraisal of the Contractor's offer (undertaken by Financial Services and approved by the S151 Officer).
  - d) Financial appraisal of the Contractor (undertaken by Financial Services).
- 12.3 For high value Contracts compilation of this report will normally be achieved as part of the Gateway process.
- 12.4 The form and level of detail contained within the report should be proportionate to the value and risk associated with the Contract.

## **13. AWARD OF CONTRACT**

- 13.1 The award of all high value Contracts must be in strict accordance with the requirements of the Council's Gateway/Grantway processes.
- 13.2 All high value Contracts must be awarded in accordance with the provisions set out within the Procurement Legislation following the standstill provisions in full and using the Council's procurement documentation. Any departure from this process will only apply to the letting of high value Contracts which fall below the EU Procurement thresholds and must be expressly approved following the requirements of the Gateway/Grantway process.
- 13.3 The award of all medium value Contracts must be in accordance with the Grantway process if applicable. Approval must be sought from the Service Director and any other officers relevant to the decision making process prior to the issue of intention to award letters to bidders in accordance with delegated authority provisions.
- 13.4 The award of all low value Contracts must be in accordance with delegated authority provisions with approval sought by the Service Director, Budget Holder and any other relevant officers as appropriate, proportionate and appropriate to the Contract in question.
- 13.5 All challenges to any procurement process or to a subsequent Contract at any point must be referred to Legal Services and Procurement Service within one working day

## **14. CONTRACT VARIATIONS (Changes to duration, value, scope and Contractor)**

- 14.1 Contracts usually have conditions permitting variation relating mainly to the duration or the costs. Where a variation is permitted by the Contract then it must be recorded in accordance with those terms and executed according to the form of the original Contract. Thus a Contract executed under seal may only be varied by deed.
- 14.2 Where the variation amends the conditions of the Contract, including the specification an assessment of the effect of the variation on the value of the Contract must be carried out.
- 14.3 If the increase in value of the Contract is less than 10% for service and supply Contracts and less than 15% for works Contracts then no new procurement needs to take place.
- 14.4 If additional supplies, services or works are needed and the use of a new Contractor would:
- a) be economically or technically difficult, e.g. because of difficulties relating to interchangeability or integration with existing equipment; or

b) cause significant additional or duplication of costs,

then the original Contract may be varied without a further procurement process subject to the increase in cost being less than 50% of the original value. Any variation must be in accordance with Procurement Legislation and approved by Procurement Service, Legal Services and the budget holder for the Contract.

14.5 If the Contract to be varied is a strategic Contract then the Strategic Contract Management Board must be consulted in respect of any variation as soon as the need or request for a variation is identified or made.

14.6 Where the variation involves any change to the provider then Legal Services must be consulted.

## **15. CONTRACT EXTENSIONS**

15.1 The Service Director shall be consulted prior to the extension of a Contract with an aggregate total value of less than £100,000.

15.2 Subject to 15.4 below, where a Contract provides for an extension and the value of the existing Contract together with the extension exceeds £100,000, the approval of the Procurement Category Business Partner, Service Director, Budget Holder, Category Manager and Legal Services shall be sought.

15.3 In all cases where the extension of a Contract will bring the total of the original value and the value of the extension over £1,000,000 then approval must be sought from the Strategic Contract Management Board.

15.4 In cases where the proposed extension is not allowed within the terms of the Contract and the extension is thus a direct award then approval shall be sought as per appendix 2.

## **16. CONCESSIONS AND UTILITIES**

16.1 All Concession Contracts, whether for works or services shall be let according to the provisions of these Rules as if they were non-Concession Contracts unless the relevant opportunity is one covered by Procurement Legislation. The estimated value of the Concession shall determine the procurement route to be used. The value of the Concession shall be determined in an objective manner set out in the document offering the concession and shall be an estimate of the total turnover (excluding VAT) from the Concession over the period for which it is to be let, including for any extension/variations in scope and/or duration.

16.2 Concessions exceeding the European Threshold shall be procured in accordance with Procurement Legislation. More detailed information is contained with the Procurement Guidance.

16.3 All Contracts for the sale of Utilities must also comply with the provisions of these rules together with any applicable Procurement Legislation when brought into force. ([link](#))

## **17. CONTRACTOR SUBSIDIES AND STATE AID**

17.1 Where it is proposed to provide financial support to a Contractor, or where a Contractor proposal entails financial support or benefit from the Council or another public body necessary to ensure the continuance of Contracting activity (State Aid), the advice of legal services must be sought prior to advertising the opportunity or concluding the Contract.

17.2 State Aid is when taxpayer funded resources are used to provide assistance to one or more organisations in a way that gives an advantage over others. The legislative framework that applies to State Aid is very technical and legal advice should be obtained well in advance in the event that the rules on State Aid may apply. The Service Director shall consult with the City Solicitor when State Aid issues are applicable. State Aid is likely to become applicable if the following applies:

- The assistance is provided with or through state, including Council, resources.

- The assistance gives one or more economic entities an advantage over others (includes not-for-profit organisations and charities as well as businesses and an advantage is anything that they could not get themselves on the open market).
- The assistance distorts or has the potential to distort competition (even small distortions count).
- The assistance affects trade between Member States of the European Union (this is defined broadly, if something is tradable, it is covered).

17.3 Assistance may be through payments to the Contractor, subsidised payments, the provision of equipment or support or low cost loans.

17.4 In certain circumstances financial assistance may be given where the amounts involved may be covered by de minimis provisions. Legal advice should still be obtained to ensure that de minimis applies before any financial assistance is given to another organisation.

## 18. CONTRACT MANAGEMENT

18.1 All Contracts shall be managed in accordance with the Contract Management Procedures provided by the Procurement Service which may be found [here](#).

18.2 Contract management standards apply to all Contracts depending on their classification as Strategic, Operational or Transactional.

18.3 All Contracts:

- Contract documents must be stored on the council's eSourcing Solution as described in section 4
- Contract managers (and others closely involved in managing contracts) must have read and understood the contract documents.
- Contract Managers must check that valid insurance documents are provided by Contractors, proving that the annual premium has been paid, to cover the duration of the Contract, and that copies are stored on the council's eSourcing Solution.
- Contract Managers must review the aggregate spend on Contracts for which they are responsible every six months to assess whether new contracts should be procured
- Meetings with contractors to discuss performance must take place at least every 12 months. Key Performance Indicators must be used to assess performance at least every 12 months, and records of assessment must be kept up to date on the council's eSourcing Solution. (NB different minimum intervals apply to Operational and Strategic Contracts)

18.4 Operational Contracts:

In addition to the standards in section 18.3 the following standards also apply to Operational Contracts:

- Contract managers (and others closely involved in managing contracts) must sign a declaration that they have read and understood the contract documents. ([link](#)).
- Operational Contracts must have a Contract Guide in place at the start of the Contract which is kept up to date throughout the duration of the Contract.
- Assessment of performance using Key Performance Indicators and meetings with Contractors to discuss performance must take place at least every 6 months.

18.5 Strategic Contracts:

In addition to the standards in sections 18.3 and 18.4, the following standards also apply to Strategic Contracts

- Strategic Contracts must have a Contract Operations Manual in place at the start of the Contract which is kept up to date throughout the duration of the Contract.
- Assessment of performance using Key Performance Indicators and meetings with Contractors to discuss performance must take place at least every 3 months.



- Meetings between Contractors and the Council at director level must take place at least every 12 months to discuss performance, strategy and future business opportunities.
- Contract Managers must keep a record of any Contract variations of duration, value or scope on the Council's eSourcing Solution and in the Contract Operations Manual in order to maintain a deal history of the Contract,

## **19. CONSULTANTS**

- 19.1 No Ex-Employee of the Council or of any other Public Sector Body covered by the Small Business Enterprise and Employment Act 2015 shall be engaged by the Council without the express consent of the City Solicitor and the Service Director responsible for Human Resources.
- 19.2 Any ambiguity on whether a Contract is an employment Contract or a consultancy Contract covered by these rules should be referred to HR, Legal Services and Procurement Service.

## **20. SUB-CONTRACTING**

- 20.1 For Above Threshold Contracts the advice of legal services shall be sought as to the form and obligation to sub-contract.
- 20.2 Where a sub-contractor is to be engaged then the Council is under an obligation to ensure that the Contractor is under the same timescale obligations as to payment of the sub-contractor as the Council is to the Contractor.

## **21. NON-COUNCIL STAFF**

- 21.1 Any person who is not an officer of the Council, but is engaged by the Council to advise, conduct, or supervise any stage of a Tender, must:
- a) Comply with the Council's Contract Procedure and Financial Rules
  - b) Produce on request, all records relating to the Contract he/she are engaged on, to the Service Director; and
  - c) Pass all relevant records to the Procurement Manager at the end of his/her appointment/engagement
  - d) Sign a declaration of interest relating to any Contract that they were involved with on behalf of the Council and give it to the Procurement Category Business Partner.
- 21.2 The Authorised Officer must ensure that non-council staff comply with these Rules and consult the Procurement Category Business Partner as appropriate.

## **22. PUBLIC TO PUBLIC COOPERATION OR IN-HOUSE BIDDING**

- 22.1 Advice should be sought from the Procurement Category Business Partner and, if appropriate, Legal Services on proposals involving the provision of a service through a subsidiary company, jointly owned, or jointly provided.
- 22.2 Where an in-house provider wishes to compete for an Above Threshold tendered Contract, the Tender Documents must comply with the following:
- a) That those involved with the in-house tender will maintain appropriate divisions with those managing the tender process for the Council to ensure that the in-house bid team has no advantage over non-Council bidders. In house tender bid teams must sign declarations that they have maintained independence of the tender review team,
  - b) The fact that there will be an in house tender must be noted on the relevant OJEU notice and the Council's proposed arrangements should the in house bid be successful must be described, and
  - c) No information other than that provided to all bidders will be supplied to the in-house bidder.

## **23. INSURANCE**

- 23.1 The Authorised Officer shall ensure all Contractors have sufficient levels of insurance in place prior to entering and throughout the duration of a Contract. The appropriate levels may be found here. ([link](#))
- 23.2 These amounts may only be varied on the advice of the Insurance Officer whose advice shall be sought on any other insurances required.

## **24. SECURITY FOR PERFORMANCE**

- 24.1 When drafting the invitation to tender the Authorised Officer shall seek the advice of the Procurement Service, Legal Services and Financial Services on whether a Contract performance bond or some other form of security for performance is required prior to entering into a Contract. The amount of, and form of security shall be determined by Legal Services in consultation with the S151 Officer having carried out an appropriate financial risk assessment. Such security must be effected with a reputable body authorised to effect such security and approved by the S151 officer or by way of a parent company guarantee if appropriate. Where appropriate a sum for liquidated damages to be included in the Contract prior to any award to a Contractor shall be set in consultation with the relevant technical officer and finance manager.

## **25. CONTRACT EXECUTION**

- 25.1 Contracts must be executed in accordance with the following:
- a) Under hand - value under £100,000
  - b) Seal - value over £100,000
- 25.2 For all Contracts below £100,000, the Service Director is authorised to sign Contracts and having regard to the Council's scheme of delegation may authorise an officer of the Council to enter into Contracts as an Authorised Officer. Where delegated authority is used then a record must be kept in accordance with the Council's procedures.
- 25.3 All Contracts with a value in excess of £100,000 must be entered into and sealed by Legal Services.

## **26. GOVERNANCE**

- 26.1 Authority to enter into Contracts
- Authority for Officers of the Council to enter into Contracts on behalf of the Council is governed by the Scheme of Delegation which may be found ([here](#)).
- 26.2 Gateway/Grantway
- The Gateway and Grantway processes (which may be found [here](#)) govern the assessment of the business case for entering into each Contract and for oversight of the process of awarding the Contract/grant.
- 26.3 Strategic Contract Management Board
- This board supervises the management of strategic Contracts, including the commissioning process.
- Approval must be sought from the Strategic Contract Management Board for:
- Procurement of Strategic Contracts jointly with one or more other Contracting Authorities (see section 2.6)
  - Contract variations of Strategic Contracts (see section 14.5)
  - Extension of high value Contracts (see section 15.3)
  - Price increases in Strategic Contracts where the proposed price increase is either:
    - Above that provided for in the contract; or
    - Above inflation (Consumer Price Index (CPI))

(Link to Price Increase approval form)

## **27. DEPARTURE FROM THE CONTRACT PROCEDURE RULES**

27.1 Waiver of these Rules may be sought in the following circumstances:

- a) Where the need to enter into a Contract arises in circumstances that cannot be reasonably foreseen or
- b) Where the need to enter into or extend a Contract arises in exceptional circumstances.

27.2 These examples are not exhaustive but indicative of the situations where a waiver may be sought.

27.3 When the need for a waiver becomes apparent the Authorised Officer must seek approval following the approval levels that apply to waiver applications which can be found in appendix 2.

27.4 Blanket waivers may be approved in certain situations where the normal process to be followed is considered inappropriate. Such waivers must be fully supported with justifiable reasons and will only remain in force for one year from the date of approval.

## **28. TRADING**

28.1 Any proposals to sell or trade in services, supplies, or assets must be referred to Legal Services. Any proposal to dispose of Council Property other than land must be referred to the Procurement Manager. Proposals to dispose of land must be referred to the Corporate Asset Manager.

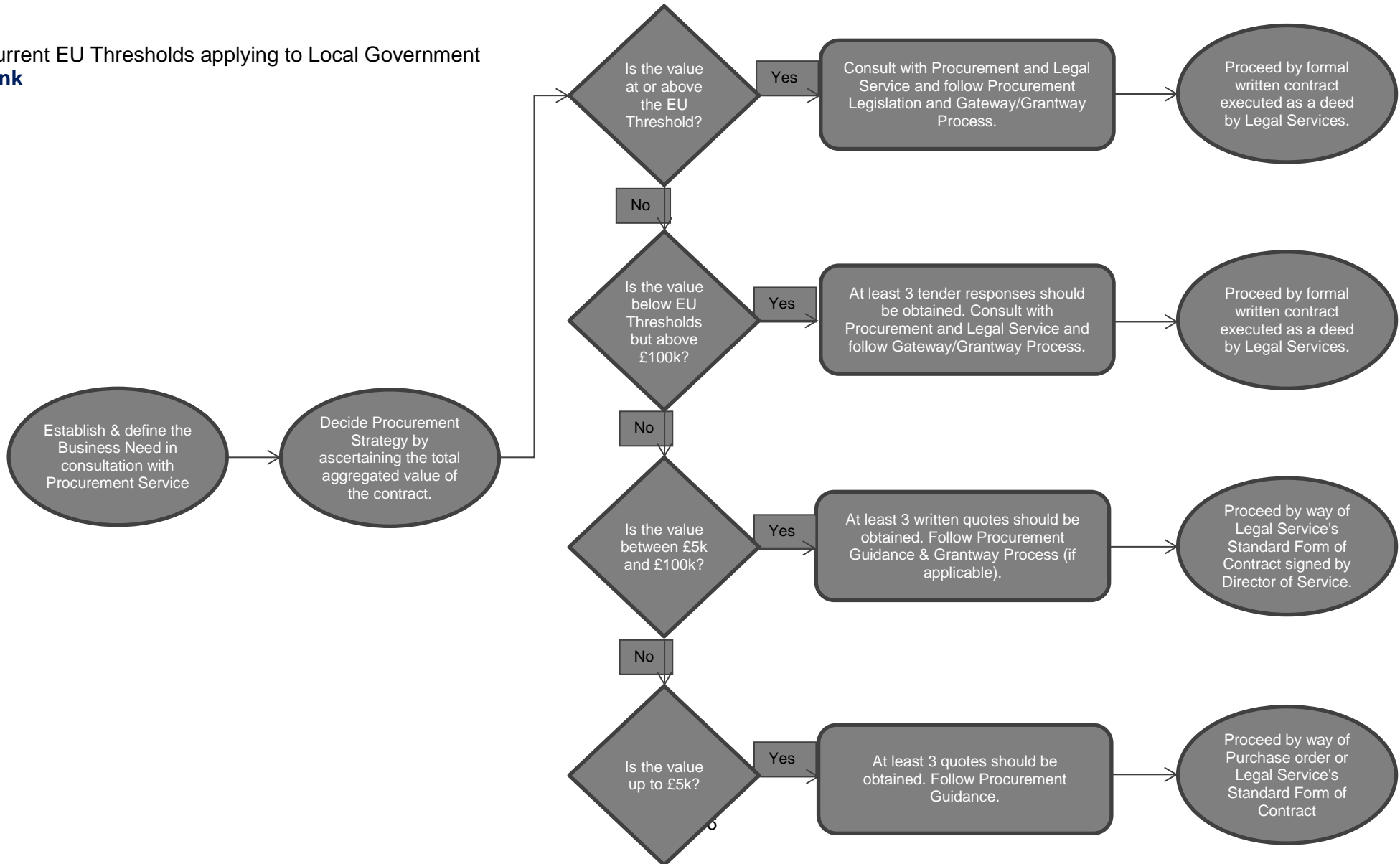
## **29. REVIEW OF RULES**

The City Solicitor shall keep these Rules under review and may make minor changes (including changes consequential to changes in legislation).

## APPENDIX 1 - THE COUNCIL'S PROCUREMENT PROCESS

Current EU Thresholds applying to Local Government  
[Link](#)

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## APPENDIX 2 - APPROVAL LEVELS.

Value	Type	Sign off required	Considerations - must give regard to:
Up to £100k	Contract terms - standard approved form	Authorised Officer	<ul style="list-style-type: none"> <li>Value for money - benchmarking.</li> <li>Reputational risk</li> <li>Transparency - market challenge</li> <li>Peer review &amp; market norms</li> <li>Proportionality</li> </ul>
	Contract terms - bespoke	Legal Services	
	Contract award	Director of Service signature under hand	
	Waiver - Direct award	Director of Service approval file note form	
	Extension in Contract term		
	Extension out of Contract term		
	Variation - up to 10% (services) or 15% (works)	Procurement Manager and Legal Services	
Variation - up to 50% for services and works			
£100k - £1m	Contract terms - standard approved form	Authorised Officer in consultation with Legal Services	<ul style="list-style-type: none"> <li>Value for money - benchmarking.</li> <li>Reputational risk</li> <li>Transparency - market challenge</li> <li>Peer review &amp; market norms</li> <li>Proportionality</li> <li>Breach of PCRs 2015 (supplies/services) if direct award/extension out of term.</li> <li>VEAT Notice/Contract Award without competition for direct awards if over EU Thresholds.</li> </ul>
	Contract terms - bespoke	Legal Services	
	Contract award	Legal Services to sign under seal	
	Waiver - Direct award	Procurement Manager and relevant Officers - waiver form	
	Extension in Contract term	Procurement Category Business Partner and relevant Officers - Authority to Extend Form	
	Extension out of Contract term	Procurement Manager and relevant Officers - waiver form	
	Variation - up to 10% (services) or 15% (works)	Director of Service, Budget Holder, Category Manager, Legal Services and Category Business Partner.	
Variation - up to 50% for services and works	Director of Service, and relevant Officers, Legal Services, Category Business Partner plus Procurement Manager		
Over £1m	Contract terms - all	Legal & Gateway Board	<ul style="list-style-type: none"> <li>Value for money - benchmarking.</li> <li>Reputational risk</li> <li>Transparency - market challenge</li> <li>Proportionality</li> <li>Peer review &amp; market norms</li> <li>Breach of PCRs 2015 (supplies/services/works) if direct award/extension out of term</li> <li>VEAT Notice/Contract Award without competition for direct awards if over EU Thresholds.</li> </ul>
	Contract award	Gateway Board/SCMB	
	Waiver - Direct award	Gateway Board	
	Extension in Contract term	Strategic Contract Management Board.	
	Extension out of Contract term		
	Variation - up to 10% (services) or 15% (works)	Strategic Contract Management Board.	
	Variation - up to 50% for services and works		

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