



NOTICE OF MEETING

GOVERNANCE & AUDIT & STANDARDS COMMITTEE

FRIDAY, 1 JULY 2016 AT 2.30 PM

CONFERENCE ROOM A - CIVIC OFFICES

Telephone enquiries to 023 9283 4058
Email: Vicki.plytas@portsmouthcc.gov.uk

Membership

Councillor Ian Lyon (Chair)
Councillor Scott Harris (Vice-Chair)
Councillor John Ferrett
Councillor Frank Jonas
Councillor Leo Madden
Councillor Hugh Mason

Standing Deputies

Councillor Jennie Brent
Councillor Ken Ellcome
Councillor Stephen Morgan
Councillor Darren Sanders
Councillor David Tompkins
Councillor Matthew Winnington
Councillor Rob Wood

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

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

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

AGENDA

- 1 Apologies for Absence

2 Declarations of Members' Interests

3 Minutes of the meeting held on 11 March 2016 (Pages 1 - 10)

RECOMMENDED that the minutes of the meeting held on 11 March 2016 be confirmed and signed by the Chair as a correct record.

4 Updates on actions identified in the minutes of the last meeting

5 Notice of Motion referral from Council Meeting held on 9 February 2016 concerning cancellation of meetings. (Pages 11 - 12)

RECOMMENDED that the Committee consider and report back to Council the Committee's response to the Notice of Motion referral regarding cancellation of meetings (attached).

6 Items from External Auditor, Ernst & Young - PCC Progress Report-July 2016 final and Audit and Certification Fee Letter 2016 to 17 (Pages 13 - 28)

The 2015-16 Progress Update will be presented by Ernst & Young for information.

The 2016/17 Fee Letter is for noting.

7 External Audit Arrangements after 2017/18 (Pages 29 - 34)

The purpose of the report is to explain the latest position in relation to the requirement in the Local Audit and Accountability Act 2014 for the Council to eventually appoint its own auditor.

RECOMMENDED that the committee supports in principle the proposal that we ask Public Sector Audit Appointments Ltd (PSAA) to assist with the appointment of an external auditor for the 2018/19 and subsequent accounts.

8 Recruitment of Independent Persons (Pages 35 - 38)

The purpose of the report is to consider the issues and procedure for the appointment of an additional Independent Person, pursuant to the provisions of Section 28 of the Localism Act 2011.

RECOMMENDED

(1) That Governance & Audit & Standards Committee recommend that Council

(i) re-appoints the existing Independent Persons for one year until May 2017

(ii) Agrees to increase the number of Independent Persons who can be appointed from 3 to 4

(2) That Governance & Audit & Standards Committee agree that

(i) Portsmouth City Council advertise for suitable applicants to fill the role/s of an Independent Person/s

(ii) An interviewing panel comprising three cross party group members of Governance and Audit and Standards Committee refer the appointments of the successful candidates to Council for approval (through the Committee)

(iii) Consideration is given to pay an allowance to each Independent Person in a sum agreed

9 Political Balance Rules (Pages 39 - 40)

The purpose of the report is to ask the Committee to consider whether it wishes to disapply the political balance rules in respect of its Sub-Committees which consider complaints against Members and to agree that the same rule shall apply to the Initial Filtering Panel.

RECOMMENDED that the political balance rules are disappplied in respect of Governance and Audit and Standards Sub-Committees which are considering complaints against Members and also the same arrangement should apply in respect of Initial Filtering Panel membership.

10 Directorate performance baselines report (Pages 41 - 122)

The appendix to the report that had been marked "to follow" is now attached.

The purpose of the report is to present a summary of directorate functions, activities, measures, projects and risks to Governance and Audit and Standards committee (GAS), as the basis for ongoing monitoring throughout 2016/17.

RECOMMENDED that the Committee are asked to:

- 1) Note the report and attached summaries at Appendix 1**
- 2) Agree to receive quarterly updates based on these baseline position statements, with a focus on exception items**

11 Annual Internal Audit Report for the 2015/16 Financial Year (including advising Members of the Audit Plan for 2016/17 and providing a summary of the Counter Fraud cases investigated and sanction results. (Pages 123 - 146)

The purpose of the report is

- (1) To give the Annual Audit Opinion on the effectiveness of the control framework, based on the Internal Audit findings for 2015/16 and highlight areas of concern.
- (2) To advise Members of the Audit Plan for 2016/17.
- (3) To provide a summary of the Counter Fraud cases investigated and sanction results.

RECOMMENDED that Members

- (1) Note the Audit and Counter Fraud Performance for 2015/16**
- (2) Note the highlighted areas of control weakness from the 2015/16 Audit Plan**
- (3) Note the Annual Audit Opinion on the effectiveness of the system of internal control for 2015/16.**
- (4) Endorse the Audit Plan for 2016/17**
- (5) Consider any additional actions to be taken in response to matters raised within this report relating to the reviews undertaken.**

12 Proposed amendments to the Arrangements for the Assessment, Consideration and Investigation of Complaints against Councillors (Pages 147 - 164)

The purpose of the report is to allow members to consider proposed arrangements for the consideration and investigation of complaints against members.

RECOMMENDED that the Committee is asked to consider and recommend to Council the following amendments to the process:

- (1) Agree that all members of Council may be asked to sit on Sub-Committees of Governance Audit and Standards Committee and the Initial Filtering Panel when they are considering complaints that members have breached the Code of Conduct.**
- (2) Approve the amended Arrangements for Assessment, Investigation and Determination of Complaints attached at Appendix 1 to this report.**
- (3) Approve the amended Complaint Form attached at Appendix 2 to this report.**

13 Exclusion of Press and Public

(NB The appendices to the Procurement Management Information Report are exempt so if members wish to discuss these, they will need to pass the resolution below)

**That in view of the contents of the following item on the agenda the Committee is RECOMMENDED to adopt the following motion:
“That, under the provisions of Section 100A of the Local Government Act, 1972 as amended by the Local Government (Access to Information) Act, 1985, the press and public be excluded for the consideration of the following item on the grounds that the appendices contain information defined as exempt in Part 1 of Schedule 12A to the Local Government Act, 1972”.**

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

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

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

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

Item	Exemption Para No.*
14 Procurement Management Information Report- Exempt Appendices 1, 2, 3 and 4	3

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

14 Procurement Management Information Report (Pages 165 - 172)

The purpose of this quarterly report is to update the Committee on steps being taken to demonstrate that PCC is achieving value for money from its contracts for goods and services.

RECOMMENDED that Members

(1) Note that purchase order compliance for April 2016 was 98%

against the target of 95%
(2) Note the performance of our suppliers and contractors and actions in progress to address poor performance

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, 11 March 2016 at 2.30 pm at the Conference Room A, Floor 2, Civic Offices, Portsmouth

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

Present

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

Officers

Michael Lawther, Deputy Chief Executive and Monitoring Officer,
Jon Bell, Director HR, Legal and Procurement,
Michael Lloyd, Directorate Finance Manager (Technical & Financial Planning)
Elizabeth Goodwin, Chief Internal Auditor,
Kelly Nash, Corporate Performance Manager
Liz Aplin, Operational Training Manager, HR

External Auditors

Helen Thompson, Executive Director, Ernst & Young
Adam Swain, Manager, Audit and Assurance

16. Apologies for Absence (AI 1)

There were no apologies for absence.

17. Declarations of Members' Interests (AI 2)

There were no declarations of Members' interests.

18. Governance and Audit and Standards Committee Minutes - 29 January 2016 (AI 3)

Minutes of the meeting held on 29 January 2016.

RESOLVED that the minutes of the meeting held on 29 January 2016 be confirmed and signed by the Chair as a correct record subject to the following amendments -

- (1) Paul Somerset attended the meeting not Mark Somerset.**
- (2) That an extra bullet point be added to the minutes concerning the agenda item on the Performance Management Update Quarter 2 2015/16.**

- "It was suggested that reports including the relevant extracts from the directors' returns should be submitted to individual portfolio holder meetings."

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

A copy of events data information was circulated by Elizabeth Goodwin as requested by Members at the last meeting.

**20. Briefing from External Audit - Ernst & Young (AI 5)
2015/16 Audit Plan**

Ms Helen Thompson advised that the audit plan sets out the auditor's responsibilities and said that the plan provides the committee with a basis to review the proposed external audit approach and scope for the 2015/16 audit in accordance with the requirements of the Local Audit & Accountability Act 2014; the National Audit Office's 2015 Code of Audit Practice; the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd; Auditing Standards and other professional requirements. She explained that the plan summarised their initial assessment of the key risks driving the development of an effective audit for the council and outlines their planned audit strategy in response to those risks. Mr Adam Swain advised that the specific risks facing Portsmouth City Council were set out in the report in Section 2 and Section 3 sets out the value for money risks.

During discussion the following matters were clarified -

- Under Investment Properties mention was made of the requirement for councils to apply IFRF13 fair value measurement. This change in the code requires investment properties to be recognised at fair value and in response to a query the auditors confirmed that there were limited differences between this measurement and what was previously done. It was mainly in relation to the basis for classifying assets as investment properties.
- Some Members expressed disappointment about the generic nature of the document. In addition, some Members felt that it was overly long. In response, the external auditors said that there was a high degree of commonality among various councils as they were facing many of the same issues. The auditors said that the results report would be more specific to Portsmouth but reassured Members that detailed work had

been done specifically on Portsmouth to identify any particular risks. The external auditors said that they appreciate there is a large amount of paperwork and said that if it would be helpful, cover reports could be done highlighting the salient points with an appendix containing the details. It was agreed that this format would be used as a trial going forward.

- The external auditors drew attention to paragraph 4.5 which detailed the fees. The indicative fee scale for the audit of Portsmouth City Council is £149,438 but more would be charged for additional out of scope work such as dealing with correspondence from third parties.

21. Audit Performance Status Report to 9 February 2016 (and two appendices - A and B) (AI 6)

(TAKE IN REPORT AND APPENDICES)

The Chief Internal Auditor updated the Committee on the internal audit performance for 2015/16 to 9 February 2016 against the Annual Audit Plan highlighting areas of concern and areas where assurance can be given on the internal control framework. The Chief Internal Auditor advised Members that there was an error in the report in that Appendix B, page 1 Home to School Transport states that the critical exceptions are still open whereas the actual position is that whilst audit had not issued an updated report, verbal updates had been given to the Committee that these exceptions had almost been resolved.

In response to queries the following matters were clarified -

- With regard to 5.3 of the report the Internal Auditor explained that there had been a number of changes to the requirements for audits by schools. School audits are a traded service and as such the timing of the audits are at the discretion of the school. Ultimately the responsibility for making sure that schools carry out audits rests with the Section 151 Officer. The Chief Internal Auditor estimated that there were around six schools that had not been audited for the last three years. Members asked for an update from the Section 151 Officer confirming whether he was satisfied that schools were taking the audit requirements seriously and suggested this could perhaps be part of the next audit report.
- With regard to the Coroner's Office, a query was raised as to whether in relation to paragraph 6.1.3 all staff in the Coroner's Office had now signed to acknowledge receipt and compliance with the expected standards. The Chief Internal Auditor undertook to find out the answer to this query and would send an email to members of the committee to let them know. The Chief Internal Auditor explained that the Coroner himself is not employed by PCC but his staff are.

- With regard to schools, the Chief Internal Auditor explained the sanctions available should the Section 151 Officer not be satisfied with regard to the assurance level.
- Members said that they had no idea from the Internal Audit report how much money is involved for the systems under review, for example, how much debt the Authority has or the value that was tested during the audit review. The Chief Internal Auditor said she would put in monetary values and context when matters are reported for future meetings. However, she said that she would not be able to quantify risks raised from a financial perspective as the overall risk may be reputational not financial.

RESOLVED that Members note -

- (1) The audit performance for 2015/16 to 9 February 2016 and**
- (2) The highlighted areas of control weakness for the 2015/16 audit plan.**

22. Treasury Management Policy and Strategy for 2016/17 (AI 7)

(TAKE IN REPORT)

Michael Lloyd introduced the report explaining that it sets out the Council's policies on borrowing, providing for the repayment of debt and investing for 2016/17. Mr Lloyd explained that the report was before this Committee for information and had already been to Cabinet and would be going to Full Council on 22 March 2016.

During discussion the following matters were raised -

- A comment was made by a member of the Committee that 4.11 states 'no provision is being made for the repayment of debt incurred by the Housing Revenue Account apart from the self-financing payment.' The fact that this is not a problem is mentioned elsewhere in the report and he would find it more reassuring for the explanation as to why this is not a problem being mentioned at this point in the report.
- Michael Lloyd said that investing in something that follows the stock market was less risky than investing directly into the shares of a company.
- With regard to page 94 and Hampshire Community Bank a query was raised about whether this is new investment for the same policy. Mr Lloyd said that the community bank is in the process of being established - the £5m is in the Capital Programme for this. Investments would be made as the bank reaches certain milestones.

Members noted the report which came to this committee for information purposes only.

23. Performance Management update - Q3, 2015-16 (AI 8)

(TAKE IN REPORT)

Kelly Nash introduced the report which advises this committee about significant performance issues arising from Quarter 3 Performance Monitoring and highlights areas for further action or analysis. She explained that the returns from directors were much better than for the last quarter but that there was still room for improvement.

During discussion, the following comments were made -

- Members felt that the information was now much more comprehensive and would be useful for members of the public to see.
- Members wanted the individual directors' reports to go through to the relevant portfolio holder's meetings and through Employment Committee in cases where relevant.
- Members felt that this committee should consider the report particularly with regard to omissions such as in the current report. The report on Housing advised that there were no areas of concern whereas the Committee felt that this could not be the case.
- Members were pleased to note that the report looked at internal and external risks.

The Deputy Chief Executive advised that he had provided a commentary in the absence of the Chief Executive who had taken annual leave. He further commented that it may be appropriate to discuss the issues raised in the directors' reports at the informal briefing meetings of the various portfolios where these were held.

- Members requested that a fourth column be added to the table to show performance against the previous quarter.
- Members asked that the use of acronyms be avoided or at least that the protocol be observed so that when an acronym is first mentioned its meaning is set out in full and thereafter the acronym can be used.
- Members asked that some context be given to figures included in the report as they were unable to understand the information given in its current form without also receiving relevant context.
- Members singled out the report received from the Director of Housing & Property stating that it was surprisingly brief and that the content did not meet the expectation or requirements of this committee.
- Members noted that it is not always clear from the reports where 'tipping' points will be reached where services may become non-viable, or where a worsening trend becomes an area of critical concern.

Reassurance was given that this would be explored as part of the base-lining of directorates for 2016/17.

- A query was raised about whether any audit process was in place to ascertain the hours worked by the entire staff. Members were advised that the council has strong flexible working policies in place and it was down to managers to ensure that their staff worked their hours. Members were advised that often owing to the nature of work and also the flexible working policies fewer than 50% of staff could be in the Civic Offices.
- Members noted that with regard to the Directorate of Traffic & Transportation the lack of parking in streets had not been mentioned at all even though their experience showed that members of the public regarded this as being of major concern. Similarly, the report from the Director of Housing & Property made no mention of waste management.

The Committee thanked Kelly Nash for her report and asked that this be brought on a regular basis in its current format. In addition, Members asked that all directors be invited to attend a meeting during the year so that Members could ask questions of them direct. It was suggested that the directors of Adult Social Care and Housing & Property be prioritised.

Members also asked that the individual reports from the directorates be taken to the relevant portfolio as part of their meeting cycle so that matters raised could be addressed.

RESOLVED that the Governance & Audit & Standards Committee -

- (1) Noted the report.**
- (2) Noted the overall improvement and quality of reports and the commentary from the Deputy Chief Executive at Section 6.**
- (3) Commented on the performance issues highlighted in Section 4 and governance issues in Section 5, including agreeing if any further action is required.**
- (4) Agreed the actions proposed in Section 4.**

24. Proposed change to Standing Order 32 (as submitted by Councillor Swan) (AI 9)

The Chair of the Committee agreed a change to the order of the agenda to allow this item to be heard first (but it is being minuted in the correct order to avoid confusion). Councillor Swan was invited to make her deputation during which she explained that the suggested amendment basically was that where the proposer and seconder of a Notice of Motion do not accept the Monitoring Officer's ruling on it, the matter should be referred to the Lord Mayor (or Deputy Lord Mayor in his absence) to take the final decision on whether or not it may be presented to Council.

Members were advised that if this change were to be accepted a recommendation would need to go from this Committee to Full Council for decision. If this Committee decided that it did not wish to pursue a change to standing orders, the matter would end here.

During discussion Members made the following points -

- Some Members felt that it was preferable for the Monitoring Officer to make this decision as opposed to the Lord Mayor for reasons of consistency.
- The Monitoring Officer and Deputy Chief Executive advised that frequently Notices of Motion were submitted that cannot proceed in the form in which they are presented. The process is then to discuss and agree modifications in light of custom and practice over time. He further advised that this standing order had been in place for a considerable time without causing difficulty. The Deputy Chief Executive also advised that in order to preserve the neutral political status of the Lord Mayor it was not usual to ask the Lord Mayor to rule on matters such as this.
- Some Members felt that the change to the standing orders was being sought in relation to one particular incident. Members' experience was usually that a conversation took place with officers on how to word the Notice of Motion to fit the criteria and that this appeared to have worked well over a long period of time. A majority of Members on the Committee agreed that if the standing orders were changed as proposed, it could have the effect of politicising the role of Lord Mayor. For example, where one group put forward a Notice of Motion that the Monitoring Officer advised did not fit the criteria, the Lord Mayor would have to decide on its admissibility.
- Another view put forward by a member of the committee was that the Lord Mayor should be trusted to make such decisions and should be given the power suggested in the proposal.

In response to a query the Monitoring Officer and Deputy Chief Executive advised that the Lord Mayor is a Councillor and as such would be provided with advice on ethics and conduct. Part of the Monitoring Officer's role is to provide legal advice to the Lord Mayor.

On balance, Members felt that Standing Order 32 appeared to work satisfactorily in its current form and that as a result the majority felt that there was no need to make the proposed change. It was proposed by Councillor Simon Boshier, seconded by Councillor Steve Hastings that no change be made to Standing Order 32 and this was agreed.

The Chair commented that standing orders had not been reviewed generally for a while and that Standing Order 32 could be looked at as part of a general review as and when this took place.

RESOLVED that Standing Order 32 would remain unchanged.

25. Member Training - Presentation (AI 10)

(TAKE IN PRESENTATION)

Liz Aplin, Operational Training Manager gave a presentation to the committee on the training that had been available over the past year to Members and the take up. She advised that feedback varied on the various training that had been carried out and that adaptations were being made to reflect the responses received. She confirmed that almost all Councillors had now attended the training on Safeguarding and Looked After Children. The Deputy Chief Executive said that a reminder had been sent about the need for all Members to carry out Safeguarding and Looked After Children training. He also advised that Sarah Newman would be delivering the training on Looked After Children. In addition external training on Equality Impact Assessments had been commissioned.

The Chair of the Committee asked that all Members be given notice of the specific training on Governance & Audit & Standards, Planning, Licensing and Employment as soon as possible after the May Election. In addition he asked that a start time of 5 pm be avoided as this is difficult for those Members in full-time employment. He said that a 6 pm start time was better. He said that the training programme should be regularly publicised to Members and that this could perhaps be done via the Group secretaries. It was also suggested that prospective new members be advised at an early stage about training to enable them to make a note of when the training sessions would be. It was also suggested that the Group secretaries be provided with details of who has attended what training and the Operational Training Manager agreed to arrange for this to happen.

The Operational Training Manager also advised that general feedback received from Members was that they would value courses giving practical information such as procedures at meetings, how to conduct themselves at meetings; which standing orders were most useful to them and to include specific training on how to behave at certain committees such as Licensing, Planning and Full Council.

The Chair of the Committee offered his help if needed to encourage Members to attend training. The Operational Training Manager would be given the names of the Group secretaries after the meeting.

The Chair thanked the Operational Training Manager for her presentation which was noted.

26. Update on the council's compliance with its Equality Duty and Equality Impact Assessment Process (AI 11)

(TAKE IN REPORT)

The Deputy Chief Executive introduced the report which updates members of the committee on the compliance of council services with the equality duty and the Equality Impact Assessment (EIA) process since the last report in November 2014. He advised that Section 3.5 of the report shows those services that have reviews outstanding. He said that report authors often under estimate the time required for EIAs. He further advised that all services had been advised that from now on any report requiring either a preliminary or a full equality impact assessment would be required to attach the completed assessment to the report as evidence that it had been carried out.

During discussion members asked for more detail to be included in the table in paragraph 3.5 and that members be provided with an update at the next meeting.

RESOLVED that members of the committee -

- (1) Noted the report.**
- (2) Considered whether any further action is required by them.**

Finally, the Chair placed on record on behalf of the committee, its thanks to Councillor Phil Smith for all his work and input whilst on this committee and wished him well for the future.

The meeting concluded at 5.15 pm.

Councillor Simon Boshier
Chair

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Agenda Item 5

Notice of Motion Referral from the Council Meeting held on 9 February 2016

(a) Cancelled Meetings

Proposed by Councillor Matthew Winnington
Seconded by Councillor Ben Dowling

This Council regrets the cancellation of Full Council, Cabinet, Health and Social Care & Culture and Leisure decision making meetings in January. The meetings were all cancelled for 'lack of urgent business' but with local people having immediate important issues they want addressing at Full Council, Cabinet, Health and Social Care & Culture and Leisure meetings it has given the impression that the cancellation of the meetings is a way of ignoring their concerns and stopping them having a say.

This council urges Governance and Audit and Standards Committee to consider an amendment to Standing Orders to require the administration to ensure that all parties on the council are consulted in future before cancellation of any further decision making meetings (following best practice from the likes of the Housing cabinet member and others) and that when 'urgent business' is considered that petitions and other pressing questions and issues from local residents are included in that definition.

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Agenda Item 6

Portsmouth City Council

Audit Committee Progress Report

June 2016



Governance & Audit & Standards Committee

7 June 2016

Dear Committee Members

Audit Progress Report

We are pleased to attach our Audit Progress Report. Its purpose is to provide the Committee with an overview of the progress that we have made with the work that we need to complete during the 2015/16 audit. This report is a key mechanism in ensuring that our audit is aligned with the Committee's service expectations. We will bring a progress report to each Committee where we have a specific update for the Committee. For other key audit deliverables you can expect from us throughout the audit please see the timetable attached at the end of this report.

Our audit is undertaken in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

We welcome the opportunity to discuss this report with you as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Helen Thompson
Executive Director
For and behalf of Ernst & Young LLP

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In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued ‘Statement of responsibilities of auditors and audited bodies 2015-16’. It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk)

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The ‘Terms of Appointment from 1 April 2015’ issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This progress update is prepared in the context of the Statement of responsibilities. It is addressed to the Audit Committee, and is prepared for the sole use of the audited body. 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..

2015/16 audit

Fee letter

We issued our 2015/16 fee letter to the Council in April 2015.

Financial Statements

We adopt a risk based approach to the audit and, as part of our ongoing continuous planning we have continued to meet key officers regularly to ensure the 2015/16 audit runs as smoothly as possible and identify any risks at the earliest opportunity. Since the last Committee meeting in March, we have held the following meetings:

- ▶ 27 April: Director of Finance and Information Service, City Solicitor and Director of HR, Legal & Performance.
- ▶ Regular liaison meetings with Internal Audit to discuss findings from their work and other issues relevant to our audit.
- ▶ Regular meetings with the Directorate Finance Manager and Group Accountant, and other officers, to discuss a range of audit issues, including the impact on Investment Properties of the new IFRS 13 Fair Valuation standard.

Planning and interim visit

We completed our walkthrough of the key financial systems in February/March 2016. We did not identify any significant issues from this work.

Our controls work is substantively complete and we will complete the remainder of this work in June.

There are no significant matters arising from our initial planning meetings or work that we need to bring to your attention at this stage.

We have continued to liaise with officers on their plans in relating to the requirements for highways network assets and the Better Care Fund. We held a joint meeting with officers from Portsmouth City Council and Portsmouth CCG to discuss the proposed accounting treatment for the Better Care Fund

Internal Audit

Internal Audit is a key part of the Council's internal control environment that we review during our assessment process. This process helps us to assess the level of risk of material errors occurring in the financial statements and informs the level of testing that we are required to complete in support of the audit opinion.

We consider Internal Audit's progress with their annual audit plan and the results of their testing of financial systems and, where it is appropriate to do so, we will undertake procedures to enable us to place reliance upon this testing. For example, we have considered the head of internal audit opinion to inform our value for money conclusion risk assessment.

Post statements visit

Our audit visit is scheduled to commence on 4 July 2016. We have had early discussions in March with the Directorate Finance Manager and Group Accountant on the working papers required in support of the audit.

We will continue to use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular payroll and journal entries. We have received the data requested to date, and we will report any findings in relation to our testing in our audit results report in September 2016.

We will also review and report to the National Audit Office, to the extent and in the form required by them, on your whole of government accounts return.

Value for money

As reported to you in our audit plan, we identified one risk in relation to our value for money conclusion. This related to the ability of the Council to deliver the savings required in 2015/16. Our work to review the savings plans is on-going, at this stage we have nothing we wish to report.

Our assessment will continue throughout the audit and should anything come to our attention which may change this assessment we will update this Committee in due course.

Final fees for 2014/15

As reported to the committee previously we requested variations to the scale fee relating to our work in 2014/15. The proposed variations were £1,764 to the audit fee and £2,868 for the grant certification fee. Officers and members had agreed these; however, Public Sector Audit Appointments Ltd (PSAA) had not approved them.

PSAA has now approved for the scale fee variation, the final audit fee for 2014/15 is £201,014, and the final grant certification fee is £22,928.

We have included the letter confirming the outcome of these discussions as an appendix to this report.

Local appointment of auditors

We included in our January progress report details about the decision of the Department of Communities and Local Government (DCLG) not to extend the existing arrangements for external audit contracts beyond the end of 2017/18. This will mean from 2018/19 onwards, local authorities will be responsible for appointing their own auditors, and directly managing the resulting contract and the relationship.

Existing external audit arrangements will remain unchanged for the 2015/16, 2016/17 and 2017/18 years. We should also note that there is no restriction on your current auditor re-tendering for the new contract. We would be happy to provide a verbal update at the July Audit Committee.

It is our intention that we will continue to keep you regularly updated throughout the process as more information becomes available to us and we will of course be happy to take any further questions you may have.

Accelerating your financial close arrangements

On 17 February 2015 the Accounts and Audit Regulations 2015 were laid before Parliament, having been made under the Local Audit and Accountability Act 2014 on 12 February 2015.

A key area of the regulations is that, from the 2017/18 financial year, the timetable for the preparation and approval of accounts will be brought forward to a draft accounts deadline of 31 May and an audit deadline of 31 July. These changes provide challenges for both the preparers and the auditors of the financial statements. The good news is that with good planning, communication and joint working, those deadlines are highly attainable.

The majority of local authorities are on the right trajectory, having met the current reporting deadlines consistently for the last few years; the challenge now is upping the speed of that trajectory to achieve the faster deadlines. We have included below some suggestions which will help achieve this new statutory deadline. We will continue to engage with officers to ensure that the Council is well placed to meet these new statutory deadlines.

As with any project, the key to success is in the planning, together with timely engagement and collaboration between the preparers of the financial statements and the auditors of those statements. We appreciate that each client starts from a slightly different base position. Therefore, there is no one size fits all solution. However, there are areas where consideration can be given now:

- ▶ revisit the current project timetable;
- ▶ carry out an early in-year financial hard close;
- ▶ review the format of your accounts;
- ▶ review your approach to estimates;
- ▶ review your year-end journal process;
- ▶ review the operation of your ledger system; and
- ▶ consider how fit for purpose is your current financial reporting system?

Over the coming year, we will organise regular meetings with your finance team and use this as a mechanism to discuss options for early close and early substantive testing. We will continue to provide the Committee with regular updates on our progress in this area. We are also happy to discuss the wider process with you in more detail when we next meet on 1 July 2016.

Other issues of interest

In addition to our formal reporting and deliverables, we provide practical business insights and updates on regulatory matters through our Sector Briefings. We presented our last briefing to the March Committee, and a new briefing is available. We will provide these updates to the democratic services team, who will circulate these to members.

Timetable

We set out below a timetable showing the key stages of the audit, including the value for money work, and the deliverables we will provide to you through the 2015/16 Audit Committee cycle.

Audit phase	EY Timetable	Deliverable	Reported	Status
High level planning	Ongoing	Audit Fee Letter	June 2015	Completed
Risk assessment and setting of scope of audit	Dec 2015 - March 2016	Audit Plan	March 2016	Completed
Testing of routine processes and controls	Feb - March 2016	Progress Report	June 2016	Completed
Year-end audit	July - September 2016	Audit results report to those charged with governance Audit report (including our opinion on the financial statements and a conclusion on your arrangements for securing economy, efficiency and effectiveness in your use of resources) Whole of Government Accounts Submission to NAO based on their group audit instructions Audit Completion certificate	September 2016	Work is planned to start during July 2016.

Chris Ward
Director of Finance & Information Services
Portsmouth City Council
Civic Offices
Guildhall Square
Portsmouth
Hampshire
PO1 2BG

26 April 2016

Direct line: 07867 152471

Email: KHandy@uk.ey.com

Dear Chris

Portsmouth City Council – 2014/15 Final Fees

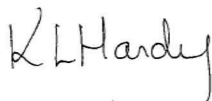
We issued our Audit Results Report in September 2015, and presented it to the Governance Audit and Standards Committee. We highlighted at the time that the audit fee for 2014/15 had not been finalised, as, while we had agreed a scale fee variation of £1,764 with officers and members, it had not been approved by Public Sector Audit Appointments Ltd (PSAA).

Similarly, we issued our Annual Certification Report in January 2016 which included a scale fee variation of £2,868. Again the additional fee had been agreed with officers and members but had not been approved by PSAA.

PSAA approval has since been received and to meet its reporting requirements I am formally writing to you to confirm the final audit and certification fees for 2014/15. The final audit fee for 2014/15 is £201,014, and the final grant certification fee is £22,928.

Please could you include this letter in the agenda for the next Governance Audit and Standards Committee meeting, as we are required to report this to 'those charged with governance'.

Yours sincerely



Kate Handy
Executive Director
Ernst & Young LLP
United Kingdom

Copy to: Councillor Bosher
Helen Thompson, Executive Director

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David Williams
Chief Executive
Portsmouth City Council
Civic Offices
Guildhall Square
Portsmouth
PO1 2AL

5 April 2016

Dear David

Annual Audit and Certification Fees 2016/17

We are writing to confirm the audit and certification work that we propose to undertake for the 2016/17 financial year at Portsmouth City Council.

Indicative audit fee

For the 2016/17 financial year, Public Sector Audit Appointments Ltd (PSAA) has set the scale fee for each audited body, following consultation on its Work Programme and Scale of Fees.

The fee reflects the risk-based approach to audit planning set out in the National Audit Office's Code of Audit Practice for the audit of local public bodies.

The audit fee covers the:

- audit of the financial statements;
- value for money conclusion; and
- whole of government accounts.

For Portsmouth City Council we have set our indicative fee at the scale fee level. Certain assumptions form the basis for the indicative fee, including:

- the overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year;
- our accounts opinion and value for money conclusion are unqualified;
- officers meet the agreed timetable of deliverables;
- prompt responses are provided to our draft reports;
- the Council provides appropriate quality of documentation; and
- the overall control environment remains effective.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee as set out in the table below.

As we have not yet completed our audit for 2015/16, our audit planning process for 2016/17 will continue as the year progresses. We will review and update fees as necessary, within the parameters of our contract.

Certification fee

The PSAA has set an indicative certification fee for housing benefit subsidy claim certification work at each audited benefits authority. The indicative fee is based on actual 2014/15 benefit certification fees, incorporating a 25 per cent reduction.

The basis of the indicative certification fee is on the expectation that an audited body is able to provide the auditor with complete and materially accurate housing benefit subsidy claim with supporting working papers, within agreed timeframes.

The indicative certification fee for 2016/17 relates to work on the housing benefit subsidy claim for the year ended 31 March 2017. We have set the certification fee at the indicative fee level. We will update our risk assessment after we complete 2015/16 benefit certification work, and to reflect any further changes in the certification arrangements.

Summary of fees

	Indicative scale fee 2016/17 £	Planned scale fee 2015/16 £	Actual fee 2014/15 £	Planned scale fee 2014/15 £
Total Code audit fee	149,438	149,438	201,014	199,250
Certification of housing benefit subsidy claim	17,196	17,797	22,928	20,060
Total	166,634	167,235	223,942	219,310

We will separately negotiate and agree fees for any additional work that we may agree to undertake (outside of the Code of Audit Practice), and any work that we are required to complete arising from correspondence received from members of the public

Billing

We will bill the indicative fees in four quarterly instalments of £41,659.

Audit plan

We expect to issue our audit plan in early 2017, after we have completed our audit planning for Portsmouth City Council. This will communicate any significant financial statement risks identified, planned audit procedures to respond to those risks and any changes in fee. It will also set out the significant risks identified in relation to the value for money conclusion. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Director of Finance & Information Services and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Governance and Audit and Standards Committee.

Audit team

The key members of the audit team for the 2016/17 financial year are:

Helen Thompson
Executive Director

hthompson2@uk.ey.com

Tel: 07974 007 332

Adam Swain
Manager

aswain@uk.ey.com

Tel: 07867 152 511

We are committed to providing you with a high quality service. 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, please contact me. 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.

Yours sincerely

Helen Thompson
Executive Director

For and on behalf of Ernst & Young LLP

cc. Chris Ward, Director of Finance & Information Services
Simon Boshier, Chair of the Governance and Audit and Standards Committee

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Agenda Item 7

Title of meeting:	Governance and Audit and Standards Committee
Date of meeting:	1 July
Subject:	External Audit Arrangements After 2017/18
Report by:	Director of Finance and Information Services (Section 151 Officer)
Wards affected:	All
Key decision:	No
Full Council decision:	No

1. Purpose of report

This report explains the latest position in relation to the requirement in the Local Audit and Accountability Act 2014 for the Council to eventually appoint its own auditor.

2. Recommendation

That the committee supports in principle the proposal that we ask Public Sector Audit Appointments Ltd (PSAA) to assist with the appointment of an external auditor for the 2018/19 and subsequent accounts.

3. Background

The Council is required to have an independent external audit of its financial statements that also provides some assurance that the Council takes reasonable actions to secure economy, efficiency and effectiveness in its use of resources. Historically the external auditor has been appointed by the Audit Commission.

Following the passing of the Local Audit and Accountability Act the Audit Commission was finally abolished on 31 March 2015. Its key functions were transferred to other bodies, and in relation to auditor appointments, PSAA, an independent company limited by guarantee incorporated by the Local Government Association took on the role.

The Department for Communities and Local Government recently exercised their contract rights (established when the Audit Commission let the last batches of audit tenders) to extend by one year the two year initial contract that had been agreed. This means that EY will continue to be the Council's auditor until the completion of the 2017/18 audit, and a new appointment will be needed for 2018/19.

By law an authority must make an appointment by the end of December prior to the year for which the audit is required, so we will need to have found our auditor by 31 December 2017.

The choice for the Council will be:

- a) Establish its own independent auditor panel. The panel must be made up of a majority or of wholly independent members and must be chaired by an independent member.
- b) Opt-in to an approved collective procurement arrangement. This encompasses local joint procurement for groups of authorities or through to a sector led body acting for the sector as a whole such as PSAA. Ministerial approval is required for bodies (sector wide or for smaller groups) to be given the power to appoint auditors.

4. Reasons for recommendations

Opting into an arrangement for PSAA to appoint the Council's auditor has the following advantages:

- Purchasing power to negotiate audit fees with accountancy firms
- Savings on the cost of an invitation to tender exercise and on the costs of bid appraisal, contract specification and negotiation
- Economies of scale to be achieved from collective procurement, enabling the firms to plan and resource audits more efficiently and effectively.
- Quality monitoring and other information sharing across contracts (subject to protections over confidentiality)
- Oversight of wider services eg data collection and certification schemes
- Resolution of sector wide issues such as the possible need to indemnify auditors for legal costs of defending claims in respect of the exercise of statutory powers
- Sensible distribution of audit appointments taking in to consideration joint working between individual Councils and other public bodies such as NHS trusts, managing rotations where conflicts of interest arise.

5. Options considered and rejected

The Council establish its own independent auditor panel

A locally appointed auditor would reflect local requirements. Appointing the auditor locally would also give the Council more control over the process and give it influence over the audit fee.

However it is felt that these advantages are outweighed by the need the need to establish an auditor panel, a time consuming and relatively costly procurement exercise, no economies of scale and limited purchasing power.

Joint procurement with a group of other local authorities, possibly neighbouring authorities

A locally appointed auditor would be more likely to reflect local requirements. Procurement costs would be shared. The Council would have some control over the process and an opportunity to influence the level of fees.

Again it is felt that these advantages are outweighed by the need for an auditor panel to be established by the Council or jointly with another body in the joint arrangement, and additional time for planning and collaboration with other audited bodies would be required.

6. Equality impact assessment (EIA)

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

7. Legal Implications

The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2015 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.

8. Director of Finance and Information Services (Section 151 Officer) comments

All financial considerations are contained within the body of the report.

.....
Signed by Director of Finance and Information Services (Section 151 Officer)

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 Information pertaining to the appointment of external auditors	Financial Services
2	

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Agenda Item 8



Portsmouth
CITY COUNCIL

Title of meeting:	Governance and Audit and Standards Committee
Date of meeting:	1 July 2016
Subject:	Consideration of the appointment of an additional Independent Person
Report by:	City Solicitor
Wards affected:	All
Key decision:	No
Full Council decision:	Yes

1. Purpose of report

To consider the issues and procedure for the appointment of an additional Independent Person, pursuant to the provisions of Section 28 of the Localism Act 2011.

2. Recommendations

(1) That Governance & Audit & Standards Committee recommend that Council

- (i) re-appoints the existing Independent Persons for one year until May 2017**
- (ii) Agrees to increase the number of Independent Persons who can be appointed from 3 to 4**

(2) That Governance & Audit & Standards Committee agree that

- (i) Portsmouth City Council advertise for suitable applicants to fill the role/s of an Independent Person/s**
- (ii) An interviewing panel comprising three cross party group members of Governance and Audit and Standards Committee refer the appointments of the successful candidates to Council for approval (through the Committee)**
- (iii) Consideration is given to pay an allowance to each Independent Person in a sum agreed**

3. Background

- 3.1. Following consideration by Governance and Audit and Standards Committee and Council in March 2013, the Council agreed to the appointment of three Independent Persons for a period of 3 years. Following advertisement and

interview, two Independent Persons were appointed. The third position has remained vacant as no suitable candidate was found at that time.

- 3.2. The term of office of the present Independent Persons came to an end in May 2016. It is proposed that their term is renewed for a further year and in the interim an additional two Independent Persons are sought. This will allow for a pool of four Independent Persons which appears to be appropriate, taking into account the number of complaints which have had to be dealt with since their appointment.

4. Reasons for recommendations

It is hoped that the appointment of additional Independent Persons will help to expedite the establishment of Initial Filtering Panels which have had, in the past, to be delayed, due to the unavailability of Independent Persons and Members.

5. Role of the Independent Person

- 5.1. The Council is required to appoint at least one Independent Person. These are persons who must have no connection with the Council
- 5.2. They do not have decision making powers and their role is purely to advise.
- 5.3. Their functions are:-
 - 5.3.1. To be consulted by the Council before it makes a finding as to whether a member has failed to comply with the Code of Conduct or decides what action is to be taken in respect of that Member;
 - 5.3.2. They may be consulted by the Council in respect of a Code of Conduct complaint at any other stage; and
 - 5.3.3. They may be consulted by a Member or co-opted Member of the Authority against whom a complaint has been made.

6. Procedure for appointment

It is proposed that the following procedure is followed for the appointment of the independent Persons:

- 6.1. The role is advertised on the Council's website.
- 6.2. An advertisement is placed in a local newspaper.
- 6.3. Applications to be considered by the Chair and Vice Chair of Governance and Audit and Standards Committee who are to produce a shortlist for interview.
- 6.4. An interview panel is drawn up from a cross party group of three councillors drawn from the Governance and Audit and Standards Committee.
- 6.5. The appointment of the successful candidates to be referred to Council for approval.

7. Remuneration

Although the Localism Act 2011 does provide that the roles may be remunerated, at present the Council does not pay any allowance for the Independent Persons. Members may wish to consider whether it is appropriate to remunerate this role and if they were to do so, this would encourage a wider field of candidates to apply. At present, expenses may be claimed by the Independent Persons and it is proposed that this provision continues.

8. Equality impact assessment

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

9. Legal implications

The legal implications are embodied within this report.

10. Director of Finance's comments

There is no current budget provision for the payment of allowances to Independent Persons. Any allowance would need to come from the existing Members' expenses budget.

.....
Signed by:

Appendices: Nil

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

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

Title of document	Location

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Title of meeting:	Governance & Audit & Standards Committee
Date of meeting:	1 July 2016
Subject:	Consideration of the political balance rules in relation to the constitution of Sub-Committees considering complaints against Members.
Report by:	City Solicitor
Wards affected	N/A
Key decision	No
Full Council decision	No

1 Purpose of Report

- 1.1 The Committee is asked to consider whether it wishes to disapply the political balance rules in respect of its Sub-Committees which consider complaints against Members and to agree that the same rule shall apply to the Initial Filtering Panel.

2 Recommendation

- 2.1 It is recommended that the political balance rules are disapplied in respect of Governance and Audit and Standards Sub-Committees which are considering complaints against Members and also the same arrangement should apply in respect of Initial Filtering Panel membership.

3 Background

- 3.1 The Committee agreed on 26 June 2015 to "disapply" the political balance rules in respect of Sub-Committees of Governance and Audit and Standards Sub-Committees when dealing with complaints. ¹This meant the Sub-Committees' membership would in future not be made up of Members in the same proportion as the political groups are represented on the Council. Instead it was agreed that the Sub-Committees would be "cross party as far as reasonably practicable". This was considered important to ensure the greatest transparency in the decision making of these Sub-Committees where complaints against members were considered. It was also agreed that the same rule would apply to the make-up of the Initial Filtering Panel which is not a formal Sub-Committee of Governance Audit and Standards.
- 3.2 Section 17 (2) Local Government and Housing Act 1989 provides that any

¹ <http://www.legislation.gov.uk/ukpga/1989/42/section/17>

decision not to apply the political balance rules shall come to an end if there is any change in the make-up of a committee where they have been disapplied.

3.3 The decision is one which only this Committee can make but it must be made without any of the Members present voting against it.

4 Reasons for recommendations

4.1 As there has been a change in the political make-up of the Council, Members are asked to reconsider this decision. If they decide to disapply the political balance rules then this shall occur only until the end of this council year in May 2017 when the decision would again have to be reconsidered.

5 Equality Impact Assessment (EIA)

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

6 Legal implications

6.1 The City Solicitor's comments are included in this report.

7 Director of Finance's comments

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

.....
Signed by: City Solicitor

Appendices:

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
None	N/A



Title of meeting:	Governance and Audit and Standards Committee
Date of meeting:	1 st July 2016
Subject:	Directorate performance baselines
Report by:	Director of HR, Legal and Performance
Wards affected:	n/a
Key decision:	No
Full Council decision:	No

1. Purpose of report

- 1.1 To present a summary of directorate functions, activities, measures, projects and risks to Governance and Audit and Standards committee (GAS), as the basis for ongoing monitoring throughout 2016/17.

2. Recommendations

- 2.1 The Governance and Audit and Standards Committee are asked to:
- 1) Note the report and attached summaries at Appendix 1
 - 2) Agree to receive quarterly updates based on these baseline position statements, with a focus on exception items

3. Background

- 3.1 Governance and Audit and Standards Committee receives regular reports on performance of the authority, based on summaries provided by Directors. These have been in the form of narrative statements, covering:
- 1) Highlights
 - 2) Areas for concern
 - 3) Areas to watch
 - 4) Risks
 - 5) Projects
- 3.2 Previous meetings of GAS considered that the information in the reports was extensive, but that it would assist committee members in identifying the most important issues if there was a clear sense of the baseline against which Directors are reporting, and more metrics, as opposed to narrative.

4. Reasons for recommendations

4.1 Directors have been asked to provide baseline summaries for their Directorates setting out:

- Key functions
- Main areas of anticipated activity in 2016/17
- Measures of achievement
- Major projects to be delivered
- Key strategic risks and mitigations

4.2 The information provided is attached at Appendix 1. The intention is that, subject to agreement of GAS, quarterly reports will take the form of a report against the key metrics, supported by Director's narrative focusing on exception items. The reports will be supported by an overview statement from the Chief Executive or Deputy Chief Executive.

4.3 The Committee have also previously expressed a wish that where there is a concern, Directors are asked to attend the discussion and account for these in person to the Committee. It is suggested that the draft reports are considered at a briefing session in advance of the meeting and that at that point the Chair requests Director attendance at the meeting as necessary.

5. Equality impact assessment

5.1 Any equality matters arising through performance monitoring will be considered as a discrete process, and separate EIAs will be considered for these areas of work.

6. Legal implications

6.1 The report has incorporated legal implications and accordingly there are no other immediate legal implications arising from this report.

7. Director of Finance's comments

7.1 There are no financial implications to bring to member's attention at this stage. However, it should be noted that there could be financial implications following further exploration of any of the performance issues raised in this report, and related future reports could result in financial implications. These will be flagged to members at the appropriate time.

.....
Signed by: Jon Bell, Director of HR, Legal and Performance

Appendices: Appendix 1 - Directorate baseline statements 2016/17

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:

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Appendix 1 – Performance plans and baselines 2016/17

Children's services

Children's services: Activities and measures of achievement (1)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline
<p>Early Help and System Transformation, including implementation of the Troubled Families programme</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 47</p>	<ul style="list-style-type: none"> • Creating a single budget and clear commissioning timescale for universal and early help services • Creating and embedding the Multi-Agency Teams of 250+ practitioners • Remodelling key parts of the children's workforce to create capacity for increased support for vulnerable families (targeted early help) • Ensuring all support for vulnerable families, including targeted early help and Children's Social Care, is delivered and monitored in accordance with the requirements of the Troubled Families programme (whole family working to the Family Outcomes Plan) • Agree Troubled Families Payment by Results (PBR) targets for individual services working with families. • Reshape universal services to reduce costs • Embed Restorative Practice 	<ul style="list-style-type: none"> • Commissioning programme in place and delivered • Outcomes Framework in place • Co-location achieved • Locality Management Team in place • Accommodation prospectus • Increase in SAFs • Number of trained family key workers • % of Tier 3 families with dedicated worker • Number of families receiving targeted early help • % of ongoing social care cases with previous targeted early help support • At least 973 families in total are attached to the programme by 31 March 2017. • At least 309 PBR claims in total have been made by 31 March 2017. 	<p>618 SSAF in 2015/16</p> <p>15</p> <p>n/a</p> <p>n/a</p> <p>20%</p> <p>At 31 March 2016, 387 families were attached</p> <p>At 31 March 2016, 16 PbR claims had been made</p>

Children's services: Activities and measures of achievement (2)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement and baselines
Children's Social Care – assessment and intervention Page 48	<ul style="list-style-type: none"> MASH provides single safeguarding front door; ensuring that permission to share arrangements are being followed and thresholds for services are appropriately applied, communicated and documented so that the right families receive the right services at the right time. 	<ul style="list-style-type: none"> Audit activity confirms compliance
	<ul style="list-style-type: none"> Evidence that views of / feedback from service users are informing the shape of service delivery. 	<ul style="list-style-type: none"> Audit activity
	<ul style="list-style-type: none"> Statutory tasks are completed in a timely way and to a high quality 	<ul style="list-style-type: none"> Performance Indicators e.g. initial child protection conferences convened in 15 day timescale – 62% 2015/16
	<ul style="list-style-type: none"> Cases in the Public Law Outline and Court Proceedings are progressed in a timely way. 	<ul style="list-style-type: none"> % Court cases progressed within 26 week timescale
	<ul style="list-style-type: none"> All plans reflect high expectations, ambition and aspiration for children 	<ul style="list-style-type: none"> % of re-referrals to CSC

Children's services: Activities and measures of achievement (3)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement
Children's Social Care – Youth Offending Team (YOT)	<ul style="list-style-type: none">• Transform YOT in accordance reducing caseloads and budget review	<ul style="list-style-type: none">• Reduce Youth Offending and associated costs
	<ul style="list-style-type: none">• To progress strategic plan to address first time entrants, re-offending and use of custody	<ul style="list-style-type: none">• Reduced first time entrants reoffending and use of custody

Children's services: Activities and measures of achievement (4)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement
<p>Children's Social Care – Looked After Children and Care Leavers</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 50</p>	<ul style="list-style-type: none"> Recruitment of PCC foster carers to meet sufficiency target and ensure we meet a range of diverse needs Access to Resources to ensure effective contractual arrangements are in place for all external provision. Regular updates on Ofsted gradings of such provision Placement matching and placement choice to be effectively identified, implemented and analysed To update care leavers protocol arrangements for Unaccompanied Asylum Seeker Children 	<ul style="list-style-type: none"> Number of in-house carers Reduction in reliance on external (independent providers) Relevant and robust sufficiency plan Increased stability in placements

Children's services: Activities and measures of achievement (5)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement
<p>Children's Social Care – Looked After Children (LAC) and Care Leavers</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 51</p>	<ul style="list-style-type: none"> • Staff have capacity and capability to complete high-quality assessment and planning for LAC and care leavers 	<ul style="list-style-type: none"> • Caseload numbers
	<ul style="list-style-type: none"> • To improve permanence planning through effective case tracking at a revised Permanence Panel, increasing adopter recruitment, improving timescales for children who are matched with adopters (A2) and adopted (A1). 	<ul style="list-style-type: none"> • Reduced care periods (days in care)
	<ul style="list-style-type: none"> • Implementation of newly agreed Child and Adolescent Mental Health Services (CAMHS) pathways and develop more integrated working between CAMHS and Children's Social Care 	<ul style="list-style-type: none"> • Strengths and Difficulties Questionnaire (SDQ) scores indicate increased emotional wellbeing
	<ul style="list-style-type: none"> • Roll out an awareness campaign and practice guidance around private fostering. 	<ul style="list-style-type: none"> • Increase in numbers of children registered as privately fostered
	<ul style="list-style-type: none"> • Strengthening the Reunification Project, including consideration of short-term care options/arrangements, involvement of the voluntary sector 	<ul style="list-style-type: none"> • Increase in number of children returning home from care

Children's services: Activities and measures of achievement (6)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement
Children's Social Care – Looked After Children and Care Leavers Page 52	<ul style="list-style-type: none"> • SDQs are routinely used to support LAC with their health, educational and social needs 	<ul style="list-style-type: none"> • Increase in number of SDQs completed
	<ul style="list-style-type: none"> • Develop and implement review of placement provision for move on accommodation. 	<ul style="list-style-type: none"> • Adequate move on accommodation for care leavers
	<ul style="list-style-type: none"> • Strengthen care planning and pathway planning arrangements and engagement within Through Care Team 	<ul style="list-style-type: none"> • Audit activity

Children's services: Activities and measures of achievement (7)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement
Children's Social Care – Safeguarding Monitoring Page 53	<ul style="list-style-type: none"> Action Plans from audits in place with demonstrable improvement and impact, including demonstrable change based on service user participation 	<ul style="list-style-type: none"> Improved practice demonstrated through audit activity
	<ul style="list-style-type: none"> Ensure Children's Social Care & Safeguarding staff are capable confident and skilled 	<ul style="list-style-type: none"> Retention of social work staff
	<ul style="list-style-type: none"> Embed strengthened arrangements for Local Authority Designated Officer 	<ul style="list-style-type: none"> Number of referrals to Local Authority Designated Officer
	<ul style="list-style-type: none"> Ensure IRO 'impact' on the quality of services to looked after children and young people. 	<ul style="list-style-type: none"> Number of issues resolved through challenge and escalation process
	<ul style="list-style-type: none"> Quality Assurance Strategy embedded in practice with review of impact. 	<ul style="list-style-type: none"> Audit activity

Children's services: Activities and measures of achievement (8)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement
<p>Children's Social Care – Safeguarding Monitoring</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 54</p>	<ul style="list-style-type: none"> Develop processes and systems to support the successful implementation of joint education, health and care plans for children with disability and ensure that the child's voice is integral in the assessment, planning and review processes in line with recommendations from Deep Dive 4. 	<ul style="list-style-type: none"> Audit activity
	<ul style="list-style-type: none"> Strong, confident and stable workforce in place with clear framework for staff supervision, training and support 	<ul style="list-style-type: none"> Recruitment and retention of staff
	<ul style="list-style-type: none"> Child protection planning, robust with strong multi-agency engagement and challenge. There is effective challenge to ensure plans for looked after children are progressed in a timely way and in accordance with their needs and wishes Ensure children and carers are participating in service delivery and design. Refresh participation strategy and annual report on participation strategy 	<ul style="list-style-type: none"> Number of children subject to protection plans – 62 per 10,000 in 2015/16 compared to statistical neighbours 54 per 10,000 in 2014/15 Reduced placement disruption – stability measures Increased participation

Children's services: Activities and measures of achievement (9)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement
Children's Social Care – Safeguarding Monitoring	<ul style="list-style-type: none">Utilise the Social Work Matters Skills Academy as the vehicle driving workforce development	<ul style="list-style-type: none">Number of staff accessing academy and feedback
	<ul style="list-style-type: none">Installing IT system that supports case management across social care with interface option to early help	<ul style="list-style-type: none">Fit-for-purpose IT system

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available (2015)
Education – Inclusion Page 56	<ul style="list-style-type: none"> • Work in partnership across the Children's Trust to implement SEND strategy and ensure readiness for SEND inspection • Effectively manage statutory education health and care needs assessment process • Effectively manage school admissions process • Work in partnership with schools to deliver Fair Access Protocol 	<ul style="list-style-type: none"> • % of new Education, Health and Care Plans (EHCPs) completed within statutory timescales • % of statements transferred to EHCPs within statutory timescales • % of statutory advice received on time from education and social care professionals • All school age children able to access timely and appropriate school place 	<p>Percentage of EHC plans issued within 20 weeks excluding exception cases 86.7%</p> <p>Percentage of EHC plans issued within 20 weeks including exception cases: 59.8%</p>

Children's services: Activities and measures of achievement (12)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
Education – Sufficiency, Participation & Resources	<p>School Condition:</p> <ul style="list-style-type: none"> Priority School Building Programme Round 1: Rebuild of King Richard School Priority School Building Programme Round 2: rebuild / refurbishment of Mayfield School, Arundel Court Primary School and Beacon View Primary Academy (rebuild) School condition issues 	<p>Completion of feasibility Design agreed for 1000 place school Construction completed</p> <p>Feasibility completed – supporting rebuild for Beacon View and Arundel Court and major refurbishment / part rebuild for Mayfield School Capacity for Arundel Court expanded from 2.5 FE to 3 FE</p> <p>Completion of priority capital works to address urgent condition issues</p>	<p>Building works have commenced on site – due to be completed by September 2017.</p> <p>All 3 projects are currently at options analysis stage with the Education Funding Agency</p> <p>Design and implementation of all schemes underway – majority of works to be completed during the summer .</p>

Children's services: Activities and measures of achievement (13)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
Education – Sufficiency, Participation & Resources Page 59	<p>Sufficiency projects:</p> <ul style="list-style-type: none"> • Primary School Places • Secondary School Places • SEND places-remodelling of special schools to provide more complex cohorts of children whilst developing inclusive mainstream education 	<p>Deliver an additional 1500 school places 2-3% surplus</p> <p>Provision of additional secondary school places 2-3% surplus</p> <p>Remodelled Special School provision at Cliffdale and Redwood Park Schools</p>	<p>Phase 1 complete Phase 2 underway</p> <p>Feasibility underway to increase the size of 4 secondary schools by September 2017.</p> <p>Feasibility work at both Cliffdale and Redwood Park Schools currently underway.</p>

Children's services: Activities and measures of achievement (14)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
Education – Sufficiency, Participation & Resources Page 60	<p>Sufficiency projects:</p> <ul style="list-style-type: none"> University Technical College – 600 places for 14-18 year olds Refurbishment of Vanguard Centre and relocation of Harbour @ Fratton and Harbour @ Milton 	<p>Funding agreement in place Completion of feasibility, design and construction</p> <p>Completion of feasibility, design and construction</p>	<p>Funding agreement in place, feasibility and design completed - building due to be completed by September 2017.</p> <p>Feasibility completed Refurbishment works due to be completed by Sept 2017</p>

Children's services: Activities and measures of achievement (15)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available (2015 data)
Education – Sufficiency, Participation & Resources Page 61	<p>Post-16 and NEET</p> <ul style="list-style-type: none"> Implementation of NEET and Post-16 Strategy (formerly Priority 3) 	<p>All 5 workstreams implemented</p> <p>Strategy integrated into Education to form Priority 2 of Children's Trust Plan</p> <p>% of 16-18 year olds NEET</p> <p>% of 16-18 year olds unknown</p> <p>% participation in education / training at age 16</p> <p>% participation in education / training at age 17</p> <p>Achievement of Level 2 (inc Eng and Maths) by 19</p> <p>Achievement of Level 3 by 19</p>	<p>NEET 5.8%</p> <p>Unknown 3.8%</p> <p>92%</p> <p>82%</p> <p>81%</p> <p>49.5%</p>

Children's services: Activities and measures of achievement (16)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
Education – Sufficiency, Participation & Resources Page 62	<ul style="list-style-type: none"> Implementation of ESF projects: Information, Advice and Guidance and Enhanced Traineeships Implementation of Apprenticeship Strategy Re-organisation of NEET data tracking and youth re-engagement service Re-organisation of Careers Service and review of traded service for schools and colleges 	<p>Agreed programme in place. Meeting financial and quality targets.</p> <p>% 16-18 starts Success rates</p> <p>Agreed service in place</p> <p>Re-organisation in place Revised traded service offer in place for 17/18 Increase in traded services income</p>	<p>4.2%</p>

Children's services: Activities and measures of achievement (18)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement (apply to all activities)	Q4 position or other baseline where available
Education – School Improvement Page 64	<ul style="list-style-type: none"> • Improve the outcomes for underperforming cohorts of children and young people with a particular focus on disadvantaged and vulnerable pupils, boys and SEND • Make effective use of school performance data, information and predictions and systematically analyse data to identify priorities • Ensure all LA improvement services are held firmly to account for their contribution to raising standards 	Narrowing of the gap between disadvantaged children and peers All schools judged to be good or better	Detailed data in school improvement plan for all cohorts 85% (April 2016)

Children's services : Major projects

What are the major projects that the Directorate will be engaged in over the year ?

(i) “Stronger Futures”: affordable, improved well being and social care

- Developing and implementing a single commissioning plan for well-being and child protection services across Public Health and Children's Services, also linked to CCG children's services spend
- Integrating the delivery of those services
- Reducing the number of days children spend in care and the incidence of repeat care proceedings
- Remodelling and developing the workforce to strengthen targeted support for vulnerable families, reducing demand for statutory intervention where possible and achieving outcomes under the Troubled Families programme
- Implementing “Restorative Practice” as the consistent approach to supporting families, enabling families to take back control and responsibility for improving their own lives
- Changing the delivery of universal services so that more of them use digital platforms, volunteering and other lower cost approaches, linked to community capacity building

(ii) Implementing a new education strategy for the city: “Pulling Together, Achieving More”

Children's services: Major projects

What are the major projects that the Directorate will be engaged in over the year ?

(iii) Planning and delivering sufficient school places for the city

- Increasing primary and secondary school places and remodelling special schools so that more complex cohorts of children can be accommodated whilst at the same time making mainstream provision more inclusive**
- Refurbishing the Vanguard Centre in order to relocate The Harbour School provision currently based at Fratton and Milton**
- Opening of the University Technical College for 14-18 year olds**

(iv) “New Belongings”: improving outcomes for looked after children and young people

(v) Implementing new legislative requirements and a multi agency programme to support children and young people with special educational needs and disabilities (SEND)

Children's services: Major risks and mitigation

What are the main priorities for the coming year?

Risk area	Mitigation strategies
<p>Savings pressures increase workload pressure for social care staff, increasing risk around the quality of social work practice and the attractiveness of PCC as an employer for this group (leading potentially to escalating spend on agency staff and a vicious cycle of deteriorating quality)</p>	<p>Careful monitoring of workload pressures and work quality through audit Strong focus on support for staff through supervision and workforce development Ongoing investment in social work matters skills academy and step-up to social work programme Strong strategic direction of the whole children's system to make the right savings decisions</p>
<p>Reduced LA investment in specialist domestic services may increase numbers of children exposed to this and may increase severity of harm. The last 3 Serious Case Reviews have featured domestic abuse, 70% protection plans feature domestic abuse and 50% children removed into LA care have experienced domestic abuse.</p>	<p>We are securing specialist a domestic abuse worker for MASH and reconciling MARAC process with existing safeguarding pathways to reduce duplication. We are exploring the possibility of creating a specialist domestic abuse worker post to work alongside social care/ MATS staff in supporting families as part of our "Team Around the Worker" service model.</p>
<p>Refocusing staff time on more vulnerable families increases rather than decreases demand on statutory social care as more need is uncovered.</p>	<p>Careful identification and prioritisation of work with vulnerable families; effective implementation of restorative approaches which put responsibility back with families; swift decision making when families cannot provide effective care</p>
<p>We do not succeed in making successful payment by results (PBR) claims under the Troubled Families programme. The 90% average school attendance requirement is a significant hurdle here.</p>	<p>Determined implementation of our strategy for improving school attendance; support for workers to achieve change for individual families/children; support DCLG to put pressure on the DfE to revisit this success criteria (unlikely to succeed)</p>

Children's services: Major risks and mitigation

What are the main priorities for the coming year?

Risk area	Mitigation strategies
<p>The IT system supporting children's social care becomes unaffordable and ineffective as its user base reduces/adults services withdraw from the system</p>	<p>Corporate IT is developing an options appraisal for a future children's system</p>
<p>The process of academisation distracts schools from improving teaching and learning, leading to worse rather than better outcomes for children.</p>	<p>Careful phasing and management of the process, working closely with the Regional Schools Commissioner and schools; strong monitoring and support for schools at risk of causing concern.</p>
<p>Building programmes are not completed to time so that we do not have enough school places</p>	<p>Careful oversight and proactive management of the sufficiency programme</p>
<p>Savings make it difficult to deliver statutory responsibilities effectively, leading to poor experiences for families and reputational damage (school admissions, transport, school attendance case work)</p>	<p>Clear strategic overview of savings strategy and risk assessment</p>
<p>Inspection outcomes (social care, SEND, education) damage the reputation of the city/PCC</p>	<p>Regular review of practice and the experience of children and families; maintaining a strong line of sight on the quality of services</p>
<p>Parents and the community do not understand/support savings choices around universal services and we do not fully engage potential volunteers/promote effective community capacity building</p>	<p>Proactive, effective communication with parent groups/volunteers/community organisations. Strengthening of links with the voluntary and community sector.</p>

Public health

Public Health : Activities and measures of achievement (1)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
Building a healthier city programme Page 70	<ul style="list-style-type: none"> - Develop a support new workplace incentives to promote employee health and cut sickness related absence - Ensure impacts on health and wellbeing are considered through implementation of the refreshed Portsmouth Plan - Reduce incidence of respiratory and cardiovascular conditions related to cold, damp homes - Support transport initiatives to increase the number of people using active travel for everyday trips; reduce RTAs; reduce air pollution - Support prevention and management of environmental threats to our city - Develop a health promoting environment that is ecologically and economically sustainable - Strengthen and link green and blue infrastructure in the city - Support the development of sport and leisure facilities in the city by the City Development Team 		

Public Health : Activities and measures of achievement (2)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
Health protection	<ul style="list-style-type: none"> - Support local health resilience planning, for example, hot and cold weather - Screening and vaccination programme - Provide health protection advice to CCG 		
Starting well	<ul style="list-style-type: none"> - Ensure the Healthy Child Programme (0-19) is recommissioned by December 2017 - Improve health of most vulnerable children and young people in Portsmouth 		

Public Health : Activities and measures of achievement (4)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
Ageing well	<ul style="list-style-type: none">- Develop and implement the Better Care Programme Living Well Scheme- Support Better Care Programme Needs analysis- Support the Integrated Commissioning Service in the implementation of the dementia strategy and the redesign of services across the pathway- Increase dementia awareness and diagnosis		

Public health : Strategic risks and mitigation

What are the main priorities for the coming year?

Risk area	Mitigation strategies
Insufficient focus on system prevention and early intervention in system-wide plans leading to failure to reduce demand on services	<ul style="list-style-type: none">- Continue to exercise influence through system-wide working, including the Portsmouth Health and Care programme, and the Sustainability and Transformation Plan process- Co-ordination of public health responses across the wider area to ensure system synergies- Reshaping of pathways for people with complex needs- Market engagement and stimulation- Use of public health reserve to soften impacts of budget reductions in short term
Engagement with providers increasingly challenging as budgets reduce	
Reduction to funding in services mean that outcomes decline e.g. drug and alcohol services, oral health, healthy child programme	
Introduction of new duties create resource pressures e.g. introduction of mandated carers' assessments to the local authority	

Transport, Environment and Business Services

Transport, Environment and Business Services: Activities and measures of achievement (1)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
Traffic and network management Page 76	<ul style="list-style-type: none"> Complete the Traffic Management Centre IT system upgrade Delivery of the £1m Traffic Signal Optimisation Programme across the city Traffic and transport management for the America's Cup World Series, Victorious, the Great South Run and other special events 	Project progress reports.	Both TMC and Traffic Signals Optimisation Programme will be complete by April 2017
		Improved journey times on key routes in the city	Ad-hoc 'blue-tooth' monitoring only at present. The inclusion of "journey time management" in the TMC upgrade will allow this functionality (due before April 2017).

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
<p>Transport planning</p>	<ul style="list-style-type: none"> Refresh the Local Transport Plan (LTP) and assist in the development of the City Plan and associated strategies Continue with the residents' parking review programme and the delivery of new schemes Promote the use of the Park and Ride Improve driver and fleet management practices throughout the city council Development of the commercial offer for vehicle leasing and fleet management Provide a safe, value for money, integrated transport service for eligible children and adults to travel to schools, colleges and day services 	<p>Achievement of the LTP milestones</p>	<p>Annual programme 17 LTP projects for 16/17, throughout the city, due for completion March 17</p>
		<p>Progress in reviewing resident's parking zones over (currently planned to be achieved by 2021).</p>	<p>This is an ongoing review started in Aug '15 monitored by the Cabinet Member for T&T. 8 of the 35 current parking schemes had been reviewed by Q4.</p>
		<p>Sustainability of the Park and Ride service.</p>	<p>Costs for 16/17 have been reduced with a revised sales and revenue plan for current year. Monitored by Cabinet Member</p>
		<p>Implementation of improvements to current driver and fleet management practices.</p>	<p>Corporate Drivers' Licence checking service introduced from May 16.</p>
		<p>Integration and commercial success of the Fleet Management Service (income and satisfaction)</p>	<p>650 people transported under Home to School and College service. Adult Social Care Day services started in April 16</p>

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
Road safety and active travel Page 78	<ul style="list-style-type: none"> • Deliver area based traffic safety engineering schemes • Deliver road safety campaigns for pedestrians, cyclists and drivers • Deliver the Summer Rides series in partnership with British Cycling and the city-wide cycle event, Pedal Portsmouth • Implement the School Crossing Patrol (SCP) shared service with schools • Develop a cycling and walking strategy • Investigate Rights of Way (RoW) claims and update statutory ROW definitive map 	Traffic Safety schemes delivered on time, to budget and standard	Delivery of traffic safety LTP schemes planned for 2016/17 on time and to budget.
		Reduced road casualties	Year on year reduction of casualties compared with the five year baseline
		Delivery of programme of Active Travel events	High participation at events such as Walking month, bike week and Pedal Portsmouth
		SCP shared service launched	Consultation with Schools being prepared based on evaluated data for each crossing point.

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
<p>Management of parking operations</p> <p style="text-align: center;">Page 79</p>	<ul style="list-style-type: none"> • Conduct a strategic review of City Council managed parking • Make use of new technological solutions to manage parking operations such as contactless payment, Automatic Number Plate Recognition (ANPR) technology, on-line parking information and incident reporting • Further develop and promote parking services for other authorities and organisations • Manage and enforce Resident and Blue Badge parking schemes across the city 	<p>Strategic parking review milestones achieved</p>	<p>At the scoping and initiation stage.</p>
		<p>Channel shift and greater efficiency of parking operational services</p>	<p>ANPR use began in Q4. Further developments will be implemented subject the appropriate legislation being in place.</p>
		<p>Additional parking services for business clients.</p>	<p>Services currently provided for Portsmouth University, Property and Housing Directorate, Private business and Hampshire CC.</p>
		<p>Increased compliance of blue badge scheme. Reduced number of incidents of blue badge abuse.</p>	<p>Ongoing, award winning, awareness and enforcement protocol in place. Provision of similar services across Hampshire</p>

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
Infrastructure delivery Page 80	<ul style="list-style-type: none"> Project management of major infrastructure schemes including the Hard Interchange, Dunsbury Hill Link Road and Eastern Road Water Bridge (ERWB) Act as client manager for the framework agreement with Atkins for the supply of support services for the city council Provide project management expertise to other directorates and organisations 	Completion of the Hard and Dunsbury Hill projects on budget, on time and to required standards	Completion of all construction activities at the Hard by March 2017 Completion of all construction activities at Dunsbury by August 2016 Directed by internal PCC Boards
		Meet the project milestones on ERWB	Appointment of phase 2 contractor by September 2016.

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
<p>Highways Design</p>	<ul style="list-style-type: none"> • Provide in-house engineering and design expertise to deliver LTP schemes, network and infrastructure projects for both internal and external clients • Undertake feasibility studies, design and assessment of highways and bridges • Fulfil the Highway Authority role as commentator and contributor to strategic planning, policies and development control consultations; and ensure that highway changes, resulting from planning agreements e.g. s278 and s38 agreements, are carried out to appropriate standards 	<p>Highways and LTP schemes delivered to budget, quality and on time</p> <p>All highway alterations carried out by private developers and other non-Highway Authority bodies, that are subject to planning permission, meet the standards of the Highway Authority.</p>	<p>Annual programme 17 LTP projects for 16/17, throughout the city, due for completion March 17</p>

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
Coastal and Drainage Management	<ul style="list-style-type: none"> • Work with the Eastern Solent Coastal Partnership (ESCP) to plan, fund and manage the major capital flood prevention schemes around the city • Continue with the construction of the North and East Portsea (Flood Cell 4) flood defences • Work with the Environment Agency and DEFRA to produce the business case and outline design for Southsea Flood Defences, including the appointment of designers and contractors • Work to explore regeneration and enhancement opportunities from the Southsea flood defences • Act as primary consultees in the flood risk element of the planning process, and ensure that sustainable water management is incorporated in all regeneration and development initiatives 	Completion of the 16/17 phases of the North and East Portsea Flood Defence Scheme.	Commencement of detailed design for phase 3 and tendering for contractor. Directed by a multi agency Board chaired by PCC
		Approval of the Outline Business Case (OBC) for the Southsea Flood Defences by the Treasury, DEFRA, and Environment Agency (EA) with funding approved for detailed design and construction funding identified in the EA capital programme	Detailed design consultant appointed via SCAPE framework OBC in draft and with EA local team Directed by a multi-agency Board chaired by PCC Director
		Continued progress on pre-design consultation for Southsea.	Initiation of enhancement consultation to inform detailed design process

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
Enterprise Centres Management Page 83	<ul style="list-style-type: none"> Carry out planned works to upgrade the buildings and facilities at the centres, and use the centre’s assets and resources to maintain patronage and meet customer requirements Invest in IT connectivity in the centres, in line with customer demand Develop the business support offered through the Enterprise Centres to meet demand from business tenants and other SMEs, including regular networking events and ‘virtual office’ services 	Commercial success of the Enterprise Centres, measured through occupancy levels and income	Average occupations levels for 2015/16 were: Victory 78% Portsmouth 84% Challenge 99%
		Increased business support delivery and customer satisfaction	New business networking service introduced. High satisfaction with rent, location and premises. Customer demand logged for improved IT connectivity.

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
Employment, Learning and Skills service (ELS) and PCMI manufacturing	<ul style="list-style-type: none"> • Continue to deliver established employment and community learning programmes, including the Work Programme, Work Choice, Community Work Placements programme, Maths and English and Digital Inclusion • Deliver on the mainstream City Deal programme to support local people into employment • Maintain and expand the apprenticeship and trainee services for both internal and external clients and organisations • Complete the Community Learning and Mental Health pilot, supporting people with health conditions into work, and bid to deliver the mainstream programme • Working with Council contractors and developers, deliver work opportunities through s106 agreements and Employment and Skills plans • Increase PCMI Manufacturing income to secure the long-term viability of the business, and continue to provide training and work experience for people aiming to secure sustainable employment. 	Project reports – delivery of the first phase of the City Deal employment programme	Performance and delivery aims of the programme based on City Deal pilot.
		Successful delivery of all ELS contracts to meet the requirements of funding bodies	Contract delivery requirements and targets set by major clients.
		Financial viability for ELS and manufacturing service (income v expenditure)	Budget on target as at Q4 and income projections approved for 16/17
		Ofsted inspection and grades.	Ofsted awarded a ‘good’ Ofsted rating in Q4.
		Number of people supported to acquire skills for work and move into sustainable employment	Each external contract has a projection of people to be supported under the contracts to be delivered within year.

Transport, Environment and Business Services: Major risks

What are the major projects that the Directorate will be engaged in over the year ?

Project	Financial value	Status	Risks
The Hard interchange	£11.8M	Implementation	Functionality of the temporary interchange during construction
Dunsbury Hill Farm Link Road	£9.7M	Implementation	Adoption of the highway by HCC
Eastern Road Waterbridge	£1.8M	Planning	Tender return values greater than forecast
North Portsea Island Flood Defence scheme 16/17	£4M (total scheme value is £44M)	Implementation	Working with third parties to ensure completion of phases within programme
Southsea Flood Defence scheme detailed design	£4M (design funding – not construction) Total Whole Life Cost £117m	Planning	Dovetailing detailed design with seafront enhancements
Traffic Management Centre IT infrastructure upgrade	£270K	Planning	Delivery of outputs before April 2017
Traffic Signals Optimisation Programme	£1.1M	Planning	Delivery of outputs before April 2017
Resident's Parking Review Programme	Not determined	Implementation	Reduced resources and unplanned demand to increase scope

What are the main priorities for the coming year?

Risk area	Mitigation strategies
Lack of investment – failure to secure capital funding for major infrastructure projects	<ul style="list-style-type: none"> • Good communication with all partners and stakeholders, raising awareness of the capabilities of the directorate and promotion of commercial services
Lack of political consensus to implement strategies in full e.g. active travel and sustainable transport	<ul style="list-style-type: none"> • Ensure Portsmouth’s interests are appropriately represented in future sub-regional strategies and growth deal bids.
Insufficient staff capacity due to reduced revenue funding and pay constraints, making it difficult to attract suitably qualified people to deliver schemes and services and meet rising demands associated with Government regulation; and member, resident and business expectation	<ul style="list-style-type: none"> • Work with PCC colleagues, Members, MPs, the LEP, DfT, Solent Transport, DEFRA, the EA and the ESCP to further engage with funding bodies and award programmes • Member involvement and awareness of all issues through briefings to Cabinet, Cabinet members and Opposition spokespersons and experiential learning
Lack of revenue funding to maintain current levels of service, including road safety, passenger assistance and tendered bus services.	<ul style="list-style-type: none"> • Relationship and expectation management, including engagement with residents and community groups • Working smarter, ensuring we have identified, and have the right strategies to meet, customer demand. Encouraging channel shift through investment in on-line communication
Failure to generate sufficient income from contracts and services in order to sustain teams e.g. infrastructure delivery consultancy and the ELS programmes	<ul style="list-style-type: none"> • Income generation through new and innovative schemes and sponsorship, concessions, partnership deals, professional service contracts and better use of assets.

Culture and City Development

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
<p>Libraries and Archives</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 88</p>	<p>Fulfill statutory responsibilities including provision of books for loan and reference; information services; broadening provision of information and access to resources, security and conservation under the Universal offer of Reading / Information/ Digital / Health and well-being and learning</p> <p>-Development of more self-service, including printing and PC booking</p> <p>-Continue the development of Digital technology to best meet the needs of the community and improve online and access services and information</p>	<p>Explore refurbishment of Cosham library and develop options appraisal</p> <p>Develop the health e and well being offer in libraries : develop dementia collections, visually impaired services and books on prescription</p> <p>To focus on the 2 promise areas of libraries the "Children's Promise and " six steps " (visual impermanent)</p> <p>Arts council bid submitted to Develop the central Library Administration block as a Literature centre and IT Learning Zone</p> <p>-Upload the archive catalogue to Spydus 10 and develop web access</p> <p>-Delivery of front end of the digital archives through external commissioning</p> <p>-Upgrade from Spydus 8 to Spydus 10</p> <p>Target of: 25% of Virtual visits Increase over the next 3 years ending 2017</p> <p>- Retain 1 million physical visits</p>	<p>Physical visits :1 Million</p> <p>Virtual Visits : xxx</p> <p>Mobile visits :xxx</p>

Culture and City Development : Activities and measures of achievement (2)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
Museums	Provide inspirational opportunities for people to enjoy and learn from our collections and build the profile and reputation of the GWC showcasing national and international heritage of the city	Continue to deliver the transformation of the D-Day Museum in partnership with user and stakeholders Start of work on site by December 2016 . New D-Day Museum Opens 2017	Funding of 5Million secured from HLF
		Delivery of the new Butterfly House for Cumberland House delivered in partnership with number of wildlife groups and funded by CIL	
	Explore operating models for Cumberland House museum and plans for Portsmouth Museum in absence of temporary exhibition programme	Generate additional £7 k through cash donations to total; £18k to be used for the Edward King Collection conservation and the Butterfly House project	£11,000 in 2016
	Ensure Sustainability and resilience of the service through an entrepreneurial approach to income generation and partnerships	External funding from HLF for the Conservation of the Edward King collection	294,590
	Continuously improve standards of collection care and documentation to enhance public access and engagement	Sustain Visitor numbers – attract equivalent 300,000 (287,455) visitors across all city museums in 2016/17 (D-Day 4 months closure)	
	Develop new audiences through digital		

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
<p>Community Centres</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 90</p>	<p>Continuing to promote the relevance of community centres to their local communities by assisting the current managing community associations</p>	<p>Continue to broaden the programme and increase the levels of utilisation of community centres through the SLA 's which are based on the results of the Bi Annual Community Centres Utilisation survey</p>	<p>Each centre has its individual area of development in its 2 year SLA</p>
	<p>Continue to promote the financial sustainability of the community associations, and reduce funding support</p>	<p>Encourage community centres to develop expertise to bid for external funding</p> <p>2016 /17 : to achieve £42,000 savings target by ceasing to second PCC staff and replace with grant aid associations to employ directly</p>	<p>2015/16 community associations budget was a mix of directly funded staff and grant funding</p>

Culture and City Development : Activities and measures of achievement (5)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
<p>Registrars and Coroners</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 92</p>	<p>Registrars Service Registration of</p> <ul style="list-style-type: none"> - birth registration/declaration - still-birth registration/declaration w - Death registration/declaration - Notices for marriage and civil partnership - Citizenship ceremonies <p>All statutory standards are met with the exception of the percentage of deaths registered within 5 days. We are not currently meeting the KPI for deaths due to an ongoing problem with the Coroner's Office. Timely registration of deaths as it is below the national standard</p> <p>Introducing a Registrars on-line booking facility</p> <p>Coroners Service Reduce the "non- confirming" and represents 69% of the total non-conforming spend of the directorate.</p> <p>Replace IRIS as the Coroners IT interface which holds all coroners data. and is currently hosted by HCC and accessed remotely from the PCC network. This will support the more efficient Management of coroners caseload, and implementation of case management system</p> <p>Exploration of the viability of the Greater Portsmouth City Mortuary and intergration of the Bereavement service</p>	<p>100% birth declaration within 5 working days</p> <p>100% still birth declaration within 2 working days</p> <p>100% declaration of death within 2 working days exception of the percentage of deaths registered within 5 days</p> <p>100% declaration of marriage and civil partnership within 10 working days</p>	<p>100%</p> <p>100%</p> <p>95%?</p> <p>100%</p>
		<p>Customer satisfaction with registrars service</p>	<p>98.2%</p>
		<p>Booking system implemented</p>	<p>Stopford waiver completed</p>
		<p>Implementation of replacement Coroner IT management system implement ion of a new case load management system</p> <p>Achieve timeliness targets for inquest cases by implement ion of new case load management system</p> <p>Options appraisal completed</p>	<p>Coroner system supported by IT and options appraisal completed</p> <p>Reduce 5% of Inquest cases where the timeliness target is not met.</p>

Culture and City Development : Activities and measures of achievement (6)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
Seafront services	<p>Explore a new management model for attractions and public open spaces on Seafront</p> <p>Agree the events strategy and subsequent action plan</p> <p>Update and implement necessary byelaws</p>	<p>Increasing visitor numbers to for events by 5%</p>	<p>710,855</p>
	<p>Renegotiate existing concession leases ; identify and market test new opportunities with Property & Licencing.</p> <p>Develop masterplan for open spaces and leisure in north of the city</p>	<p>Review current Bylaws and review and simplify layers of restriction</p>	
	<p>Complete a full costs analysis and further economic impact to inform future beach hut policy both weekly and annual rents</p> <p>Explore opportunities for a bid for a new attraction development and a potential submission to Coastal Communities for the Sherlock Holmes Experience</p> <p>Poster sites : full costs analysis and identify areas to increase income and advertising opportunities packages</p>	<p>Deliver two concessions options in pilot form for delivery and evaluation</p>	
	<p>Full costs analyses of splashpool to inform programme and opening times in 2016 /217</p>	<p>Complete Beach Huts costs analysis and options for change</p>	

Culture and City Development : Activities and measures of achievement (7)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
Visitor services	<ul style="list-style-type: none"> Continue to expand digital promotion via Visit Portsmouth and associated social media Continuous development of website Review of printed publications for future years Increase work with Destination Management Partnership and Inward Investment team to maximise marketing campaigns 	<ul style="list-style-type: none"> Increase in visits from target groups 	
		<ul style="list-style-type: none"> Increase in visitor spend 	
Economic growth	<ul style="list-style-type: none"> Ensure economic growth fully embedded in City Plan Effective, high-quality engagement with 50 largest and most strategically important companies in Portsmouth, and fastest-growing SMEs Ensure the Portsmouth site and premises offer is clear and well-marketed Work to improve higher skills levels in the resident and work-based population 	Maintain a 5 year housing land supply	
		Increased investment in the city	
		Increased business rate income	
		Increased levels of start-ups and business survival	
		Improved skill levels	

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
Development management Page 95	<ul style="list-style-type: none"> • Provide an efficient and effective service relating to the processing of planning applications • Make timely decisions on pre-applications, screening, scoping opinions, conditions discharge applications and “Do I need permission?” requests • Improve quality of service to the customer • Provide and efficient, effective, accessible and high quality enforcement and s106 services • Ensure timely and high quality decisions 	<ul style="list-style-type: none"> • Ensure applications dealt with in national standard timeframes for major, minor and other applications 	The overall end of year performance was; Majors 89% (target 60%), Minors 80% (target 65%) and Others 83% (target 80%). Overall performance for the year has achieved the national and directorate targets. The consistent high performance over the year has ensured the successful end of year return.
		<ul style="list-style-type: none"> • Appeals – numbers and outcomes 	

Culture and City Development : Activities and measures of achievement (9)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
Sports and leisure facilities management	<ul style="list-style-type: none"> Re-procure management for city facilities under single contract (Mountbatten Centre, Gymnastics Centre, Portsmouth Tennis Centre, Eastney Swimming Pool, Wimbledon Park Sports Centre, Charter Academy Swimming Pool). Develop new Sports Facilities and Playing pitch Strategy in partnership with stakeholders 	<ul style="list-style-type: none"> Achieve milestones in procurement timetable, to see contract commence in February 2017 	
		<ul style="list-style-type: none"> Approval of strategies in municipal year 	

Culture and city development: Major projects

What are the major projects that the Directorate will be engaged in over the year ?

Project	Financial value	Status	Risks
Hotwalls Studio			
Transformation of D-Day Museum			
Major events delivery (including ACWS 2016)			
City Deal			
City Centre development			
Hard Interchange			
Publish a revised Portsmouth Plan			
Procurement of new leisure contract			
Procurement of replacement Coroners Caseload Management System			

Culture and city development : Major strategic risks and mitigation

What are the main priorities for the coming year?

Risk area	Mitigation strategies
Impact of budget cuts - reduced services and resilience, deterioration of buildings and assets	<ul style="list-style-type: none">• Identification of national and international funding, partnership working and income generation• Exploring alternative delivery models• Clear communication, with frontline staff to ensure understanding of budget challenge, transformation agenda and need to think differently• Communication with service users to raise awareness of challenges and how involvement from the community can support tackling these• Communication with members to ensure that the capacity of services are clearly understood• Ensuring operation models are maximised for flexibility to respond to market changes, and constructed in partnerships• Continuing to lobby and advocate for Portsmouth as a national funding priority with organisations including EU, Arts Council, and Heritage Lottery Fund, as well as with government ministers and departments where appropriate• Explore options for shared service provision
Difficulty in meeting expectations of local residents and members	
Market conditions negatively impact on regeneration and city growth schemes, projects and developments	
Securing and managing new partnerships for sustainable delivery of public services – for example, with third sector providers, including independent cultural organisations	

Community and communications

Community and communications: Activities and measures of achievement (1)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
Channel Shift Programme and city helpdesk Page 100	Reshape the customer service model to generate significant savings across the authority	<ul style="list-style-type: none"> Reduction in PCC spending on post/carriage and print 	MAP project has delivered a reduction of £258k on last year, equating to 52% But believe now hit bottom line – target for next year 5%
		<ul style="list-style-type: none"> No reduction in customer satisfaction 	Customer survey in September 2015 – 94% of customers rated the service as good or very good
		<ul style="list-style-type: none"> Increase in online payments, direct debits or other automated channels 	<p>£8.8m in online payments in 2015/16 – up by £1m compared with 2014/15</p> <p>984 people used new online direct debit form in 3 weeks resulting in 663 less billing calls into CHD</p> <p>Quick pay kiosks handled 33% of all in person payments in April and May 2016.</p>
		<ul style="list-style-type: none"> Increase in web enquiries submitted via on-line forms 	<p>14,197 web forms submitted in 2015/16</p> <p>129% increase in forms completed online* in 2015/16 compared with 2014/15</p> <p>*these figure are in relation to avoidable contact and better web presence work completed – this will significantly increase now channel shift are delivering intelligent online forms from June</p>
		<ul style="list-style-type: none"> Reduction in spend on small IT systems 	
		<ul style="list-style-type: none"> On-going savings target achieved 	Channel shift has enabled the following budget reduction entries Predicted 15-18 = £1m Actual so far 15-18 = £1.7m

Community and communications: Activities and measures of achievement (2)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
Revenues and Benefit Page 101	<ul style="list-style-type: none"> • Continue to provide high quality processing of claims combined with high efficiency • Work closely with DWP to implement benefit changes including implementation of Universal Credit and transfer of some work to DWP • Continue to implement practices to maximise collection, targeting opportunities on new homes and single person discounts in particular • Automate as many back office processes as possible to focus on maximising collection • Focus on earliest possible pursuit and recovery of debt • Protect subsidy 	<ul style="list-style-type: none"> • Council Tax collection rate 	<ul style="list-style-type: none"> • 95.83%
		<ul style="list-style-type: none"> • NDR collection rate 	<ul style="list-style-type: none"> • 99.62%
		<ul style="list-style-type: none"> • Debt recovery 	<ul style="list-style-type: none"> • Annual figure – debt reduced from £16,108,369 to £13,357,459 2015/16
		<ul style="list-style-type: none"> • Cycle time for new claims 	<ul style="list-style-type: none"> • 24 days
		<ul style="list-style-type: none"> • Cycle time for Changes of circumstance 	<ul style="list-style-type: none"> • 8 days
		<ul style="list-style-type: none"> • Processing accuracy 	<ul style="list-style-type: none"> • 98%
		<ul style="list-style-type: none"> • Overpayments(raised 2015/16) 	<ul style="list-style-type: none"> • £3,880,202
		<ul style="list-style-type: none"> • Level of outstanding benefit debt 	<ul style="list-style-type: none"> • £8,990,746
		<ul style="list-style-type: none"> • Subsidy received 	<ul style="list-style-type: none"> £109,774,865

Community and communications: Activities and measures of achievement (3)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
New business and traded services Page 102	<ul style="list-style-type: none"> Embed new team for new business and traded services, including model for self-financing 	<ul style="list-style-type: none"> Income generation targets 	Targets for flagship and design not met. New traded services team in place
Democracy	<ul style="list-style-type: none"> Provide statutory functions in relation to Freedom of information, data protection, complaints handling, elections Support the decision-making process through provision of democratic services function Implement more fully the ModGov tool to achieve fully on-line report preparation 	<ul style="list-style-type: none"> Achievement of statutory timelines in relation to Fol Implementation of ModGov 	Project mandate agreed , work to commence Autumn

Community and communications: Activities and measures of achievement (4)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
<p>Communications and marketing</p>	<ul style="list-style-type: none"> • Develop a strategic marketing framework with a full audience based approach for 2016 • Prioritise marketing campaigns and activity to focus on reducing demand, savings and increasing income • Prioritisation of marketing campaigns that drive positive behaviour change around prevention/early intervention • Developing and implementing toolkits/templates/framework to improve efficiency 	<ul style="list-style-type: none"> • Range of measures that reflect impact over time of communications on staff (including pride in working for authority and extent to which staff feel well-informed) and of customer engagement including campaign specific measures 	<ul style="list-style-type: none"> • £905k of media coverage generated by PR activity in 2015/16 • 64% proud to work for the council and 60% well-informed responses in staff survey. • ROI for adoption and fostering marketing £1.6m for 2015/16

Community and communications: Major projects

What are the major projects that the Directorate will be engaged in over the year ?

Project	Financial value	Status	Risks
<p>Delivery of the Channel Shift /digitalisation Programme</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 104</p>	<p>Cashable savings achieved 2015/16:</p> <p>Customer Services £137,500 per annum</p> <p>Revenues £102,700 per annum</p> <p>Benefits £164,000 per annum</p> <p>Events £20,000 per annum</p> <p>IS £20,000 per annum</p> <p>Pest Control £25,000</p>	<ul style="list-style-type: none"> • Reduction of Cashier staffing by introduction of Payment Kiosks - COMPLETED • Reduce telephony resource by introduction of telephony voice recognition - JULY • ModGov Enhancements - AUG • Customer Access Project - COMPLETED • Reduction in manual data inputting by GovTech auto system input - JULY • Increased Fraud detection using GovTech solution - JULY • Reduction in Scanning and indexing by automated input and indexing – JULY • 50% reduction in pre assessments for new claims by routing through Call Credit's Risk Based Verification - JULY • Increased Fraud detection using GovTech solution - JULY • Reduction in Scanning and indexing by automated input and indexing - JULY • Reduction in back office resource needed by introduction of an events automated record, payment and reminder solution • Emailing of remittance notices Automation of data input and booking solution. Plus reduction of systems used to complete processes to one system 	<p>There is a risk of delays, or cancellation of programme work due to the following:</p> <ul style="list-style-type: none"> • Lack of understanding and support of the programme delivery by some senior management and members • Perceived conflict with systems interventions programme resulting in delays • Lack of development resources slowing down delivery • At start of programme a lack of IT strategy and non adoption of integrated data model causing continued siloed data reducing the maximum saving potentials. This is now being addressed

Community and communications: Major projects

What are the major projects that the Directorate will be engaged in over the year ?

Project	Financial value	Status	Risks
Implementation of Universal Credit (including the Local Support Framework)	N/A at present as no significant migration to date	New working age single claimants with no children are now able to claim Universal Credit in Portsmouth	Uncertainty at present over roll-out Pension strain costs when roll-out starts to impact local staff

Community and communications: Major strategic risks and mitigation

What are the main priorities for the coming year?

Risk area	Mitigation strategies
Requirement to deliver substantially the same portfolio of services whilst reducing costs by more than 10% each year	<ul style="list-style-type: none"> • Actively seeking opportunities to reduce costs (eg. channel shift) increase revenues and generate new income • Attempts to create more generic, flexible staffing structure, by identifying synergies in teams so that these can be deployed in response to changing priorities. • Establishment of Channel Shift Programme Board and clear and consistent communication • Communication with DWP and delivery partners • Professionalism of local taxation
Ability to implement change – level of corporate buy-in and understanding of channel shift	
Heavy exposure to national political dynamic, leading to abandonment of existing plans, changes in scope and responsibility, new initiatives eg. voting age changes, boundary reviews, re-evaluation of properties, changes to electoral registration	
Risks to achieving required savings because of hold on transformational work whilst systems interventions take place Ability to implement change – level of corporate buy-in to channel shift	
Ongoing uncertainty over Universal Credit, with no clear plan from DWP for migration	

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Human Resources, Legal and Performance

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
Human Resources Page 108	<ul style="list-style-type: none"> Support organisational change, including workforce development and talent management Develop options to reduce workforce costs and increase efficiency, including through robust approaches to absence management, modern approaches to employee relations, and improved arrangements for staff sourcing 	<ul style="list-style-type: none"> Sickness absence 	8.4 days per employee per year
		<ul style="list-style-type: none"> Activity indicators 	
	<ul style="list-style-type: none"> Ensure the council's pay structure meets the changing needs of the organisation Increase the number of apprenticeship, both within the council's workforce and with external providers 	Apprenticeship numbers (Government target 130)	68 (including "pipeline")

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
Legal Services	<ul style="list-style-type: none"> • Provide support to organisational change and special projects to achieve organisational objectives • Maintain effective provision in critical areas such as Child Protection 	Turnaround times on childcare cases (26 week target)	70% within in 26 weeks
Internal audit	<ul style="list-style-type: none"> • Continue to support good governance in the organisation • Maintain effective business as usual activity in Internal Audit, including completion of the annual Audit Plan 	<ul style="list-style-type: none"> • % annual audit plan complete 	100%
		<ul style="list-style-type: none"> • Number of exceptions identified 	1 critical, 98 high

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What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
<p>Corporate Strategy</p> <p>Page 110</p>	<ul style="list-style-type: none"> • Provide ongoing support for strategic agendas eg. combined authority, health integration • Identify and bid for grants and other sources of funding where these support the strategic priorities of the council • Continue to support governance in the authority • Provide support to other directorates on priority issues, such as responding to inspection or stakeholder requirements 	<ul style="list-style-type: none"> • Funding opportunities identified 	<p>A number of bids awaiting decision</p>
		<ul style="list-style-type: none"> • Statutory timelines re annual governance statement and performance statement achieved 	<p>Statutory deadlines met for 2015/16</p>

Human resources, legal and performance: Major projects

What are the major projects that the Directorate will be engaged in over the year ?

Project	Financial value	Status	Risks
Devolution/ combined authority	Not applicable		
HR self-service (ongoing roll-out and development)	Enabler for further efficiencies and savings	System implemented. Plan for further development being agreed	Organisational resistance in some areas Competing priorities for Oracle development resources
Comensura partnership	£2.5m p.a.	Contract implemented. Working with principle client to leverage full benefits	Limited supply Buy-in/engagement of principle client department
Apprenticeships	Apprenticeship levy – potential cost c £700k pa	On track – action plan agreed to meet new targets	New legislative requirements Availability of funding
Development of trading company (temporary agency and training)	C£300k pa	Not started	Legal risks of existing arrangement

Human resources, legal and performance: Major strategic risks and mitigation

What are the main priorities for the coming year?

Risk area	Mitigation strategies
Reduced capacity	<ul style="list-style-type: none">• Pursuit of income streams through increased commercial activity• Channel shift/ management self-sufficiency• Increased partnering/joint working• Workforce planning, including succession planning• Effective business partnering models to ensure early input into issues and projects• Development of wider client base – focus efforts on securing other public sector clients
Recruitment and retention of key staff as economy continues to grow	
Reduced effectiveness of governance	
Increased dependency on external income (volatility/lack of security)	
Project risks	

Finance and Information Services

Finance and Information Services: Activities and measures of achievement (1)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
Financial governance and accountability	<ul style="list-style-type: none"> Maintain the financial health and resilience of the Council Achieve statutory timescales for accounting and reporting, including achieving brought forward timescales for close of accounts Ensure accuracy of information reported Implement the Pay.net tool to improve timeliness and accuracy of bank reconciliation Provide necessary information for the Transparency duty 	Prepare a Medium Term Financial plan	
		Approve a Balanced Budget and associated level of Council Tax	Budget and council tax approved by Full Council for required levels of savings
		Approve a minimum level of general reserves	
		Approve a fully funded 5 Year Capital Programme	Capital programme approved by full Council
		Statutory timescales achieved for Statutory Financial Statements	
		Unqualified Audit Opinion achieved	
		Quarterly financial reporting to Council achieve	
		Pay.net implemented	
		Bank reconciliation completed within 4 weeks of month end	
		Transparency information published on time	

Finance and Information services : Activities and measures of achievement (2)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
Maximising the resource available to the council Page 115	<ul style="list-style-type: none"> Develop opportunities for income generation and retained service resilience including through provision of services to other organisations, including academies Maximise income through effective treasury management and investment (including property investment fund) Effective debt recovery activity 	Additional income generated	<ul style="list-style-type: none"> Property Investment Fund established Shared service agreed with IoW
		Average return on new investments to exceed LIBID rates	Exceeded investment returns target for new investment
		Implementation of Employee Portal and subsequent savings	Employee Benefit Portal supplier appointed and launch plan implemented
		Debt recovery indicators	Outturn collection rates exceeded business plan targets: Council Tax 95.38% (target 95.2%) NNDR: 99.62% (target 98.5%)

Finance and information services Activities and measures of achievement (3)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
Maintaining resilience of financial services operations	<ul style="list-style-type: none"> Bring business continuity plan up to date Maintain EBS system availability Complete service review, with fewer but larger teams, each with a strong balance of skills to enhance business resilience Develop capacity to take on opportunities for business as a way to secure business resilience including shared services and traded services 	Up to date Business Continuity plan by December 2016	Existing business continuity plan to be tested and revised – 2016 project
		EBS availability indicators	EBS availability within performance standard of 98% availability in working hours
		Completion of Financial Services re-organisation to be positioned for new business	Phase 1 consultation complete

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
<p>Support directorates to deliver within agreed budgets and achieve savings targets and objectives</p>	<ul style="list-style-type: none"> • Budget management and advice for the organisation • Develop corporate savings schemes such as salary sacrifice (implementation of Employee Portal) • Support a range of significant projects with strategic financial advice and input 	<ul style="list-style-type: none"> • Spending within allocated budgets – deficits in adults social care and children’s social care reducing as per agreed plans 	<p>Budget outturn for 2015/16 of £3.8m underspend. Education and Children’s portfolio deficit reduced by £1m and Health and Social Care portfolio reduced to £1.5m following budget action plans agreed by Cabinet on 3rd December.</p>

Finance and information services : Activities and measures of achievement (5)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
High quality business as usual financial services – continual service transformation	<ul style="list-style-type: none"> • Improve the efficiency and effectiveness of budget forecasting • Bring financial management and performance information to the Managers desktop • Improve the efficiency and resilience of the Purchase to Pay function • Robust financial management system (EBS) 	Implementation of new forecasting and budgeting tools	Development of standard budget monitoring/forecasting process completed and roll-out to finance teams underway
		Implementation of Business Intelligence reporting for managers	2016/17 project – capital investment approved
		Maintain EBS upgrade and patching programme	
		Invest in EBS Hardware requirements	
		Complete the roll-in of Purchase to Pay business intervention	Redesign stage substantially completed – now moving to roll-in of changes
		Payment performance indicators	
		Payroll and EBS indicators	Successfully paid c10,000 internal and external staff on time

Finance and information services: Activities and measures of achievement (6)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
Operational IT performance	<ul style="list-style-type: none"> Maintain high levels of system availability Resolve incidents swiftly to ensure organisational effectiveness Provision of helpdesk function (over 2000 requests a quarter) Maintain customer satisfaction measures Maintain IT security (PSN accreditation) 	System availability metrics	
		Incident resolution measures linked to service level agreement	Resolved 37,632 incidents and requests, 92% with SLA. Urgent requests resolved within a day
		Customer satisfaction	
		PSN accreditation	
Strategic IT support and development	<ul style="list-style-type: none"> The provision of an integrated IT connectivity and information sharing with our health partners Documenting a Portsmouth Digital Strategy Project support to organisational projects – high number of mandates requiring strict prioritisation 	Project milestones	
		Adoption of Digital Strategy	Business Transformation Group established. Key 3 rd Party contacts identified. Investigation into viability of WiFi concessions.

Finance and information services : Activities and measures of achievement (7)

What are the main priorities for the coming year?

Functions	Activities	Measures of achievement	Q4 position or other baseline where available
IT service resilience Page 120	Service review to take place	Progress review	

Major projects

What are the major projects that the Directorate will be engaged in over the year ?

Project	Financial value	Status	Risks
Service restructure			
Purchase 2 Pay roll-in			
Business Intelligence			
Employee Benefits Portals			
Property Investment Fund			
Hampshire Community Bank			

Major strategic risks and mitigation

What are the main priorities for the coming year?

Risk area	Mitigation strategies
Resources – requirement to provide significant share of the Council’s savings target leading to reductions in service delivery e.g. income collection, provision of advice and management information for effective decision making by budget holders	<ul style="list-style-type: none"> • Service review to streamline and enhance resilience where possible • Review of processes and prioritisation on ‘important’ i.e. with significant financial impact, including risk based budget monitoring , materiality of transactions, automation of processes, reduce risk aversion • Treasury Management Strategy which evaluates and monitors risk constantly – through credit ratings, CDS rates and investment limits • Implementation of Business Intelligence solution and associated re-configuration of Finance Support. • Revisit and update Disaster recovery plan • Pay incentives including MSIs; use of interim staff , employee benefits package and Trainee programme • Re-inforce strong financial management culture with an appropriate financial framework that incentivises responsible spending and forward financial planning • Regular budget briefing meetings with portfolio holders • Interim soft close of accounts during year • Review of internal materiality levels and review of processes • Business partnering to ensure we really understand customer expectation and work to remove any barriers that may stop us fully exploiting them. • Supplier engagement and management • Partnering with other organisations
Maintaining financial resilience arising from staff reductions - reduction in service delivery and financial control	
Financial collapse of an investment counterparty where the Council has invested significant sums	
Restoration of financial and other systems post ‘event’ - Impact on trading services/ external clients as well as PCC	
Pay - unable to compete in the financial market to attract, recruit & retain appropriately skilled staff	
Not achieving savings targets authority wide - reduction in Council resources impacting on future year’s budgets.	
Bringing forward closing of accounts deadline- new statutory deadline from 2016/17 - Reduction in time to complete accurate statutory reports	
Inability to meet customers expectations via new technology that is in general use by other organisations or day-to-day personal use leading to Inefficient ways of working across PCC and partners	



Title of meeting:	Governance & Audit & Standards Committee
Date of meeting:	1 st July 2016
Subject:	Annual Internal Audit Report for the 2015/16 Financial Year
Report by:	Chief Internal Auditor
Wards affected:	All
Key decision:	No
Full Council decision:	No

1. Summary

- 1.1 In 2015/16 Internal Audit raised 1 Critical Risk exception, which has since been resolved. A further 4 audits have been given no assurance since the last meeting and are detailed in Section 6. This brings a total of 11 no assurance audit opinions for 15/16.
- 1.2 The final audit plan contained 78 full audits and 39 follow up audits. 100% of the revised 2015/16 Audit Plan has been completed.
- 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.
- 1.5 During 2015/16 Audit carried out 120 days for external clients across four client groups.
- 1.6 A total of £351,006 has been raised in overpayments relating to Housing and Council Tax Benefit and Council Tax Support frauds following 192 investigations and 60 implemented sanctions. Further details are provided in section 9

2. Purpose of report

- 2.1 This report is to give the Annual Audit Opinion on the effectiveness of the control framework, based on the Internal Audit findings for 2015/16 and highlight areas of concern.
- 2.2 To advise Members of the Audit Plan for 2016/17.
- 2.3 To provide a summary of the Counter Fraud cases investigated and sanction results.

3. Recommendations

- 3.1 That Members note the Audit and Counter Fraud Performance for 2015/16.
- 3.2 That Members note the highlighted areas of control weakness from the 2015/16 Audit Plan
- 3.3 Members note the Annual Audit Opinion on the effectiveness of the system of internal control for 2015/16.
- 3.4 Members endorse the Audit Plan for 2016/17
- 3.5 Consider any additional actions to be taken in response to matters raised within this report relating to the reviews undertaken.

4. Background

- 4.1 The Annual Audit Plan for 2016/17 has been drawn up in accordance with the agreed Audit Strategy approved by this Committee on 29th January 2016 following consultation with Directors and the previous Chair of this Committee. The Plan will be revised quarterly to take account of any changes in risks/ priorities, in accordance with the Strategy.
- 4.2 From the 1st April 2015 officers within PCC's Benefit Counter Fraud Team moved across to Internal Audit, pending the transfer of Housing Benefit cases only to the Department of Works & Pensions (DWP) as part of the Governments 'Single Fraud Investigation Service' initiative.
- 4.3 This transfer occurred on 1st September 2015, however existing joint DWP cases were still progressed until PCC's statutory powers under Social Security Administration Act 1992 to investigate were removed on 31st March 2016.
- 4.4 Nominated PCC staff within Audit and Counter Fraud still hold specific powers in order to investigate Sub-Letting and Council Tax Support Fraud. These include Social Housing Fraud Act 2013 and Council Tax Reduction Schemes (Detection of Fraud & Enforcement) Regulations 2013 / Local Government Finance Act 1992.

5. Audit Plan Status 2015/16

Percentage of the approved plan completed

- 5.1 100% of the annual audit plan has been completed. 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:

- 78 (67%) new reviews where the report has been issued.

- 39 (33%) planned follow ups where the report has been issued

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

Reactive Work

- 5.3 Reactive Work undertaken by Internal Audit in 2015/16 includes:
- 21 special investigations (excludes Benefit and Council Tax Support cases)
 - 69 items of advice, (where the advice exceeds an hours work)

As well as the following unplanned reviews

- Channel Shift Programme
- Disposal of goods found within abandoned garages
- Community Capacity Grant
- City Deal grant
- Contract Procedure Rules update
- Cash Handling Instructions update
- External marketing and presentations
- Contract Issues Adult Social Care

Exceptions

- 5.4 Of the 2015/16 full audits either completed or at the draft report stage the number of exceptions within each category have been:
- 1 Critical Risk
 - 102 High Risk
 - 34 Medium Risk
 - 10 Low Risk (Improvements)

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

	2013/14	2014/15	2015/16
% of the audit plan completed	99%	100%	100%
No. of Audits Completed for the year	143	150	116
No. of Critical exceptions*	18	11	1
No. of High risk exceptions	215	186	103

5.6 In order to provide a more meaningful comparison the table below reflects the audit figures excluding schools and follow up audits. Due to the nature of the

testing conducted during school audits they can result in a high number of exceptions being raised. The average number of high risk exceptions per audit is in brackets

	2013/14	2014/15	2015/16
No. of Full Audits Completed for the year	120	85	76
No. of Critical exceptions	9	11	1
No. of High risk exceptions	129 (1.075)	91 (1.071)	98 (1.289)

Whilst there has been a decrease in the number of critical risk exceptions raised in 2015/16 the number of high risk exceptions per full audit has increased over the previous two years.

Ongoing Areas

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

Continuous Audit Areas

- 5.8 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

- 6.1 **Security & Reception Arrangements - Resolved**

- 6.1.1 The original audit resulted in a critical risk exception being raised as during observations in the ground floor area 5 confidential conversations were conducted in a public area. This presented a risk of non-compliance with the Data Protection Act which could have resulted in a fine and reputational damage for the Authority.
- 6.1.2 An action was agreed whereby a corporate communication was sent to all staff reminding them of the risks associated with conducting confidential conversations in a public area.
- 6.1.3 Follow up testing was conducted confirming that the communication had been sent out as agreed. Further observations were undertaken and it was noted that staff seeing visitors for ad-hoc appointments were using meeting rooms where available and taking their visitors away from earshot to conduct the appointment. As a result the exception has been closed.

6.2 **Domiciliary Care - Unresolved (Risk Accepted)**

- 6.2.1 The 2014/15 audit of this area was given a no assurance rating as testing found that there was no mechanism in place to identify if providers were over invoicing for the care provided and were not being challenged where the actual time spent with clients was less than the planned and billed time. This presented a financial risk and an operational risk that clients are not receiving the full care they need.
- 6.2.2 An action was agreed to send a letter to all providers to advise them that sample checking will require them to investigate and provide assurance that care needs have been met. 5% checks on invoices were also set to continue.
- 6.2.3 Follow up testing was undertaken on Quarter 1 returns which showed that out of 10 providers 4 were 77 hours under the contracted amount. Using the 5% checks undertaken during October - December 2015 the projected overspend in this area was £10,043
- 6.2.4 Adult Social Care and the Integrated Commissioning Unit are due to work together to implement a partnership approach to commissioning and managing domiciliary care providers based on active monitoring. This is still in an embryonic stage and until it is implemented the risk has been accepted by management.

6.3 **Mainland Marketing Distributions Shipping Ltd (MMD) - Invoicing for Terminal Services - Part Resolved**

- 6.3.1 The 2014/15 audit in this area highlighted 4 high risk exceptions and was given a no assurance rating.
- 6.3.2 The 4 high risk exceptions related to:
- Too much reliance on one member of staff for the invoicing process
 - Incorrect charges being raised
 - Additional charges allowable by under the contract were not being raised

- Discrepancies between ships manifests and the shed list

These exceptions all presented a financial risk that MMD was not maximising its income which directly affects the profitability of the company.

6.3.3 Follow up testing confirmed that the exceptions relating to the incorrect charges and discrepancies between the manifests and shed lists have been closed. Progress has been made with regard to the invoicing process with the final actions due to have been completed in May 2016. MMD have brought in software that will allow them to start charging for container storage, it is hoped this will be implemented in June 2016. Charges for pallet storage should be implemented from October 2016.

6.4 **Management of Markets - Unresolved**

6.4.1 The 2014/15 audit of this area highlighted 4 high risk exceptions and was given a no assurance rating.

6.4.2 The 4 high risk exceptions related to:

- Lack of documented strategy for the management of markets. Without a strategy the Authority may not be maximising income in this area.
- Failure to complete adequate checks on stall holders were compliant with their contractual obligations in relation to fire and electrical safety. This presents a reputational and legal risk should any accidents or issues arise
- Poor record keeping over which traders had been allocated pitches. This could result in a financial loss if fees are not allocated correctly.
- Failure to monitor the collection of pitch fees. This presents a risk of fraud as pitch fees could be stolen by the market inspectors.

6.4.3 Follow up testing found that all 4 exceptions were still open. There is currently a wider review being undertaken as to how markets are managed within the city. The City Centre Management team is also in the process of being restructured. Once the new structure has been confirmed work will begin immediately to resolve the outstanding issues highlighted by the audit. This is expected to be carried out by 31st August 2016.

6.5 **Events (Part of the 16/17 planned work) - Unresolved**

6.5.1 The 2015/16 audit of this area highlighted 7 high risk exceptions and was given a no assurance rating. A follow up audit was carried out in May 2016.

6.5.2 The 7 high risk exceptions related to:

- Lack of clear procedures for processing event applications. Without these there is a risk to the authority that health and safety requirements may be overlooked and potential risks may not be included in assessments and insurance requirements
- Inconsistency in the event application process and information provided. This could lead to health and safety oversights which may damage the Authority's reputation and see a reduction of number of events subsequently held in the city

- A lack of clear audit trail regarding fees and charges. This could result in a financial loss to the authority if fees are being undercharged.
- Risk assessments not being carried out or being undertaken after the event. Failure to undertake adequate risk assessments could lead to people attending the event being put at risk of injury. This could result in significant reputational damage for the Authority
- Failure to comply with insurance requirements. Testing was unable to evidence that the £5m public liability cover required, was in place for 13 of 25 events sampled. As a result the Authority would be liable for any injury or claim that occurred at these events.
- Security arrangements, testing found that the same company was being used without a corporate contract or waiver being in place. This is a breach of PCC's contract procedure rules and risks the Authority not receiving value for money on the service.
- Lack of monitoring at events for example confirming food stalls hold a valid hygiene certificate or inflatables comply with the relevant standards. Failure to undertake these checks could put members of the public at risk of injury.

6.5.3 Following up testing found that 5 of the 7 agreed actions had been completed. The 2 areas where the risk remains are:

- Applications - The Events Team are moving to an online application system which at the time of the follow up was in the testing phase. It is expected that the system will go live from July 2016
- Monitoring - spot checks are still being undertaken at Events to ensure they are being held in line with their applications. The new online application process will allow the Events Team to get a better overview of the event and deal with any concerns or queries.

6.5.4 A new audit opinion of "reasonable assurance" was given as a result of the follow up. No further follow ups are planned in this area

New Areas of Concern

6.6 Through Care Team

6.6.1 The audit of the Through Care Team was given no assurance as 5 high risk exceptions were raised.

6.6.2 The exceptions related to the following areas:

- Failure to have the required Pathway Plan in place for relevant young people
- The late completion of young people's Leaving Care Assessments of Needs
- Care leaver's grants being overpaid or issued twice
- Inadequate record keeping in relation to care leaver grant logs
- Transaction logs maintained by the Through Care Team not reconciling with Finance records.

These represent financial risks if funds are not being properly managed and accounted for. There are also operational risks surrounding the young people and the support they are receiving.

- 6.6.3 The following actions were agreed to mitigate these risks:
- The Pathway Plan template and process has been reviewed. Monthly reports will now be produced
 - The Leaving Care Assessment has been replaced with a single assessment for all 16 to 18 year olds
 - The Through Care Team are working with Finance to introduce pre-paid cards for the care leavers to improve the record keeping and control over the Authorities funds.

6.6.4 These will be followed up as part of the 2016/17 audit of this area.

6.7 **Accounts Receivable**

6.7.1 For the past 3 financial years an exception has been raised as part of the Accounts Receivable audit regarding the lack of controls over the authorisation of credit notes. Testing during the 2015/16 audit confirmed that the risk had yet to be mitigated and as such has been given no assurance. Without proper authorisation controls there is the risk that credit notes could be raised fraudulently resulting in a financial loss to the Authority.

6.7.2 The current reporting function of Oracle E-Business Suite does not produce an adequate report in order for credit notes to be monitored. In the interim the Income and Payments Manager will undertake spot checks on a random sample of credit notes to mitigate the risk.

6.7.3 This will be followed up in the 2016/17 audit of Accounts Receivable.

6.8 **Mainland Marketing Distributions Shipping Ltd (MMD) Main Accounting**

6.8.1 The audit of MMD Main Accounting was given no assurance as testing confirmed that there is currently no mechanism in place to monitor user access levels and privileges within the Navision accounting system. This was originally raised during the 2012/13 audit of MMD Accounts Receivable. The risk of fraud is high as functionality within Navision includes the ability to amend payee details. Staff may also be able to circumvent segregation controls with multiple access rights.

6.8.2 A further audit of MMD Accounts Receivable forms part of the 2016/17 Audit Plan. The risk will be followed up as part of that review with a view to using data analytics software to gain greater understanding of the risk exposure.

7. Annual Audit Opinion

- 7.1 Due to the number of critical and high risk exceptions raised against the work carried out the Audit opinion for 2015 /16 is that only limited assurance on the effectiveness of the control framework can be given.
- 7.2 There are now four audit opinion levels as agreed in the 2016/17 Audit and Counter Fraud Strategy and these are: no assurance, limited assurance, reasonable assurance and full assurance. Where there are mainly medium or low risk exceptions the annual audit opinion would be reasonable or full assurance.
- 7.3 The Audit opinion for last year was also limited assurance due to the level of critical and high risk exceptions. There is still a significant level of high risk exceptions raised this year and in addition to this there has been an increase in the number of investigations that have involved staff.
- 7.4 Internal Audit is concerned that the overall effectiveness of the control framework position has declined/not improved in recent years, which is not adequately reflected in the 'limited assurance' and will continue to work with Directors, the Deputy Chief Executive and the Chief Executive to improve on specific areas of control and risk management weaknesses.
- 7.5 Any significant corporate weaknesses and agreed actions will be reflected in the Annual Governance Statement. The impact of the Internal Audit work for 2015/16 may affect that year's work for External Audit. It may also inform their work for 2016/17 and where they consider there are weaknesses in control that could materially affect the accounts they may need to carry out further work to gain the necessary audit assurance required for a true and fair view of the financial position and compliance with professional codes of practice.
- 7.6 Internal Audit has carried out a self-assessment and confirms that they are compliant with the Public Sector Internal Audit Standards (PSIAS).

8. 2016/17 Audit Plan

- 8.1 The Audit Plan planned coverage for 2016/17 has been drawn up using the Strategy approved by Members of this Committee at their 29th January 2016 meeting.
- 8.2 Meetings have been held with all Directors and the Chief Executive and the previous Chair of the Governance & Audit & Standards Committee who have all been consulted on the areas planned and the overall Audit Plan.
- 8.3 The 2016/17 Audit Plan is attached as Appendix C to this report. There are currently 111 Audits & 27 Follow up Audits identified although this will increase once preliminary audit work commences on areas such as contracts and grants which are currently undetermined. In addition to this a quarterly review will be

carried out to take account of changing risks & priorities, all of which will be reported back to this Committee.

8.4 As at the 6th June 2016 242 days have been purchased by external clients for Internal Audit work, this is an increase of 122 days from the previous year.

9. Counter Fraud Performance

9.1 Below is a table summarising the work completed by the Corporate Counter Fraud Team during 2015/16

Case Type	Number Cautioned	Number Prosecuted	Admin Penalty	Sanctioned Fraud Overpayment	Total Overpayment Raised
Housing Benefit	26	17	5	£182,333.64	£304,164.13
Council Tax Support	22	10	2	£26,123.46	£41,389.36
Council Tax Benefit	0	0	0	£2359.95	£5453.10

9.2 A caution is a warning given in certain circumstances as an alternative to prosecution to a person who has committed an offence. A caution can only be considered when there is sufficient evidence to justify instituting criminal proceedings and the person has admitted the offence during an Interview under Caution.

9.3 An administrative penalty: is an alternative to prosecution and only applies where it appears to the Secretary of State and/or a local authority that the making of an overpayment was attributable to an act or omission by the claimant and that there are grounds for instituting proceedings for an offence.

9.4 The administrative penalty is payable in addition to any recoverable overpayment. The Department for Work and Pensions are now responsible for issuing Administrative penalties relation to Housing Benefit.

9.5 A Caution and Administrative penalty can only be offered where the Local Authority has established sufficient evidence to prosecute. These sanctions are offered as an alternative to prosecution but the claimant is not obliged to accept and may decide to proceed to court.

9.6 A sanctioned overpayment relates to cases that have either been cautioned, prosecuted or have had an administrative penalty applied, i.e. an offence was

identified. The total overpayment contains an element of cases where no offence has been identified.

9.7 The total value of the 7 administrative penalties was £6638.53. Investigations into sub-letting also resulted in 6 properties being recovered.

9.8 Overall 246 cases were referred to the Counter Fraud Team during 2015/16 of which 192 (78%) were investigated following a risk assessment on the intelligence received. This resulted in 60 sanctioned cases (31%). The breakdown of the sanctioned cases is as follows:

- 21 prosecutions
- 32 cautions
- 7 administrative penalties

10. Equality impact assessment (EIA)

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

11. Legal Implications

11.1 The City Solicitor has considered the report and is satisfied that the recommendations are in accordance with the Council's legal requirements and the Council is fully empowered to make the decisions in this matter.

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

12. Finance Comments

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

12.2 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 A - Municipal Year 201516

Appendix B - Completed follow up audits from 2015/16 Plan

Appendix C - 2016/17 Audit Plan

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

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

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

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

.....
Signed by:

Audit Title - LIMITED ASSURANCE AUDITS completed since the last meeting	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
1516-001- IS Application Data Quality and security (Swift) Adult Social Care		1			1	0	NAT	1	0	0	Limited Assurance	One high risk exception arose in the audit. Monitoring is conducted on standard user accounts however no monitoring was being conducted on IS user access.
1516-003 - Personal Budgets Adult Social Care		1			1	0	NAT	NAT	1	NAT	Limited Assurance	One high risk exception was raised as testing found that there was not an effective plan to assess all clients within the required time frames
1516-025 - Public Health (Business Planning) Public Health		1			1	1	NAT	NAT	NAT	NAT	Limited Assurance	One high risk exception was raised during this audit relating to Public Health not having a complete Business Plan or supporting operational plans in place. This could result in the service not having a clear direction, or detailed performance indicators to measure progress against.
1516-035 - Council Tax and NNDR Community & Communication		2	1		3	NAT	2	1	0	NAT	Limited Assurance	2 High and 1 Medium risk exceptions arose under testing. The high risk relate to excessive discount periods awarded which occurred due to a system error which is stated as resolved, however this has yet to be tested. The other high risk exception relates to differing and inadequate processes in relation to the NNDR discretionary relief. The medium risk exception relates to access to the Northgate system for ex employees.
1516-036 - Housing & Council Tax Benefits Community & Communication		2	1		3	0	3	NAT	0	NAT	Limited Assurance	Testing raised two high risk exceptions, the first was in relation to the policies and procedures that are in place for the recovery of benefit overpayments. The second exception has been raised in relation to non-compliance with procedures that are in place and the different ways in which members of the Debt Recovery Team handle their cases at the various stages of the process. This makes monitoring the debt more complex as staff are not following the same practices.
1516-044 - Accounts payable Finance & IS		2	3		5	NAT	4	NAT	1	NAT	Limited Assurance	Two high and three medium risk exceptions were raised in relation to testing. One high risk exception was raised in relation to the raising of purchase orders, after 35% of the sample were found to have been raised after the invoice was received. A further high risk exception was raised in relation to the processing of purchase orders. An administrative error for an order within the sample resulted in PCC being overcharged by the supplier by £3300.
1516-046 - Payroll/ Pension Finance & IS		3	2		5	1	3	1	NAT	NAT	Limited Assurance	Three high risk and two medium risk exceptions arose in the audit. 3 relate to errors in a process, 1 regarding user accounts not being closed and the final exception is in relation to a lack of formal contracts with external clients.
1516-048 - General Ledger, Main accounting and budget monitoring Finance & IS				4	4	NAT	NAT	0	4	NAT	Limited Assurance	Four low risk exceptions arose in the audit. All exceptions relate to potential inefficiencies in the use of the general ledger.

1516-054 - Portsmouth Income Management System (PIMS) Finance & IS			1			1	0	0	1	0	0	Limited Assurance	One medium risk exception raised as testing found ex employees were not having their access removed from the system
1516-058 - Declarations of Interest HR, Legal & Performance		1				1	NAT	1	NAT	NAT	NAT	Limited Assurance	One high risk exception was raised in respect of four senior employees, for whom a Declaration of Interest could not be located during testing.
1516-069 - Rent Income Property & Housing			1			1	NAT	1	NAT	0	NAT	Limited Assurance	One medium risk exception was raised in respect of six discrepancies in recorded bedrooms between the housing stock database, which is used for repairs and maintenance, and Northgate, which is used, in part, to calculate rent.
1516-097 Mainland Marketing Distributions (Shipping Ltd) - Accounts Payable		2				2	0	1	1	0	NAT	Limited Assurance	Two high risk exceptions raised. The 1st related to a purchase orders being raised retrospectively, the 2nd due to a lack of controls over high value spending
1516-099 Mainland Marketing Distributions (Shipping Ltd) - Quay Operations Labour		2				2	NAT	NAT	NAT	1	1	Limited Assurance	The audit highlighted 2 high risks in relation to the allocation of labour and recording of management information.
1516-104 - Security Contract Port		1				1	0	1	NAT	NAT	NAT	Limited Assurance	One high risk exception was raised due to poor performance from the contractor in regard to staffing levels and invoice accuracy
1516-006 - Direct Payments Adult Social Care		2				2	0	2	0	0	NAT	Limited Assurance	The audit highlighted two high risk exceptions relating to expenditure reviews that had not been carried out in a timely manner and improvements to the recording process.
1516-007 - Deprivation of Liberty Safeguards (DOLS - Adult Social Care)		3				3	0	2	NAT	1	NAT	Limited Assurance	Three high risk exception were raised in relation to referrals not being completed within the stipulated timescales, renewing DOLS that have expired and for 2015/2016 Deprivation of Liberty Safeguards Budget. Testing identified that the budget for 2015/2016 was projected to be overspent by £72,516 at the time of audit testing.
1516-012 - Direct Payments - (Children's Social Care)		1	1			2	0	0	1	1	NAT	Limited Assurance	One high risk and one medium risk were raised from this audit. The high risk related to the fact that due to staff changes the DBS record spreadsheet had not been maintained so it was not possible to determine whether a DBS check had been carried out for 1 of the 9 carers in the sample tested. PPC does not have a statutory duty to undertake DBS checks for carers employed by parents/guardians (unless requested directly by the parent/guardian) but has chosen to do this as part of its general safeguarding duty.
1516-042 - Special Educational Needs & Disabilities (SEND) Children's Services & Education		2				2	1	1	NAT	0	NAT	Limited Assurance	Testing highlighted two high risks relating to non-compliance with the timescales for completion of Education & Health Care Plans and that the self-assessment had not been fully completed.
1516-066 - Air Quality Regulatory Services		1				1	1	0	NAT	0	0	Limited Assurance	One high risk exception was raised due to a lack of overarching strategy and therefore no authority-wide long-term direction over how improvements to air quality could be achieved.

1516-074 - Adventure Playgrounds Property & Housing		3				3	1	1	NAT	1	NAT	Limited Assurance	Three high risk exceptions have been raised in relation to; 2 staff breaching the Personal and Professional Boundary Policy (mobile phone on person when on duty), inconsistent completion of the 'Work Activities' Health & Safety Risk Assessment and incomplete evidence of daily / weekly Risk Assessment Checks.
1516-073 - Housing Waiting List & Voids Property & Housing		4				4		3	1	NAT	NAT		Four high risk exceptions have been raised. The first relates to recording of ending tenancies on Northgate and the 2nd related to collection of rent owing at the end of tenancies. The 3rd exception was raised as void properties were not being updated within the Housing Repair database and the final exception related to a failure to accurately log whether the outgoing tenants were leaving possessions in the property.
1516-075 - Right to Buy Property & Housing		1	1	1		3	0	2	0	1	NAT	Limited Assurance	The high-risk exception was raised in relation to the acknowledgement of Right to Buy applications. Legislation stipulates that acknowledgement, in the form of an RTB2 letter, should be sent within 28 days of receipt of the application. Three acknowledgements within a sample of twenty-five exceeded this deadline.
Audit Title -ASSURANCE AUDITS completed since the last meeting	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	
1516-018 - Dunsbury Hill Farm (DHF) Corporate					0	0	0	NAT	0	NAT	Assurance	This is the final report following on from the interim report issued in September 2015 where no exceptions were raised. A number of issues have been highlighted, but these are being managed by the project team. The main concern arising from the project is as to when it will be finally completed. There could be challenge from the contractor around some of the disputed costs. However the project should achieve its defined objectives.	
1516-030 - Employment & Training (Portsmouth Craft and Manufacturing Industry) Transport & Environment & Business Support					0	0	0	NAT	0	NAT	Assurance	No exceptions were highlighted as part of this audit.	
1516-047 - Treasury Management Finance & IS				1	1	NAT	0	1	NAT	NAT	Assurance	No exceptions raised	
1516-070 - Decoration Allowance Property & Housing					0	0	0	NAT	0	NAT	Assurance	Based on audit testing, assurance can be given regarding the arrangements in place for the control and administration of the Repairs and Maintenance Allowance and Special Decorations Payments in relation to Housing Revenue Account (HRA) dwellings.	
1516-080 - Asbestos Property & Housing					0	0	0	NAT	NAT	0	Assurance	No exceptions raised.	
1516-085 - Asset Acquisition Process Property & Housing					0	0	0	NAT	NAT	NAT	Assurance	No exceptions were raised from a review of the General Fund asset acquisitions process.	
1516-089 - Capital Repairs/Projects (Port)					0	0	0	NAT	NAT	NAT	Assurance	No exceptions have been raised as part of the audit.	

1516-100 - Local Sustainable Transport Fund (LSTF) Grant					0	0	0	NAT	NAT	NAT	Assurance	No exceptions raised
1516-102 - Young Peoples Housing Support Services (Contract)					0	0	0	NAT	0	NAT	Assurance	No exceptions have been raised as part of this audit.
1516-103 - Catering Contract (Port)					0	0	0	0	NAT	NAT	Assurance	No exception raised
1516-077 - Building of New Council Housing Property & Housing					0	0	0	NAT	0	0	Assurance	No exception raised
1516-060 - Budget Estimates for Capital Schemes Corporate					0	0	NAT	0	NAT	0	Assurance	No exception raised

Appendix A - Municipal Year To Date (No Assurance and Critical Audit Summary)

Audit Title - NO ASSURANCE AUDITS 2015/16	Critical Risks	High Risks	Original Audit Assurance	Key Risk	Summary	Follow Up Due	Follow Up Audit Assurance	Follow Up Summary
1516-029 - Portsmouth Craft & Manufacturing Industry Transport Environment & Business Support		5	No Assurance	Injury to staff due to lack of training - Financial & Reputational	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.	2016/17 Audit Plan		
1516-037 Security & Reception Arrangements for the Ground Floor Corporate	1	3	No Assurance	Data Protection Breach - Financial & Reputational	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.	Quarter 4 2015/16	Limited Assurance - Majority Resolved	Follow up testing confirmed that of the 6 original exceptions, 3 (1 critical and 2 high risk) have had their agreed actions implemented. Exceptions relating to the time taken to respond to visitors, reporting incidents and the signing in of visitors remained open and new actions were agreed
1516-052 Information Services Application Archiving Finance & IS		1	No Assurance	Data Protection Breach - Financial & Reputational	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	Quarter 2 2016/17		
1516-019 - Events Organised or Infrastructure Provided City Development & Culture		7	No Assurance	Health and Safety for the public - Reputational & Financial	Seven high risk exceptions have been raised as a result of audit testing relating to a lack of clear procedures for processing event applications, the event application process, fees and charges, risk assessments for events, insurance, event security and the monitoring of events.	2016/17 Audit Plan		Follow up carried out to be reported at the next GAS meeting

1516-082 - Closed-circuit Television (CCTV) Corporate		4	No Assurance	Non compliance with legislation - Financial & Reputational	Four high risk exceptions highlighted in this report. The CCTV Policy not including all CCTV usage across the Authority and services not having their own. Breach of Data Protection Act (DPA) Principle 7 and European Convention on Human Rights (ECHR) & Human Rights Act (HRA) Article 8 by some Housing tenants having access to CCTV images. Non-compliance with significant areas of the Codes of Practice, DPA and ECHR & HRA by services that utilise CCTV especially around defining a pressing need/ privacy impact assessment. Non-compliance with the Protection of Freedoms Act (POFA) Code of Practice regarding regular oversight of CCTV usage to ensure compliance with Codes of Practice and relevant Acts.	2016/17 Audit Plan		
1516-086 - Individual Service Contracts for Adult Social Care		2	No Assurance	Contracts become obsolete or ineffective - Operational & Financial	Two high risk exceptions were raised as a result of audit testing. It was found that no officer has responsibility for ensuring that Individual Service Contracts remain in line with the Authority's requirements. Ineffective use of resources was found as follows: i) information being sent out twice to care providers, ii) manual contracts being posted to care providers and the signed copies being scanned into Swift when returned, when it could be possible to send these out electronically.	2016/17 Audit Plan		
PAGE 2								

1516-009 - Through Care Team Children's Social Care		5	No Assurance	Financial loss to the Authority	Five high risk exceptions and one medium risk exception have been raised as a result of audit testing. Testing identified Leaving Care Assessment of Needs were not being completed within the timescales stipulated and Pathway Plan were not in place by the time the young person was 16 years and 3 months old and the 6 monthly reviews of the Pathway Plans were delayed. Testing also showed that the systems in place to manage care leavers grants and payments was not adequate. This resulted in overpayments, duplicate payments and records not reconciling.	2016/17 Audit Plan		
1516-034 - Information Governance/ Data Protection/ Data security Corporate		2	No Assurance	Data Protection Breach - Financial & Reputational	Testing conducted during two security sweeps of the Civic Offices showed that staff were not complying with the clear desk policy and were failing to adequately secure PCC assets			
1516-045 - Accounts receivable Finance & IS		2	No Assurance	Financial loss to the Authority	Two high risk and one medium risk exceptions arose. 1 High and 1 Medium are ongoing exceptions from previous years audits dating back to the last 3 financial years. These relate to the authorisation of credit notes and debt collection targets.	2016/17 Audit Plan		
1516-098 Mainland Marketing Distributions (Shipping Ltd) - Main Accounting	0	0	No Assurance	Financial loss to the company due to lack of controls	No assurance can be given regarding the access controls to the main accounting system Navision. This was previously raised in the 2013/14 Accounts Receivable audit at MMD	2016/17 Audit Plan		

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APPENDIX B

2014/15 Followed Up Audits since the last meeting - High Risk Exceptions	High Risk Open		High Risk Closed		Total High Risk	Comments
Audit Title						
F1415-025 - Seafront Water Safety City Development & Culture	3	100%	0	0%	3	The review of the Seafront Strategy was found to be in progress. Log sheets for life aids were produced as agreed however are in need of further amendments to reflect who performed the check
F1415-031 - Maintenance of Roads outside of contract Transport Environment & Business Support	4	80%	1	20%	5	Due to the ongoing negotiations regarding the PFI contract the agreed actions have not been completed as they are dependent on the outcome
F1415-046 Out of city placements (Children's Services & Education)	2	100%	0	0%	2	National Schools Contracts and Individual Placement Agreements were not in place for 3 new out of city placements tested during the follow up
F1415-090 - Domiciliary Care Integrated Commissioning Unit	1	100%	0	0%	1	Management have accepted the risk surrounding overcharging and non delivery of planned care hours whilst the Integrated Commissioning Unit and Adult Social Care work on a partnership approach with suppliers.
F1415-115 - Mainland Marketing Distribution (Shipping Ltd) Distributions	2	67%	1	33%	3	Invoicing was found to be behind schedule and batch invoices were found to be inaccurate and in need of amendment. The 2nd exception related to goods being released before the relevant government inspection had taken place. Controls in this area have improved but are still subject to manual processes which could allow goods to be released early
F1415-116 - Mainland Marketing Distribution (Shipping Ltd) Invoicing for Terminal Services	2	50%	2	50%	4	The two open exceptions relate to charging for additional services (pallet & container storage), these should be implemented by October 2016. Changes to the invoicing process have been made with the final tweaks made in May 2016.

APPENDIX B

						A wider review of how markets are managed is currently in progress. The City Centre Management Team is also undergoing a restructure. As a result the actions from the original audit have not been fully implemented.
F1415-143 - Management of Markets City Development & Culture	4	100%	0	0%	4	
Total	18	82%	4	18%	22	

APPENDIX C - 2016/17 AUDIT PLAN	LAST AUDITED	OPINION/ REASONING	
2016/17 Full Audits			
1617-002 ASC - Adult Residential Units	14/15	8 units one reviewed new build reviewed full assurance. No review on remaining	ASC = Adult Social Care
1617-003 ASC - Mental Health (Out of City)	Not Reviewed	N/A	
1617-004 ASC - Continuing Health Care (Section 75)	New	N/A	
1617-005 ASC - Adult Safeguarding Board	New	N/A	
1617-006 ASC - Adult Individual Budgets	15/16	Limited Assurance, Change of scope will review money given to providers.	
1617-007 ASC - Better Care Fund (Section 75)	15/16	Limited Assurance	
1617-008 ASC - Appointeeship	14/15	Full Assurance, change in process triggered new review	
1617-009 CSC - Independent Reviewing & Child Protection	14/15	Full Assurance, Scope Change	CSC = Childrens Social Care
1617-010 CSC - Child sexual exploitation and missing persons	Not Reviewed	N/A	
1617-011 CSC - Youth Offending Team	13/14	Limited Assurance	
1617-012 CSC - Children's Residential Units	13/14	Limited Assurance, 4 Units one closing	
1617-013 CSC - Through Care Team (0-25)	15/16	No Assurance, Change of scope	
1617-014 CSC - Multi Agency Safeguarding Hub	New	N/A	
1617-015 CSC - Legal Privilege (Public Law Outline)	Not Reviewed	N/A	
1617-016 CSC - Single Assessment Framework	New	N/A	
1617-018 CDC - Mineral and Waste Planning	Not Reviewed	N/A	CDC = City Development & Culture
1617-019 CDC - Partnership Arrangement with Fareham and Gosport	New	N/A	
1617-021 CDC - Community Infrastructure Levy	13/14	Full Assurance, Increase in Funds Received	
1617-022 CDC - Safety Signage	14/15	Limited Assurance, Change of scope strategy review.	
1617-023 CDC - Museums and Visitor Services	Not Reviewed	N/A	
1617-024 CDC - Cemeteries	Not Reviewed	N/A	
1617-026 PBH - Young Carers	Not Reviewed	N/A	PBH = Public Health
1617-027 PBH - Work Place Health	Not Reviewed	N/A	
1617-028 PBH - Business Planning & Risk Management	15/16	Limited Assurance, Change of scope, strategy previously reviewed	
1617-029 C&C - Cashiers	Annual	Limited Assurance multiple offices.	C&C = Community & Communications
1617-030 C&C - Lord Mayors Office	Not Reviewed	N/A	
1617-031 C&C - Information Governance/ Data Protection/ Data security	Annual	No Assurance	
1617-032 C&C - Community Engagement	Not Reviewed	N/A	
1617-033 C&C - Traded Services	Not Reviewed	N/A	
1617-034 C&C - Council Tax and NNDR	Annual	Limited Assurance, Large system scope varied	
1617-035 C&C - Housing & Council Tax Benefits	Annual	Limited Assurance, Large system scope varied	
1617-036 CSE - Prevention & Early Intervention	Not Reviewed	N/A	CSE = Childrens Services & Education
1617-037 CSE - Music Services	Not Reviewed	N/A	
1617-039 CSE - Transport Assessment	Not Reviewed	N/A	
1617-041 FIS - Accounts payable	Annual	Limited Assurance, Large system scope varied	FIS = Finance & Information Services
1617-042 FIS - Accounts receivable	Annual	No Assurance, Large system scope varied	
1617-043 FIS - Purchase Cards	Annual	No Assurance, High transactional levels scope varied	
1617-044 FIS - Payroll/ Pension	Annual	Limited Assurance, Large system scope varied	
1617-045 FIS - Capital accounting	13/14	Full Assurance	
1617-046 FIS - Treasury Management	Annual	Full Assurance	
1617-047 FIS - Budget Monitoring	15/16	Main Accounting covered limited assurance, change in scope	
1617-048 FIS - Debt Recovery	14/15	No Assurance	
1617-049 FIS - Compliance with Financial Rules	Annual	N/A	
1617-050 FIS - Grants	Annual	Individual grants vary i.e. 3 last year, unknown this year	
1617-051 FIS - VAT	Not Reviewed	N/A	
1617-052 FIS - E-Business	Not Reviewed	Elements covered in other audits, i.e. access etc	
1617-053 FIS - iExpenses	New	N/A	
1617-054 FIS - Data Archiving	14/15	No Assurance	
1617-055 FIS - IS Business Continuity/ Recovery	11/12	Full Assurance	
1617-056 FIS - Administrator Access Control Database	Not Reviewed	N/A	
1617-057 HLP - Gateway Process & Waivers	Not Reviewed	N/A	HLP = HR, Legal & Performance
1617-058 HLP - Performance Management	13/14	Limited Assurance	
1617-059 HLP - Strategic Project Management	Not Reviewed	Elements covered in other audits, i.e. individual project reviews	
1617-060 HLP - Solicitors fees & Court Costs	13/14	Limited Assurance	
1617-062 HLP - Recruitment & Vetting of Staff	12/13	Limited Assurance	
1617-063 HLP - Conduct & Ethical Behaviour	Not Reviewed	N/A	
1617-064 HLP - Budget Estimates for Capital Schemes	15/16	Full Assurance, Change in scope when projects realised	
1617-065 RCS - Emergency and BC Planning	13/14	Limited Assurance	RCS = Regulatory & Community Safety
1617-066 RCS - Animal Health & Licensing	Not Reviewed	N/A	
1617-067 RCS - Community Funerals	12/13	No Assurance	
1617-068 RCS - Troubled Families	Annual	Grant Claim Process	

1617-069 H&P - Rents & Housing Hardship Fund	Annual	Limited Assurance, Large system scope varied	H&P = Housing & Property
1617-070 H&P - Resident Development	Not Reviewed	N/A	
1617-071 H&P - Commercial property management Leasehold Accounts & rents	13/14	Limited Assurance	
1617-072 H&P - Emergency Procedures	11/12	Limited Assurance	
1617-073 H&P - Property Design	11/12	Limited Assurance	
1617-074 H&P - Lifts & Mechanical Plant	11/12	Full Assurance	
1617-075 H&P - Asbestos	Annual	Full Assurance	
1617-076 H&P - Legionella	Annual	Limited Assurance	
1617-077 H&P - Green and Clean	11/12	No Assurance	
1617-078 H&P - Municipal Waste Management	13/14	Limited Assurance	
1617-079 - Contract 1 Area to be determined at start of audit	N/A	N/A	
1617-080 - Contract 2 Area to be determined at start of audit	N/A	N/A	
1617-081 - Contract 3 Area to be determined at start of audit	N/A	N/A	
1617-082 - Contract 4 Area to be determined at start of audit	N/A	N/A	
1617-083 HLP - Spend on Staffing Off Contract	New	N/A	HLP = HR, Legal & Performance
1617-084 PRT - Income Dues	Annual	No Assurance 3 contractors 1 reviewed every 3 years	PRT = Port
1617-085 PRT - Port IS	Not Reviewed	N/A	
1617-086 PRT - Pilotage	Not Reviewed	N/A	
1617-087 PRT - Port CCTV	Not Reviewed	N/A	
1617-088 TEB - Sea Defences & Drainage	Not Reviewed	N/A	TEB = Transport, Environment & Business
1617-089 TEB - Efficiency of Enforcement Action	Not Reviewed	N/A	
1617-090 TEB - Community Learning	Not Reviewed	N/A	
1617-091 MMD - Quay Operations - Warehousing	Not Reviewed	N/A	MMD = Mainland Marketing Distributions
1617-092 MMD - Accounts Receivable	12/13	No Assurance	
1617-093 MMD - Insurance & Claims	Not Reviewed	N/A	
1617-094 MMD - Repairs & Maintenance	Not Reviewed	N/A	
1617-095 EXT - Langston Harbour Board	Annual	N/A	EXT = External Clients
1617-096 EXT - King Richards	13/14	Limited Assurance	
1617-097 EXT - Cumberland Infants	13/14	Limited Assurance	
1617-098 EXT - Penhale Infants	10/11	Record no longer held	
1617-099 EXT - Goldsmith Infants & Brambles Nursery	10/11	Record no longer held	
1617-100 EXT - Willows Nursery	Not Reviewed	N/A	
1617-101 EXT - College Park Infants	13/14	Full Assurance	
1617-102 EXT - St Paul's RC Primary	13/14	Limited Assurance	
1617-103 EXT - Court Lane Infants	13/14	Limited Assurance	
1617-104 EXT - Fernhurst Junior	13/14	Limited Assurance	
1617-105 EXT - Meon Junior	13/14	Limited Assurance	
1617-106 EXT - Stamshaw Infants	13/14	Limited Assurance	
1617-107 EXT - Portsdown Primary	Not Reviewed	N/A	
1617-108 EXT - Mayfield Secondary	13/14	Limited Assurance	
1617-109 EXT - Solent Junior	Not Reviewed	N/A	
1617-110 EXT - Solent Infants	Not Reviewed	N/A	
1617-111 COR - Realisation of Budget Savings	New	N/A	COR = Corporate
1617-112 EXT - Springfield	12/13	Limited Assurance	
1617-113 EXT - Harbour	Not Reviewed		
1617-114 HLP - Assessed and Supported Year in Employment	New	N/A	HLP = HR, Legal & Performance
1617-115 CSE - Attendance Monitoring	Not Reviewed	N/A	CSE = Childrens Services & Education
1617-116 EXT - Craneswater Junior	11/12	Limited Assurance	EXT = External Clients
1617-117 EXT - Medina Primary	13/14	Limited Assurance	
1617-118 H&P - Carbon Reduction Commitment	Annual	Limited Assurance	H&P = Housing & Property

2016/17 Follow Up Audits			
F1516-001 ASC - IS Application Data Quality (Swift)	15/16	Limited Assurance	ASC = Adult Social Care
F1516-003 ASC -Personal Budgets	15/16	Limited Assurance	
F1516-005 ASC - Client Affairs includes pre-paid bank cards	15/16	Limited Assurance	
F1516-006 ASC - Direct Payments	15/16	Limited Assurance	
F1516-007 ASC - Deprivation of Liberty Safeguards	15/16	Limited Assurance	
F1516-008 CSC - Permission To Share	15/16	Limited Assurance	CSC = Childrens Social Care
F1516-012 CSC - Direct Payments	15/16	Limited Assurance	
F1516-015 CDC - Pyramids	15/16	Limited Assurance	CDC = City Development & Culture
F1516-017 CDC - Planning fees	15/16	Limited Assurance	
F1516-019 CDC - Events Organised or Infrastructure Provided	15/16	No Assurance	
F1516-027 TEB - Hire Cars	15/16	Limited Assurance	TEB = Transport, Environment & Business
F1516-032 C&C - Members Allowances	15/16	Limited Assurance	C&C = Community & Communications
F1516-039 CSE - Pupil Premium funding	15/16	Limited Assurance	CSE = Childrens Services & Education
F1516-042 CSE - Special Educational Needs & Disabilities (SEND)	15/16	Limited Assurance	
F1516-043 CSE - Children with Disabilities	15/16	Limited Assurance	
F1516-056 FIS - Cloud Storage	15/16	Limited Assurance	
F1516-065 RCS - Business Services & Advice	15/16	Limited Assurance	
F1516-066 RCS - Air Quality	15/16	Limited Assurance	
F1516-073 H&P - Housing Waiting List and Voids	15/16	Limited Assurance	H&P = Housing & Property
F1516-074 H&P - Adventure Playgrounds	15/16	Limited Assurance	
F1516-075 H&P - Right to Buy	15/16	Limited Assurance	
F1516-076 H&P - Property Purchases	15/16	Limited Assurance	
F1516-082 H&P - CCTV	15/16	No Assurance	
F1516-086 ICU - Individual Service Contracts	15/16	No Assurance	ICU = Intergrated Commissioning Unit
F1516-025 PBH - Public Health	15/16	Limited Assurance	PBH = Public Health
F1516-097 MMD - Accounts Payable	15/16	Limited Assurance	MMD = Mainland Marketing Distributions
F1516-099 MMD - Quay Operations Labour	15/16	Limited Assurance	



Title of meeting:	Governance and Audit and Standards Committee
Date of meeting:	1 July 2016
Subject:	Proposed amendments to the Arrangements for the Assessment, Consideration and Investigation of Complaints against Councillors
Report by:	City Solicitor
Wards affected:	N/A
Key decision:	No
Full Council decision:	Yes

1. Purpose of report

To allow members to consider proposed arrangements for the consideration and investigation of complaints against members.

2. Recommendations

The Committee is asked to consider and recommend to Council the following amendments to the process:

- 2.1. Agree that all members of Council may be asked to sit on Sub-Committees of Governance Audit and Standards Committee and the Initial Filtering Panel when they are considering complaints that members have breached the Code of Conduct.
- 2.2. Approve the amended Arrangements for Assessment, Investigation and Determination of Complaints attached at Appendix 1 to this report.
- 2.3. Approve the amended Complaint Form attached at Appendix 2 to this report.

3. Background

The 'new' Arrangements for Assessment, Investigation and Determination of Complaints which were brought in following the Localism Act of 2011 have now been in place for four years and as a result of the practical application of the Council's adopted procedures, it is now thought it would be helpful to make some practical amendments to those procedures. The proposed amendments, it is hoped, will make the procedure more transparent to members of the public and also help with the more efficient management of the process.

4. Reasons for recommendations

- 4.1. Under the present arrangements, only members of Governance Audit and Standards and their deputies may form the Sub-Committees or Initial Filtering Panel required by the process. This limits the pool of potential members to 13. This can provide difficulties in arranging meetings without undue delay. There are also occasions when members have to exclude themselves from the Sub-Committees due to conflict of interest. It is therefore proposed that the potential panel is widened to include all members of Council. A similar process is at present used by the Employment Committee for senior management appeals.
- 4.2. Members will note at Appendix 2 alterations are proposed to the Complaint Form and also the Arrangements for Assessment, Investigation and Determination of Complaints at Appendix 1. None of the proposed changes to either of these documents is substantive but it is hoped will give greater clarity to the procedure which is followed. The proposed alterations arise from a number of discussions and correspondence which we have had with residents who have upon occasions found the process somewhat lacking in clarity.

5. Equality impact assessment

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.

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Signed by:

Appendices:

Appendix 1 - Arrangements for Assessment, Investigation and Determination of Complaints (tracked copy)

Appendix 2 - Complaint Form (tracked copy)

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:

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**COMPLAINT FORM -
Councillors' Code of Conduct**



This form is required to be used to make an allegation that a Councillor of Portsmouth City Council has failed to comply with the Councillors' Code of Conduct. It should not be used if the concern is in respect of dissatisfaction with a Council decision.

1. Your details

Please provide us with your name and contact details

Title:	
First name:	
Last name:	
Address:	
Daytime telephone:	
Evening telephone:	
Mobile telephone:	
Email address:	

Your address and contact details will not usually be released unless necessary to deal with your complaint.

If you do not wish details of your name to be released, please complete section 5 of this form.

2. The complaint process

Once you have submitted your complaint, it is considered by the Monitoring Officer who will decide on the next steps. The Monitoring Officer will meet with the Initial Filtering Panel ("the IFP") to enable the Monitoring Officer to consider and determine the complaint as soon as reasonably practicable after the complaint has been received

When reaching his decision the Monitoring Officers meets with the IFP and also a person unconnected with the Council, known as the Independent Person. The IFP shall comprise three Councillors and it shall insofar as practicable have no more than one Councillor from each political group represented on the Council. This may not always be possible due to the availability of Councillors or because some of them have conflicts of interest which preclude them from being involved in the complaint process. Any Councillor of the Council may be requested to sit on an IFP.

On the basis of your written submission the IFP will assess whether your allegation, if it was investigated, is likely to amount to a breach of the Councillors' Code of Conduct.

The Monitoring Officer may then:-

1. Refer the complaint for investigation
2. Decide that what has been alleged does not come within the requirements of the Code of Conduct and even if investigated could not amount to a breach of the Code of Conduct. (See Local Assessment Criteria <https://www.portsmouth.gov.uk/ext/documents-external/cou-complaints-assessment-criteria.pdf>)
3. Decide on alternative action being taken e.g. mediation or an apology being given.
4. Defer his decision and request further information or clarification from the complainant in respect of the complaint.

If it is decided that your complaint is not to be investigated you may, within 30 days of notification of the decision, ask for that decision to be reviewed. This review will be undertaken by a Governance and Audit and Standards Review Sub-Committee ("the Review Sub-Committee) which consists of three different Councillors from those who originally considered your complaint. The Review Sub-Committee will have the same range of options available to it as the Monitoring Officer.

If it is decided to investigate your complaint, the Monitoring Officer or someone appointed by him will be instructed to undertake the investigation. You will be given further information at that time should an investigation be necessary.

3. Please provide us with the name of the Councillor(s) you believe have breached the Code of Conduct:

Title	First Name	Last Name

4. Please explain in this section (or on separate sheets) what the Councillor has done that you believe breached the Code of Conduct.

(You should give sufficient information to show that what was alleged could amount to a breach of the Code of Conduct).

If you are complaining about more than one Councillor you should clearly explain what each individual Councillor has done that you believe breached the Code of Conduct.

A copy of the Councillors Code of Conduct can be found here:

<https://www.portsmouth.gov.uk/ext/the-council/councillors-and-mps/complaining-about-a-councillor.aspx>

- You should be specific, wherever possible, about exactly what you are alleging the Councillor said or did. For instance, instead of writing that the Councillor insulted you, you should state what it was they said.
- You should provide the dates of the alleged incidents wherever possible. If you cannot provide exact dates it is important to give a general timeframe.
- You should confirm whether there are any witnesses to the alleged conduct and provide their names and contact details if possible.
- You should provide any relevant background information.

Please provide us with the details of your complaint and the desired outcome from this complaints process. Continue on a separate sheet if there is not enough space on this form.

Signature.....
Date.....

5. Only complete this next section if you are requesting that your identity is kept confidential.

In the interests of fairness and natural justice, we believe Councillors who are complained about have a right to know who has made the complaint. We also believe they have a right to be provided with a copy of the complaint. We are unlikely to withhold your identity or details of your complaint unless you have good reason to justify that we do so.

Please note that requests for confidentiality will not automatically be granted. The Monitoring Officer will consider the request alongside the substance of your complaint. He will then contact you with his decision. If your request for confidentiality is not granted, we will usually allow you the option of withdrawing your complaint.

However, it is important to understand that in certain exceptional circumstances where the matter complained about is very serious, we can proceed with an investigation or other action and disclose your name even if you have expressly asked us not to.

Please provide us with details of why you believe we should withhold your name and/or the details of your complaint:
--

6. Additional Help

Complaints must be submitted in writing on this form. It will assist the processing of your complaint if this is submitted electronically. However, in line with the requirements of the Disability Discrimination Act 2000 we can make reasonable

adjustments to assist you if you have a disability that prevents you from making your complaint in writing.

We can also help if English is not your first language.

If you need any support in completing this form, please let us know as soon as possible.

This complaint should be submitted to the Monitoring Officer by email to:
michael.lawther@portsmouthcc.gov.uk

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

Please note that the timescale for these arrangements is subject to delay during the purdah and election period.

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 Councillor has failed to comply with the Councillors' Code of Conduct. The Arrangements are 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 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 Councillor

- 3.1. The Monitoring Officer shall provide the Councillor with a copy of the complaint unless a request has been made by the complainant to withhold their identity and which has been upheld by the Monitoring Officer where the Monitoring Officer determines that to disclose the identity of the Complainant would be contrary to the public interest or would prejudice the investigation.

4. Terms of Reference of Initial Filtering Panel.

- 4.1. Within 10 working days of receipt of the complaint, the Monitoring Officer shall establish an Initial Filtering Panel to assist him in his consideration of the complaint.
- 4.2. The Initial Filtering Panel is an informal meeting to enable the Monitoring Officer to obtain the views of Councillors upon a

complaint. It shall be made up of three Councillors and in so far as practicable shall have no more than one Councillor of each political group represented on it. The Independent Person will also be invited to attend.

4.3. Having considered the complaint against the Assessment Criteria 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 complaint; or

4.3.1.2. training or conciliation; or such other appropriate alternative steps; or

4.3.2. decide that no action should be taken in respect of the complaint.

4.4. The Monitoring Officer will take reasonable steps to notify the person making the complaint ("the Complainant"), and the Councillor of the decision. The Monitoring Officer shall provide a brief summary of the reasons for his decision and in particular where his decision differs from the view of the Councillors who have been assisting him on the Initial Filtering Panel this will be set out.

4.5. The complainant will be advised of their right to request a review of the decision, under paragraph 5 below. This notification shall normally be given within ten working days of the decision being made.

4.6. When it is decided to investigate or take other action, it does not mean that the Monitoring Officer has made up his mind about the complaint.

The Monitoring Officer makes no findings of fact on the complaint. It simply means that the Monitoring Officer 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 Monitoring Officer that no action should be taken in respect of the complaint, the Complainant 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")The meeting shall take place within 20 working days of the date of receipt of the request for review, where practicable, and within a

maximum of three months from that date.

- 6.2. The Review Sub-Committee shall comprise three Councillors and so far as is practicable have no more than one Councillor from each political group represented on it.
- 6.3. The Review Sub-Committee shall not include any Councillor 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 Councillor

- 7.1. The Monitoring Officer shall notify the Councillor 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 reconsider the decision of the Monitoring Officer, that no action be taken in respect of that complaint.
- 8.2. Upon receipt of such request for a review by the Complainant the Governance and Audit and Standards Review Sub-Committee shall, within 20 working days, review the decision of the Monitoring Officer and shall then:
 - 8.2.1. refer the complaint to the Monitoring Officer with an instruction that he/she arrange a formal investigation of the complaint or directing that he/she arrange training, conciliation or such other appropriate alternative steps; or
 - 8.2.2. decide that no action should be taken in respect of the complaint
- 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 Complainant, and the Councillor concerned, of their 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 complaint. 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 Investigation

9.1. Where there has been a decision to refer the complaint 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:

9.1.1. making inquiries of such persons as the Investigating Officer considers necessary or expedient;

9.1.2. requiring such persons to give such information or explanation as the Investigating Officer considers expedient;

9.1.3. 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 Councillor has become seriously ill, and he is of the opinion that it is no longer appropriate to continue with an investigation.

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

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

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

9.3.2. that there has not been a failure to comply with the Code of Conduct.

9.4. The Monitoring Officer shall send a copy of the Investigating Officer’s report to Councillor.

10. Investigating Officer's finding of no failure to observe the Code of Conduct

10.1. 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 Sub Committee as appropriate and if the Initial Filtering Panel or Review Sub Committee, accepts the Investigating Officer's findings, the Investigating Officer shall give written notice of this to the Complainant and the Councillor.

10.2. In the event that the finding is not accepted, the Initial Filtering Panel or Review Sub Committee may give further directions to the Monitoring Officer as appropriate.

11. A finding of a breach of the Code of Conduct

11.1. Where the Investigating Officer finds that there has been a breach of the Code the matter will be referred for consideration at a hearing by the Initial Filtering Panel or Review Sub Committee who will now form a the Governance and Audit and Standards Hearings Sub-Committee

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

12.1. 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 Councillor (unless the Councillor agrees to it being held earlier).

12.2. This meeting shall normally be open to the press and public, unless the Hearing Sub-Committee decides that the report should be considered in exempt session.

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

13. Terms of Reference of Hearings Sub-Committee

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

13.1.1. that the Councillor did not fail to comply with the Code of Conduct; or

13.1.2. that the Councillor 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

13.1.3. that the Councillor did fail to comply with the Code of Conduct and that one of, or any combination of, the following sanctions should be imposed:

13.1.3.1. censure of the Councillor;

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

13.1.3.3. recommending to the Councillor's Group Leader that he/she be removed from any position on the Council or an outside body to which they have been appointed;

13.1.3.4. reports its findings to the Council.

13.2. 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.

14. **Pre-Hearing Procedure**

14.1. The Monitoring Officer shall write to the Councillor proposing a date for the hearing. The letter shall outline the hearing procedure, and the Councillor's rights, asking for a response within a set time. In the event that the Councillor does not respond within the timescale given, the Monitoring Officer may proceed to establish the hearing without further reference to him and if necessary in the absence of the Councillor. The letter shall enquire whether the Councillor:

14.1.1. wants to be represented at the hearing;

14.1.2. disagrees with any of the findings in the investigation report, including reasons for any disagreements;

14.1.3. wants to give evidence at the hearing, either verbally or in writing;

14.1.4. wants to call relevant witnesses to give evidence and, if so to provide outlines or statements of the evidence those witnesses intend to give;

14.1.5. wants any part of the hearing to be held in exempt session;

14.1.6. wants to have any part of the investigation report or other documents withheld from the public; and

14.1.7. can attend the hearing.

14.2. The Monitoring Officer shall send a copy of the Councillor's response to the Investigating Officer, inviting him/her to say by a set date whether they wish to:

14.2.1. be represented at the hearing;

14.2.2. call relevant witnesses to give evidence;

14.2.3. have any part of the hearing held in exempt session; and

14.2.4. have any part of the investigation report or other documents withheld from the public.

14.3. The Monitoring Officer shall advise the Hearings Sub-Committee as necessary on any matter arising out of the responses received. At least two weeks before the hearing, the Monitoring Officer shall write to the parties and advise them of the procedure which is to be followed at the hearing

15. Hearing Procedure

The hearing is a formal meeting of the Council 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 Councillors have confidence in the Council's procedures and findings.

16. Notification of Findings

As soon as reasonably practicable after the Hearings Sub- Committee makes its finding, the Monitoring Officer shall give written notice of the finding and the reasons for it to the Councillor and the Complainant.

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Title of meeting:	Governance and Audit and Standards Committee
Date of meeting:	1 st July 2016
Subject:	Procurement Management Information
Report by:	Director of Finance and Information Services
Wards Affected:	Not Applicable
Key decision:	No
Full Council decision:	No

It is recommended that the attached appendices 1, 2, 3 and 4 be considered as an exempt/confidential matter and that the press and public are excluded for the following reasons:

- Exempt information is defined in section 100A and, by reference, Schedule 12A of the Local Government Act 1972 ("the 1972 Act"). To be exempt, information must fall within one of the categories listed in paragraphs 1 to 7 of Schedule 12A, must not fall within one of the excluded categories in paragraphs 8 and 9 and the public interest in maintaining the exemption must outweigh the public interest in disclosing the information;
- The attached Appendices 1, 2, 3 and 4 contain some information relating to the financial or business affairs of particular companies as well as PCC; and
- Although there is a public interest favouring public access to local authority meetings, given the financial and commercially sensitive information contained in the report the public interest in maintaining the exemption outweighs the public interest in disclosing the (exempt) information.

1. Purpose of report

- 1.1 The purpose of this quarterly report is to update the Committee on steps being taken to demonstrate that PCC is achieving value for money from its contracts for goods and services.

2. Recommendations

- 2.1 **That members note that purchase order compliance for April 2016 was 98% against the target of 95%**
- 2.2 **That members note the performance of our suppliers and contractors and actions in progress to address poor performance.**

3. Background

3.1 Value for money

3.1.1 In September 2010 the Head of Procurement submitted a report to the Governance and Audit Committee outlining steps that are being taken to demonstrate that PCC is achieving value for money for its contracts for goods and services.

3.1.2 Fundamental to this is that the City Council has the ability to demonstrate that we are paying competitive rates by:

- subjecting procurement to a competitive process (where practical) (section 3.2)
- ensuring that we obtain the quality of service that we are paying for (section 3.3)

3.2 Purchase order conformance monitoring

3.2.1 The Contracts Register

Members approved a recommendation of a target of 95% conformance with Contract Procedure Rules. This report takes payments to contractors from the Oracle EBS system and matches them to contracts held on the Contracts Register. Presence of a contract on the Contracts Register implies that a procurement process has been undertaken, and that the process complies with the Contract Procedure Rules. Legal services have commented that whilst this methodology is indicative of good practice, is not definitive as to compliance with legal requirements.

3.2.1.1 The purpose of this the report is to provide Members with a progress report to monitor the situation. **Table 1** below provides conformance figures for the current month, and year to date. As April's figures are the latest available, the full previous financial year is provided rather than year to date in this instance.

3.2.1.2 An explanation of those service areas where conformance requires improvement is detailed in **appendix 1** (exempt).

3.2.1.3 Category Business Partners from the Procurement department are working in partnership with Directorates to implement solutions to resolve non-conformance and reduce administration issues.

Table 1 - Compliance with Contract Procedure Rules

Directorate	Full year 2015/16			April 2016		
	Total non-conforming value	Total transaction value	% non-compliant	Total non-conforming value	Total transaction value	% non-compliant
Adult Services	£34,529	£3,139,306	1%	£18,839	£540,283	3%
Swift Interface	£0	£24,628,678	0%	£0	£1,975,351	0%
Children's Services and Education	£267,781	£9,929,274	3%	£6,745	£2,778,334	0%
Children's Social Care	£137,087	£3,060,181	4%	£4,373	£426,886	1%
Community and Communication	£220,544	£734,019	30%	£0	£69,516	0%
Culture and City Development	£676,976	£1,782,911	38%	£38,892	£164,108	24%
Executive	£360,674	£3,477,075	10%	£0	£208,286	0%
Finance and Information Services	£685,251	£9,995,078	7%	£50,154	£1,184,127	4%
HR, Legal and Performance	£132,888	£2,567,453	5%	£5,805	£221,644	3%
Portsmouth International Port	£68,513	£1,209,537	6%	£0	£111,509	0%
Property and Housing	£2,915,562	£47,815,797	6%	£117,571	£8,622,974	1%
Public Health	£0	£12,489,424	0%	£0	£1,071,670	0%
Regulatory Services, Community Safety and Troubled Families	£135,564	£808,006	17%	£7,125	£138,638	5%
Transport, Environment and Business Support	£2,234,365	£23,015,820	10%	£115,755	£2,034,281	6%
TOTAL	£7,869,734	£144,652,560	5%	£365,260	£19,550,393	2%

3.3 Contract Management

3.3.1 Supplier performance

3.3.1.1 Supplier performance information for all current contracts (over £5,000 value) is presented in **table 2** below.

This information excludes main framework agreements (but includes framework call-off contracts) and concessions.

KPI's become overdue 90 days after their due date.

Table 2 - Supplier performance

	Total number of contracts	KPI score (see legend below)				Expired KPI (more than 1 year since last scored)	KPI never scored	KPI not yet due	No KPI scheduled
		Gold	Green	Amber	Red				
Jan 2016	711	46	210	22	0	34	88	247	64
Jun 2016	728	53	211	24	1	24	96	258	61

Notes

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

KPIs are not scheduled for leases in five instances, for single source suppliers (Royal Mail) in one instance and for Temporary Accommodation provision in 32 instances.

The remaining 23 contracts without KPI schedules will be investigated and addressed as necessary.

3.3.1.2 There is one contract where the supplier is performing to an unsatisfactory level and remedial action is taking place (Red KPI score) (see **appendix 2** - exempt). Contract Managers inform providers of their red status as they seek improvements / remedies.

3.3.2 Supplier performance monitoring

There are 96 contracts with no KPI scoring (**table 3**), and a further 24 contracts with no KPI scoring in the last 12 months (**table 4**). It should be noted that this does not imply that all these contracts are not being managed, just that they have not been scored.

Table 3 - Contracts with no KPI score

KPIs never scored				
Directorate	Total number of contracts	Number of contracts with no KPI score	% of contracts with no KPI score	Annual contract value
Adult Services	103	2	2%	£154,031
Children's Services and Education	25	2	8%	£2,044,550
Community and Communication	28	3	11%	£535,600
Culture and City Development	59	14	24%	£796,697
Finance and Information Services	92	3	3%	£192,556
HR Legal and Performance	31	3	10%	£600,858
Property and Housing	217	62	29%	£21,815,838
Transport Environment and Business Support	42	7	17%	£6,922,432
TOTAL		96	13%	£33,062,562

Table 4 - Contracts with expired KPIs

KPIs expired (more than 1 year since last scored)				
Directorate	Total number of contracts	Number of contracts with expired KPI score	% of contracts with expired KPIs	Annual contract value
Adult Services	103	1	1%	£497,500
Children's Social Care	17	1	6%	£100,000
Culture and City Development	59	3	5%	£149,874
Finance and Information Services	92	1	1%	£11,000
HR Legal and Performance	31	3	10%	£65,465
Property and Housing	217	12	6%	£10,766,000
Regulatory Services, Community Safety and Troubled Families	9	1	11%	£217,400
Transport Environment and Business Support	42	2	5%	£8,200
TOTAL		24	3%	£11,815,439

Those directorates with no outstanding or overdue KPIs are omitted from the tables on this page. The total % figure reflects the overall % across all directorates.

3.3.3 Waivers

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

Tables 5 and 6 below reflect waivers approved since the last report on 29 January 2016.

3.3.3.2 Waiver reasons:

Table 5 - Waiver reasons

Reason for waiver	Number of contracts	Total value covered by waiver
Emergency	1	£10,421
Not advertising the opportunity	7	£214,600
Not obtaining 3 bids	25	£1,745,452
Service user choice	2	£74,278
Single source	4	£152,370
TOTAL	39	£2,197,121

In addition to the reasons in the table above, other reasons for waivers are:

- Insufficient time
- Use of a previous tender
- Original spend estimate wrong
- Extension of lapsed contract for continuity
- Shared service

3.3.3.3 Use of waivers by directorate:

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

- Director (or Chief Executive, or Deputy Chief Executive)
- Procurement Manager
- Gateway Board

A summary of waivers approved since 29 January 2016 appears in the table below. Details are in **Appendix 3** (exempt).

Table 6 - Waivers by Directorate and approver

Directorate	Number of waivers since 29 Jan 2016	Total number of new contracts since 29 Jan 2016	% of contracts with waivers since 29 Jan 2016	Value of waivers	Approved by		
					Director	Procurement Manager	Gateway Board
Children's Services and Education	3	6	50%	£35,502	3		
Children's Social Care	3	3	100%	£120,238	3		
Culture and City Development	4	8	50%	£130,055	4		
Finance and Information Services	8	14	57%	£856,942	7	1	
HR, Legal and Performance	2	4	50%	£83,485	2		
Portsmouth International Port	7	10	70%	£162,586	7		
Property and Housing	5	39	13%	£582,066	5		
Transport, Environment and Business Support	7	7	100%	£226,247	7		
TOTALS (All PCC)	39	97	40%	£2,197,121	38	1	0

3.4 Recommendations approved at Strategic Contract Management Board

3.4.1 The Strategic Contract Management Board met on 13th April 2016, and received reports from contract managers on four strategic contracts, and a number of other matters.

3.4.2 A summary of actions arising from the board are detailed in **Appendix 4** (exempt)

4. Reasons for recommendations

4.1 To satisfy the Governance and Audit and Standards Committee reporting requirements.

5. Equality impact assessment

5.1 An Equality Impact Assessment is not required as this is not a change to policy or service delivery.

6. Legal implications

6.1 The comments of the City Solicitor are contained within the body of this report. It is within the powers of the Governance and Audit and Standards Committee under Part 2 section 2 of the Constitution to approve these recommendations.

7. Director of Finance's comments

7.1 There are no financial implications directly arising from the recommendations in this report. However, the report has identified issues which could have value for money implications and consequently will need addressing in the short term.

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Signed by:
Director of Finance and Information Services

Appendices:

- Appendix 1 - Non-conformance (exempt)
- Appendix 2 - Contract performance issues (exempt)
- Appendix 3 - Waivers (exempt)
- Appendix 4 - Minutes of the Strategic Contract Management Board (13/04/16) (exempt)

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

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

Title of document	Location

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

rejected by on

.....
Signed by: