
NOTICE OF MEETING

GOVERNANCE & AUDIT & STANDARDS COMMITTEE

FRIDAY, 15 SEPTEMBER 2017 AT 10.30 AM

CONFERENCE ROOM B - CIVIC OFFICES

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

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

Membership

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

Standing Deputies

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

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

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

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

AGENDA

1 Apologies for Absence

2 Declarations of Members' Interests

3 Minutes from the meeting held on 30 June 2017 (Pages 7 - 16)

RECOMMENDED that the Minutes of the meeting held on 30 June 2017 be confirmed and signed by the chair as a correct record.

4 Updates on actions identified in the minutes

5 Annual Governance Statement 2016 to 2017 (Pages 17 - 38)

The purpose of the report is to seek approval from the Governance and Audit and Standards Committee for the council's Annual Governance Statement (AGS) for 2016/17.

RECOMMENDED that the Governance and Audit and Standards Committee are asked to agree the Annual Governance Statement 2016/17 (Appendix 1).

6 Statement of Accounts 2016 to 2017 (Pages 39 - 44)

The final version of the Statement of Accounts will be tabled on the day for the Chair to sign off. Members of the committee have already received copies of the draft.

(Note that the Annual Governance Statement must be signed off first.)

The purpose of the report is to consider the Statement of Accounts for 2016/17.

RECOMMENDED

(1) That the Statement of Accounts be approved

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

7 External Audit Annual Results Report 2016 - 17 (Pages 45 - 90)

Chair to sign the Letter of Representation.

The External Auditor's report (originally marked "to follow") is now attached and their written consent has been obtained to publish this on the website.

8 Audit Performance Status Report to 18 August 2017 (Pages 91 - 118)

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

RECOMMENDED

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

9 Performance Management update - Quarter 1, 2017 to 2018 (Pages 119 - 258)

(NB data marked "to be added" re Public Health in App 2 now attached as an additional appendix, App 5)

The report brings significant performance issues, arising from Q1 performance monitoring, to Governance and Audit and Standards committee and highlights areas for further action or analysis.

RECOMMENDED that the Governance and Audit and Standards Committee

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

10 Treasury Management Outturn Report 2016/17 (Pages 259 - 278)

(To this Committee for information - also going to Cabinet and Council)

The purpose of the report is to inform members and the wider community of the Council's treasury management activities in 2016/17 and of the Council's

treasury management position as at 31 March 2017.

RECOMMENDED that:

- (1) The actual prudential indicators based on the unaudited draft accounts as shown in Appendix A be noted**
- (2) The actual treasury management indicators for 2016/17, as shown in Appendix B, be noted**

11 Treasury Management Mid-Year Review 2017/18 (Pages 279 - 288)

(To this Committee for information - also going to Cabinet and Council)

The purpose of the report is to inform members and the wider community of the Council's Treasury Management position at 31 July 2017 and to amend the Council's Treasury Management Strategy to reflect the Council's current circumstances.

In March 2009 the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Panel issued a bulletin on Treasury Management in Local Authorities. The bulletin states that "in order to enshrine best practice it is suggested that authorities report formally on Treasury Management activities at least twice yearly". The report in Appendix A covers the first four months of 2017/18.

RECOMMENDED that the recommendations set out in paragraph 3 a) to d) be noted.

12 Councillor training and development (Pages 289 - 292)

The purpose of the report is to update the Governance & Audit & Standards Committee on the position of training for councillors and to offer recommendations for improvements to the programme based on feedback.

RECOMMENDED that

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

13 Local Government Ombudsman Complaints 2016/2017. (Pages 293 - 298)

(INFORMATION ONLY ITEM)

The purpose of the report is to bring to the attention of the Governance & Audit & Standards Committee the Annual Review of Complaints by the Local Government Ombudsman dated July 2017 regarding the complaints it has considered against Portsmouth City Council for the year 2016/2017.

14 Exclusion of Press and Public

That in view of the contents of the following item on the agenda the Committee is **RECOMMENDED** to adopt the following motion:
“That, under the provisions of Section 100A of the Local Government Act, 1972 as amended by the Local Government (Access to Information) Act, 1985, the press and public be excluded for the consideration of the following item on the grounds that the report contains 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 item should be held in open session. A statement of the Council’s response to representations received will be given at the meeting so that this can be taken into account when members decide whether or not to deal with the item under exempt business.

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

Item	Exemption Para No.*
15. Data Security Breaches Report - Appendix -	paragraphs 1 and 2

- *1. Information relating to any individual**
- *2. Information that is likely to reveal the identity of an individual**

15 Data Security Breach Report (Pages 299 - 300)

(Provision has been made to go into exempt session if needed as the appendix is exempt)

The purpose of the report is to inform the Committee of any Data Security Breaches and actions agreed/taken since the last meeting.

RECOMMENDED
That Members of the Governance & Audit & Standards Committee note

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

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 nor records those stating explicitly that they do not wish to be recorded. Guidance on the use of devices at meetings open to the public is available on the Council's website and posters on the wall of the meeting's venue.

Agenda Item 3

GOVERNANCE & AUDIT & STANDARDS COMMITTEE

MINUTES OF THE MEETING of the Governance & Audit & Standards Committee held on Friday, 30 June 2017 at 11.30 am in Conference Room A, Civic Offices.

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

Present

Councillor John Ferrett (in the chair)
Councillor Scott Harris (Vice-Chair)
Councillor Steve Hastings
Councillor Leo Madden
Councillor Hugh Mason
Councillor Alicia Denny (deputising for Councillor Neill Young)

Officers

Michael Lawther, Deputy Chief Executive, City Solicitor and Monitoring Officer
Julian Pike, Deputy Section 151 Officer
Elizabeth Goodwin, Chief Internal Auditor
James Hill, Acting Director of Property and Housing
Paul Somerset, Deputy Chief Internal Auditor
Kelly Nash, Corporate Performance Manager
Steve Groves, Asset Manager

External Auditors

Helen Thompson, Executive Director, Ernst & Young

27. Apologies for Absence (AI 1)

Apologies for absence were received on behalf of Councillor Neill Young. Councillor Alicia Denny deputised for him at this meeting.

The new Chair of the committee, Councillor John Ferrett, welcomed everyone to the meeting and advised that he would be changing the order on the printed agenda papers so that item 13 - Annual Internal Audit Report for the 2016/17 Financial Year would be heard immediately after agenda item 6, although the exempt appendix would not be considered until the end of the meeting.

28. Declarations of Members' Interests (AI 2)

There were no declarations of members' interests.

29. Minutes of the Meeting held on 3 March 2017 (AI 3)

RESOLVED that the Minutes of the meeting held on 3 March 2017 be confirmed and signed by the chair as a correct record.

30. Updates on Actions identified in the Minutes (AI 4)

Members received updates on actions identified in the minutes of the previous meeting as follows:-

- Michael Lawther said he would brief the Chair about MMD and members were content with that approach.
- Kelly Nash confirmed that consideration was being given to how to bring issues raised in her report to the portfolio holders' meetings.
- It was confirmed that the Audit Letter had now been circulated to members.
- With regard to member training, the Chair confirmed he had met with Liz Wylie and the training grid appeared to show a gap in member training and this needed to be addressed. Members said that more sessions should be arranged on different days and at different times to enable everyone to attend a training session that is convenient for them. Members also requested clarification as to which training was voluntary and which "mandatory". The Chair said that sometimes training had been arranged that members said they would attend and then nobody had turned up.
- With regard to Members' Allowances, Michael Lawther confirmed that this would be progressed over the Summer and members would be contacted in order to seek information.

31. 2017 to 2018 Audit Fee Letter (AI 5)

(TAKE IN LETTER)

The external Auditor, Helen Thompson, Executive Director Ernst & Young, introduced this item advising that this was the final year under the current PSAA contract.

She advised that the expectation was that the fee is likely to be broadly similar to this year and said that more work is being undertaken by the Council in-house.

Members noted the Audit Fee Letter and there were no questions.

32. 2016 to 2017 External Audit Progress Report (AI 6)

(TAKE IN REPORT)

Helen Thompson introduced the report which summarises the work undertaken since the last meeting of the Committee in March 2017. The purpose of this report is to provide the Committee with an update for plans for the 2016/17 audit, to ensure they are aligned with PCC's service expectations.

The audit results report, setting out findings and overall conclusions, will be presented to the Committee at its September meeting. Appendix 1 sets out an outline timetable for the audit.

Ms Thompson advised that one significant risk to the value for money conclusion, as reported in the Audit Plan had been identified. In response to a query, she advised that this risk was common to most councils because of the reduction in funding from central government. The external auditors would be looking at the Council's medium term financial plan, assumptions made and how it would deliver outcomes.

With regard to the 2016/17 Grant Certification work, Portsmouth City Council will be carrying out initial testing of cases for the 2016/17 housing benefit subsidy claim from June until August 2017. External Auditor's repeat performance work will be conducted in October 2017. The grant claims certification report will be reported to a meeting of the Governance and Audit and Standards Committee early in 2018.

The section headed "Looking Ahead" in the report advised that, the Council has joined the PSAA Ltd sector-led process to carry out the procurement and appointment of external auditors on behalf of local government bodies for 2018/19 onwards.

Existing external audit arrangements for the financial statements remain unchanged for the 2016/17 and 2017/18 financial years.

Existing external audit arrangements for housing benefit grant claim certification will remain unchanged for the 2016/17 and 2017/18 financial years.

The Chair thanked the external auditors for their report which was noted.

The Chair said he would now be moving onto agenda item 13 advising that most of the report was open and could be discussed now. He reiterated that the exempt part of the report would be dealt with at the end of the meeting.

[The Minutes have been drafted keeping the item in its original place]

33. Performance Management Update - Q4, 2016 - 17 (AI 7)

(TAKE IN REPORT)

Kelly Nash, Corporate Performance Manager, introduced the report which updated the committee on significant performance issues and highlighted areas for further action or analysis. She said that as this was quarter four she would appreciate feedback from the committee on the format of the report and in particular whether any changes would be helpful. She advised that she intended to link the performance details more closely to the risks.

The Chair thanked the Corporate Performance Manager for her report and said he considered the format to be useful and although lengthy, not too onerous.

Members made the following comments about the format of the report:-

- It would be useful to invite a relevant director to attend the meeting if it looked like there was an area of concern;
- A suggestion was made that where staff are diverted from their ordinary work to doing other things such as for example to deal with the issue of fire safety, that there should be something in the report to allude to this;
- It would be useful to include something about how it is intended to improve areas rather than just stating that they are not improving;
- Perhaps the information given by directorates could be tested by putting it to the relevant portfolio holder for comment;
- The attention of the committee was being drawn in the report to issues being faced by the directorates, but there was no mechanism in the meeting for the committee to address their concerns to the officers who would be able to provide answers to their questions.

Kelly Nash thanked members for their feedback and said that one of the problems she encountered was with directorates omitting to disclose any problem issues. She also acknowledged that one of the matters to be checked in the performance management update report is whether all essential work is being covered.

Members agreed that the format of the report was good and hoped that the feedback given would be useful going forward.

RESOLVED that the committee

- (1) noted the report;**
- (2) noted the overall improvement in quality of reports and the commentary from the Deputy Chief Executive at section 5;**
- (3) commented on the performance issues highlighted in section 3 including agreeing if any further action is required;**
- (4) agreed the actions proposed in section 4.**

34. Draft Annual Governance Statement (AI 8)

(TAKE IN REPORT)

Kelly Nash, Corporate Performance Manager, introduced the report which seeks comment from the Governance and Audit and Standards Committee for the council's draft Annual Governance Statement (AGS) for 2016/17 and for the associated framework for monitoring progress. She advised that the authority has a duty to produce and publish an annual governance statement that sets out how Portsmouth City Council has complied with the local code of governance and how the authority meets the requirements of Regulation 4 (3) of the Accounts and Audit (England) Regulations 2011. She said that a key role of the committee is to monitor governance issues across the authority and ensure they are performance managed.

She said that the report had been written before the limited assurance audit opinion had been finalised and therefore the report needs to be updated to reflect this.

The City Solicitor agreed that there are significant governance issues and that these are monitored at regular meetings.

During discussion a comment was made that updating the constitution was mentioned on the risk appendix whereas this did not seem to be critical. Members also considered that the risk appendix should have an extra column to make required actions time limited.

Kelly Nash said that she would bring some additional in-depth reports about some of the items raised by the committee during the last year.

RESOLVED that the committee

- (1) noted the progress and recommendations made against the 2016/17 annual governance issues as set out in appendix 1;**
- (2) commented on the draft Annual Governance Statement 2016/17 (appendix 2);**
- (3) noted the updated local code of governance as set out in appendix 3.**

35. Consideration of the political balance rules in relation to the constitution of sub-committees considering complaints against Members (AI 9)

(TAKE IN REPORT)

Michael Lawther, Deputy Chief Executive, City Solicitor and Monitoring Officer, introduced the report. He explained that its purpose was to ask the committee to consider whether it wishes to dis-apply 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.

He explained that this meant the sub-committees' membership would not be made up of members in the same proportion as the political groups are represented on the council. Instead sub-committees would be 'cross-party as far as reasonably practicable'.

He went on to say that the decision is one which only this committee could make but it must be made without any of the members present voting against it. He said that the reason for bringing this report to the committee was that the decision made last year to dis-apply the political balance rules is only effective for one year. If the Committee decided to dis-apply the political balance rules this would only be until the end of this council year in May 2018 when the decision would again have to be reconsidered.

The recommendations in the report were proposed by Councillor Leo Madden seconded by Councillor Steven Hastings and were agreed unanimously.

RESOLVED that the political balance rules are dis-applied in respect of Governance and Audit and Standards Sub-Committees which are considering complaints against members and also the same arrangement applied in respect of initial filtering panel membership.

36. Proposed amendments to the Complaint Form submitted in relation to the Councillor Code of Conduct (AI 10)

(TAKE IN REPORT)

The Deputy Chief Executive advised that the purpose of the report is to ask members to consider a proposed revision to the content of the complaint form submitted in relation to Councillor Code of Conduct complaints. He explained that the proposed change simply added a tick box for complainants to complete to identify the part of the code that the alleged conduct breaches.

RESOLVED that the committee

- (1) considered the proposed amendments to the complaint form attached as appendix 1 to the report;**
- (2) recommended to council that the revised complaint form be adopted.**

37. Exclusion of Press and Public (AI 11)

It was proposed by Councillor John Ferrett seconded by Councillor Steve Hastings that the meeting move into exempt session in respect of items 12 and 13 for the reasons set out on the agenda. This was agreed.

RESOLVED that the meeting move into exempt session in relation to the remaining items on the agenda.

38. Data Security Breaches Report (AI 12)

(TAKE IN REPORT)

The Deputy Chief Executive introduced the report which informs the committee of any data security breaches and actions agreed or taken since the last meeting. He said that most of the data breaches occurred as a result of human error as reported in the exempt appendix. He said that the fines that can be issued by the Information Commissioner's Office can be substantial and it was therefore important to keep reinforcing the message.

Members raised specific queries about the incidents recorded in the exempt appendix which were answered to the satisfaction of the committee. The Deputy Chief Executive said that security sweeps were arranged from time to time and that training videos were available about the importance of guarding against breaches of the Data Protection Act and Privacy and Electronic and Communications Regulations.

RESOLVED that members of the Governance and Audit and Standards Committee noted the breaches (by reference to exempt appendix A) that have arisen and the action determined by the Corporate Information Governance Panel (CIGP).

39. Annual Internal Audit Report for the 2016/17 Financial Year (AI 13)

(TAKE IN REPORT)

The Chair advised that the report would be considered in open session other than when considering exempt appendix D.

The Chief Internal Auditor introduced the report which

- (i) gives the annual audit opinion on the effectiveness of the control framework based on the internal audit findings for 2016/17 and highlights areas of concern;
- (ii) advises members of the audit plan for 2017/18; and
- (iii) provides a summary of the counter fraud cases investigated and sanction results. Details of corporate cases investigated are contained within exempt appendix D.

She advised that of the 2016/17 fraud audits either completed or at the draft report stage, the number of exceptions within each category have been:

- 6 critical risk
- 128 high risk
- 15 medium risk
- 11 low risk (improvements)

Section 5 of the report provides details of the audit plan status for 2015/16.

The Chief Internal Auditor went on to say that areas of concern were set out in paragraph 6 of the report. She advised that in relation to 6.4 of the report housing and property - compliance with fire policy - James Hill, Interim Director of Property and Housing with effect from 19 June 2017 was in attendance today to provide information to the committee in light of the recent tragedy of Grenfell Tower. The Chair invited Mr Hill to speak to the committee which he then did. Mr Hill said that the City Council's approach to fire across its housing stock has been tested thoroughly. He gave assurances that a high standard of fire protection is in place. The Interim Director of Property and Housing confirmed that:

- All blocks of six storeys and above in the city have fire risk assessments in place and no reviews are currently outstanding. Wilmcote House is the exception as it is currently undergoing extensive renovations which began in 2014. He advised that in such situations it is the responsibility of the contractor on site to assume responsibility for the management and production of evacuation / fire safety plans for both residents and workmen while they are in control of the building. However, fire officers and PCC have visited the site on numerous occasions and a fire risk assessment was undertaken there on 29 June.

The Interim Director of Property and Housing acknowledged that the City Council should not have been in a situation where fire risk assessments had expired. The minimum should be that all properties requiring a fire risk assessment have a valid fire risk assessment in place. The audit report had highlighted an issue where PCC had not reviewed fire risk assessments as part of its policy. He said that there appeared to have been a lack of clarity on where responsibilities lay. He said that the stock data systems lacked consistency and that there had been misreporting of the position. The Interim Director of Property and Housing said that he accepted the audit findings from December 2016 and that actions had been identified and were well underway before the Grenfell Tower disaster. He explained all the actions that had been taken to ensure full compliance in the future and welcomed Internal Audit's plan to re-audit the area in the near future. He also said that measures concerning fire risk will form part of the performance indicators reported in the regular Performance Management Update coming to this committee.

Finally, he apologised formally for the anxiety and stress that had been caused by the contents of the audit report. He gave his assurance to the committee that PCC would not be in this position again.

The Chair thanked James Hill for his verbal update. The Chief Internal Auditor verified the position as presented by the Interim Director of Property and Housing.

The Chair said that he had been shocked at the audit report relating to compliance with the fire policy and that this had been brought into even sharper focus following the Grenfell Tower tragedy. He said that it was good

to hear that remedial actions were in place and that no blocks will have a review outstanding by the end of August 2017.

In response to queries the following matters were clarified:

- The installation of sprinklers would be investigated throughout all blocks in the city as part of the general investigations;
- In response to a query about cladding, the Interim Director of Housing and Property said that cladding was designed to improve insulation and weather proofing and that these need to comply with building regulations;
- In response to a query about gas safety certificates, it was confirmed that all 11 non-compliant properties identified within the December extract have since received gas safety checks. One of the problems was in gaining access to residencies but there were procedures in place to address this;
- In relation to a query about fire alarms not being heard in some parts of properties such as Grenfell Tower, the committee heard that this was because tower blocks were often designed for the 'stay put' policy. Smoke detectors are activated in the particular dwelling and only the part of the property that is affected is evacuated. The Interim Director of Property and Housing said that the 'stay put' policy was regarded as being the correct policy for tower blocks. This had been tested throughout Hampshire;
- The Interim Director of Property and Housing confirmed that all the information given at the special public meeting that was held following the Grenfell Tower disaster went out to residents of affected properties. In addition joint community information events were held;
- The Interim Director of Property and Housing confirmed that the policy is to be updated to show that the requirement to review high risk properties every two years will be replaced with a time scale that is decided by the competent person undertaking the assessment. He also said that following the Grenfell Tower incident, legislation is likely to be reviewed. Meanwhile PCC will work with Hampshire Fire and Rescue Authority.

The Chief Internal Auditor drew members' attention in particular to paragraph 7 of the report that advised that the audit opinion for 2016/17 is that only limited assurance on the effectiveness of the control framework can be given. She advised that whilst this opinion is the same level as for previous years, the direction of travel is deteriorating not improving.

In response to a query about mainland market deliveries (Shipping Services) (MMD), the Chief Internal Auditor said that although the audit of MMD Insurance and Claims was given no assurance, she advised that a follow-up

would be brought to the next meeting that was expected to show that things had moved on considerably from the findings included in this report.

It was confirmed by the external auditors that it was relatively unusual to have limited assurance as the internal annual audit opinion.

A question was raised about the CCTV issue mentioned in the report and the Chief Internal Auditor said that CCTV is very fragmented. The services managing their own CCTV do not have any policy relating to its use (other than for body worn videos). There was no joined up working and no overall co-ordinator. However, agreed action was set out in paragraph 6.6.2.

The Chief Internal Auditor summarised the internal investigations that had taken place during 2016/17 for the panel.

Members considered Exempt Appendix D in closed session. Members raised a small number of queries regarding exempt appendix D that were all answered to their satisfaction. The meeting resumed in open session.

RESOLVED that members

- (1) noted the audit and counter fraud performance for 2016/17;**
- (2) noted the highlighted areas of control weakness from the 2016/17 audit plan;**
- (3) noted the annual audit opinion on the effectiveness of the system on internal control for 2016/17;**
- (4) endorsed the audit plan for 2017/18; and**
- (5) considered any additional actions to be taken in response to matters raised within this report relating to the reviews undertaken.**

The meeting concluded at 1.50 pm.

Chair

Agenda Item 5

Title of meeting: Governance and Audit and Standards Committee

Date of meeting: 15th September 2017

Subject: Annual Governance Statement

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 The report seeks approval from the Governance and Audit and Standards Committee for the council's Annual Governance Statement (AGS) for 2016/17.

2. Recommendations

2.1 The Governance and Audit and Standards Committee are asked to:

- 1) Agree the Annual Governance Statement 2016/17 (Appendix 1)

3. Background

3.1 The authority has a duty to produce and publish an Annual Governance Statement (AGS). This sets out how Portsmouth City Council has complied with the Local Code of Governance, and how the authority meets the requirements of Regulation 4 (3) of the Accounts and Audit (England) Regulations 2011.

3.2 The purpose of the AGS is to set out the systems and processes in place to ensure that Council business is conducted lawfully and in accordance with proper standards. Compliance helps ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. It also acknowledges the Council's responsibility to secure continuous improvement in the way in which its functions are exercised by outlining significant governance issues facing the organisation, and setting out how these will be addressed.

3.3 It is a key role of the Governance and Audit committee to monitor governance issues across the authority and ensure they are performance managed. The Governance and Audit and Standards Committee receive regular updates on the development of the Annual Governance Statement. Governance issues are also reviewed regularly by the Corporate Governance Group which is attended by the

Chief Executive, Deputy Chief Executive, Director of HR, Legal and Performance, Director of Finance and IS and the Chief Internal Auditor.

3.4 The AGS reports against the six core principles of governance, originally adopted by the council in March 2010. Every year, a number of sources are analysed, including the Annual Audit Letter, in order to review the council's practices and highlight further governance issues where the authority may be exposed.

3.5 In June, the committee considered a draft report. This has been updated in the final version to reflect most up to date guidance on good practice, and the revised opinion from the Chief Internal Auditor, shared verbally with the committee at the last meeting. There are no other amendments.

4. Reasons for recommendations

4.1 The 2016/17 Annual Governance Statement has been prepared according to the proper practice framework - Delivering Good Governance in Local Government issued jointly by SOLACE (Society of Local Authority Chief Executives and Senior Managers) and CIPFA (Chartered Institute of Public Finance and Accountancy) in 2007(addendum issued in 2012).

5. Equality impact assessment

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

6. Legal implications

6.1 Legal considerations have been taken into account in the preparation of this report and where appropriate embodied within it.

7. Director of Finance's comments

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

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

Appendices:

Appendix 1 - Annual Governance Statement 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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Annual Governance Statement 2016-17

www.portsmouth.gov.uk

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What is the annual governance statement?

Legislation¹ requires local authorities to prepare and publish an Annual Governance Statement, in order to report publically on the effectiveness of the Council's governance arrangements. The statement provides an overview of the current governance framework and a summary of the review on the effectiveness of Portsmouth City Council's governance framework for 2016/17 (which coincides with the annual statement of accounts). The statement openly communicates significant governance issues that have been identified during the review and sets out how the authority will secure continuous improvement in these areas during over the coming year.

What do we mean by governance?

By governance, we mean the arrangements that are put in place to ensure the intended outcomes for local people are defined and achieved. It comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled. Good governance is about making sure the Council does the right things, in the right way for the right people, in a timely inclusive, open, honest and accountable manner.

Scope of responsibility

Portsmouth City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. It also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, Portsmouth City Council is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

About the Council

Portsmouth's Council comprises of 42 Councillors (19 Conservative, 15 Liberal Democrat Councillors, 3 UKIP Councillors, 2 Labour Councillors and 2 Independent group Councillors and 1 non-aligned Councillor) who represent 14 wards across the City. It operates a minority administration under a Leader (Cllr Donna Jones, Conservative) and Cabinet structure with Cabinet Members responsible for individual portfolios.

The Council employs around 3,600 members of staff and provides an extensive range of services to residents, businesses and visitors in the City, including: city development and cultural services, regulatory business and standards services, transport and environmental services, housing and property services, children's and adult's social care and safeguarding, education services, revenues and benefits and health and welfare services. The Chief Executive and Head of the Paid Service is David Williams.

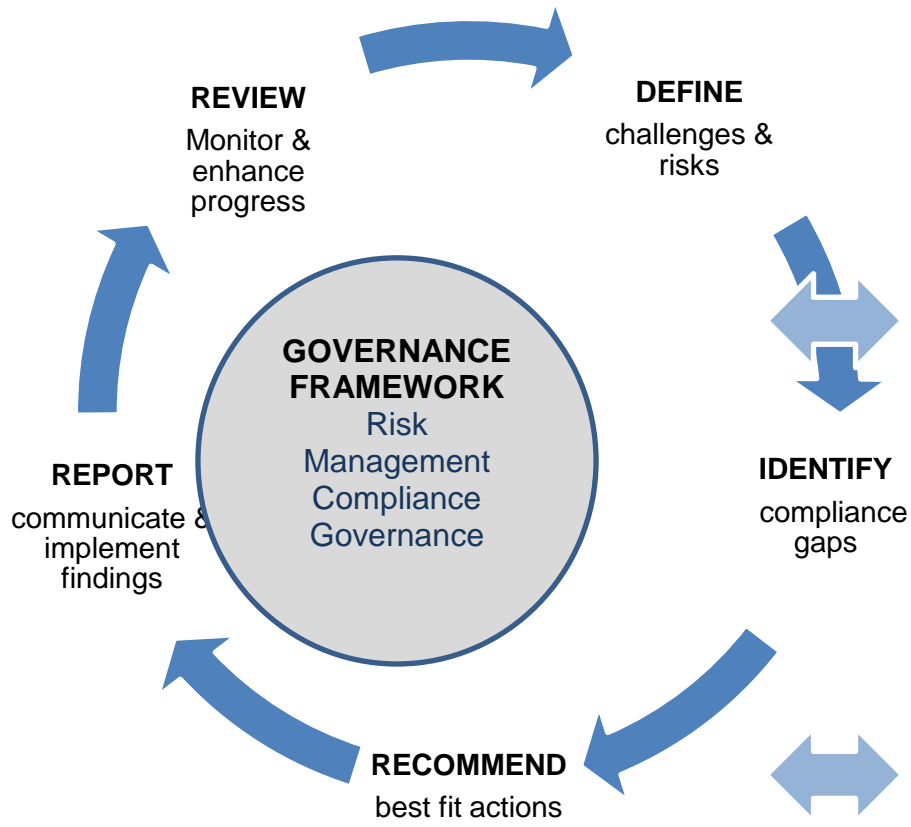
¹ Accounts and Audit (England) Regulations 2011, regulation 4(3)

INTERNAL CONTROLS

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable economic, social and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the entity's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through internal control and strong public financial management
- Implementing good practices in transparency, reporting and audit to deliver effective accountability



<p>Leadership, Culture and Planning Organisational goals and priorities Strategic and operational plans Performance management Medium term financial strategy</p>
<p>Statutory Officers & Decision Making The Constitution The Monitoring Officer Section 151 Officer</p>
<p>Policies & Procedures Codes of conduct Ways of working Anti-fraud, Bribery and Corruption Policy Whistleblowing Policy HR Policies and procedures</p>
<p>People, Knowledge, Finance, Assets Robust HR practices Information governance Performance monitoring and improvement Financial management and reporting Ethical & legal practices</p>
<p>Scrutiny and Transparency Freedom of Information requests Complaints procedure Reports considered by legal and finance experts Equality impact assessments Corporate risk directory Transparency duty publication</p>
<p>Partnership Working Community engagement statement 'Have your say' Consultations Terms of reference for partnerships</p>



CIPFA/SOLACE Good governance principles and the local code of governance

In 2016 CIPFA/SOLACE issued revised best practice guidance for 'Delivering Good Governance in Local Government'². The framework sets out seven principles that should underpin the governance of each Local Authority. The following sections look at how the Council is held to account for these seven principles.

A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

The Constitution

The constitution³ sets out the how the Council operates; the roles and responsibilities of members, officers and the scrutiny and review functions; how decisions are made; and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. Although there is no longer a statutory requirement, Portsmouth City Council has taken the decision to continue with this arrangement internally and is in the process of updating the constitution to ensure it reflects current practice. As well as working together as a single organisation, it is important that members and officers continue improve their working relations with other organisations too, both locally and sub-nationally, to achieve a common purpose of improved efficiency and effectiveness.

The Monitoring Officer

The Monitoring Officer is a statutory function and ensures that the Council, its officers, and its elected members, maintain the highest standards of conduct in all they do. The Monitoring Officer is assisted when required by appointed deputies. The Monitoring Officer ensures that the Council is compliant with laws and regulations, as well as internal policies and procedures. He is also responsible for matters relating to the conduct of Councillors and Officers, and for monitoring and reviewing the operation of the Council's Constitution. In PCC, the monitoring officer is Michael Lawther, the Deputy Chief Executive.

Section 151 Officer

Whilst all Council Members and Officers have a general financial responsibility, the s151 of the Local Government Act 1972 specifies that one Officer in particular must be responsible for the financial administration of the organisation and that this Officer must be CCAB qualified. This is typically the highest ranking qualified finance officer and in Portsmouth City Council this is Chris Ward, who is also the Director of Finance and Information Services.

Codes of conduct

On joining the Council, members and officers are provided with a contract outlining the terms and conditions of their appointment. All staff must sign a code of conduct and declare any financial interests, gifts or hospitality on a public register. Additionally, members are expected to declare any interests at the start of every meeting that they attend in accordance with Standing Orders. Members and officers are required to comply with approved policies. The Council uses a system called Policyhub that enables effective dissemination of general and job-specific policies, and has the built in functionality to measure compliance i.e. that a member of staff has read and agreed to the policy.

² <http://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework>

³ A copy of the constitution can be found at <https://www.portsmouth.gov.uk/ext/the-council/policies-and-strategies/constitution.aspx>

Anti-fraud, bribery and corruption

The Council is committed to protecting any funds and property to which it has been entrusted and expects the highest standards of conduct from Members and Officers regarding the administration of financial affairs. The Council's Anti-Fraud, Bribery and Corruption Policy⁴ (revised in May 2016) conforms to legislative requirements and sets out steps to minimise the risk of fraud, bribery, corruption and dishonesty and procedures for dealing with actual or expected fraud.

Whistleblowing

The Council is committed to achieving the highest possible standards of openness and accountability in all of its practices. The Council's Whistleblowing policy⁵ sets out the options and associated procedures for Council staff to raise concerns about potentially illegal, unethical or immoral practice and summarises expectations around handling the matter. The Policy is kept under review by the Monitoring Officer, and reports (which include concerns raised and their outcomes) are submitted to the Governance and Audit and Standards Committee quarterly.

Governance and Audit and Standards Committee

As its name suggests, the Governance, and Audit and Standards Committee has the responsibility for receiving many reports that deal with issues that are key to good governance. The Committee undertakes the core functions of an Audit Committee identified in CIPFA's practical guidance⁶. The group has an agreed set of terms of reference⁷, which sets out their roles and responsibilities of its members⁸. On an annual basis the Chair of the Committee undertakes a self-assessment, which informs the overall review of effectiveness of the Council's governance arrangements.

B. Ensuring openness and comprehensive stakeholder engagement

Engagement and communication

It is recognised that people need information about what decisions are being taken locally, and how public money is being spent in order to hold the council to account for the services they provide. The views of customers are at the heart of the council's service delivery arrangements. Portsmouth City Council has developed a Community Engagement Statement⁹, which reflects the council's ambition to enable and empower communities to shape the places within which they live and work, influence formal decision making and make informed choices around the services they receive. The Community Engagement Statement asserts the following objectives for the council's engagement activity:

- Active citizens and strong communities,
- Clearer links between consultation and decision-making,
- A City that reflects its diversity and improved use of resources and aims to build upon the council's commitment to finding ways to inform,
- Consult and involve local people in all areas of life.

⁵ A copy of the whistleblowing policy can be located at :

<http://democracy.portsmouth.gov.uk/Data/Governance%20&%20Audit%20&%20Standards%20Committee/20130314/Agenda/GAS20130314r10.pdf>

⁶ A copy of the guidance can be found at: <http://www.cipfa.org/Policy-and-Guidance/Publications/A/Audit-Committees--Practical-Guidance-for-Local-Authorities>

⁷ The Governance and Audit and Standards Committee Terms of Reference can be found at:

<http://www.portsmouth.gov.uk/media/SC20120716r5app4.pdf>

⁸ Membership can be found at: <http://democracy.portsmouth.gov.uk/mgCommitteeDetails.aspx?ID=148>

⁹ Community Engagement Statement: <https://www.portsmouth.gov.uk/ext/documents-external/cou-community-engagement-statement.pdf>

To be effective this process aims to inspire and support a genuine two-way dialogue with all sections of the community and other stakeholders. There are a number of ways people can get involved and connect with the council, many of which are listed on the council webpage¹⁰. Local people have the option to engage in a dialogue through: social media sites (including Facebook and twitter), petition schemes, neighbourhood forums, Healthwatch Portsmouth, council meetings (open to the public), their local Councillor¹¹.

Consultations

The council keeps a forward plan of planned consultations. Internally, a consultation toolkit has been developed to guide council staff through the consultation process. The agreed process ensures that engagement activity is relevant, accessible, transparent and responsive. To increase awareness, consultations are proactively promoted.

The council issues a free copy of their Flagship magazine to all households keeping them up to date about what's going on in the City. The authority also issues other publications to specific groups, including "Term Times" for schools and "HouseTalk" for tenants.

Portsmouth City Council regularly engages with its employees to ensure they are kept informed about the council and the city. There are communication channels for "off-line" and online employees and a dedicated communications point of contact for staff. Employees are regularly asked to complete opinion surveys so the council can get a better understanding of what's working and what's not. The results are carefully considered and used to address issues.

Complaints

There is a clear and transparent procedure¹² for dealing with complaints. The Council operates a three-stage complaints procedure and promises to acknowledge complaints within 5 working days and respond fully within 10 working days for first-stage complaints, 15 working days for second-stage complaints and 20 working days for third-stage complaints. If complainants remain dissatisfied they have the right to refer the matter to the Local Government Ombudsman.

Partnership working

Partnerships are about the council coming together with right organisations to deliver improved outcomes for local people. Portsmouth City Council is involved in many different partnerships at different levels, each with their own set of terms of reference for effective joint working. There are 4 strategic partnerships in Portsmouth. The Health and Wellbeing Board, the Children's Trust Board, Safer Portsmouth Partnership, which are involved in delivering the city's desired outcomes. Reviews of strategic priorities for each of the partnerships have been aligned in order to better understand shared priorities, reduce duplication and improve commissioning and delivery activity.

The city also maintains a Public Service Board, providing a regular opportunity for key decision-makers to come together and discuss significant issues in the locality.

We are increasingly joining up working at an operational level with partner organisations, notably in respect of multi-agency teams for children and families, and locality teams to deliver Better Care. A range of mechanisms are used to support these arrangements.

¹⁰ Opportunities to have your say can be found at: <https://www.portsmouth.gov.uk/ext/community-and-environment/community/have-your-say.aspx>

¹¹ Who are your Councillors, MPs and MEPs: <http://democracy.portsmouth.gov.uk/mgMemberIndex.aspx?bcr=1>

¹² Complaints procedure: <https://www.portsmouth.gov.uk/ext/the-council/transparency/comment,-compliment-or-complaint.aspx>

C. Defining outcomes in terms of sustainable economic, social and environmental benefits; and D. Determining the interventions necessary to optimise the achievement of the intended outcomes

Organisational goal and aspirations for the City



Portsmouth City Council; working together to shape the great waterfront city

Portsmouth City Council has a shared organisational goal (above), which is designed to be simple, reflecting the fact that although we are a diverse organisation, everything the council does is designed to make the city a better place and improve life for our residents. All of us are working together to shape Portsmouth, a great waterfront city that:

- Has a **sustainable economy** that delivers **regeneration** and **inward investment**, creates opportunities and **drives prosperity** for our residents
- Has **high quality homes**
- Is a **great place to live** that makes best use of our natural assets and supports a **vibrant and diverse culture**
- Offers **excellent education** and training so all our residents can achieve their full potential and businesses have the skills to grow
- **Protects and supports vulnerable residents**, encourages independence and enables them to achieve their full potential
- Keeps residents **healthy** and the city **safe**.

We have set clear priorities about the way we will work and what we be trying to achieve. We will:

- Be entrepreneurial and efficient - so we can meet our financial challenges and continue to deliver services that meet our customers' needs
- Provide excellent customer service - Our customers deserve **excellent service** and even though they may not have a choice to use our services, we must do all we can to help them as best we can.
- Raise education standards - education is the stepping stone for children to **achieve success** in later life.
Encourage regeneration and investment - **regenerating** and **encouraging investment** is key to creating aspirations and opportunities that all our residents can benefit from and enhancing Portsmouth as a great place to live
- Empower residents to be healthy and independent - for residents to be able to make the most of their opportunities and live independently they must be **safe and healthy**

Planning and monitoring

In order to secure these outcomes for residents and service users, the Council needs to respond to some tough challenges. Over the past 6 years (since 2011/12), Central Government funding to Portsmouth City Council has reduced by over £68m (amounting to a funding reduction of 44%). Taken together with other financial pressures, total savings over the period of £86m have been made by the Council, representing circa 42% of the Council's controllable spending. The Government published the provisional Local Government Finance Settlement 2017/18 in December 2016. In overall terms, the Settlement includes a further reduction in Government Funding over the three year period 2017/18 to 2019/20 of £16.5m representing a further 36% funding reduction.

This means that it is important that, whilst we focus on achieving the organisational goal and priorities, we plan services in detail on an annual basis, focusing on challenges over the coming year but also considering the medium term horizon.

Medium Term Financial Strategy

The Council's stated Medium Term Financial Strategy seeks to balance achievement of the organisational aspirations whilst delivering the necessary savings.

The overall aim of the strategy is to ensure that "in year" expenditure matches "in year" income over the medium term whilst continuing the drive towards regeneration of the city, being entrepreneurial and protecting the most important and valued services. There are four strands to the strategy:

- **1 - Transforming to an Entrepreneurial Council:** income generation; maximise the return on property and assets; invest for commercial gain; develop and establish commercial entities to sell services profitably; capital investment for jobs and business growth; establishing strategic partnerships/shared service arrangements to reduce costs and increase resilience
- **2 - Reduce the extent to which the population needs Council services:** re-direction of resources towards preventative services; design fees and charges policies to distinguish between want and need; capital investment towards jobs and skills to raise prosperity
- **3 - Increase the efficiency and effectiveness of the council's activity:** contract reviews; rationalisation of operational buildings; support to the voluntary sector; targeted efficiency reviews in resource hungry services; capital investment for on-going savings or costs avoidance
- **4 - Withdraw or offer minimal provision of low impact services:** strong focus on needs, priorities and outcomes; use the insights of councillors to inform priorities; use the results of public consultation to inform priorities.

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

Recruitment and induction

The Council operates a robust interview and selection process to ensure that Officers are only appointed if they have the right levels of skills and experience to effectively fulfil their role. If working with children and/or vulnerable adults they will be subject to an enhanced criminal records check prior to appointment. New Officers must attend an induction day, which provides information about how the organisation works. Newly elected Councillors are required to attend an induction which includes information on: roles and responsibilities; political management and decision-making; financial management and processes; health and safety; information governance; and safeguarding.

Training and development

All Officers are required to complete a number of mandatory e-learning courses including health and safety, equalities and diversity, financial rules, and information governance. Officers and Members have access to a range of IS, technical, soft skills and job specific training courses. Compulsory training is provided for Members who sit on the following committees: Governance and Audit and Standards Committee, Licensing Committee, and the Planning Committee. Other member-led training is available to Councillors through Democratic Services and Learning and Development. The package of support available gives Members the opportunity to build on existing skills and knowledge in order to carry out their roles effectively.

Performance monitoring

All Officers receive regular one to ones with their Manager in order to monitor workload and performance. Opportunities are provided for identifying future training and development needs, and to track progress against objectives. The effectiveness of individual performance monitoring is tracked in a number of ways, including by asking staff about it as part of regular employee opinion surveys.

F. Managing risks and performance through robust internal control and strong financial management

Risk management

The Council has reviewed its approach to managing risks over the last year and approved a revised Risk Management Policy, which seeks to embed a culture of risk awareness within everyday activities. All significant risks (defined as something that may result in failure in service delivery, significant financial loss, non-achievement of key objectives, damage to health, legal action or reputational damage) must be logged on a Corporate Risk Directory, profiled (as high/medium/low), and mitigating measures/assurances must be put in place. The new approach minimises formal processes and unnecessary documentation, whilst ensuring that risk management remains an effective part of the governance framework.

Performance management

All directorates in the authority report on a quarterly basis against a full set of performance measures which reflect the functions and objectives of the directorates. These measures are reported to the Cabinet Members and considered in detail at the Governance and Audit and Standards committee. An annual overview of performance is produced.

Financial management

The s151 Officer is responsible for leading the promotion and delivery of good financial management so that public money is safeguarded at all times, ensuring that budgets are agreed in advance and are robust, that value for money is provided by our services, and that the finance function is fit for purpose. He advises on financial matters to both the Cabinet and full Council and is actively involved in ensuring that the authority's strategic objectives are delivered sustainably in line with long term financial goals. The s151 Officer together with finance staff ensure that new policies or service proposals are accompanied by a full financial appraisal which is properly costed, fully funded and identifies the key assumptions and financial risks that face the council.

Financial Rules were revised in 2013/14 by the s151 Officer so that Portsmouth City Council can meet all of its responsibilities under various laws, and continue to be updated on a rolling basis. They set the framework on how we manage our financial dealings and are part of our City Constitution. They also set the financial standards that will ensure consistency of approach and the controls needed to minimise risks. The s151 Officer has a statutory duty to report any unlawful financial activity or failure to set or keep to a balanced budget. He also has a number of statutory powers in order to allow this role to be carried out, such as the right to insist that the local authority makes sufficient financial provision for the cost of internal audit.

The authority's financial management arrangements conform to the government requirements of the CIPFA Statement on "The role of the chief financial officer in local government (2010). The Director of Finance (Chief Financial Officer and s151 Officer) works with the Chief Executive and Deputy Chief Executive, helping to develop and implement strategy and deliver the strategic objectives. The Chief

Finance Officer has input into all major decisions, and advises on financial matters to the Cabinet. He is responsible for ensuring that budgets are agreed in advance and that the agreed budget is robust, to ensure value for money is provided by our services, and is responsible for ensuring the finance function is fit for purpose. A protocol for the Chief Financial Officer in Portsmouth was approved in November 2011.

Data Management

The organisation has a designated data protection officer and clear and established processes for ensuring data is handled appropriately. There is regular reporting to the Governance, Audit and Standards committee on matters of information governance.

F. Implementing good practices in transparency, reporting and audit to deliver effective accountability.

Transparency

The Council and its decisions are open and accessible to the community¹³, service users, partners and its staff. The Freedom of Information Act 2000 (Fol) gives anyone the right to ask for any information held by a public authority, which includes Portsmouth City Council, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.

All reports requiring a decision are considered by appropriately qualified legal, and finance staff with expertise in the particular function area before they are progressed to the relevant committee/group. Portsmouth City Council wants to ensure that equality considerations are embedded in the decision-making and applied to everything the Council does. To meet this responsibility, equality impact assessments are carried out on all major council services, functions, projects and policies in order to better understand whether they impact on people who are protected under the Equality Act 2010 in order to genuinely influence decision making. Information required to be published in made public in timely and accessible fashion.

Effective scrutiny

The Council operates five Scrutiny Panels¹⁴, overseen by a Scrutiny Management Panel and governed by their own terms of reference. It is important that Scrutiny Panels act effectively as one of their key tasks is to review and challenge the policy decisions that are taken by Cabinet. Topics that are chosen to be 'scrutinised' are looked at in depth by a cross party panel of Councillors. They assess how the Council is performing and see whether they are providing the best possible, cost effective service for people in the city. The panel's findings are reported to the Cabinet and may result in changes to the way in which services are delivered.

¹³ Meetings, agendas and minutes: <http://democracy.portsmouth.gov.uk/uucoverpage.aspx?bcr=1>

¹⁴ Further information on our Scrutiny Panels can be found at: <http://democracy.portsmouth.gov.uk/mgListCommittees.aspx?bcr=1>

Monitoring and evaluating the effectiveness of the governance framework

Portsmouth City Council has the responsibility for conducting at least annually, a review of the effectiveness of its governance framework. The review of effectiveness is informed by the work of:

- The Chief Executive, Deputy Chief Executive and Directors within the Authority who have responsibility for the development and maintenance of the governance environment.
- The Chief Internal Auditor's annual report and opinion, and also by comments made by the external auditors and other review agencies and inspectorates.
- The Chief Financial Officer whose role is performed by the Director of Finance (and who is also Portsmouth City Council's Section 151 Officer) who has statutory responsibility for ensuring the proper management of all Portsmouth's financial affairs.
- The Corporate Governance Group, made up of the Chief Executive, the Deputy Chief Executive (monitoring officer), the Chief Internal Auditor, the Director of Finance (Section 151 Officer) and the Director of HR, Legal and Performance with input from others as relevant. This group meets regularly to discuss corporate governance arrangements and issues, and to reflect on recurring themes and spheres of activity relating to council improvement.
- The Governance and Audit and Standards Committee

There is clear framework for evaluating the effectiveness of internal control, and for 2016/17 this has included:

- An evaluation of progress against previously identified governance issues.
- Reviews of:
 - The effectiveness of Internal and External Audit.
 - External Audit's Annual Plan and opinion.
 - The Annual Internal Audit report and opinion.
 - The Corporate Risk Directory.
 - Issues identified through performance management.
 - Corporate complaints and any complaints regarding Members.
 - Freedom of information requests.
 - Data protection and information governance issues.
 - Employee Opinion and Pulse Survey results.

Significant governance issues for 2017/18

Portsmouth City Council have completed a number of actions over the last year, that have addressed or alleviated significant governance issues identified in the 2015/16 Annual Governance Statement. The following significant governance issues have been identified and further actions have been put in place against each, in order to strengthen the Council's governance arrangements.

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
1	The Constitution has not been reviewed/formally updated for a number of years.	Highlighted by the Corporate Governance Group	a-Ongoing working group to review the Constitution.	Updated constitution published on Council website	Deputy Chief Executive and City Solicitor	November 2017
2	Disaster recovery - risk management activity has identified that improvements need to be made in our arrangements for recovery in the event of losing key systems.	Highlighted through risk management and business continuity activity	Disaster Recovery capability is under active review with Disaster Recovery as a Service (DRaaS) solutions being implemented.	Capability to restore key IT functions for the authority more quickly than the current 3-5 days.	Deputy Chief Executive and City Solicitor	Ongoing development and review
34	Cyber-security: Increasing risk of incidents leading to disruption of services, due to external threats in the form of "Ransomware" or "malware" and other kinds of malicious and deliberate attack.	Risk management	<ul style="list-style-type: none"> a) Revised guidance to staff "Be Cyber Secure" is part of an ongoing campaign run by Corporate Comms. b) IS Projects underway to implement enhanced technical and procedural measures to protect, defend and respond to cyber attacks. c) Strategic plans to migrate to cloud based services such as Office 365 and Azure will also provide additional protection and assurance. 	Prevention of cyber attacks	Deputy Chief Executive and City Solicitor	Ongoing review

Ref	Governance issue	Source	Actions to address the issue	Measures of success	Lead/s	Timescale
4	The council continues to explore new ways of working, including partnering and alternative service delivery models and taking more commercial approaches	Internal and external audit; performance and risk management activity	<ul style="list-style-type: none"> a) Ensure arrangements for traded services and arms-length organisations are fit for purpose b) Ensure new partnering arrangements have full regard to legal, financial and HR implications 	Ongoing - various structures for different arrangements	Chief Executive and Deputy Chief Executive	Necessary changes reported on a regular basis to Cabinet, Governance, Audit and Standards Committee and Employment Committee.
5	Changes in statutory duties: ongoing changes in the work of local government and the role in relation to other agencies means that the organisation needs to monitor the scope of duties, powers and expectations.	Performance and risk management	Service and resource planning to set out scope of requirements and the needs to fulfil these.	n/a	Chief Executive / Deputy Chief Executive	Ongoing reports to portfolios and committees.
6	Information governance - significant new responsibilities and requirements under the General Data Protection Regulation (fines will increase from March 2018)	Risk Management	Corporate working group to drive preparation for the new responsibilities - the GDPR project will review and update the Information Asset Register and will capture (electronic) data flows into and out of the organisation	Good state of organisational readiness for the change and low risk of sanction.	Deputy Chief Executive	Ongoing progress reporting to portfolio holder and committees.
7	Addressing underlying budget pressures, notably in children's services and adult social care	External audit plan	Ongoing monitoring of progress - transformation strategies developed	Financial gaps closing and eliminated over the medium term	Director of Finance, Director of Children's Services and Director of Adult's Services	Ongoing quarterly reporting on financial position to Cabinet; updates to portfolio holders

Effectiveness of the system of internal audit

Due to the number of critical and high risk exceptions raised under the audits carried out, the Audit opinion for 2016/17 is that only limited assurance on the effectiveness of the control framework can be given.

Whilst this opinion is the same level as the previous years the direction of travel is deteriorating not improving. Four audit opinion levels are now in place 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.

There is still a significant level of high risk exceptions raised this year, a number of which are a result of failure by managers to carry out checks either previously performed centrally by support services or where they have differing priorities and capacity issues. In addition the level of investigation involving staff has not subsided, which may be indicative of the reduced resources and control layers, needed following the austerity measures. The results of follow up work also show that only 39% of agreed actions have been implemented again showing a decline. Some of the reasoning for this is capacity or proposed solutions that did not mitigate the risks identified.

Internal Audit is concerned that the overall effectiveness of the control framework position is declining and will continue to work with Directors, the Deputy Chief Executive and the Chief Executive to improve on specific areas of control, risk management and governance weaknesses.

Any significant corporate weaknesses and agreed actions will be reflected in the Annual Governance Statement. The impact of the Internal Audit work for 2016/17 may affect that year's work for External Audit. It may also inform their work for 2017/18 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.

Internal Audit has carried out a self-assessment and confirms that they are compliant with the Public Sector Internal Audit Standards (PSIAS).

Summary of significant governance issues for 2017/18

The review of effectiveness has identified significant governance issues within the Council's governance framework. Over the coming year, Portsmouth City Council will take steps to address the issues that have been identified in order to improve the Council's governance arrangements and improve assurance in the areas of most concern. Progress will be monitored and reported to the Governance and Audit and Standards Committee regularly over the next year.

Signed on behalf of Portsmouth City Council

.....
David Williams
Chief Executive

.....
Date

.....
Councillor Donna Jones
Leader of the Council

.....
Date

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Email: kelly.nash@portsmouthcc.gov.uk

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Plain English Campaign
Committed to clearer communication.

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Agenda Item 6

Title of meeting:	Governance and Audit and Standards Committee
Date of meeting:	Governance and Audit and Standards Committee 15 September 2017
Subject:	Statement of Accounts 2016-17
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

To consider the Statement of Accounts for 2016/17.

2. Recommendations

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

3. Background

Under the Accounts and Audit Regulations 2015 the Director of Finance and Information Services was required to sign and date the statement of accounts, and confirm that he was satisfied that the accounts presented a true and fair view of the financial position of the authority at 31 March and of the authority's income and expenditure for 2016/17, by 30 June 2017.

From 3 July 2017 to 11 August 2017 any person was able to inspect the accounts of the Council for the year ended 31 March 2017 and certain related documents (comprising books, deeds, contracts, bills, vouchers and receipts and other documents relating to those records). From 1 July 2017 to 11 August 2017, a local government elector for the area of the Council, or his/her representative, could object to the Council's accounts asking that the auditor issue a report in the public interest (under schedule 7 of the Local Audit and Accountability Act 2014) and/or apply to the court for a declaration that an item in the accounts is contrary to law (under section 28 of the Local Audit and Accountability Act 2014). These rights were not exercised in respect of the Council's draft Statement of Accounts for 2016/17.

After considering comments from the auditors, and making adjustments that he felt were appropriate, the Director of Finance and Information Services (Section 151 Officer) has re-confirmed that he is satisfied that the statement of accounts presents a true and fair view of the financial position of the authority at 31 March and of the authority's income and expenditure for 2016/17. A list of non-trivial adjustments made by the Director of Finance and Resources (Section 151 Officer) is contained in the Appendix.

The Statement of Accounts 2016/17 includes an overview of the City Council's performance on pages 13 to 19 and a commentary on the financial statements on pages 19 to 33.

4. Reasons for Recommendations

The Accounts and Audit Regulations 2015 now require members of the Council to:

- a) consider the statement of accounts;
- b) approve the statement of accounts by a resolution
- c) ensure that the statement of accounts is signed and dated by the person presiding at the committee at which that approval is given

Portsmouth City Council discharges these responsibilities through its Governance and Audit and Standards Committee.

The Governance and Audit and Standards Committee now have two options:

- 1) Approve the statement of accounts
- 2) To identify areas of concern and not approve the accounts

In considering the statement of accounts the Committee should take into account any comments made by the auditor.

Under the Accounts and Audit Regulations 2015 the Council must publish its accounts together with any certificate or opinion entered by the auditor by 30 September.

The audit of the Statement of Accounts is ongoing. Therefore it is recommended that authority be delegated to the Chair of the Governance and Audit and Standards Committee to sign an amended 2016/17 Statement of Accounts after 15 September should this be required following comments by the auditor

5. Equality Impact Assessment

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

6. Legal implications

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

If the statement of accounts is not approved by the Committee by 30 September the Council will be in breach of the Accounts and Audit Regulations 2015. Failure to approve and publish the accounts within the timeframe set out in the Accounts and Audit Regulations 2015 would represent a potential risk to the reputation of the Council.

7. Director of Finance & Information Services (Section 151 Officer) comments

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

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

Appendix: List of non-trivial amendments made by the Director of Finance and Information Services (Section 151 Officer)

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:

<u>Title of document</u>	Location
1 Accounts and Audit Regulations 2015	Legislation.gov.uk website
2 Information pertaining to the audit in the possession of the Council	Financial Services

Non-Trivial Adjustments Made to the Accounts Since Publication on 30 June

Note 35 Prior Period Adjustments - (b) Change in Estimation Methodology Relating to the Highways Private Finance Initiative (PFI) Scheme

An enhancement to comparative data through the inclusion of comparative balance sheet figures as at 1 April 2015.

Note 41 Liability Relating to Defined Benefit Pension Scheme - Narrative in Pensions Assets and Liabilities Recognised in the Balance Sheet

The total liability was misstated in the narrative below the table as £357.6m. This figure has been amended to £355.0m.

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**Portsmouth City Council
Audit results report**

Year ended 31 March 2017

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Agenda Item 7



Building a better
working world

XX September 2017

Dear Governance and Audit and Standards Committee Members

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

Subject to concluding the outstanding matters listed in our report, we confirm that we expect to issue an unqualified audit opinion on the financial statements in the form at Section 3, before the statutory deadline of 30 September 2017. We also have no matters to report on your arrangements to secure economy, efficiency and effectiveness in your use of resources.

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

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

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

Yours faithfully

Helen Thompson
Executive Director

For and on behalf of Ernst & Young LLP

United Kingdom

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06 Other Reporting Issues

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08 Appendices

In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the via the PSAA website (www.PSAA.co.uk).

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

The "Terms of Appointment (updated September 2015)" issued by the 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 in legislation, and covers matters of practice and procedure which are of a recurring nature..

This report is made solely to the Governance and Audit and Standards Committee, other members of the Council and management of Portsmouth City Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Governance and Audit and Standards Committee, other members of the Council and management of Portsmouth City Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Governance and Audit and Standards Committee, other members of the Council and management of Portsmouth City Council for this report or for the opinions we have formed. It should not be provided to any third-party without obtaining our written consent.



01 Executive Summary



Executive Summary

Overview of the audit

Scope and materiality

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

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

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

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

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Status of the audit

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

- ▶ Routine testing of property, plant and equipment balances; grant income; and contracts
- ▶ Receipt and review of one bank confirmation letter covering a recorded balance of £5 million
- ▶ Disclosure testing including disclosures in the Movement in Reserves Statement and the Expenditure and Funding Analysis and assessment of disclosures in the Governance Statement and Narrative Statement for consistency with wider audit knowledge
- ▶ Completion of procedures required by the National Audit Office (NAO) regarding the Whole of Government Accounts submission
- ▶ Continued monitoring of progress of EU investigation into transactions with MMD Shipping Services Ltd
- ▶ Manager and director review of outstanding areas of testing
- ▶ Receipt and review of the signed accounts and the signed Letter of Representation
- ▶ Completion of subsequent events review.

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



Executive Summary

Executive summary (continued)

Objections

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

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

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

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Audit differences

At the time of drafting this report, there are no adjusted or unadjusted differences identified from our work that we need to report to you.

We requested some minor changes to disclosure of roundings (all under £10,000).

We note that at the time of writing this report, work is ongoing in a number of areas. We will update the Governance and Audit and Standards Committee of any further adjusted or unadjusted differences.



Executive Summary

Executive summary (continued)

Areas of audit focus

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

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

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

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

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

Value for money

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

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



Executive Summary

Executive summary (continued)

Other reporting issues

Our procedures include reviewing the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. At the time of writing this report, our assessment was ongoing.

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

We have no other matters to report.

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Control observations

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

Independence

Please refer to Appendix B for our update on Independence.






02 Areas of Audit Focus



Areas of Audit Focus

Audit issues and approach – significant risk: Management override

Management override of controls

 Significant Risk

What is the risk?

Risk of management override

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

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

What did we do?

We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in preparing the financial statements.

We reviewed accounting estimates for evidence of management bias and we evaluated the business rationale for any significant unusual transactions.

We performed sample testing on additions to the property, plant and equipment balance.

Our testing of the Movement in Reserves Statement will include assessing the appropriateness of £20,155,000 transferred out of the Earmarked General Fund Reserve and £3,876,000 transferred in to the Housing Revenue Account Earmarked Capital Reserve and of adjustments of £111,221,000 between accounting and funding bases which impact on the Usable and Unusable Reserves.

What are our conclusions?

From our work completed to date:

We have not identified any material weaknesses in controls or evidence of material management override of controls.

We have not identified any instances of inappropriate judgements being applied in relation to your accounting estimates.

We did not identify any other transactions during our audit which appeared unusual or outside the normal course of business.

We found that the additions to property, plant and equipment met the relevant accounting requirements to be capitalised.

We will update our findings when all testing of the Movement in Reserves Statement is complete.



Areas of Audit Focus

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

Format of comprehensive income and expenditure statement

What is the risk?


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

What did we do?

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

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

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 Other non-significant Risk

What are our conclusions?

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

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

From the work completed we are satisfied that the format of the comprehensive income and expenditure account is appropriate.



Audit issues and approach: PFI and similar arrangements

PFI and similar arrangements

What is the risk?

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

What did we do?

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

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

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



Areas of Audit Focus

Audit issues and approach: PFI and similar arrangements

What are our conclusions?

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

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

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



Audit issues and approach: EU investigation

EU investigation

What is the risk?

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

What did we do?

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

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

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

What are our conclusions?

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

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



Areas of Audit Focus

Audit issues and approach: Harbour accounts

Harbour accounts



Other non-significant Risk

Page 59

What is the risk?

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

What did we do?

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

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

What are our conclusions?

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

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



Areas of Audit Focus

Audit issues and approach: Reliance on experts

Reliance on experts

Reliance on experts highlighted in the Audit Plan

We identified three areas in in the financial statements where Portsmouth City Council accounted for valuations derived from the work of experts:

- ▶ Property, plant and equipment (£1,177 million), derived from the work of internal valuers;
- ▶ Pension liability (£355 million), derived from the work of Aon Hewitt; and
- ▶ Provision for appeals by non-domestic rate payers (£7.1 million), derived from the work of Analyse Local.

In accordance with Auditing Standards, our procedures include evaluating each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by each specialist in light of our knowledge of the Council's environment and processes and our assessment of audit risk in the particular area. As part of this work we perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the expert to establish whether the source data is relevant and reliable;
- ▶ Assess the reasonableness of the assumptions and methods used;
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.

We have no observations to report in connection with this work.



03 Audit Report



Audit Report

Draft audit report

Our opinion on the financial statements

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

Opinion on the Authority's financial statements

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

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

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

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

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

Scope of the audit of the financial statements

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



Audit Report

Draft audit report (continued)

Our opinion on the financial statements

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters

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

Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects.

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

Authority's responsibilities

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



Audit Report

Auditor's responsibilities

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

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

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

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

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

Conclusion

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

Certificate

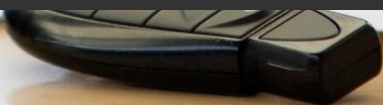
We certify that we have completed the audit of the accounts of Portsmouth City Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

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

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



04 Audit Differences



Audit differences

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

Summary of adjusted and unadjusted differences

At the time of drafting this report, there are no adjusted or unadjusted differences identified from our work that require reporting to you.

We requested some minor changes to disclosure of roundings (all under £10,000); the correction of a typing error in a footnote to Note 41; and an enhancement to comparative data in Note 35.

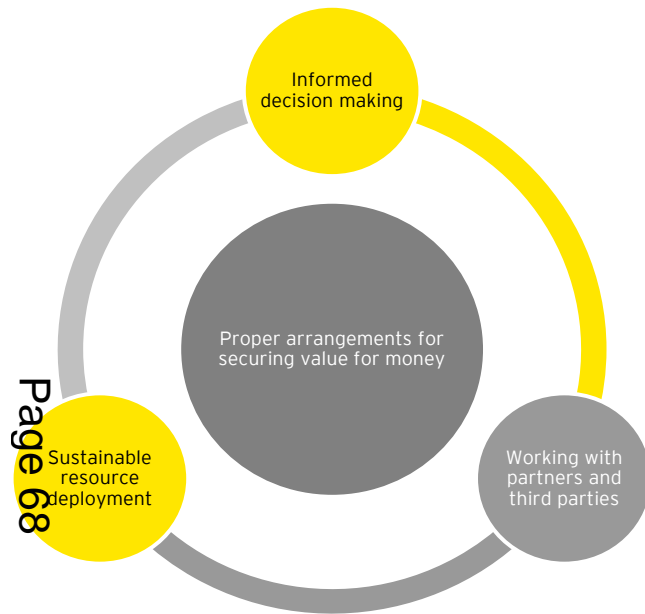
We note that at the time of writing this report, work is ongoing in a number of areas. We will update the Governance and Audit and Standards Committee of any further adjusted or unadjusted differences.



05 Value for Money



Value for Money



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Economy, efficiency and effectiveness

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

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

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

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

Overall conclusion

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

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



Value for Money

VFM risks

We are only required to determine whether there is any risk that we consider significant within the Code of Audit Practice, where risk is defined as: *“A matter is significant if, in the auditor’s professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public”*

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

The table below presents the findings of our work in response to the risks areas in our Audit Plan [\[as well as any additional risks identified since then\]](#).

What was the significant VFM Risk?

Informed Decision Making

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

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

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

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



What was our planned response

What are our findings?

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

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

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

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

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

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

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

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



What was our planned response

What are our findings?

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

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

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

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

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

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

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



06

Other reporting issues



Other reporting issues

Other reporting issues

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

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

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

This testing was on-going at the time of writing our report.

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Whole of Government Accounts

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

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



Other reporting issues

Other reporting issues

Other powers and duties

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

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

Other matters

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

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

We have no such matters to report.



Assessment of Control Environment



Assessment of control environment

Financial controls

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

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Our work to understand the design of internal controls included receiving and reviewing internal audit reports throughout the year. As we have adopted a fully substantive approach, we have not tested the operation of controls.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

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

We note two observations for consideration in future years:

PFI and Similar Arrangements:

As part of our work we noted that the Highways Maintenance contract is due to be renegotiated. We recommend that the supporting model is revisited by Portsmouth City Council when the deed of variation is signed, with checks to confirm that total liabilities and the classification between operating costs and finance costs under any new contract terms remain in line with the CIPFA Code.

Group Accounts:

Portsmouth City Council is the sole owner of MMD Shipping Services Ltd, a company which is growing and for which the Council recently approved future investment of £2 million. On 29 July 2017, the Council also approved an outline business case for the establishment of a municipal energy supply company. Although Portsmouth City Council has so far not met the criteria required by CIPFA for the preparation of group accounts, the criteria should be closely assessed in future years as the size and significance of interests in other entities could increase, meaning that group accounts may be required.



08 Appendices



Appendix A

Required communications with the Governance and Audit and Standards Committee

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

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



Appendix A

Our Reporting to you

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



Appendix A





Our Reporting to you

Required communications	What is reported?	When and where
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ We were unable to obtain relevant and reliable audit evidence from other procedures. 	<p>At the time of writing this report, one bank confirmation letter coveting a recorded balance of £5 million had not yet been received.</p> <p>We have received all other requested confirmations</p>
Consideration of laws and/or regulations	<ul style="list-style-type: none"> ▶ Audit findings of non-compliance where it is material and believed to be intentional. This communication is subject to compliance with legislation on "tipping off" ▶ Asking the Governance and Audit and Standards Committee about possible instances of non-compliance with laws and/or regulations that may have a material effect on the financial statements, and known to the Governance and Audit and Standards Committee. 	<p>We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations</p>
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit. 	<p>September 2017 Audit Results Report</p>
Independence	<p>Communication of all significant facts and matters that have a bearing on EY's objectivity and independence.</p> <p>Communicating key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information on the firm's general policies and processes for maintaining objectivity and independence <p>Communications whenever significant judgments are made about threats to objectivity or independence and the appropriateness of safeguards,</p>	<p>February 2017 Audit Plan</p> <p>September 2017 Audit Results Report</p>

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Appendix A

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Fee Reporting	<ul style="list-style-type: none"> Breakdown of fee information when the audit plan is agreed Breakdown of fee information at the completion of the audit Any non-audit work 	<ul style="list-style-type: none"> February 2017 Audit Plan September 2017 Audit Results Report
Certification work	Summary of certification work	Certification Report (due later this year)



Independence

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

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

We consider that our independence in this context is a matter which you should review, as well as us. It is important that you and your Governance and Audit and Standards Committee consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the Governance and Audit and Standards Committee on 15 September 2017.

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

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

	Planned Fee 2016/17 £	Scale Fee 2016/17 £	Final Fee 2015/16 £	Scale Fee 2015/16 £
Total Audit Fee - Code work	149,438	149,438	149,438	149,438
Objection 2015/16 - additional fee	-	-	TBC	-
Total	149,438	149,438	TBC	149,438
Certification of claims and returns	13,757 ^a	17,196	17,797	17,797

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



Management representation letter

Management Rep Letter

[To be prepared on the entity's letterhead]

[Date]

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

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

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



Appendix C

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

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations (England) 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016-17.
2. We acknowledge our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position and of its expenditure and income of the Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. We believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 that are free from material misstatement, whether due to fraud or error.

B. Fraud

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



Appendix C

C. Compliance with Laws and Regulations

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

D. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters as agreed in terms of the audit engagement.
 - Additional information that you have requested from us for the purpose of the audit.
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence and
 - Appropriate alternative evidence to support entries in the financial statements, where the originals were destroyed in the fire.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have made available to you all minutes of the meetings of the Council, Cabinet, and Governance & Audit & Standards Committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 15 September 2017.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.



Appendix C

5. We have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

E. Liabilities and Contingencies

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

F. Subsequent Events

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

G. Accounting Estimates

1. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
2. Accounting estimates recognised or disclosed in the financial statements:
 - We believe the measurement processes, including related assumptions and models, we used in determining accounting estimates is appropriate and the application of these processes is consistent.
 - The disclosures relating to accounting estimates are complete and appropriate in accordance with the applicable financial reporting framework.
 - The assumptions we used in making accounting estimates appropriately reflects our intent and ability to carry out specific courses of action on behalf of the entity, where relevant to the accounting estimates and disclosures.
 - No subsequent event requires an adjustment to the accounting estimates and disclosures included in the financial statements.



Appendix C

H Retirement benefits

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

I Use of the Work of an Expert

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

J Expenditure and Funding Analysis

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

Yours Faithfully,

Director of Finance and Information Services



Appendix C

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

Chairman of Governance & Audit & Standards Committee

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ED None

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Title of meeting:	Governance & Audit & Standards Committee
Date of meeting:	15 th September 2017
Subject:	Audit Performance Status Report to 18th August 2017
Report by:	Chief Internal Auditor
Wards affected:	All
Key decision:	No
Full Council decision:	No

1. Summary

- 1.1 This is a progress report for the 2017-18 planned audit activities. To date two 'No Assurance' audits have been identified with no critical risks raised.
- 1.2 There are 71 Full Audits and 40 Follow ups, planned for 2017, totalling 111 reviews. This has increased from the 105 reported in June 2017.
The 6 additional audits are:
 - Culture and City Development - Safety Signage Follow up
 - Children Social Care - Residential Units
 - Regeneration - SIM Card Inventory and Control
 - Community and Communication - Covert Surveillance Social Media
 - External - Meredith infant Scholl
 - Adult Social Care - Write off Charges
- 1.3 To date, 49 (44%) have been completed or are in progress as at 18th August 2017. This represents 27 (55%) audits where the report has been finalised, 3 (6%) where the report is in draft and 19 (39%) audits currently in progress.
- 1.4 In addition to the planned audits there are 11 areas of on-going work and 2 continuous audits which contribute to risk assurance.
- 1.5 Areas of Assurance are shown in Appendix A.

2. Purpose of report

- 2.1 This report is to update the Governance and Audit and Standards Committee on the Internal Audit Performance for 2017/18 to 18th August 2017 against the

Annual Audit Plan, highlight areas of concern and areas where assurance can be given on the internal control framework

3. Recommendations

- 3.1 That Members note the Audit Performance for 2017/18 to 18th August 2017.
- 3.2 That Members note the highlighted areas of control weakness from the 2017/18 Audit Plan.

4. Background

- 4.1 The Annual Audit Plan for 2017/18 has been drawn up in accordance with the agreed Audit Strategy approved by this Committee on 3rd February 2017 following consultation with Directors and the previous Chair of this Committee. The Plan will be revised quarterly to take account of any changes in risks/ priorities, in accordance with the Strategy.
- 4.2 For 2017/18 Internal Audit will conduct 1005 days of audit work for external clients.

5. Audit Plan Status 2017/18

Percentage of the approved plan completed

- 5.1 44% of the annual audit plan has been completed. Appendix A shows the completed audits for 2017/18. Appendix B shows the completed follow up audits for 2017/18.

The overall percentage figure is made up as follows:

- 8 new reviews (16%) audits where the report has been finalised, 3 (6%) where the report is in draft and 19 (39%) audits currently in progress
- 19 (39%) planned follow ups where the report has been issued

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

Reactive Work

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

Exceptions

5.4 Of the 2017/18 full audits either completed or at the draft report stage the number of exceptions within each category have been:

- 0 Critical Risk
- 30 High Risk
- 10 Medium Risk
- 0 Low Risk (Improvements)

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

	2015/16	2016/17	2017/18
% of the audit plan completed	47%	44%	44%
No. of Critical exceptions*	0	1	0
No. of High risk exceptions	15	31	30

Ongoing Areas

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

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

Continuous Audit Areas

5.7 The following 2 areas are subject to continuous audit (i.e. regular check to controls) and feed into overall assurance;

- Key risks management in services
- Performance Management

Internal Audit, in collaboration with the Purchase to Pay (P2P) team, facilitates the weekly review of potential duplicate invoices. Using Data Analytics software to analyse all invoices, a number of automated tests highlight potential duplicates which the P2P team then investigate. Since inception in 17th July 2017, approximately £28,000's worth of duplicate payments have been stopped.

6. Areas of Concern

New areas of concern

6.1 External - Harbour School

6.1.1 The audit of Harbour School was given no assurance as testing resulted in thirteen high risk and 6 medium risk exceptions.

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

Exception 1 - There was no evidence that the Schools Financial Value Statement (SFVS) was agreed or submitted to the Local Authority by the Governing Body for year ending March 2016 or by the Interim Education Board (IEB) for year ending March 2017.

Completion and submission of the SFVS is a mandatory requirement for Local Authority Schools, as Governors are required to give assurance to all stakeholders that they have secure financial management in place.

Agreed Action - An interim SFVS statement, will be completed by the IEB, once the exceptions and agreed actions raised as a result of this audit, have been addressed.

Exception 2 - The School Single Central Record (SCR) presented for testing had 136 employee entries, of which 31 (25%) had exceeded the three year Disclosure & Barring Service (DBS) renewal date. Based on this document, no assurance can be given that the SCR is accurate or contains all relevant staff or data. This could result in appointing an employee who does not have the appropriate skills, abilities or qualifications for the job and / or who may have a criminal record (the details of which may preclude them from working in a school).

Agreed Action - During the exit meeting it was confirmed that the document presented to the auditor for testing was not current and the school had already identified that a number of DBS records had exceeded the three year renewal date. It was also confirmed that the safeguarding lead for the school is working to ensure that the checks are all completed and up to date.

Exception 3 - There was no evidence that there is a current, signed hire agreement for the school let or evidence of Governing Body review of charges. The school will have no evidence of the agreed conditions of use in the event of a dispute and if charges are not reviewed annually the Governing Body will not have evidence that the income received outweighs the cost to the school for the hire.



Agreed Action - The IEB will review the Terms & Conditions of Hire and charge for lettings at the beginning of the new academic year. All hirers will be required to complete an annual Terms & Conditions of Hire.

Exception 4 - The inventory of assets did not contain adequate detail in order to identify an asset in the event of an insurance claim. There is no evidence of annual asset checks or that the Head teacher authorises disposal of assets. This increases the chance of loss or theft going undetected and may result in any insurance claims being negated.

Agreed Action - An inventory control and stock check process will be implemented and an initial stock audit will ensure that all current assets have been listed and categorised correctly on the inventory. Annual checks will be carried out and evidenced by a person who is independent from the control and administration of the inventory. Disposal of assets will be authorised by the Head Teacher.

Exception 5 - At the time of audit testing there was no approved deficit recovery plan in place to reduce the deficit and return to a break-even point. Historically the School have been in a deficit budget position since 2014/2015. Regular meetings between the Education Finance team and the Governing Body highlighted that the deficit was not reducing according to the agreed plan (in part due to funding not reaching the predicted levels). The Governing Body was replaced by an IEB in July 2016.

Agreed Action - A workable Deficit Recovery Plan will be agreed and, following written agreement with the Section 151 Officer, a recovery plan timetable and supporting monitoring schedule will be implemented and checked at each IEB meeting.

Exception 6 - Testing highlighted weakness in the control and administration of purchase cards. One purchase via Amazon UK Marketplace was noted as sent to the cardholder's home address. For another card holder it was highlighted 98 receipts were lost – total value £172.66 (24% of total) over a 3 month period.

Agreed Action - The purchasing process will be centralised from September 2017 and robust controls will be put in place to ensure expected procedures are followed.

Exception 7 - Purchase orders were found to be have been raised retrospectively which is against PCC Financial Rules as expenditure is not being duly authorised prior to commitment.

Agreed Action - The purchasing process will be centralised from September 2017 and robust controls will be put in place to ensure expected procedures are correctly followed.

Exception 8 - The school operate 2 leased cars, 3 leased mini buses, 1 leased van, 2 rented mini buses and 2 owned mini buses. The logs for these vehicles are incomplete and details recorded are poor and do not comply with the expected controls.



No assurance can be given that the vehicles have been used for legitimate business use, or that the drivers (where required) hold current MIDAS certificates.

Agreed Action - A robust process will be implemented to ensure all journey log books are maintained to ensure that they are completed correctly and kept clear and up to date. The school is in the process of installing mileage meters in the mini buses which will assist in determining the accuracy of the log books.

Exception 9 - Expected procurement rules are not being adhered to. Procedures for procurement are 'mostly by phone and normally 3 suppliers are contacted'.

Documentation in the 'quotations' folder is muddled and unclear and it is not possible to determine 3 written quotations for the same items. The School cannot demonstrate that they have obtained quotations to ensure that they have not favoured a particular supplier and achieved value for money.

Agreed Action - The purchasing process will be centralised from September 2017 and robust controls will be put in place to ensure expected procurement procedures are followed.

Exception 10 - Testing could not confirm that all mini bus drivers are appropriately trained due to the poor control and administration of MIDAS certificates for mini bus drivers and illegible log book records. A non-MIDAS qualified driver may negate the insurance policy in the event of an accident.

Agreed Action - A summary of the copy of the MIDAS certificates will be retained on file as evidence that the driver is a member of the scheme, holds a current certificate and when the certificate is due for renewal.

Exception 11 - The school do not have a Business Continuity Plan which is compliant with best practice. In the event of an emergency the school may not have the required resources or awareness of a strategy to resolve the issue.

Agreed Action - Each site will be assessed individually for potential risks associated with their provision. These assessments will be included in a comprehensive Business Continuity Plan which will be approved by the IEB and communicated to all staff. The plan will be reviewed on an on-going basis and annually as part of the SFVS ratification.

Exception 12 - Petty cash reconciliations are not taking place on a monthly basis. Some reimbursements exceed the £200.00 petty cash limit.

A lack of regular reconciliations places the Finance Officer in a potentially vulnerable position in the event of loss or theft of money.

Petty cash may also be used to circumvent the required method of payment.

Agreed Action - A Financial monthly checklist will be implemented which will stipulate that the petty cash account must be reconciled on a monthly basis. A financial rule waiver will be requested for petty cash reimbursements.

Exception 13 - A sample of personnel files highlighted that confidential / sensitive data is being retained which is a breach of the DBS Code of Practice

and Data Protection Act. This could result in enforcement action from the Information Commissioner or a potential fine.

Agreed Action - All personnel files will be checked to ensure that they only contain permitted document which is compliant with the Data Protection Act.

6.1.3 At the request of the IEB and Head Teacher a follow up audit will take place in Quarter 3 of 2017/18 to ensure that the agreed actions have been fully implemented.

6.2 External - Mayfield School

6.2.1 The audit of Mayfield School was given no assurance as testing resulted in ten high risk and one medium risk exceptions.

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

Exception 1 - For the period tested there was no evidence of a complete management trail from receipt to banking therefore no assurance can be given regarding the accuracy of income banked or that there has been no errors, loss or misappropriation of funds.

Agreed Action - The current process will be reviewed and an effective management trail from receipt to banking will be implemented.

Exception 2 - There was no evidence that there are current, signed hire agreements for all lettings - including the mini bus when it is externally hired. The last review of charges was in April 2015. The school will have no evidence of the agreed conditions of use in the event of a dispute and if charges are not reviewed annually the Governing Body will not have evidence that the income received outweighs the cost to the school for the hire.

Agreed Action - The Full Governing Body will review the Terms & Conditions of Hire and charge for lettings at the beginning of the new academic year and on an annual basis moving forward. All hirers will be required to complete and sign an annual Terms & Conditions of Hire.

Exception 3 - Testing highlighted that the school safe contained large amounts of uncounted cash in unlocked cash tins. There was no evidence that any of the Finance staff are aware of, have signed or are complying with either a copy of the PCC Cash Handling Policy or the Mayfield School Finance Policy.

No assurance can be given regarding the accuracy of income held in the safe or that there has been no errors, loss or misappropriation of funds.

Agreed Action - Controls will be put in place to ensure compliance with PCC Financial Rules and Income Handling Policy.



All income in relation to the Friends of Mayfield will be kept in a locked cash tin with the key retained by the Treasurer of the fund and the total cash held notified to the Finance Officer on each occasion before the tin is placed in the school safe.

Spot checks will be made by the Finance Officer to ensure that the total amount of cash held in the safe at any one time does not exceed the permitted cash holding limit of £2,500.00.

Exception 4 - Petty cash reconciliations are not taking place on a monthly basis. A reconciliation was carried out during this financial year in June 2017 and previous to this a reconciliation took place in February 2017.

A lack of regular reconciliations places the Finance Officer in a potentially vulnerable position in the event of loss or theft of money.

Agreed Action - Petty cash reconciliations will be carried out on a monthly basis or, as minimum, every six weeks if the level of claims is minimal.

Exception 5 - Nine occasions were highlighted where staff had claimed personal 'reward points' for purchases made on behalf of the school and there were two instances where petty cash cheque reimbursements were 'split' for payment of invoices which exceeded the petty cash limit of £200.00 per transaction

Non-compliance with PCC financial rules and staff obtaining personal reward points while purchasing goods on behalf of the school may be deemed to be a 'benefit in kind' by Her Majesty's Revenue & Customs (HMRC).

Petty cash may also be used to circumvent the required method of payment.

Agreed Action - Staff will be reminded that personal reward points cannot be claimed when purchasing items on behalf of the school.

A financial rule waiver will be sought for any potential reimbursements which exceed the permitted petty cash limit.

Exception 6 - Testing highlighted a sample of transaction entries where the descriptor narrative was the name of the supplier and not a description of the goods purchased and one transaction entry where the purchase was 'flowers for a member of staff'. Assurance cannot be given that these purchases were compliant with policy and rules.

Agreed Action - Staff will be reminded of the requirement to include detail of purchases made in the 'descriptor field' for future claims.

Staff will also be reminded that the purchase of flowers for staff constitutes 'forbidden expenditure' and failure to comply with the Purchase Card policy may result in the withdrawal of the card.

Exception 7 - Closed-circuit television (CCTV) cameras are in operation on the school premises but Governors have not adopted a CCTV Policy as required by the Information Commissioner's Office.

Non-compliance with the Data Protection Act could result in a potential fine to the School.

Agreed Action - The Governing Body will review and ratify the school CCTV Policy at the next Full Governing Body meeting which is due to be held in October 2017.



Exception 8 - The school asset register is incomplete and there is no evidence of annual physical checks. This may result in the loss or theft of assets going undetected, non-compliance with Insurance requirements may negate the Policy in the event of a claim for lost or stolen assets. The current practice places the school staff in a vulnerable position as there is a lack of internal control for the administration of assets.

Agreed Action - A review will be carried out to ensure that all non IT assets which are deemed portable, attractive and worth over £200.00 in value are included on the inventory. Annual checks will be carried out and evidenced by a person who is independent from the control and administration of the inventory. Spot checks will continue to be carried out by a member of the Governing Body – the results of the check will be annotated on the inventory as evidence of the check.

Exception 9 - A copy of the statement of accounts for the Unofficial Fund was not submitted to the Local Authority by the 31st October deadline. This exception was raised during the previous audit but no explanation was given for the lateness of submission for the 2015/2016 accounts.

The Governing Body are not able to demonstrate that they have fulfilled their role of challenge and support in the field of budget management in relation to the schools unofficial fund.

Agreed Action - The Governing Body will monitor the operation of the Unofficial Account to ensure an Audited Statement of Account is submitted to the Local Authority within the expected deadline in the future.

Exception 10 - The Friends of Mayfield PTA group do not present audited statements of account to the Full Governing Body on an annual basis. The Governing Body cannot demonstrate they have appropriate financial control over the operation of the PTA accounts.

Agreed Action - The Governing Body will monitor the operation of the PTA Funds to ensure an Audited Statement of Account is submitted within the expected deadline in the future.

- 6.2.3 At the request of the Head Teacher, the Report will be presented to the Governing Body by a member of the Audit Team on 18th October 2017 for consideration and a decision regarding providing assurance to the Section 151 Officer that the school has an effective financial management framework in place.

Updates on no assurance audits previously reported to committee

- 6.3 Housing and Property - Compliance with Fire Policy - Significant progress**
- 6.3.1 The 2016/17 audit on Compliance with Fire Policy resulted in no assurance being given. A follow up audit was conducted as part of the 2017/18 audit plan.

6.3.2 1 critical risk, 1 high risk and 2 medium risk exceptions arose during the original audit. The results of the follow up are detailed in the table below.

Original Critical Exception 1 - The PCC Fire and Asset Management policies state that each property should have a full fire risk assessment (FRA) every ten years, and that these must be reviewed regularly. Properties over 6 storeys are classed as 'high risk' and must be reviewed every two years. Properties below 6 storeys as required by PCC policy, should be reviewed every three years.

PCC has 39 properties that are six storeys or over. Testing confirmed that seven blocks of flats (18%) were established as missing a current FRA, and fifteen blocks (38%) were shown to have an expired FRA.

Of the 712 properties which are 5 storeys or lower, analysis found that 280 (39%) had no recorded FRA date, and 171 (24%) blocks were overdue a review.

If PCC has not carried out a Fire Risk Assessment for all of its properties subject to The Regulatory Reform (Fire Safety) Order 2005, it may be putting its residents at risk of serious harm in the event of a fire. Not fulfilling this responsibility under the Act constitutes a summary offence, subject to a £1000 fine, or, upon indictment, a fine and/or imprisonment not exceeding two years.

Follow up Results - An updated data extracted from the Repairs & Maintenance database was verified on 17th July 2017 as part of follow-up testing. As at this date: All forty properties six-storeys and above had a FRA within its expiry. All were within their planned review period. All 742 properties 5 storeys and below that fall under the requirement to have an FRA were shown as having received one. All FRAs were shown to be within their expiry, though 181 of these properties were shown to have exceeded their planned review date.

Further Agreed Action - To ensure that all FRAs remain current for all six and above storey properties. To continue with previous agreed action, to bring all five and below storey properties up to date by September 2017.

Original Exception 2 - PCC has landlord responsibility for 14,821 properties. Of these, 13,064 have a gas supply. Testing found that 143 of these did not have a gas certificate in line with Gas Safety (Installation and Use) Regulations 1998 s.36 (2) & (3). Action had not been taken to address this situation for 11 cases (<1%).

Failure to properly maintain a tenant's gas equipment may ultimately result in a loss of life, or damage to PCC property. In constituting a breach of regulations, it could lead to prosecution. If referred to the Crown Court, the potential outcomes include imprisonment and an unlimited fine. Although the number of outstanding properties represents a very small percentage of the overall population, the exception has been rated as high-risk, as expired certificates constitute a breach of the legislation.

Follow up Results - An export of the Repairs and Maintenance database taken as at 19/07/2017 was provided by the Mechanical and Electrical Repairs Manager. It revealed that, of the 13,478 properties for which PCC has a responsibility to carry out gas safety checks, 258 (2%) were showing as out of date. 217 out of date properties related to HRA residential properties, and the remaining 41 were General Revenue Account (GRA) properties including schools, offices and community centres.

All properties that required a gas safety check were accounted for within the clarification provided by the Mechanical and Electrical Repairs Manager which can be viewed within the full report.

Further Agreed Action - Continue to carry out annual gas service checks for all PCC properties requiring one. Also, ensure that all details are correct and up to date on the Repairs & Maintenance database.

6.3.3 After completion of the follow up review, on 25st August 2017, Housing and Property provided minutes from an internal meeting confirming that all blocks of flats now have a Fire Risk Assessment that is inside their stipulated review date. This was also evidenced from an extract of the Housing Stock Database dated 21st August 2017.

6.4 **External - Craneswater Junior - significant progress since original audit**

6.4.1 The 2016/17 audit of the Craneswater Junior School resulted in no assurance being given. A follow up audit was conducted as part of the 2017/18 audit plan.

6.4.2 7 high risk and one medium risk exceptions were raised as part of the original audit. The results of the follow up testing are detailed in the table below.

Original Exception 1 - Governors were not being offered the opportunity to declare any pecuniary interests before meetings of the Full Governing Body which contradicts the Schools Financial Value Standards (SFVS).

Follow up Results - Arrangements were evidenced as in place during the follow up for both declarations of pecuniary and personal interests for Governors and the Clerk.

Further Agreed Action - No further action required

Original Exception 2 - Staff have not completed the staff competencies matrix as declared on their SFVS statement. The Governing Body are responsible for ensuring this statement is accurate and that the skills mix is appropriate.

Follow up Results - A comprehensive competency matrix has been completed in January 2017 and was evidenced during the follow up

Further Agreed Action - No further action required



Original Exception 3 - No signed hire agreement form was in place for an ongoing let of the school hall. In addition there was no evidence that the hirer holds a current public liability certificate. Without an agreement there is no documented evidence of the conditions of the hire should there be needed to resolve a dispute. If the hirer doesn't have insurance any claims may become the responsibility of the school.

Follow up Results - Follow up testing evidenced a signed hire agreement form and evidence of current liability insurance from the hirer in question.

Further Agreed Action - No further action required

Original Exception 4 - At the time of audit testing the cash held in the safe exceeded the insurance limit of £3000 (£5394). This could negate the School's insurance policy in the event of a theft/loss.

Follow up Results - Governors have performed a spot check and as part of the follow up testing a review of the safe was undertaken. On all occasions the level of cash was below the permitted limit.

Further Agreed Action - No further action required

Original Exception 5 - Petty cash reconciliations were not being undertaken on a monthly basis which is a breach of PCC Financial Rules and does not enable the identification of errors or other inaccuracies which may then require correction.

Follow up Results - Follow up testing highlighted that the most recent petty cash claim had been reconciled and signed off by the Headteacher.

Further Agreed Action - No further action required

Original Exception 6 - The School's 'Emergency Management Plan' was found to be non-compliant with best practice. It was not clear who had written the plan, when, approval, and its review data. In the event of an emergency the school may not have the required resources or awareness of a strategy to resolve the issue presented.

Follow up Results - The Emergency Management Plan was reviewed after the audit. The Headteacher has assumed overall responsibility for the plan. The plan was scheduled to be discussed during the next staff training day scheduled for June 2017

Further Agreed Action - No further action required

Original Exception 7 - 7 of 18 MIDAS certificates required to operate the minibus were found to have expired. Using a non MIDAS driver may negate the insurance policy in the event of an accident.

Follow up Results - Follow up testing evidenced that a driver tracking spreadsheet has been implemented and 100% of the drivers (17) had a current MIDAS certificate.

Further Agreed Action - No further action required**6.5 HR Legal and Performance - Staffing off Contract - partially resolved**

- 6.5.1 The 2016/17 audit of Staffing off Contract resulted in no assurance being given. A follow up audit was conducted as part of the 2017/18 audit plan.
- 6.5.2 1 Critical risk and 2 high risk exceptions were raised as part of the original audit. The results of the follow up testing are detailed in the table below.

Original Critical Exception 1 - A sample of 19 workers was tested, of which 14 (73%) had been allowed to commence work on the basis of a DBS check carried out under previous employment. However for 9 of the 14 employees, the agency couldn't evidence that a review of this previous DBS check had occurred prior to employment at PCC. For the remaining 5 employees, these DBS checks were reviewed after employment commenced, which is a breach in policy.

Checks were then conducted on the current DBS certificates for the 19 workers. There was no record on file that a DBS check had been done for 4 workers (21%) and the certificate for 1 worker (5%) was not seen until after employment with PCC started even though they had not previously had a DBS check carried out.

If an incident was to occur and it was found that the temporary employee had not been DBS checked a claim could be made against both the agency and the Authority which could result in a financial loss and reputational damage.

Follow Up Results - Pre-employment DBS checks were tested. The results show for 3 of the 8 (38%) workers that: It was not possible to tell for 2 (67%) workers whether their certificates had been seen prior to employment with PCC commencing as the review form was not dated. No issues were found for the other worker

Post-employment DBS check were also tested for all 8 workers. It was not possible to tell for 3 (38%) workers whether their certificate had been seen prior to employment with PCC commencing as the review form was not dated.

Evidence was provided by the contracts team that they have carried out one visit to Staff 2000 to check staff documentation. A further visit is planned for December 2017.

Further Agreed Action - To commence the recruitment process for the peripatetic team staff, with the view to putting the team into place September/October for a 6 month initial trial period - July/August 2017. Residential Homes to continue to check DBS and record the certificate number for all

agency staff entering the home for the first time. Contracts team to carry out a further visit to Staff 2000.

Original Exception 2 - Testing highlighted that for 11/19 (58%) workers only had one reference on their file. PCC recruitment process requires two references. Without adequate references a risk arises that a recruitment decision is made on incomplete information. In addition, 1 worker (Accountant) hired via Sheridan Maine had no evidence of any qualifications held on file.

Follow Up Results - The Director of HR, Legal & Performance confirmed that the HR Business Partners communicated to service management teams that Comensura should be used to fulfil all temporary staffing requirements.

A list was provided by Staff 2000 of all current staff being used by PCC. There are currently only 9 workers being used, 1 was covered in audit testing under the original audit. For the 8 files tested during the follow-up, 2 workers only had one reference on file (25%), references for 4 staff members were received after they had started working for the agency. A signed code of conduct and financial rules/information governance/fraud & corruption document was seen on file for all 8 workers.

Further Agreed Action - Unit Managers to continue to keep records where Comensura have been unable to fulfil requirements and feed this back to the Senior Manager. The Senior Manager to continue to discuss the issues with the Temporary Staff Manager - ongoing.

To commence the recruitment process for the peripatetic team staff, with the view to putting the team into place September/ October for a 6 month initial trial period - July/August 2017.

Original Exception 3 - Testing highlighted that for two of the recruitment agency used, they did not have an adequate public liability insurance. As a result, PCC could become liable for a claim which would not be covered by the recruitment agency resulting in a financial loss to the Authority.

Follow up Results - Follow up testing has confirmed that PCC, at the time of testing, were not employing any persons from the two agencies highlighted and that a communication was issued to all staff noting that Comensura should be used for all temporary workers.

Further Agreed Action - No further action required.

- 6.5.3 At present there are no plans for a further follow up audit in this area.
- 6.6 **Housing and Property - Emergency Procedures - limited progress**
- 6.6.1 The 2016/17 audit of the Emergency Procedures resulted in no assurance being given. A follow up audit was conducted as part of the 2017/18 audit plan.
- 6.6.2 3 high risk exceptions were raised as part of the original audit. The results of the follow up testing are detailed in the table below.

Original Exception 1 - Testing found that a sample of relevant staff did not have a copy or were aware of PCC's Emergency Planning document. If staff are not aware of the processes and protocols to follow in an emergency situation services may be ineffective or non-operational and staff/residents placed in danger.

Original Exception 2 - The Housing and Property service does not maintain centralised records of actions taken relating to emergency incidents. It is not therefore possible to evaluate whether responses to the emergency were correctly implemented against the Emergency Planning document or whether there are lessons to be learnt. i.e. staff training or revising the Emergency Planning procedures

Follow Up Results - The interim Director of Property & Housing has reconsidered the risks relating to this exception which were identified in the 2016/17 report. He has determined that the current arrangements do not adequately reflect the service's approach to emergency situations, and to the way that records of such situations are kept.

The interim Director of Property & Housing has stated that the Emergency Planning Document does not sufficiently reference other processes, including how and where data is recorded, nor does it appear to have been fully embedded with senior managers. It has been identified that there is not a sufficient means of recording incidents that are more than day-to-day emergencies, but require less than a full-scale emergency response. With this in mind, the service will undertake a review of their emergency procedures, in order to ensure that there is in place a means of logging, recording and reflecting on the approach taken to emergency incidents.

Further Agreed Action - Procedures to be reviewed and embedded by October 2017.

Original Exception 3 - No central records are kept detailing the type or frequency of emergency incidents that have occurred. Failure to log incidents does not enable patterns or trends to be identified and actioned relating to other properties or buildings, which could help prevent future incidents.

Follow Up Results - A copy of the Emergency Planning Document was obtained from the Assistant Housing Manager. The document has been recently updated to reflect current staff contacts within the service, Email evidence was obtained to show that the document was disseminated to senior Property & Housing management on 21st June 2017.

Further Agreed Action - No further action required

6.6.3 A further review of this area will be considered in future audit plans.

6.7 **External - Medina Primary - resolved**

6.7.1 The 2016/17 audit of Medina Primary resulted in no assurance being given. The exceptions raised were followed as part of the 2017/18 audit plan.

6.7.2 6 high risk exceptions were raised in the 2016/17 audit. The results of the follow up testing are detailed in the table below.

<p>Original Exception 1 - Testing reviewed the Schools Financial Value Standard (SFVS) statement for the year ending March 2016 and the auditor was unable to substantiate a number of the declarations within the statement. It was also not clear what documentation had been submitted to governors when they signed off on the statement.</p> <p>Follow Up Results - Testing confirmed that the Schools Financial Value Standard had been presented to the Full Governing Body for approval.</p> <p>Further Agreed Action - No further action required</p>
<p>Original Exception 2 - No evidence was found that the Governors of the school had a DBS check. This is in breach of the School Governance (Constitution) (England) Regulations 2012</p> <p>Follow Up Results - Testing evidenced DBS checks had been undertaken for 100% of the Governors at the time of testing.</p> <p>Further Agreed Action - No further action required</p>
<p>Original Exception 3 - A number of issues were found with hire agreement arrangements. No evidence was found that the governing body had approved the fees. Hire agreements were found for only 5 of 8 hirers and no evidence was available to confirm the 8 hirers had the required insurances in place. Without a hire agreement this is no evidence the hirer has accepted the terms and conditions for use. If an accident were to occur and the relevant insurance not in place the school could be exposed to compensation claims.</p> <p>Follow up Results - Full Governing Body minutes confirmed that approval had been granted for the continuation of the letting charges and the bulk discounts for some groups were to continue. Testing also evidenced that for the 5 current hirers, there was a hire agreement form and indemnity insurance policies had been sighted for all.</p> <p>Further Agreed Action - No further action required</p>
<p>Original Exception 4 - One of the four staff responsible for income collection had signed the PCC Income Handling Policy. This may mean that staff are not following Financial Rules and placing themselves in a vulnerable position to accusations of mishandling funds.</p> <p>Follow up Results - During follow up testing a signed copy of the PCC Income Handling Policy & Instructions was evidenced for all 8 employees who are involved in cash collection as part of their duties.</p>

Further Agreed Action - No further action required

Original Exception 5 - From a sample of 6 purchase orders, 5 were raised retrospectively which is a breach of Financial Rules. The total spend on these purchase orders was £2679.92. Purchase orders form part of the internal control process for expenditure, raising them retrospectively bypasses the control as the expenditure is already committed.

Follow up Results - Follow up testing evidenced that compliance with Financial rules for this area is now in place.

Further Agreed Action - No further action required

Original Exception 6 - Testing on a sample of 3 employee's files found that the school had retained on DBS application and one DBS document on file which is a breach of the DBS Code of Practice and the Data Protection Act 1998. This could result in a financial penalty for the Authority

Follow up Results - During follow up testing the personal files for the employees in the original sample were reviewed. There was no DBS documentation retained in any of the files. The Finance Manager confirmed that all current personal files have been checked and only permitted documentation has been retained.

Further Agreed Action - No further action required

6.8 Culture & City Development- Safety Signage - In Progress

6.8.1 The 2016/17 audit of Safety Signage resulted in no assurance being given. A follow up audit was conducted as part of the 2017/18 audit plan.

6.8.2 1 Critical risk and 2 high risk exceptions arose during the original audit. The results of the follow up testing are detailed in the table below.

Original Critical Exception 1 - There is no evidence of formal and periodic assessments being carried out for large areas of open/inland water under the council's responsibility. Exceptions to this have been limited to areas of the seafront and Paulsgrove Lake which were most recently assessed by the Royal National Lifeboat Institution (RNLI) in 2016, recommendation actions of which are still outstanding as at 09/01/2017.

Audit site visits noted old, non-compliant safety signage - if any - present at 5 areas tested.

Half of the eight sites visited across the city appear not to have been checked recently as audit checks on 12/12/2016 noted poorly maintained signage.



Safety practices may be deemed insufficient without formal and robust risk assessments being carried out of water areas in public open spaces. This could ultimately contribute towards injury/death of members of the public. The lack of risk assessments could also result in the Authority being held liable in any related legal challenge resulting from injury/death

Follow Up Results - The Leisure and Sports Facilities Manager has advised that the RNLI will be carrying out the risk assessments at no cost to the Authority.

A water safety project for all areas not already covered (The Hard to Eastney Toilets) has been prepared in coordination with the RNLI. The city has been organised into a standard grid in which each section will be risk assessed and the Public Rescue Equipment (PRE) reviewed. This process has commenced and will be ongoing as per RNLI availability. Once fully mapped the results will be sent to GIS for input into PCC mapping.

Further Agreed Action - Each section within the city grid will be risk assessed and the Public Rescue Equipment (PRE) reviewed. Recommendations will be implemented as soon as the reports are received. The area along the western section of the city will be reported on once the sea defences are completed. The Leisure & Sports Facilities Manager is charged with this project. Work is hoped to be completed by March 2018 depending on RNLI availability.

Original Exception 2 - There is no corporate accountability for water safety generally and safety signage specifically. There is no defined lead to water safety in the city and the subject is not explicitly addressed at a constitutional level in the terms of reference for any cabinet members.

There is no corporate water safety policy and by extension safety signage - across all public open spaces areas for which the council is responsible.

Without corporate oversight to water safety the risks to the public may not be dealt with appropriately or consistently increasing the likelihood of successful legal action / reputational damage against the council in the event of death/injury.

Follow Up Results - The City Development & Culture Director has been acting as the provisional lead across the Authority whilst initial work is made towards compliance. The Leisure and Sports Facilities Manager has been made the lead officer in charge of organising the remedial work in the first instance.

Further Agreed Action - No further action required

Original Exception 3 - An inspection of 8 areas across Portsmouth found that the majority of signage across the Seafront/Old Portsmouth meets the latest British Safety standards, with the exception of those noted by the RNLI in 2016. The recommendations made by the RNLI have yet to be addressed.

Signage at all other locations appeared to be old, with several in a poor state, and are non-compliant with national standards.

Signage which is in a poor state or does not meet national/EU standards are more likely to be unclear as to their meaning and ultimately may not provide sufficient warning in any cases of negligence/breach of statute brought against the council.

Follow up Results - The RNLI have been commissioned to carry out a separate signage survey as part of the aforementioned risk assessment location visits.

Further Agreed Action - Upon the receipt and review of the RNLI signage survey reports, actions will be taken to remediate signage inadequacies where appropriate. The Leisure & Sports Facilities Manager is charged with this project. Depending on RNLI availability, this is hoped to be completed by March 2018.

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.

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Signed by: Elizabeth Goodwin, Chief Internal Auditor

Appendices:

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

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

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

Title of document	Location
1 Accounts and Audit Regulations	http://www.legislation.gov.uk/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:

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

Audit Title - NO ASSURANCE AUDITS	Critical Risks	High Risks	Original Audit Assurance	Key Risk	Summary	Follow Up Due	Follow Up Audit Assurance	Follow Up Summary
1617-070 - Resident Development - Housing & Property - Owen Buckwell - Original audit completed November 2016	0	5	No Assurance	Service not meeting the needs of residents	Six high risk exceptions have been raised as a result of testing. These were in relation to policy or procedures in place detailing the purpose and function of the Resident Development Service. The outcomes of the Resident Development service were not being captured or reported. Exceptions were also raised in relation to recording information on resident development progress forms, these forms are used to record details of meetings with the residents and incomplete financial information on some of the progress forms and the Resident Development 2016/2017 spreadsheet. In addition testing was unable to for a sample of 10 payments from the 2016/2017 spreadsheet, reconcile to the Transaction Report for the Resident Development Service. At the time of testing there was no inventory in place for equipment being used by the Resident Development Officers and residents.	2017/18 Audit Plan		Actions have been agreed with the Director. These will be followed up as part of the 2017/18 Audit Plan
1617-116 Craneswater Junior - External - Original audit completed December 2016	0	9	No Assurance	Weak financial management within the school	The Full Audit resulted in nine high risk and one medium risk exceptions relating to; Incorrect statements on the School Financial Value Standard document in relation to; no opportunity to declare interests at Full Governing Body meetings, no evidence of staff competency matrices, no evidence of a current hire agreement form or liability insurance for the Karate Club, non display of the whistle blowing policy on the staff room notice board and an incomplete Business Continuity Plan - in addition , irregular reconciliation of the petty cash account, uncounted cash in the safe which exceeded the permitted insurance holdings, incomplete record of assets, non reporting of PTA accounts to the Governing Body and a weakness in controls for mini bus usage.	2017/18 Audit Plan Quarter 1	Assurance	See main report
1617-083 Spend on Staffing Off Contract - HR, Legal & Performance - Jon Bell - Original audit completed January 2017	1	0	No Assurance	Failure to adequately vet staff DBS checks before commencing employment	A critical risk exception has been raised as part of the audit with regard to the checking of DBS certificates before temporary workers commence employment at PCC	2017/18 Audit Plan	Limited Assurance	See Main Report

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

Audit Title - NO ASSURANCE AUDITS	Critical Risks	High Risks	Original Audit Assurance	Key Risk	Summary	Follow Up Due	Follow Up Audit Assurance	Follow Up Summary
1617-072 Emergency Procedures - Housing & Property - Owen Buckwell - Original audit completed December 2016	0	3	No Assurance	Lack of record keeping regarding emergency incidents. Staff unaware of Emergency plan	Three high-risk exceptions have been raised in relation to the Property & Housing Service's emergency procedures, resulting in a no assurance rating. One high-risk exception was raised as four out of five (80%) of respondents from staffed PCC buildings did not have knowledge of the Emergency and Major Incident Planning Document, and had not disseminated it to staff. Another high-risk exception has been raised as the service does not maintain a central record of emergency incidents, or actions taken in response to them. A final high-risk exception was raised as, due to lack of records, it was not possible to ascertain staff adherence to the guidance within the emergency planning document. It was therefore not possible to comment on the effectiveness of either the guidance, or of the staff response.	2017/18 Audit Plan	No Assurance	See Main Report
1617-117 - Medina Primary - External - Original audit completed January 2017	0	6	No Assurance	Weak financial management within the school	Six high risk exceptions were raised relating to; inaccurate completion of the School Financial Value Standard Document, no DBS checks for the Governing Body, poor control of lettings including no evidence of public liability insurance for hirers, retention of a DBS certificate / supporting documentation and finance staff not having signed the PCC Income Handling Policy.	2017/18 Audit Plan	Assurance	See main report
1617-022 - Safety Signage - Culture & City Development - Stephen Baily	1	2	No Assurance	Lack of lead for water safety across the Authority	One critical risk and two high risk exceptions were raised as a result of the audit review. The common theme behind these exceptions stem from the lack of a defined lead to water safety across the city.	2017/18 Audit plan	Limited Assurance	See main report
1617-087 - Port CCTV - Port - Mike Sellers	2	1	No Assurance	Lack of accountability and corporate oversight	Two critical and one high risks exceptions have been identified as part of the review. The common theme underpinning all the findings relates to the historic lack of accountability and corporate oversight.	2017/18 Audit plan		Actions have been agreed with the Director and will be followed up during 2017/18
1617-093 - Insurance & Claims - MMD - Mark Willcox/ Chris Ward/ Mike Sellers	0	2	No Assurance	Lack of detailed documentation	Two high-risk exception was raised in relation to insurance claim investigations. It was not possible to obtain a sample of employer liability claims, as the documents could not be located. A sample of error cost corrections, largely relating to damaged or lost goods, was obtained, however investigation records were found to be inconsistent, lacking key details and resolutions. It was also not possible to obtain details of action taken in response to accidents that resulted in employer liability claims.	2017/18 Audit plan		Actions have been agreed with the MMD Directors and will be followed up during 2017/18

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

Audit Title - NO ASSURANCE AUDITS	Critical Risks	High Risks	Original Audit Assurance	Key Risk	Summary	Follow Up Due	Follow Up Audit Assurance	Follow Up Summary
1617-120 - Compliance with Fire Policy - Housing & Property - Owen Buckwell	1	1	No Assurance	Key assessments not being done in a timely manner	As at testing conducted in December 2016, one critical-risk exception was raised in relation to absent or out of date Fire Risk Assessments within PCC housing blocks. One high-risk exception was raised in relation to out of date gas safety certificates within Local Authority properties.	2017/18 Audit plan	Reasonable Assurance	See the main body of the report.
PCC1718-057 Harbour - External		13	No Assurance	Weak financial management within the school	15 high and 4 medium risk exceptions were raised as part of this audit. A no assurance opinion was reached as a result of an apparent lack of an effective financial framework across the Harbour sites which has resulted in weak operational controls.	2017/18 Audit Plan		Actions have been agreed with the head Teacher. These will be followed up as part of the 2017/18 Audit Plan
PCC1718-058 Mayfield - External		10	No Assurance	Weak financial management within the school	10 high and 1 medium risk exceptions were raised relating to weakness in operational controls for; income, petty cash, purchase cards, inventory, unofficial and PTA funds and no school CCTV policy.	2017/18 Audit Plan		Actions have been agreed with the Head Teacher. These will be followed up as part of the 2017/18 Audit Plan

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APPENDIX A2 - Audits Completed Since The Last Meeting

Audit Title	Critical Risk	High Risk	Medium Risk	Low Risk - Improvement	Total Exceptions	Achievement of organisation's strategic objectives	Compliance	Safeguarding of Assets	Effectiveness of Operations	Reliability & Integrity	Audit Assurance	Summary
PCC1718-057 Harbour - External		13	6		19	5	12	1	1		No Assurance	15 high and 4 medium risk exceptions were raised during the audit. A no assurance opinion was reached as a result of an apparent lack of an effective financial framework across the Harbour sites which has resulted in weak operational controls
PCC1718-058 Mayfield - External		10	1		11	1	7	1		2	No Assurance	10 high and 1 medium risk exceptions were raised relating to weakness in operational controls for; income, petty cash, purchase cards, inventory, unofficial and Parent Teacher Association funds and no school CCTV policy.
PCC1718-010 Marketing and Tourism- City Development & Culture - Stephen Baily		1	2		3	1	2	NAT	NAT	NAT	Limited Assurance	The high-risk exception was raised as it was not possible to locate an agreement in relation to 2017/18 Blue Reef Aquarium ticket sales potentially leaving PCC vulnerable should a dispute occur
PCC1718-013 Cash Collection - Community & Communication - Louise Wilders		3			3	NAT	2		NAT	1	Limited Assurance	Three high risk exceptions were raised as a result of audit testing. These were raised in relation to staff not having signed the income handling policy, a breach of income handling instructions/financial rules and finally non compliance with the anti-money laundering policy when reporting cash payments.
PCC1718-023 Purchase Cards - Finance & Information - Chris Ward		3	1		4		4	NAT		NAT	Limited Assurance	3 high risk exceptions have been raised as a result of audit testing in relation to the payments of Fines and Penalty Charge Notices, Illegible receipts and Split transactions.
PCC1718-056 Devonshire Infants - External					0						Full Assurance	No exceptions were raised as a result of this audit
PCC1718-045 Carbon Reduction Commitment- Housing & Property Services - James Hill					0			NAT	NAT	NAT	Full Assurance	No exceptions were raised following a review of the 2016/17 return.

APPENDIX B

2016/17 Followed Up Audits since the last meeting -Critical Risk Exceptions	Critical Risk Open		Critical Risk Closed		Total Critical Risk	Comments
Audit Title						
1617-022 CDC - Safety Signage	1	100%	0	0%	1	See main report
1617-120 H&P - Compliance with Fire Policy	1	100%	0	0%	1	See main report
Total	2	100%	0	0%	2	

2016/17 Followed Up Audits since the last meeting - High Risk Exceptions	High Risk Open		High Risk Closed		Total High Risk	Comments
Audit Title						
1617-014 CSC - Multi Agency Safeguarding Hub	0	0%	1	100%	1	
1617-023 CDC - Museums and Visitor Services	0	0%	4	100%	4	
1617-030 C&C - Lord Mayors Office	1	100%	0	0%	1	Exception relates to VAT training for staff. Training has been booked but yet to take place, hence exception risk remains open
1617-037 CSE - Music Services	1	50%	1	50%	2	One high risk exception remains open as issues remained in relation to banking compliance with Financial Rules
1617-051 FIS - VAT	1	100%	0	0%	1	One high risk exception remains open in relation to guidance being issued to staff regarding the application of VAT for purchase card transactions
1617-062 HLP - Recruitment & Vetting of Staff	0	0%	1	100%	1	
1617-066 RCS - Animal Health & Licensing	0	0%	2	100%	2	
1617-072 H&P - Emergency Procedures	2	67%	1	33%	3	See main report
1617-074 H&P - Lifts & Mechanical Plant	2	100%	0	0%	2	Two high risk exceptions remain open however progress has been made on both. Items of plant are being added to the database as part of the service cycle, along with the service documentation
1617-077 H&P - Green and Clean	3	100%	0	0%	3	Three high risk exceptions remain in progress. Further work is required to ensure equipment inventories are accurate, lone working assessments are to be diarised to avoid slippage and changes to In the work reviews are to be detailed on the tracker
1617-078 H&P - Municiple Waste Management	1	100%	0	0%	1	One high risk exception remains in progress relating to the expiry of vehicle lease agreements. These are expected to the completed by the end of August 2017
1617-083 HLP - Spend on Staffing Off Contract	2	67%	1	33%	3	See main report
1617-086 PRT - Pilotage	0	0%	1	100%	1	
1617-090 TEB - Community Learning	1	100%	0	0%	1	One high risk exception remains in progress which relates to the inventory records held. Records are being updated and assets labelled in compliance with Financial Rules
1617-115 CSE - Attendance Monitoring	0	0%	1	100%	1	
1617-116 EXT - Craneswater Junior	2	25%	6	75%	8	See main report
1617-117 EXT - Medina Primary	0	0%	6	100%	6	
1617-120 H&P - Compliance with Fire Policy	1	100%	0	0%	1	See main report
Total	17	40%	25	60%	42	

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2016/17 Followed Up Audits since the last meeting - Medium Risk Exceptions	Medium Risk Open	Medium Risk Closed	Total Medium Risk
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Audit Title					
F1516-009 - Through Care Team - Children's Social Care - Alison Jeffery	1	100%	0	0%	1
F1516-027 - Hire Cars - Transport, Environment & Business Support - Alan Cufley	1	100%	0	0%	1
F1516-043 - Children with Disabilities - Children's Services Education - Alison Jeffery	1	50%	1	50%	2
F1516-082 - CCTV - Housing & Property and Corporate Wide - Owen Buckwell	1	50%	1	50%	2
Total	4	67%	2	33%	6

Title of meeting:	Governance and Audit and Standards Committee
Date of meeting:	15 th June 2017
Subject:	Performance Management update - Q1, 2017-18
Report by:	Director of HR, Legal and Performance
Wards affected:	n/a
Key decision:	No
Full Council decision:	No

1. Purpose

- 1.1 To report significant performance issues, arising from Q1 performance monitoring, to Governance and Audit and Standards committee and highlight areas for further action or analysis.

2. Recommendations

- 2.1 The Governance and Audit and Standards Committee is asked to:
- 1) note the report;
 - 2) note the overall improvement in quality of reports,
 - 3) comment on the performance issues highlighted in section 3 and associated appendices, including agreeing if any further action is required
 - 4) Agree the actions proposed in section 4.

3 Background

- 3.1 This report is part of the regular series of quarterly report highlighting significant performance issues across the organisation.
- 3.2 In compiling reports, directors are asked to consider:
- 1) Priority performance areas
 - 2) Projects
 - 3) Risks
- 3.3 Expectations have been shared with Directors that reports should cover the breadth of organisational activity and enable GAS to discern a picture of performance in the organisation. Directors have been asked to make use of readily understood RAG (red; amber; green) terminology to describe perspectives where:
- Green is improving; exceeding or on plan
 - Amber is no change or some degree of uncertainty about performance

- Red is deterioration; failing to achieve plan; or a high level of concern.

- 3.4 In order to make the key issues clearer to members, directors have been asked to provide summaries highlighting the issues the committee needs to be aware of (Appendix 1) with more in depth assurance around the management of performance, projects and risk, presented in further appendices.
- 3.5 It is clear that improvements in quality of reporting continue to be made, and much more detail and analysis is provided. What is notable is that even where service performance can be described more easily in qualitative rather than quantitative terms, there is clear work to place parameters around what the service area is seeking to achieve, and to describe what this looks like, to enable informed discussion. For the first time, there is a full set of reports from across the organization.
- 3.8 Governance and Audit and Standards Committee are asked to consider the issues raised in the Appendices, and agree where any further information or action is required.

4. Next steps

- 4.1 As stated, improvements to reporting have been made since the last quarter. The summaries now focus much more strongly and analytically on the core performance indicators, and include a sharper focus on risks and projects. This will continue to be developed for the next quarter.
- 4.2 However, whilst the information provided is very extensive, the recent work by Internal Audit highlighted that the Directorate-specific nature of the reports does not necessarily help members to see which are the highest areas of impact in terms of achieving against the objectives of the organisation; and also noted that there are risks in terms of information that is missing, or difficult to triangulate. Officers will be carrying out more work on addressing this issue in the coming months.

6. Equality impact assessment (EIA)

- 6.1 Any equality matters arising through performance or value for money consideration will be considered as a discrete process, as separate EIAs will be completed for these areas of work.

7. Legal Implications

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

8. Finance Comments

- 8.1 There are no financial implications to bring to member's attention at this stage.

However, it should be noted that there could be further 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 Procurement

- Appendices:**
- Appendix 1- Summary of directorate performance issues**
 - Appendix 2 - Performance issues**
 - Appendix 3 -Projects**
 - Appendix 4 - Risks**

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

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

Title of document	Location

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Appendix 1 - Director's summaries

Performance issues for consideration	Project issues for consideration	Risk issues for consideration
Directorate: Children, Families and Education		
<ul style="list-style-type: none"> Ofsted inspections of schools have been encouraging - with the majority of schools in Q1 either improving or retaining a good or better judgement. The exception is Milton Park Primary School which has moved to RI and will be receiving targeted support in 2017/18 Provisional results for EYFSP, KS1 and KS2 for 2017 are encouraging - improvements across all key stages but only in line with national so the gap between Portsmouth and national has changed little. As a result of the Portsmouth Education Partnership and the targeted approach to school improvement that is being taken, further improvements are expected but this will not be a quick fix. KS4 provisional results will be available in Q2. 	<ul style="list-style-type: none"> Discussions progressing with the ESFA about options for Mayfield School. 	<ul style="list-style-type: none"> The transfer of statements to EHCPs will need to be completed by 1st April 2018. The majority of these are now with Solent Academies Trust (Cliffdale, Redwood Park and Mary Rose) and it will be vital that an agreement can be reached about the timeliness of annual reviews / co-production meeting with parents, so that the transfers can be completed with the statutory timescale. To note existing pressures on the education capital budget for sufficiency works (e.g. remodelling of Cliffdale and Redwood Park Academies; Vanguard Project (The Harbour School); completion of Primary Phase 2 (Moorings Way Infant) and Phase 2 of the secondary expansion programme (funding in place for only one of three schemes that have been targeted) and further pressures on special school places (e.g. Mary Rose Year 1 in 2018/19).
Directorate: Adult Social Care		
<ul style="list-style-type: none"> Failure to achieve constancy of purpose Balanced Budget 	<ul style="list-style-type: none"> Integrated Discharge Service Client Record System 	<ul style="list-style-type: none"> PCC owned and run Residential care homes Failure to achieve constancy of purpose Client Record System Care resources in Portsmouth Balanced Budget

Performance issues for consideration	Project issues for consideration	Risk issues for consideration
Directorate: Public Health		
<ul style="list-style-type: none"> Progress has been made on some longstanding issues such as reviewing the commissioning arrangements for the tier 3 weight management service in partnership with the CCG and based on a thorough understanding of service delivery and published evidence. Work has begun on key areas of importance for the city including involving key stakeholders in the ongoing process of working up an action plan to tackle drug related deaths, setting up the Suicide Prevention Action Group, getting processes underway for the Pharmaceutical Needs Assessment 2018 and in establishing an Active Portsmouth Alliance which demonstrates the commitment of public health take a comprehensive system wide approach to promoting physical activity. The new sexual health contract is in place and there are no current concerns with provision. 	<p>Key areas of work are underway where progress over the next quarter is essential. These include working towards milestones for workplace health, input into the PHSE programme for schools, developing an e-cigarette policy for Portsmouth City Council and ensuring the self-harm needs assessment action plan is completed as well as working through the Vanguard redesign phase of the wellbeing service. Gaining commitment to a smokefree collaboration plan with senior leaders at QA hospital also demonstrates progress and it is important this is achieved.</p>	<p>The public health grant will be reduced for 2018/19. Failure to identify appropriate areas to achieve the required reductions will lead to budget reductions being made with lack of alignment to population need. Forward planning during Q2 will seek to align with the budget setting cycle and limit negative impact on the population's health. In addition, there is on-going uncertainty as to what form public health funding will take from 2019/20.</p> <p>There is an on-going need to embed health in all policies approach which could be threatened by reductions in the public health budget and overall Council budget.</p>
Directorate: Property and Housing		
<p>Note: The Interim Director of Property and Housing is reviewing the measures in place across the directorate and in doing so will report key performance indicators, projects and risks using the standard template to the Governance Audit and Standards Committee.</p>		
<p>Clean City Services</p> <ul style="list-style-type: none"> FPNs - was affected by leave/sickness in this quarter ASB typically increases during the warmer months 	<p>Horatia House and Leamington House are shown as 'projects' the DCLG whole system test has confirmed that the Aluminium Composite Material ACM (cat 3) panel has failed the test and our plans to remove these from the two blocks continues.</p>	<p>The Governance Audit Standards committee is monitoring the fire risk assessments out of review date assessment for low rise blocks. As at the 30th June the number was 269, as at the 14th July the number was 196, as at the 27th July the number was 98 and as at</p>

Performance issues for consideration	Project issues for consideration	Risk issues for consideration
<ul style="list-style-type: none"> • Dog fouling typically increases during the winter months with the darker nights so this decrease is an expected seasonal variation • Green & Clean - In the work is the way that we spend time developing and managing staff. These staff are lone working and this is part of their development and supervision to ensure they are meeting purpose <p>Waste Management (Collection and disposal)</p> <ul style="list-style-type: none"> • Waste trials underway and ongoing to reduce overall refuse tonnage and increase recycling • New crew contamination check introduced June/July with penalties applied to contractor where process not followed. Follow up visits to resident with 2 red hangers in 3 month period. • Recycling rate declining - along with other Hampshire LA's - work to explore ways to expand range of targeted materials ongoing. • Fly-tipping - typically higher in this quarter when students move out of their properties. • Bin Collection - lots of sickness at Biffa in Q1 which means crews are on different rounds - has started to improve from Mid-June Onwards so hope to see improvement in 	<p>The feasibility of retro-fitting sprinklers in hi-rise (approx. 40 blocks) and sheltered schemes is underway. The funding to retrofit is not identified and will present a significant pressure if deemed to be essential.</p> <p>Wilmcote House refurbishment although this project is significantly overrunning against the original completion timescales there is no additional cost to PCC.</p>	<p>the 11th August the number was 43. The service remains on track to take this to zero by the end of August 2017.</p> <p>The removal of the ACM panel from Leamington House and Horatia House is essential, the estimated cost to remove and replace is £11m which is an unforeseen capital expenditure. Discussions are underway with the DCLG to request funding support. If these costs need to be met from existing budgets there will be a budget pressure.</p>

Performance issues for consideration	Project issues for consideration	Risk issues for consideration
Q2. Misses are corrected the following day.		
Directorate: Transport, Environment and Business Support		
Services and schemes are on track to deliver in line with the Directorate Business Plan. Projects are progressing within planned timetables and budget. Services delivered under contract with government agencies and prime contractors are performing well.	Key project risks are outlined on the Projects page. There are some risks around consultation on major schemes and the changes to scheme design and timetables that may result from this process. Communication plans for the schemes will be implemented to manage these risks and prevent these becoming issues.	The risks to achieving the overall aims of the Directorate are mostly due to the uncertainty of future funding streams and resources. These risks are being managed through a range of strategies that focus on good communication with funding agencies, delivering to a high standard and taking a flexible approach to workforce planning.
Directorate: Culture and City Development		
Directorate: Community and communication		
Capacity/resilience in City Help Desk, whilst in the process of transformation, is leading to a level of performance below what would typically be provided. This is perhaps evidenced in the Q1 measurement of customer satisfaction.		
Directorate: HR, Legal and Performance		
<ul style="list-style-type: none"> • Consistent performance on all activities • No major areas for concern • Positive progress on number of apprentices 	<ul style="list-style-type: none"> • Significant system change underway with Business Intelligence and new learning management system. These will have implications across the wider council 	<ul style="list-style-type: none"> • The directorate has been very successful in commercialising its activities and generating additional income. However, there are risks associated with this in terms of the security of income, additional

Performance issues for consideration	Project issues for consideration	Risk issues for consideration
<ul style="list-style-type: none"> • Improved performance on processing childcare cases • Level of external income increasing, improving the self-sufficiency of the directorate • Community safety now integrated to directorate 	<ul style="list-style-type: none"> • Devolution/combined authority dependant on political decision-making • Apprenticeship project progressing well 	<p>pressures on staff and need to develop and retain key skills</p> <ul style="list-style-type: none"> • Risks around the recruitment, development and retention of key skilled staff remain, although being mitigated as far as possible through workforce development and a "grow our own" approach
Directorate: Finance and IS		
<p>Financial governance & Accountability targets are being met Successful trading operations and investment strategies are generating new income Strategies are in place to manage known service deficits Ongoing service delivery transformation with the development of management information tools to support financial decision making Payment Performance below target IT availability metrics improved</p>	<p>Municipal Energy Company - development & review of final business case IT strategy & financial impact of Cloud - uncertainty re revenue consequences on General fund TPP-ASC delayed due to technical review</p>	<p>Retention of key staff Recruitment & replacement of skilled staff Business risk associated with large scale technical change Disaster recovery - resilience Cyber -Attack Single points of failure in ICT infrastructure & system access</p>

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Appendix 2: Performance Issues

Children, Families and Education

Key functions:

- Early Help and System Transformation (including Troubled Families)
- Children's Social Care - Assessment and Intervention
- Children's Social Care - Youth Offending Team
- Children's Social Care - Looked After Children and Care Leavers
- Children's Social Care - Safeguarding Monitoring
- Education - Inclusion
- Education - Sufficiency, Participation and Resources: Capital Schemes
- Education - Sufficiency, Participation and Resources: Post-16 strategy
- Education - School Improvement

FUNCTION: EARLY HELP AND SYSTEM TRANSFORMATION			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Increase in Single Assessment Frameworks	625 achieved in 2017/18	81 EHA's received in Q1 Plus 44 EHA completed by HV, SN and FNP Total = 125 This is the total number of early help assessments received including those from the wider workforce through PCC. Expect true reflection of EH team EHA in Q2 as systems set up for collection	Red
Number of families receiving targeted Early Help	A new case management IT system was established in Q4 and is currently being populated. The expectation is that we will have reliable snapshot data on this indicator by June 2017.	North = 27 families Central = 27 families South = 25 families Referrals through MASH started but slow for what is expect for Central . True reflection of workload expected in Q2	Amber
% of ongoing social care cases with previous targeted Early Help Support	Baseline 2017 = 28.2%	Q1 2017/18 = 26.7% I would expect this to significantly increase in Q2 now we have the team working with families	Red

Attachments to the Troubled Families programme	<p>A significant increase in families attached was achieved in Q4 through a determined approach to recording within the programme family support provided through a range of agencies. Continuing to attach new families at the rate required for the 5 year programme will be a challenge but should be supported by the 16/17 restructuring and recommissioning.</p>	<p>128 new attachments to the TF programme in Q1</p> <p>Process in place to identify Troubled Families. Numbers expected to increase with additional EHA by EH team and wider system</p>	<p>Amber</p>
Troubled Families PbR claims	<p>Processes are currently being set up to capture progress across the full set of families receiving targeted early help and social care, which should result in a significant number of PbR claims in 17/18.</p>	<p>0 claims in Q1</p> <p>Maturity matrix updated and needs to be approved by Stronger Futures board. Wider sharing of expectations of the services for Troubled families to take place during Q2</p>	<p>Red</p>

FUNCTION: CHILDREN'S SOCIAL CARE - ASSESSMENT AND INTERVENTION			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Initial child protection conferences convened in 15 day timescale	79% (221/280)	76% (50/66) Remains relatively static with 2016/17 outturn	Amber
Case in the Public Law Outline and court proceedings are progressed in a timely way, measures through % court cases progressed within 26 week timescale	69% (22/32)	100% (11/11) Court work managed in a timely and appropriate way	Green
Number of children subject to child protection plans (and compared to statistical neighbours)	242 PCC Rate per 10,000 = 55.25	242 PCC Rate per 10,000 = 55.25 As of March (2016) most up to date comparator average was 53.1. Our current figure against comparators as at March 16 would place us in the middle	Amber

FUNCTION: CHILDREN'S SOCIAL CARE - YOUTH OFFENDING TEAM			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Transformation of YOT – reducing caseloads	89 - The YOT had an increase in caseload over the year. There has been an increase in First Time Entrants to the system which follows the pattern in a rise in referrals regarding adolescents through the MASH.	91 Caseloads remain quite high in YOT, but have been static from December 2016 - after a sharp rise in November	Amber
Address first-time entrants to youth justice system (number of first time entrants in the quarter)	78- Portsmouth remains slightly above the comparator average	20 This remains consistent in Quarter 1 with 2016/17 outturn	Red
Reduce reoffending (data from Youth Justice Board – historical periods)	42.8% (Apr 14 – Mar 15)	42.0% (Jul 14 - Jun 15) Data from two years ago shows a very slight decrease in re-offending rate. Reoffending is being tracked through live tracker in Core+	Red

FUNCTION: CHILDREN'S SOCIAL CARE - LOOKED AFTER CHILDREN AND CARE LEAVERS			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Increase number of in-house foster carers	196	193 This is a competitive environment and requires continual investment and focus. The numbers of carers coming through for assessment has dropped off, but given the significant increase in LAC, we have more YP placed with in- house provision demonstrating effective and efficient use of our carers	Amber
Reduce reliance on external foster carers (independent providers)	48	55 20 of these placements are used by UAMs. If we had not had such a large increase in UAMs entering care our usage of IFAs would be at the lowest ever.	Amber
Increase stability in placements	Short-term 16.02% Long-term 65.04%	Short-term 16.13% Long-term 64.29% Placement stability has deteriorated slightly and a working group has been set up to consider actions that will be required to improve performance.	Amber
Reduced care periods (measured by average days in care)	0-5 386 days 6-13 1279 days 14+ 1368 days	0-5 384 days 6-13 1309 days 14+ 1291 days The Reunification Project was stalled whilst we were identifying appropriate resource. Children under 5 are successfully reunited with family or adopted but there are growing numbers of older children in the care system (including UAMs) with limited scope of return home.	Amber

Increase in numbers of children registered as privately fostered	3	3 There has been considerable awareness raising for Private Fostering which has increased activity. However, the numbers of YP who remain in longer term arrangement remains static.	Green
Increase in numbers of children returning home from care	22/127 (17.32%)	6/44 (13.64%)	Amber
Strength and Difficulties Questionnaire (SDQ) scores indicate increased emotional wellbeing	17.3	14.5 This is an indicator to assist professional assessment of need. It is a blunt instrument and we are working with CAHMS in order to develop a more embedded and reliable system for measuring improvements.	Amber
Increase in number of SDQs completed	61.6%	37.5% The system for completing SDQs is being reviewed as there is a drop in completion rates.	Amber/ Red
Adequate move-on accommodation available for care leavers	87.9%	84% Accommodation pathways for YP are being mapped and developed as part of the Staying Close project.	Amber

% of LAC age 10-17 (looked after for 12 months or more at the 31st March) with a conviction, final warning or committed an offence in the prior 12 month (according to PCC YOT)	7.7%	8.1% LAC offending has deteriorated. Analysis is being undertaken to understand any casual/thematic factors.	Amber
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FUNCTION: CHILDREN'S SOCIAL CARE - SAFEGUARDING MONITORING			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Improved practice demonstrated through audit activity - NUMBER OF AUDITS COMPLETED	N/A	The figure for Q1 is 20. This is lower than usual as a result of a reduction in the number of auditors due to sickness and leave.	Amber
Percentage of newly-qualified social workers	17.5	14.5 - The number has reduced as a number have moved through their first year. We would expect this to increase towards the start of Septembers academy	Green

Retention of social work staff, measured by % staff employed for over 2 years	62%	69% This is increasing overall with the locality teams changing the most. All of the locality teams have obtained 62% and over for at least one month this quarter. Both South and North are rising but central has had a recent loss of some more experienced staff and so the percentage has dropped at the end of the quarter	Green
Number of referrals to Local Authority Designated Officer	180	24 - This is at the usual rate	Green
Number of issues resolved through challenge and escalation process	24	6 - The escalation process has been streamlined and is being relaunched in Sept 2017. We would expect this to increase. DP to focus on this as a priority	Red
Number of staff accessing Social Work Matters Skills Academy and feedback	The academy ran Sept – Dec in 2016 and is planned to repeat this format in 2017. This allows for one group to complete the programme together. Detailed feedback from the 2016 cohort and their supervisors is being collated to inform the 2017 training programme.	0 - The next academy is due to run in Sept 2017.	Green

FUNCTION: EDUCATION - INCLUSION

Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
No. of SEN statements/EHC plans (% of SEN statements/EHC plans)	1269 (Jan 16 - Jan 17)	1371 (note 3.1% of Portsmouth cyp are subject to EHCPs compared to national average of 2.8%)	Amber
% of CYP (0-25) transferred from SEN statements to EHC plans (deadline of 31st March 2018)	53% (Jan 16 - Jan 17)	65.7% (% of original number transferred)	Amber
% of new EHC plans issued within 20 weeks (excluding exceptions)	97.97% (Jan 16 - Jan 17)	95.59% (note national average of 59%)	Green
% PEPs completed on time	98.76%	97.66%	Green
% Pathway plans completed on time	83.44%	83.33%	Green
Overall absence from primary schools (Number in brackets is national average)	4.1% (4.0%)	Available next quarter	N/A

Overall absence from secondary schools (Number in brackets is national average)	6.2% (5.2%)	Available next quarter	N/A
Persistent absence from primary schools (Number in brackets is national average)	8.8% (8.2%)	Available next quarter	N/A
Persistent absence from secondary schools (Number in brackets is national average)	17.7% (13.1%)	Available next quarter	N/A
No. of Permanent exclusions from school (Previous year's figure in brackets)	4 (6)	2 (2)	Green
No. of fixed period exclusions from school (Previous year's figure in brackets)	599 (572)	561 (412)	Amber

FUNCTION: EDUCATION SUFFICIENCY, PARTICIPATION AND RESOURCES - CAPITAL SCHEMES			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Completion of 1000 place school rebuild of King Richard School (PSPB R1) by September 2017	Building works on site and on schedule	Building works due to be completed in September 2017, with handover to the school and transition to new accommodation scheduled for October half term 2017.	Amber
Rebuild of Beacon View and Arundel Court and rebuild/refurb of Mayfield School (PSPB R2) by 2020	Options appraisal stage with ESFA – awaiting feedback – due in Q2	Ongoing discussions with ESFA. Outcome of options appraisals for Beacon View and Arundel Court awaited. Appraisal meeting held for Mayfield and ESFA proposed new build.	Amber Amber
Completion of priority capital works to address urgent condition issues (school modernisation programme 2017/18)	Schemes underway	2016/17 condition schemes completed; work commencing on 2017/18 condition schemes.	Green

<p>Primary sufficiency Phase 2 – deliver an additional 600 school places (Northern Parade, Craneswater Junior, Langstone Junior, Moorings Way Infant, Arundel Court Primary, Newbridge Junior)</p>	<p>Schemes underway</p>	<ul style="list-style-type: none"> • Northern Parade Infant & Junior - on track for completion in August 2018 • Craneswater Junior - delay in getting to tender stage. Estimated completion date is now July 2018. • Langstone Junior - completed • Moorings Way Infant - Poor market tenders. Project re-engineered to make some savings, but this project remains a pressure • Arundel Court Primary - completed • Newbridge Junior - completed 	<p>Green</p> <p>Amber</p> <p>Green</p> <p>Red</p> <p>Green</p> <p>Green</p>
<p>Secondary sufficiency Phase 1 – provision of additional secondary school places to create 2-3% surplus in the short to medium term (Springfield, Miltoncross, St Edmund's, The Portsmouth Academy)</p>	<p>Works underway. Minor delay at Springfield.</p>	<ul style="list-style-type: none"> • Springfield programme revised and will complete in January 2018. Works commencing during summer holidays. • Portsmouth Academy works progressing well and on schedule. • St Edmund's completed. • Milton Cross re-scheduled for 2019, as jointly agreed with school and PCC. 	<p>Amber</p> <p>Green</p> <p>Green</p> <p>Green</p>

Remodelling of Special School provision at Cliffdale Primary and Redwood Park Academies	Detailed design is underway. Cliffdale Primary project is progressing. Funding still required for Redwood Park.	<ul style="list-style-type: none"> • Cabinet Member has approved re-allocation of funding to enable Cliffdale to be completed – project underway • Funding still required for Redwood Park. 	Green
University Technical College completed by summer 2017 – to open in Sept 2017	Construction in progress and on track	Project on track and UTC will open in September 2017.	Red Green
Refurbishment of Vanguard Centre and relocation of Harbour @Fratton and Harbour @Milton by September 2017	Detailed design is underway	<p>Preparation phases complete, and scheme due to go out to tender in Q2. Costs of scheme to be finalised. Scheme on track to complete ready for September 2018.</p> <p>Harbour @ Milton site will be vacated at the end of July 2017. Provision has moved to Cosham site.</p>	Amber Green
Secondary feasibility studies to establish how PCC could increase capacity to meet growing demand from 2019 onwards (Ark Charter, Portsmouth Academy, Admiral Lord Nelson)	Feasibility studies underway	Feasibility studies scheduled for completion by September 2017. To be discussed at Secondary Headteachers Conference Meeting in September 2017. Will form the basis for capital bids in Autumn 2017, linked to £3m DfE basic need funding allocation for 2019/20 and estimated basic need funding for 2020/21 and 2021/22.	Green

FUNCTION: EDUCATION SUFFICIENCY, PARTICIPATION AND RESOURCES - POST-16 STRATEGY			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
% 16-18 year olds NEET	3.7%	3.8% (3 month average Apr-June 2017 MI)	Amber
% 16-18 year olds unknown	0.8%	0.6% (3 month average Apr-June 2017 MI)	Green
% participation in education/training at age 16	94.8%	94.7% (3 month average Apr-June 2017 MI)	Green
% participation in education/training at age 17	86.6%	87% (3 month average Apr-June 2017 MI)	Amber
Achievement of Level 2 (including English and Maths) by 19	55.5% (2016)	Annual data not yet available: Not clear how changes to GCSEs will affect this indicator.	N/A
Achievement of Level 3 by 19	43.5% (2016)	Annual data not yet available	N/A
Apprenticeship Strategy: No 16-18 starts at Intermediate level	360 (Aug 2015 - July 2016)	260 (Aug 2016-April 2017)	Green

Apprenticeship Strategy: No. of 16-18 starts at Advanced level	130 (Aug 2015 - July 2016)	140 (Aug 2016-April 2017)	Green
Apprenticeship Strategy: 16-18 Apprenticeship success rate	75.2% (2015/2016)	Data not available	N/A

FUNCTION: EDUCATION: SCHOOL IMPROVEMENT

Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Early Years Foundation Stage - % achieving Good Level of Development	69.7% (annual indicator - 2016 final)	70.8% (2017 provisional)	Amber
Year 1 Phonics Screening % working at the standard	81% (annual indicator - 2016 final)	77.4% (2017 provisional)	Amber
KS1 Reading, Writing and Maths combined - % at least expected standard	59% (annual indicator - 2016 final)	61.9% (2017 provisional)	Red

KS2 Reading, Writing & Maths - % at least expected standard	48% (annual indicator - 2016 final)	56% (2017 provisional)	Red
KS2 Reading Average Progress Score	-1.5 (annual indicator - 2016 final)	Not Available yet	N/A
KS2 Writing Average Progress Score	-1.3 (annual indicator - 2016 final)	Not Available yet	N/A
KS2 Maths Average Progress Score	-1.7 (annual indicator - 2016 final)	Not Available yet	N/A
4-9 in English and maths 5-9 in English and maths	KS4 A*-C Eng & maths 58.3% (annual indicator - 2016 final)	A*-C indicator to be replaced by 4-9 and 5-9 in English and maths. Data not available yet.	N/A
KS4 Attainment 8	46.3 (annual indicator - 2016 final)	Data not available yet.	N/A
KS4 Progress 8	-0.17 (annual indicator - 2016 final)	Data not available yet.	N/A
% entered EBacc	37.9% (annual indicator - 2016 final)	Data not available yet.	N/A
% achieved EBacc	18.9% (annual indicator - 2016 final)	Data not available yet.	N/A
% schools judged to be good or better (of those schools that have been inspected)	84% (March 2017)	Data not available yet. (Reports for schools that were inspected in June have not been published as at 20/07/2017)	N/A

Adult Social Care

Key functions:

- Fieldwork/continuing healthcare
- Independence and Wellbeing
- Carers' Services
- Learning Disability Service
- Safeguarding Adults
- Residential Care

Key function: Fieldwork / CHC

Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
<p>Portsmouth has residential / nursing care beds available for those who are unable to live in their own home</p>	<p>As at April 2017, ASC funds 593 people in residential and nursing home care.</p>	<p>Whilst there are sufficient residential home beds available at market cost in Portsmouth. PCC hold a contract with CareUk to provide 62 beds for ASC funded service users with dementia in need of nursing home care. CareUk voluntarily imposed an embargo on new admissions in 2016 in response to a rating of <u>'Inadequate'</u> by <u>CQC</u>. This embargo continued until May 2017 when admissions began again. The process of filling the contracted beds continues.</p>	<p>Red - The <u>most recent</u> CQC report has changed the rating to 'Requires Improvement' and indicates that there are improvements in the way the home is managed and led. ASC have allocated a Social Worker to work with CareUk and monitor admissions to the home and monitor the home's progress in conjunction with commissioning support. PCC are entering discussion with CareUk around contract terms and conditions, which may lead to mediation.</p>

<p>Portsmouth has sufficient domiciliary care available to enable people with care and support needs to remain living independently in their own homes.</p>	<p>As at April 2017 ASC funds 1,137 people to receive domiciliary care.</p>	<p>In Q1, one provider was closed by CQC, the largest Portsmouth preferred provider saw 10 staff and 1 supervisor move to another provider, one provider was sent a notice by the Care Quality Commission, proposing to 'cancel the activity' of the company and three care providers 'handed back' a number of care packages for service users with complex needs based on a lack of capacity. All of the service users affected were found replacement care. ASC have a 'waiting list' of around 300 hours of care required on a permanent basis.</p>	<p>Red - Each time there is a change to the domiciliary care market, this has the potential to limit service user independence and accelerate care needs. Informal/family carers are often required to take on extra roles and ASC resources are stretched. There are continual capacity issues with the domiciliary care market and providers find recruitment and retention challenging due to the lack of career paths for carers. This echoes national themes.</p> <p>There continues to be an issue regards the quality of care within both the residential and domiciliary care sector. PCC has a duty to work with the sector to improve this. Potential mitigation measures include the recent domiciliary care board to gather intelligence on provider capacity and consider improvement plans before problems arise; providing payment to carers for travel incurred out of area; incentive payments for new care packages direct to the carer; seeking care capacity from agencies based outside of Portsmouth. In the longer term applying to PCC for part of the additional funds announced by the chancellor in the Spring 2017 budget.</p>
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<p>CHC The CHC accountable manager reports monthly to a Partnership Management Group, composed of representatives from the CCG and PCC. KPI are reported in addition to the overarching themes of patient care and value for money in the delivery of CHC in Portsmouth.</p>	<p>Continuing Healthcare in Portsmouth is delivered through a team composed of nurse and social work professionals. The Local Authority is the lead agency and provides budget monitoring, leadership and ratification of the CHC process in Portsmouth on behalf of the CCG through a Section 75 agreement under the National Health Service Act 2006.</p>	<p>Renegotiation of costs with providers saving £29,000 Tier Mapping Model, (managing the costs of future placements) has been shared with providers and is due for implementation in Q2.</p> <p>Standard Contract Beds, (stabilising the costs of current placements) have been made available through two providers in Portsmouth, enabling placements to be secured in a more timely fashion and prevent delay in community in-patient beds.</p> <p>A detailed analysis of 320 'fast track' applications evidenced that 93% were appropriate.</p> <p>CHC is reported nationally to NHS England in addition to local performance monitoring. This monitoring has been changed this Financial Year and therefore comparators on national reports will not be available until the end of Q2.</p>	<p>Red - Applications and costs for people at the end of life through the 'Fast Track' process have increased.</p> <p>Amber - Current budget projection suggests a significant overspend for the CCG due to full year effect of 2016/17 volume increases in Fast Track and LD clients in conjunction with an increase in PD clients 2017/18. There is potential mitigation against this in the underspent balance sheet of 2016/17.</p>
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Key function: Independence & Wellbeing -				
Independence & Wellbeing Objectives are grouped into 6 priority areas and projects that the service is involved in fulfil varied objectives and KPI in these 6 areas.				
Priority Area	Project/Initiative	2017 Baseline (where known)	Key progress Q1	RAG rating
Supporting independence/ Reducing Social Isolation	Community Connector Project - supporting lonely and isolated people to access social opportunities within their local community	Project running effectively but waiting list in place due to high demand on the service.	Funding identified to increase staff - combined total of 21.5 additional hours between 2 part time members of staff. This has helped to reduce waiting times. Drop in sessions for people on the waiting list has been made a permanent provision following a successful pilot.	Amber: Waiting times have been reduced but additional capacity to the project would reduce these further.
Health and Wellbeing	Men's Sheds Initiative	Sheds at both the Stacey Centre and Portsea are at full capacity. Gap in provision identified in the North of the city.	Extension to the existing Stacey Shed agreed and funding/materials sourced. Additional premises identified in Portsea resulting in more people being able to benefit from this project. Suitable venues being explored in the North of the City.	Green
Information and Advice	Development of a web based tool to facilitate easier access to health and social care information for practitioners and also the general public across the Portsmouth district.	Requirements for the I&A tool have been discussed and agreed as part of the I&A strategy partnership group and also via a range of consultation exercises with a wide range of stakeholders.	A suitable solution has been identified in the form of a Microsoft Dynamics 365 package. Business case submitted to the BCF programme for funding - currently awaiting decision.	Green: If funding declined there is a risk that alternative funding cannot be found which would result in access to information and advice on health and care themes continuing to be a challenge.

<p>Volunteers/Community Champions</p>	<p>Volunteer recruitment and retention programme to ensure the essential running of a range of IWT projects and services.</p>	<p>Full quota of volunteers actively supporting the community connector project. Recruitment drive required to ensure adequate cover for the Healthy walks programme due to a number of resignations due to ill health. Community Champion programme agreed to deliver health and social care related messages across BME communities in Portsmouth</p>	<p>6 new walk leaders recruited and fully trained. 18 people recruited onto the Community Champion programme and mandatory induction training completed.</p>	<p>Green</p>
<p>Training and Workforce Development</p>	<p>IWT work force development training offer</p>	<p>Programme for 2017-18 agreed and actively promoted across the statutory and voluntary sector workforce.</p>	<p>Quality assurance data evidences that achievement of course objectives and general satisfaction levels are High. In addition to the standard programme, MECC (Making Every contact Count) training has been delivered to approximately 100 fire fighters in the city.</p>	<p>Green</p>

<p>Support for ASC Day centres and Residential Units</p>	<p>IWT are working with the management team from the dementia units to identify achievable and sustainable initiatives that will provide direct health and wellbeing benefits to the residents.</p>	<p>Support for dementia units by IWT team limited to the service provided by the Catering and Domestic services Coordinator whose role is exclusively around the provision of food and drink.</p>	<p>Meeting held with Senior Manager to identify potential input and range of community connects and potential sources of support provided. Proposal document submitted and agreed by Senior management. Reminiscence training provided to staff working in the units.</p>	<p>Green. Risk of limited staff capacity (i.e. staff within units) to embed and sustain initiatives to their full potential</p>
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<p>Key function: Carers Services</p>			
<p>Objective</p>	<p>2017 Baseline (where known)</p>	<p>Key progress Q1</p>	<p>RAG rating</p>
<p>Collaborative working with NHS Colleagues</p>	<p>E-learning package is being actively used by PHT, Solent and PCC staff. Carers Service Staff are providing ongoing support to PHT and Solent to achieve their organisational goals concerning carers. Please see Carers Service Annual Report for more detail.</p>	<p>A Carers Working Group has been formed as the delivery arm of the Carers Executive Board and had it's inaugural meeting 31st May. Key NHS partners are involved in this group.</p>	<p>Green</p>

Implementation of the NHS England Carers toolkit		It is intended that one focus of the working group above will be to implement the Memorandum of Understanding outlined in the NHS England Carers Toolkit. TOR have been signed off and a structure for the action plan is in development.	Green
Review of the Carers Assessment process	It is expected that the corporate intervention team will be working with the Carers Service to implement a new Carers Assessment Process in the first half of 17/18.	The Carers Service Systems Intervention commenced on the 10th July and is currently in the data and measures phase. This work is taking priority and will determine how the service is delivered in the future. It is anticipated that the intervention will run until December.	Green

Key function: Learning Disability Services		
2017 Baseline (where known)	Key progress Q1	RAG rating The individual strategies have action plans that are RAG rated.
<p>De-commissioned 66% of in house service. Re-commissioned services that focus on the 4 Preparing for Adulthood outcomes Work / Health / Independence & Learning / Relationships and Community</p> <p>'Block contracts' replaced with individual budgets.</p> <p>Introduction of a named worker for all service users.</p> <p>Movement from generic providers to providers with a focus on independence and personal development.</p>	<p>Completed a service review for people who would be described as 'at risk' under Transforming Care.</p> <p>Significant growth in Social Enterprises and work related activity.</p> <p>Customer and Carer satisfaction is outstanding.</p> <p>A 5 year Day Service Strategy and Action Plan has been developed and is available with an emphasis on sustainable growth, diversity and a move to non-service, low cost socially inclusive solutions</p>	<p>There is a danger that we don't fund Day Services sufficiently to ensure sustainability</p>

<p>Dedicated Transition Workers A National Demonstration site A Partners in Policy making pilot working with Education, Portsmouth College and In Control to develop innovative ways of planning and to address many of the issues that affect Transition.</p>	<p>In collaboration with education colleagues: Designing information and decision making tools to support people to take control of their planning Developing formats for planning in both Children and Adults services that support the focus of the 4 outcomes Designing services (eg Day Services as above) to deliver outcomes related to the 4 PfA outcomes Developing the 'Local Offer' to provide the information that people need about what is available and how they access it. Also to help them think through what is right for them Working with 'In Control', Colleges, young people and their families as part of a Partners in Policy making project to improve post 16 transitions and ensure that all are working together to deliver in relation to the 4 outcomes</p>	<p>We have had no funding for transitional cases</p>
<p>2 stakeholder conferences. Set up a sub group of the Partnership Board. 5 significant housing developments underway. Use of assistive technology (Just Checking) to promote further independence. Increasing the number of up to 8 flats with communal areas.</p>	<p>A 5 year Housing and Support Strategy and Action Plan is available. Transformation funding will be required to take forward</p>	<p>There are reputational and financial risks attached to the Housing strategy in particular decommissioning of large res care service and of small services for people with complex needs that are unsustainable financially. There is also a risk that we don't have sufficient resource to take forward the strategy and this will incur risks in that for example we don't place sufficiently promptly</p>

<p>Planning to move from a one stop shop to offer a menu of services.</p> <p>Conversion of 2 houses to support emergency placements and provide for people who need a smaller quieter environment.</p> <p>Gig Buddies established in Portsmouth.</p>	<p>Ongoing</p>	<p>The capacity to develop a range of services is limited by the fact that our funding is tied up in a residential respite service (Russets) that is part of a PFI arrangement.</p>
<p>Integrated team established - CQC rating 'Outstanding'.</p> <p>Single line management</p> <p>Named Worker system.</p>	<p>Developed a link worker system so services have a Named Worker.</p> <p>Every G P surgery in Portsmouth has a Link Nurse</p> <p>Health facilitation training is available to all providers.</p> <p>Supporting people to have Health Action Plans.</p>	
<p>Carer's newsletter published</p> <p>All new contracts require that providers involve Carers and Service Users</p> <p>Training Service users and Carers to 'Enter and View' records.</p> <p>Provider forum in place.</p>	<p>Engagement in collaborative projects with Housing, Education and Culture to explore attracting external funding through these partnerships.</p>	

Key function: Safeguarding Adults			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
<p>Local authority safeguarding functions to be located in one place</p>	<p>The Adult MASH (commenced in April 2015) has all Adult and Children Safeguarding teams in one location in Portsmouth, enabling strategic discussions to happen swiftly for individual cases. This also enables intelligence and action when there is crossover when a vulnerable adult is at risk and a child is at risk in the same family.</p>	<p>The Adult Multi-Agency safeguarding Hub (MASH) is co-located with the children's MASH. Good working relationships are in place across all agencies. However the Adult MASH lacks dedicated health input and this impacts on the ability of the team respond efficiently when concerns raised relate to nursing / hospital care.</p>	<p>Amber</p>

<p>Timely intervention in safeguarding</p>	<p>Established timely discussions with police to determine any criminal investigation /element to any concerns raised, and whether the enquiry will be single agency; or whether there is a need for a joint enquiry under section 42 of the Care Act.</p> <p>The challenge for the future will be whether it is possible to gain a presence from agencies such as Adult Mental Health in the MASH.</p>	<p>The team is able to respond to most concerns raised within 24 hours. However they are challenged to meet this target for police referrals which are increasing in number. The MASH regularly receive referrals that on triage are requesting an assessment under the care act, rather than requesting action under s42 Care Act.</p>	<p>Amber</p>
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Residential Homes - PCC has three residential units for clients with dementia

Key progress Q1	RAG rating
<p>Work exploring funding options to employ a greater staffing capacity to care appropriately for residents.</p> <p>Working with internal and external partners to devise creative options for activities ie 'men in sheds' situated in the unit gardens.</p> <p>Working with UPAN to involve students in working creatively with residents.</p> <p>Exploring funding options for activities coordinators across the 3 dementia units (minimum of 2 x 37hrs per unit).</p> <p>Working with HR regarding Comensura ability to manage demand for dementia residential units (including Russets).</p> <p>Ongoing work exploring options available regarding the longevity of both premises.</p> <p>Some work has already started regarding the creation of a new activities area. This includes a hairdresser, vintage team room & sweet shop in both units</p>	<p>Red - Staffing Levels: The dementia units now have clients with significant challenging behaviour and staffing levels for the in-house residential units are inadequate. The current ratio of staff are 1 to 8 residents. We have a duty under the Care Act 2014 governed by CQC to provide safe and meaningful quality of life to our service users. Although CQC will not provide numbers of staffing needed in a care home. Regulation 18(1) state: "Providers must deploy sufficient numbers of suitably qualified, competent, skilled and experienced staff to make sure that they can meet people's care and treatment needs and therefore meet the requirements of Section 2 of these regulations (the fundamental standards). I have personally witnessed many incidents where units are unsafe and the needs both physical and emotional are not being met which breach the fundamental standards (happy to provide case examples)</p> <p>Lack of activities coordinators in residential units is not providing meaningful structure to a resident's day. It does not promote a person with dementia's good health and wellbeing. This can lead to more frequent hospital admissions or require a move to a nursing home as the behaviour cannot be managed within the current staffing ratio.</p> <p>This can lead to more frequent hospital admissions or require a move to a nursing home as the behaviour cannot be managed within the current staffing ratio. We have a duty under the Care Act and regulation 9(c) 'Person-Centred care to ensure all care provided is supporting of their autonomy, independence and involvement in the community (Regulation 10(b) Dignity & Respect which does not happen currently with the ratio of care staff & activity coordinators.. I have explored residential units that have a CQC rating of 'Outstanding' they have significant amount of staffing (ratio of 1 to 5 plus more assistant managers, as well as a deputy/domestics) and activities coordinators per week whom work 7 days a week providing meaningful activities. For example Malmesbury Lawn Havant have 35 residents (same as Hilsea Lodge) and have 76hrs of activities coordinators time each week. Hilsea Lodge has 19hrs a week.</p> <p>Agency staff : Human Resources colleagues are keen for a specific agency not to be used as they are outside of contract. However Comensura do not deliver care staff consistently, particularly at weekends. This leads to managers working additional unpaid hours to complete care tasks when there is no alternative. Carers are declining offers of additional hours as they find the work too stressful and demanding. The only alternative is to use this agency who can often provide the care needed at short notice.</p> <p>There has been an agreement to trial a peripatetic team across the dementia units (3 in Shearwaters 1 in Edinburgh 1 in Hilsea) but will be able to move to different homes. However the agreement due to cost will only cover 8.30am to 12.30pm and this team will be used to cover long term absence/holidays/training so will be utilised daily and is unlikely to be free to move from home to home and is also unlikely to reduce the need significantly to use agency staff. Apart from this the units are understaffed so we would be working from a negative point to start with. The advert is currently out to recruit to the peripatetic team so impacted not known at this time.</p> <p>Environment: Edinburgh house & Hilsea Lodge require updating. The décor is very old fashioned and looks tired and dated. Should these homes have a future, funds will be required to update the units</p>

Public Health Functions

TO BE ADDED

Housing and Property Services

Key functions:

- Housing Management - Rental Income
- Housing Management - Repairs and Maintenance
- Housing Options
- Clean City
- Green and Clean (LAH)
- Waste Management (Collection and Disposal)

FUNCTION: HOUSING MANAGEMENT - RENTAL INCOME			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Rent Arrears	Rent Arrears at 27/03/2017 £1,639,646	Rent Arrears at 19/06/2017 £1,566,184 - reduction of £73K on 2017 Baseline	G
FUNCTION: HOUSING MANAGEMENT - REPAIRS AND MAINTENANCE			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Repair service provider end to end (days)	18.0 (March 2017)	18.1	G
Repair service provider fixed first time (%)	83.6% (March 2017)	83.6%	G
Repair service provider Customer Satisfaction (out of 10)	99.9 (March 2017)	9.99	G
Valid FRAs for HRA blocks six storeys and above (%)	97.5% (March 2017)	100%	G
Valid FRAs for HRA blocks five storeys and below (%)	77.3% (March 2017)	100%	G
No. outstanding FRA reviews for HRA blocks six storeys and above (%)	5% (March 2017)	0%	G
No. outstanding FRA reviews for HRA blocks five storeys and below (%)	23.3% (March 2017)	25.5%	A

FUNCTION: HOUSING OPTIONS			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Households joining the Housing list average per month	157.7	119.7	
No of Properties let - all tenures average per month	103.9	87	
Homelessness - No. of Approaches average per month	97.5	93.5	
Percentage becoming intentionally Homeless average per month	9.3	10.9	
Number of B&B Placements average per month	17	30.8	

FUNCTION: CLEAN CITY			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Issuing of fixed penalty notices for littering	333 FPNs issued Apr 2016-Mar 2017	43 FPNs issued during qtr 1 (16 for qtr 1 in 2016)	G
New demands per month - ASB	36 per calendar month	40 per calendar month	R
New demands per month - Rough Sleepers	17 per calendar month	17 per calendar month	A
New Demands per month Drug related	7 per calendar month	12 per calendar month	R
New demands per month - Dog fouling	61 per calendar month	34 per calendar month	A

FUNCTION: GREEN AND CLEAN (LAH)			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
To provide comprehensive supervision and management of the teams	462 'in the works' per qtr	574 in the works (196 fte) Average of 47 mins per ITW	G
To reduce the tonnage of bulky waste on LAH land	46.4 tonnes per calendar month (avg)	41.2 tonnes per calendar month (avg)	G

FUNCTION: WASTE MANAGEMENT (COLLECTION AND DISPOSAL)			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Refuse collection tonnage (avg per month)	4013 tonnes per month (avg)	4045 tonnes per calendar month (avg)	R
Recycling tonnage (avg per month)	718.40 tonnes per calendar month (avg)	694.50 tonnes per calendar month (avg)	R
PCC recycling contamination rate	11.22%	11.72%	R
Number of members of the Green waste club		7275	G
PCC recycling rate	23%	?	
Fly Tipping	33 per calendar month	35 per calendar month	
Bin Collection (misses)	10 per day	13 per day	

Clean City Services - Notes:

- FPNs - was affected by leave/sickness in this qtr
- ASB typically increases during the warmer months
- Dog fouling typically increases during the winter months with the darker nights so this decrease is an expected seasonal variation
- Green & Clean - In the work is the way that we spend time developing and managing staff. These staff are lone working and this is part of their development and supervision to ensure they are meeting purpose
- Waste trials underway and ongoing to reduce overall refuse tonnage and increase recycling
- New crew contamination check introduced June/July with penalties applied to contractor where process not followed. Follow up visits to resident with 2 red hangers in 3 month period.
- Recycling rate declining - along with other Hampshire LA's - work to explore ways to expand range of targeted materials ongoing.
- Fly-tipping - typically higher in this quarter when students move out of their properties.
- Bin Collection - lots of sickness at Biffa in Qtr 1 which means crews are on different rounds - has started to improve from Mid June Onwards so hope to see improvement in qtr 2. Misses are corrected the following day.

Transport, Environment and Business Support

Key functions:

- Transport and Environment
- Management of Parking Operations
- Business Support and Employment, Learning and Skills services

FUNCTION: TRANSPORT AND ENVIRONMENT

Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Delivery of the Local Transport Schemes to improve the transport network and road safety (LTP3)	Planned capital programme for 2017-18, consisting of 25 schemes, 5 of which were brought forward from the previous year's plan.	8 of the schemes are in the scoping, feasibility and consultation stage. 10 are in the Project Initiation phase. 6 are at the design stage. One is under construction.	GREEN
Adoption of key Transport Planning strategies.	The Air Quality Strategy, LED lighting strategy and new Local Transport Plan are to be put forward for Member approval.	The Air Quality Strategy was approved by Members. Consultation has begun on the LED lighting strategy.	GREEN
Highway alterations carried out by private developers and other non-Highway Authority bodies meet the standards of the Highways Authority	Demand led work determined by the number of developments in the city that affect the highway.	2 developments were completed and are fully compliant with the Highways Act. 10 are in the design checking phase. We are working with one developer make their scheme compliant. A further 7 schemes are on site and being monitored.	GREEN
Monitoring and, where possible, improving journey times on key routes in the city.	The Council has secured DfT funding for further data analysis. Implementation is due in 2017-18.	PCC is currently procuring a journey time monitoring system. This stage should be complete in Q3. We plan to commence journey time monitoring by the end of March 2018.	GREEN
Delivery of targeted accident prevention and traffic safety campaigns.	Road Safety and Active Travel programme for 2017-18.	The Quieter routes scheme for cyclists to navigate across the city safely was launched. Delivery of Street Skills to encourage cycle safety for Year8/9 pupil began in Q1, to continue throughout the school year.	GREEN
Delivery of a programme of Active Travel events to encourage walking and cycling.	Planned programme for delivery in 2017-18.	The Junior Road Safety Officer programme involving 16 schools began. 600 pupils were trained in Bikeability. Road safety training was delivered to 260 Year 6 pupils. Phase 1 of the Pompey Monster walk to school campaign is complete.	GREEN

FUNCTION: MANAGEMENT OF PARKING OPERATIONS			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Channel shift and greater efficiency of parking operational services	Preparation work for moving to virtual permits was complete.	The online service for parking permit applications was launched in June 2017. Online renewal of permits is planned to become available in Q3.	GREEN
Increase the use of off street managed car parks	New measure	Use of Isambard Brunel multi-storey car park has increased. We are currently reviewing requests from companies to rent spaces in other locations.	GREEN
Additional parking services for business clients	Have been successful in renewal and winning contracts to provide services and expertise to other organisations.	We continue to provide services to other organisations, including providing Blue Badge enforcement training across the country.	GREEN
Install new Variable Message Signs (VMS) to provide driver and parking information regarding Southsea sea front.	New initiative	The contract has been awarded. New signs to be installed by the end of Q2	GREEN

FUNCTION: BUSINESS SUPPORT AND EMPLOYMENT< LEARNING AND SKILLS SERVICES			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Commercial success of the Enterprise Centres, measured through occupancy levels and income	94% occupancy £1million income	95% occupancy rate across the 3 centres. Income is on target, due to high occupancy and marketable rates.	GREEN
Progress against demand for support services and from customer feedback	Popular networking event franchise bought for the year. Other networking and business support offered to unit holders and other small businesses.	New speakers and businesses continue to attend the networking events. Costing is underway for the improvement of facilities at the centres.	GREEN
Successful delivery of all ELS programmes and contracts.	Targets and expectations of the funding bodies and prime contractors.	All contracts across ELS are performing well and at this stage achieving the necessary outcomes and maintaining quality standards	GREEN
Number of people supported to gain skills for life and work.	New measure that shows skills gained for both work and enabling people's inclusion and independence.	2016/2017 academic year due to end in Q2, has been very successful. 1,363 individual learners starting 2,116 courses (33% increase on the previous year).	GREEN
No of people supported to move into sustainable employment	ELS programmes enable 213 people to enter employment in 2016-17	Employment programmes run by ELS enabled 51 job entries. In addition 25 customers sustained employment of 6 months and 155 sustained employment of 7+ months.	GREEN
Growth of apprenticeships provided within the Council	Fig at Q4 2016-17 was 35.	34 apprenticeships were underway at the end of Q1. Some apprenticeships have completed. There has been an anticipated stall in recruitment prior to the introduction of the levy. Since then 10 more have begun; an increase on this time last year.	GREEN
Positive balance of income and expenditure for PCMI manufacturing.	Budget as at Q4 and income projections for the year.	Income has increased by 10 % compared to Q1 in 2016-17.	GREEN

Culture and City Development

Key functions:

- Libraries and Archives
- Museums and visitor services
- Parks and Open Spaces
- Registrars and Coroners
- Seafront services
- Events, partnership and commissioning
- Visitor services
- Economic Growth
- Development Management
- Planning
- Environmental Health
- Trading Standards
- Civil Contingencies

Key function: Libraries and Archives			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Reading Total Loans/issues	570,646 total for the year less than last years figures but in line with national trends.	Interventions include stock focus groups and a stock selection review to increase issues Target to sustain Q1 145,810	AMBER
Information enquiries	Years total 113,350	Stats provided in Q4 Target support for vulnerable groups continue .Target is 5% increase	GREEN
Digital: use of Peoples network	105,840 total PN hours	Decrease last year and target is to sustain this year and with IT services to decrease downtime as demand is high for this service. Stats provided in Q4	AMBER
Health & wellbeing: proposal for health hub	ACE bid was unsuccessful but furniture is being purchased using funds from the Macmillan project	Health hub funded by Macmillan project funds on target to launch autumn 2017. Additional funding is being sought. Macmillan project concludes Sept. 2017	GREEN
Learning: taster sessions	1,107 total for the year improved last year with support from Portsmouth & Highbury colleges	Target is to increase by 5% Q1 245	GREEN
Cultural: Bookfest participants	945 total	Target is to increase by 10% this year continuing to improve the programming and timings for a depth and breadth of audience	AMBER

Children Promise: Summer Reading Challenge	2,846	Expected grow of 5% as in previous years. Total will be provided in Q3	GREEN
Six Steps: V1 Helpline Enquiries	4,610 total	ongoing engagement with VI community Target to sustain. Q1 1,211	GREEN
Continue to Increase virtual visits by 5% from 2014 to 2017 to 5% annually	Virtual issues 45,928 Virtual Enquiry 49,178 Total 95,106	Target is to increase by 5% Target to be provided in Q4	GREEN
Retain 1m physical visits	974,631` Total visits for 2016/17	Sustain the target Total to be provided in Q4	AMBER
Retain SLS traded service buy back SLS Reader development participants	97% Buy back Total Portsmouth Book Award and Literature Quiz participation 8,377	97% target Retain - this figure will be subject to number of pupils on role. Total will be provided in Q4	GREEN
Transfer CALM Archive catalogue to Spydus 10 and Civic Server with internet access	Currently on aged PCC Server and accessed via PC's in PHC only	Work scoped and costs/workstreams identified. Funding identified.	AMBER
Develop independently accessed web pages or website for Public Libraries, School Library Service and Portsmouth Archives	Currently virtual access limited for digital access to services, event booking, sales and communication	Work scoped and engagement with PCC support and independent providers. Funding identified	AMBER

Key function: Museums and Visitor Services			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Continue to deliver the 5 year transformation of the D-Day Museum in– start work on site (now May 17; new museum open revised date Easter 2018)	See Project list		
Delivery of the new Butterfly House for Cumberland House - Demolition phase - Restoration phase	Works on track for completion 2 nd Quarter 2017	Work completed, and minor building snagging items remain. First delivery of pupae are in situ with several butterfly already hatched and on the wing Official opening planned for 19 th August	GREEN
Sustain visitor numbers 300,000 across all museums	Total 267,100	Total Q1 77,944. 6% less than same quarter last year but figures more impressive when considering 16,000+ loss due to closure of D-Day Museum since March 2017. Although Cumberland House lower figures this should be addressed by the opening of the Butterfly House in August	AMEBR

Key function: Parks and Open Spaces			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Provision of new premises for council and contractor staff to accommodate vehicles, workshop and storage	Currently operating at several satellite sites and long term premises solution still to be confirmed .	Temporary operations continue at the Burrfields Road depot. Decision to demolish former farm buildings at Burrfields Road so that site can be used to accommodate all operations over long-term.	RED
Develop options for community-based management model to improve the Parks service and to develop a more dynamic service responsive to local communities opportunities for real localism.		Nursery and growing project in first months of operation at Avenue de Caen. Small commercial venture with opportunities of support from volunteers including this with learning disabilities Rock gardens friends group discussions	AMBER
Provide an effective and efficient service providing VFM	Grounds maintenance contract completed and in house. Fully integrated and staff Typed by Q4	-Portchester Crematorium tender process for their grounds maintenance contract developed and completed ready for tender -Preparatory work continues for new Arbicultural contract -Cost management model of new grounds maintenance service populated and monitored	AMBER

Key function: Registrars and Coroners			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Achieve 100% birth registrations with 5 working days	100% achieved In 5 working days	100% - data end of year	GREEN
Achieve 100% still birth registrations with 5 working days	100% achieved In 5 working days	100% - data end of year	GREEN
Achieve 100% registrations of death within 2 working days of appointment request	Achieved appointments offered same day of next day. National problems with registering deaths in 5 days of death. This is due to Drs not signing the MCCD in time and also delays caused by Bereavements Services not issuing MCCD's to relatives in a timely manner. Ongoing discussions with QA to reduce waiting times.	100%- data end of year	GREEN
Achieve 100% declaration of marriage and civil partnership within 10 working days of appointment request	100% achieved In 10 working days	100% - data end of year	GREEN
Customer satisfaction with registrars service	99.05%	99.05% - data end of year	GREEN
Achieve timeliness targets for inquest for those cases that take over 1 year	Achieved	Achieved - data end of year	GREEN
Complete options appraisal re mortuary and bereavement service	Feasibility phasing continues .The preliminary option appraisal identify West Sussex as a key partner to support the business model and discussions are ongoing .	Feasibility study continuing. Further information being sought.	AMBER

Key function: Seafront Services			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Support the seafront business economy and encourage start up and economic growth	2 additional seasonal concessions in 2017	Pop Up Portsmouth : Deliver 4 pop up concessions to support small businesses along the seafront Q1 4 kiosk benchmarked and sourced and demand determined. project plan drafted	AMBER
Develop key heritage sites for sustainable modern usage	Southsea castle :development micro brewer / café and wedding programme	Activate Lump Fort as an opportunity. Brief completed and site cleared	AMBER
Reduce crime and Fear of Crime along the seafront		CCTV Lighting Diversionary activities Partnership working Building maintenance	RED
Review byelaws and review and simplify layers of restriction	The current legislation enables a direct transfer from DCO to PSPO. Q1 consultation for PSPO is still planned	BBQ Byelaws Dog orders Byelaws	AMBER

Improve accessibility for those with mobility difficulties regarding access to the beach	One accessible area on Eastney beach for wheelchair users	Discuss with equalities and team and add as agenda for Disability forum. Identify capacity in team for research project on latest technologies	AMBER
Support the Coastal defence team in preparation for Southsea Sea defence work	2 update meetings held and project superhot identified	<ul style="list-style-type: none"> - Seafront team on project team to help shape delivery - Consultation with team on intelligence and data - Liaison with engineers on issue on log curtain moat drainage Liaison with team on site for preparatory GI work	AMBER
Develop and curate the Hotwalls studio site to prepare for alternative operating model in 2 years	<ul style="list-style-type: none"> -Financial modelling of income and spend -Operational manual for site developed -13 artists on site Marketing from University secured for 1 year -Snagging period continues 	Operational plan developed and key areas of work : <ul style="list-style-type: none"> -Snagging period ends and maintenance contracts sourced developed and completed - Interpretation panels sourced designed and completed -Resin bonded areas outstanding completed -Canopies completed and installed -Contractor leaves studio 10 and new opportunity developed and marketed -Moivat8 SLA developed and confirmed for commissioning to combat anti-social behaviours in summer season -recruitment for 18 month contract for Hotwalls Studio Development Manager 	GREEN

Key function: Events Partnership and Commissioning			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Support Tourism and the visitor economy strategy	Number of event applications processed		
	Number of events supported		

Key function: Visitor Services			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Increase in visits from “staying visitors” over 3 years of 8% from 2016 to 2019	The South East data shows an increase in domestic overnight trips regionally of around 5% and international overnight trips of around 9% so this would indicate positive trending for the city in September data. Continuing this momentum through the initiatives outlined in 2017 -2020 marketing strategy adopted at PRED in Q4 2017	Data is bi- annual and 2016 data will be presented in September 2017. Hampshire CC data will be available midyear which will give a regional indication of visits and spend . Continuing to develop options for accommodation in the city is key to encourage overnight stays	GREEN
Increase visitor spend of 10% over 3 years from 2016 to 2019	The South East data has an increase in associated in visitor spend indicating a positive outlook for Portsmouth figures to be released in Q3 2017	2016 data is on target to be released Q3 2017	GREEN

Key function: Economic Growth

Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Improve skills levels			
Increase Foreign Direct Investment (FDI) in the city			
Increased business survival by providing business with targeted business support			
Review Market offer within the city			

Key function: Development management			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Ensure applications dealt with in national standard timeframes: major applications (target 60%)	The Major 'application type' achieved 85% for the year end. This is substantially above the national target.	The Major 'application type' achieved 100% for the year end. This is substantially above the national target. Good use of extensions on major applications	GREEN
Ensure applications dealt with in national standard timeframes: minor applications (target 65%)	The Minor 'application type' achieved 82% for the year end. This substantially exceeds the national target.	The Minor 'application type' achieved 80% for the year end. This substantially exceeds the national target.	GREEN
Ensure applications dealt with in national standard timeframes: other applications (target 80%)	The Other 'application type' achieved 89% for the year end. This is 9% above the national target.	The Other 'application type' achieved 84% for the year end. This is 4% above the national target. High intakes resulted in an increase on hand applications resulting for 219 at the start of the quarter to 272 at the end .	GREEN

Key function: Planning			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Review of Local plan to take plan period to 2034 and identify how employment and growth will be accommodated in the city	Draft development sites report is under preparation. On going retention issues regionally and nationally		
Adopt a contaminated land strategy to agree the Councils approach to identifying and bringing about the remediation of statutory contaminated land. Its primary aim is to address the legacy of historical contamination and the harm that pollution can cause to health or the environment	Consultation continues and plan adoption is now anticipated June 2017		
Complete a public realm strategy including a strategy for concessions and street trading	Strategy to be adopted March 2017		
Implement a revised CIL neighbourhood spend process			
Complete a heritage strategy			
Continue to work with landowners and other public bodies to maximise development opportunities in the city			

Key function: Environmental Health			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Shellfish: provide weekly specimens to FSA to secure shellfish bed designation	Resources required for sampling are diverting significant staff resource away from other statutory functions	Sampling remains a priority. Resources assigned to the detriment of other statutory service delivery areas. Requirement of industry and CEFAS met in Q1. Impact of storm discharges upon sampling requirements remains a concern. FSA involvement possible	AMBER
Food hygiene: produce an annual plan in line with statutory requirements and minimise slippage against the plan	2016/17 delivered on time. Failure to comply with the FSA Food Law Code of Practice has subjected service to the attention of the FSA auditing team	Food Operating Plan to be published in Q2. Continued deviation from Food Law Code of Practice. Additional resources required if FSA decide to launch full audit -discussions continue	GREEN
Port Health – Maintain income levels at £60,000 pa	Income met in 2016/17	Remains on track in Q1	GREEN
Pest control – exceed income target of £156,000	Income met in 2016/17	Remains on track in Q1	GREEN

<p>Community burials: facilitate timely, dignified burials; aim to recover 80% costs from estates</p>	<p>Cost recovery rates met in 2016/17</p>	<p>Demand for service continues to increase - resulting in pressure upon resources assigned to recover costs from estates. Staff resource diverted onto other service priorities in first half of 2017/18 (IDOX delivery). Achieving annual target compliance is in doubt</p>	<p>AMBER</p>
<p>Air quality – ensure new DEFRA review and assessment annual reporting requirements are met</p>	<p>Annual statement of air quality delivered in Q2 2016/17</p>	<p>Annual statement of air quality will be published in Q2 of 2017/18</p>	<p>GREEN</p>
<p>Pollution control: continue to deliver all statutory environmental protection requirements with >95% satisfaction rate</p>	<p>Huge range of functions delivered with service complaint target rate achieved</p>	<p>Review of services scheduled in Q3/Q4 to re-examine service delivery protocols and maximise service effectiveness. Objective remains on track heading into Q2</p>	<p>AMBER</p>

Key function: Trading Standards			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Primary Authority Partnerships – maintain the 10 current partnerships and pursue other opportunities as they arise	Number of partnerships fell in 2016/17 due to resource provision assign to their maintenance and delivery	Struggling to maintain existing partnerships in Q1. Review of partnerships undertaken in Q1 - income likely to fall	RED
Investigate consumer crime – intervene using civil and criminal law to assist consumers in recovering loss, and take court action where appropriate	Service delivery mechanism examined in 2016/17 following review of Regulatory Services	New business plan published in Q1 - service priorities realigned to match objective	AMBER
Alcohol and tobacco harm reduction – help businesses comply through visits and training, reduced numbers of test purchase failures, reduced amounts of illicit tobacco supplied in the City	Service delivery mechanism examined in 2016/17 following review of Regulatory Services	Objective remains a Q1 priority - focusing upon premises where intel' suggests significant breaches of law / licence conditions occur. Single FTE assigned. Funding not guaranteed into 2018/19	AMBER
Proceeds of crime – maximise amounts of compensation and confiscation recovered and work in partnership with other local authorities	Service delivery mechanism examined in 2016/17 following review of Regulatory Services	New business plan published in Q1 - services priorities realigned to match objective	AMBER

Key function: Civil Contingencies			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Development of a shared emergency planning service with Southampton City Council	A shared management arrangement has been in place since December 2016. Both authorities aspire to develop a shared service by end March 2018.	A shared Emergency Planning Duty Officer system has been developed with Southampton City Council, enhancing response capabilities significantly target date to be launched (July 2017)	AMBER
Development and maintenance of PCC Business Continuity Management arrangements	The corporate business continuity planning arrangements required review to accommodate the latest standards and organisational changes.	A new Corporate Business Continuity Policy, setting out the new approach to Business Continuity, was signed-off by Corporate Governance Group on 12/4/17	AMBER
Ensure effective corporate preparation for and response to emergencies	PCC emergency plans are compliant with statutory requirements, up-to-date and tested in emergency response	Successful activation of 'Move to Critical' Plan, following national increase in terror threat level. Contingency arrangements provided to support high-rise cladding operation following Grenfell Tower fire. Royal Navy Command & Control event participation in preparation for QEC First Entry Portsmouth operation/	GREEN

Community and communications

Key functions:

- Channel Shift Programme and City Helpdesk
- Revenues and Benefits
- New business and traded services
- Democracy
- Communications and marketing

Key function: Channel Shift Programme and City Helpdesk			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
NEW: City helpdesk: maintain customer satisfaction levels above 90%	Customer satisfaction is now measured continually rather than six monthly, creating a more stable measure. This will continue to be measured	Q1 satisfaction level: 67%	RED
NEW: City helpdesk: reduction in overall offline customer contacts	193,237 customer contacts on the phone and through ground floor customer services and cashiers in 2016/17	56,622 contacts in Q1 - Q1 is busiest quarter as a result of annual council tax bills so this figure is expected	AMBER
Increase in payments made online, through direct debit and via other automated channels	Online income in 2016/17 was £9,884,000	Online income for Q1 is £2,769,963.	GREEN
Increase in digital transactions via web and app forms	Total web and app forms submitted in 2016/17 was 22,790	6,861 web and app forms were submitted in Q1.	GREEN

Key function: Revenues and Benefits			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Council Tax collection rate	95.33% - Increase in overall tax base by 6% (annual increase was 3.7%), some of this increase was attributed to proactive work around: <ul style="list-style-type: none"> • Single Person Discount review completed making significant improvement to the tax base • Empty property discount removed making significant improvement to the tax base 	Q1 2017/18 collection at 28.41%. Performance varies by -0.13% compared to Q1 2016/17. Collection has been impacted by changes to the council tax support scheme; however the outlook at quarter 1 suggests collection for the year will remain fairly stable and comparable to 2016/17.	GREEN
NNDR collection rate	99.80% - Best ever year for NNDR in year collection	Q1 2017/18 at 32.49%. Performance varies by -0.69% compared to Q1 2016/17. 2017/18 billing has been impacted by the revaluation of the rating list (first change in 7 years), and the late introduction of additional supporting reliefs. The outlook for collection remains comparable with 2016/17.	GREEN
Cycle time for new claims	21 Days	21.97 days.	GREEN
Cycle time for changes of circumstance	7 Days	7.27 days.	GREEN
Housing Benefit overpayments raised	£3,193,839	£525,155.	GREEN
Level of outstanding housing benefit debt	£8,975,702 - Overall Housing Benefit debt below £9million, decreased from end of previous year by £15k (this is in spite of over 3 million extra debt raised in 16/17)	£8,605,725	GREEN

Housing Benefit subsidy received	£105,490,323 - The amount of subsidy forecast to receive is down on 2015/16 as the level of housing benefit expenditure is reducing (this is in main due to the welfare reforms). However the % of subsidy claimed against expenditure remains steady 98.16% at end of Q4 (97.98% at end of Q4 2015/16)	The level of expenditure recouped via subsidy at the end of Q1 2017/18 is 98.35%, an improvement of 0.14% against 2016/17. Total subsidy for 2017/18 is currently forecast at £104,836,841. The total subsidy value is reduced in comparison to 2016/17 as a result of reduction to Housing Benefit expenditure, which is in the mean attributable to welfare reform changes.	GREEN
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Key function: New Business and Traded Services			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Income generation targets: Design £150,000	£191,692 - Despite reducing print through the MAP project, design maintained sufficient income to meet the cost of the service	£40,342 in quarter one	GREEN
External income generation target of £30,000 from Port Creative, encompassing design, marketing, communications and market research		£17,000 in Q1	GREEN

Commercial Services Benchmark £4.3m in 2015/16	<p>£4,096m - Gross income reduced to several key services ceasing and continued impact from school acadamisation programme. It is worth noting at the outset of traded services it was assumed the value of support services delivered to schools was 4.3m with increased acadamisation and cost saving initiatives by schools it is likely that the position will continue to deteriorate therefore for 2017/18 the focus will be delivering framework opportunities for academies and securing work from other authorities</p>	<p>£4,326,831 gross income achieved by June 2017. Traded Services team continue to discover areas of activity that have not been charged for and processing these through the online ordering portal.</p> <p>The traded services team will also be rolling on the 2nd year provision for schools incorporating a 2.14% uplift.</p>	GREEN
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Key function: Democracy			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Achievement of statutory timelines in relation to Fol	91.6%	70%.	GREEN

Key function: Communications and marketing			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Equivalent advertising value of media coverage generated by PR activity	£905K generated in 2016/17	£244,286	GREEN
% of staff who feel well-informed and proud to work for the council	Measured through staff survey, planned for autumn 2017. Target of 75%	N/A	GREEN
Social media reach	Target: 650,000	600,031	GREEN
Email marketing and communication reach	Target: 50,000	32,355 emails sent	GREEN
Email unique subscribers	10,000 - Year 1	4045	GREEN
Email open rate	Target: 50%	Average 39% open rate in Q1	GREEN

HR, Legal and Performance

Key functions:

- Human Resources
- Directorate
- Legal Services
- Internal Audit
- Corporate Strategy

Key function: Human Resources			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Sickness absence	8.2 days per employee per year	8.1 days per employee per year	GREEN
All restructures and other organisation change successfully managed	Achieved	Achieved	GREEN
No successful Employment Tribunal cases as a result of poor HR practice	Achieved	Achieved	GREEN
Recruitment end-to-end time (i.e. to employment start date)	66 days	62.75	GREEN
Apprenticeship numbers	74 (including pipeline) Numbers anticipated to increase sharply in 17/18 due to introduction of apprenticeship levy	109 (including pipeline)	GREEN

Key function: Directorate			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Traded Services: reduce dependency on cash-limit finance by developing trading opportunities	48% of service funded through cash limit	Achieved	GREEN

Key function: Legal Services			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Turnaround times on childcare cases (% within 26 week target)	77% within 26 weeks	83%	GREEN
No major projects delayed due to failures to provide effective legal support	Achieved	Achieved	GREEN
Land Charges – complete searches within 20 working days	100%	Achieved	GREEN
Key function: Internal Audit			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
% annual audit plan complete	100%	23%	GREEN
Number of exceptions identified	6 critical, 124 high	0 critical, 30 high risk	GREEN

Key function: Corporate Strategy			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Maintain schedule of funding opportunities	Regular updates provided to Leader	Achieved	G
Achieve statutory deadlines regarding annual governance statement and performance statement	Achieved	Achieved	G

Finance and Information Services

Key functions:

- Financial Governance and Accountability
- Maintaining the resilience of financial services operations
- Maximising the resource available to the council
- Support directorates to deliver within agreed budgets and achieve savings targets and objectives
- High quality business as usual financial services – continual service transformation
- IT performance Metrics
- Strategic IT support and development

Key function: Financial Governance and Accountability			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Prepare a Medium Term Financial Strategy	MTRS approved by full Council as part of annual Budget	Annual review underway	
Approve a Balanced Budget and associated level of Council Tax	Budget and council tax approved by Full Council for required level of savings	Budget setting process starts	
Approve a minimum level of general reserves	£7m	£7m	
Approve a fully funded 5 year capital programme	Capital programme approved by Full Council	Refresh of current programme underway & new bids process starts	
Statutory timescales achieved for Statutory Financial Statements	30 th June 2017	The annual target of 30 June has been achieved	
Unqualified Audit Opinion achieved	PCC achieved an unqualified audit opinion for the 2015/16 accounts	Audit for 2016/17 underway- no issues identified so far Chair of G&A to briefed on 1/9/17 re potential outcome of annual audit	
Quarterly financial reporting to council achieved	Q3 delivered 21/3/17.	Outturn scheduled September 2017	
Pay.net implemented	On Hold - Dependency upon completion of current upgrade to PIMS and Spydus systems	Request to supplier for information re formatting to upload data to EBS	
Bank reconciliation completed within 4 weeks of month end	Complete to March & awaiting sign off	April & May complete. June 90% completed	

Transparency information published on time	Delivered	Delivered but one week delay in May due to website upgrade	
Key function: Maintaining the resilience of financial services operations			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Up to date business continuity plan by December 2016	Review planning	Contact details and process changes updated Review of Plan by CCO. Desktop scenario undertaken	
EBS availability to be within performance standard of 98% availability in working hours	Performance maintained	Performance maintained	

Key function: Maximising the resource available to the council			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Additional income generated through mechanisms e.g.. Property Investment Fund, Shared loW service	See project reports		
Average return on new investment to exceed LIBID rates	Exceeded investment returns target for new investment	Most of new investment returns have exceeded target	

Implementation of Employee Benefit Portal and subsequent savings	See project reports		
Debt recovery indicators (add KPIS)	95.33%(97.8%)	94.8%(95.33%)	
Actual (target)	99.8% (98.8%)	96.3%(99.8%)	
Council Tax			
NDR			

Key function: Support directorates to deliver within agreed budgets and achieve savings targets and objectives			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Spending within allocated budgets – deficits in adults’ social care and children’s social care reducing as per agreed plans	Forecast deficits: ASC £1.2m CS £1.6m	Strategies to close the gap in both services have been approved by Cabinet on 29/6/17	

Key function: High quality business as usual financial services – continual service transformation			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Implementation of new forecasting and budgeting tools	Preparing to be fully operational in Q1	Operational in all Civic based Finance teams and rolled out to some service managers	
Implementation of Business Intelligence reporting for managers	See project progress reports		
Maintain EBS upgrade and patching programme	Latest RPCs updated	Latest RPCs updated	
Invest in EBS hardware requirements	Hardware installed –go live deferred until jumbo ports installed	Jumbo ports now installed Migration of EBS hardware scheduled for 26-29 /8/17	
Complete roll-in of purchase to pay business intervention	See project progress reports		
Payment performance indicators	77%	77%	
Paid 10,000 internal & external staff on time	Achieved	Achieved	

Key function: IT performance Metrics			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Customer satisfaction	<ul style="list-style-type: none"> 28% of staff believe the service is better than this time last year Net promoter for this quarter is 18.2% 	<ul style="list-style-type: none"> 29% of staff believe the service is better than this time last year Net promoter for this quarter is 22.4% 	Green
Availability (24/7) 1. A01 (Availability of the LAN) 2. A03 (Availability of the WAN) 3. A04 (Availability of the SWAN Network) 4. A06 (Availability of the Telephone System) 5. A16 (Availability of Top 30 Systems) 6. A26 (Availability of the TPN Network)	1. 100% 2. 99.7% 3. 100% 4. 99.7% 5. 97.5% 6. 99.7%	1. 100% 2. 99.6% 3. 100% 4. 100% 5. 98.8% 6. 99.4%	Green
Service Desk 1. D01 (Telephone Call Wait Time < 30 secs) 2. D01a (Calls abandoned in the last 7 days) 3. D04 (Incidents fixed by Service Desk at first point of contact)	1. 94.8% 2. 2.8% 3. 95.6%	1. 95.01% 2. 2.5% 3. 91.32%	Green

Incidents 1. I01 (Total Incidents (I'S) raised, by Team) 2. I23 (I's Currently Open) 3. I24 (I's Resolved with a Workaround)	1. 597 2. 155 3. 44	1. 542 2. 210 3. 29	Amber
Requests 1. R10 (Requests Currently Open) 2. R02 (Standard Request closed < 10 Days)	1. 233 2. 197	1. 307 2. 76.3%	Amber
Problems 1. I26 (Problems Raised in the Last 7 Days) 2. I27 (Problems Open by Directorate)	1. 3 2. 97	1. 3 2. 98	Red
PSN accreditation IG Toolkit (Connection to NHS) PCIDSS (Payment Card processing)	Accredited Accredited Accredited	Accredited Accredited Accredited	Green
RSecurity 1. SPAM 2. Malware	1. 99.9% (11 incidents out of 13750 attempts) 2. 99.8% (5 incidents out of 3034 attempts)	1. 99.9% (3 incidents out of 249288 attempts) 2. 99.9% (9 incidents out of 27286 attempts)	Amber

Key function: Strategic IT support and development			
Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
1) Produce Category Management Plan 2) Produce IT Strategy 3) Restructure IT 4) Digital Strategy 5) Cyber Security Strategy	1) Done 2) Done 3) In progress 4) Produced 5) Done	1. Done 2. Done 3. Done 4. In progress 5. Done	Green
6) Disaster Recover as a Service(DRaaS)	<ul style="list-style-type: none"> - Procurement specification - Supplier tender evaluation work completed 	Appointment made; design proposal submitted for scrutiny by IT Architecture Practice; project manager assigned; initial technical workshops with Microsoft complete	Green

Portsmouth International Port

Objective	2017 Baseline (where known)	Key progress Q1	RAG rating
Review Corporate Governance Arrangement	DfT questionnaire has been completed. 'Good Guidance for Ports' to be issued Sept 2017.	Ongoing.	Green
Port Master System Replacement: Ships Services and Operational Costs	Programming and sprint reviews have commenced	Programming and sprint reviews have commenced.	Green
Permit to Work / Permission to Work	Solution being drafted.	Complete.	Green
New Brittany Ferries Contract	Heads of terms agreed. Contract is awaiting signatures.	Complete.	Green
Berth 3 Linkspan Purchase	Negotiations ongoing.	Negotiations ongoing.	Amber
Ports Energy and Carbon Savings (PECS) European Scheme	Application submitted.	Application has been approved.	Green

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Appendix 3 - projects

Children's Services: Projects						
Project	Target Date	Key progress and issues arising	On track - time (RAG rating)	On track - budget (RAG rating)	On track - outcomes (RAG rating)	Key project risks
Portsmouth Education Partnership	Ongoing	<p>The Portsmouth Education Partnership is now well established. At the last meeting of the Strategic Board in Q1 it was agreed to continue with the current structures but to rename the Operational Group as the School Improvement Board to better reflect its function. A summary of the PEP's achievements and how school leaders can get more involved has gone out to schools, together with a copy of the draft Education Strategy 2017 – 2020 which is now out for consultation – closing date of 22 Sept 2017. A 'glossy' summary of the strategy will be distributed during the summer.</p> <p>Bids to the Strategic School Improvement Fund Round 1 were submitted in Q1 – outcome will be known in Q2. A second round is likely to commence in Q2 (Oct)</p> <p>The Partnership and Schools Inclusion Manager will start in Q2 (Sept) and the PEP website will be launched in Q2 (Oct)</p>	Green		Amber	<p>Future funding support from the LA in 2018/19. The support the council has been able to provide has been crucial in getting the PEP off the ground. Further support will be needed but ultimately the success of the PEP will depend on buy-in from schools so that it becomes a school-led Partnership. More and more schools are becoming engaged and can see the value of the PEP - this augurs well for its future.</p>

<p>Planning and delivering sufficient school places for the city</p>	<p>Ongoing</p>	<p>Primary capacity remains very tight and a 30-place bulge class was required for September 2017 at Beacon View Primary Academy to take into account pressures in the Paulsgrove area. Overall surplus capacity at primary is >2%.</p> <p>Secondary capacity is reducing as the increased primary numbers from the last few years flow through. By September 2020, the city will not have sufficient secondary places without further expansion of secondary schools. Feasibility works are being undertaken to inform future capital bids in Autumn 2017, linked to £3m DfE basic need funding allocation for 2019/20 and estimated basic need funding for 2020/21 and 2021/22. Due to the lead-in time for works, urgent action is now required to address capacity for September 2020 and beyond.</p> <p>The annual School Capacity and Places data return (SCAP) to the DfE is being compiled ready for Q2 - deadline end of July 2017. This will refresh the pupil forecasts and inform future actions and capital bids.</p>	<p>Amber</p>	<p>Red</p>	<p>Amber</p>	<p>Funding is required to enable secondary expansion works.</p> <p>DfE funding is lagged and future funding methodology from DfE could be subject to change.</p>
<p>Children's Social Care IT system replacement</p>						

Adults' Services: Projects						
Project	Target Date	Key progress and issues arising	On track - time (RAG rating)	On track - budget (RAG rating)	On track - outcomes (RAG rating)	Key project risks
OPPD Systems Intervention	January 2018	<p>EDIP for all existing practitioners is completed. Consistent completion of measures form is required.</p> <p>Begin the process of activating demand and capacity measures.</p> <p>Work to ensure measures are embedded, that their visibility becomes part of service culture, and that leaders have the information they need to act on the system and, where necessary, to Support, Educate and Develop, based on what they've learned from the measures.</p> <p>Re-draft the job profiles of ATMs and Team Managers, defining how systems-thinking leaders manage according to the principles and method. Discuss and consult with ATM and Team managers.</p> <p>Through Q3 work with operational leaders offering the opportunity to lead by using systems thinking principles.</p>	Green	Green	Amber	Time required for leaders to learn new roles.
Health & Social Care Blueprint	January 2018	<p>Further working relationships with Solent NHS Trust based on co-location.</p> <p>Agree the Better Care Fund plan</p> <p>Remove blocks to referral and refer direct between professionals</p> <p>Review single assessment/care-plan arrangements and draft format</p>	Amber	Amber	Amber	<p>Management capacity to lead the project.</p> <p>Agreement between ASC and Solent</p>

						regarding format.
Integrated Discharge Service (QA)	September 2016	<p>This project has enhanced communication between agencies i.e. easier and quicker to speak to colleagues who share the same space. Improvements have been achieved due to working in the main hospital rather than just on-site as staff are working nearer the wards, improving travel times and making working with clients and families more effective. The medically fit for discharge numbers for Portsmouth have reduced, (additional locum staff have been made available to support the team) enabling the waiting list for assessments to reduce from 4 weeks to 10 days.</p> <p>Noise levels interfere with communication with families, carers colleagues and external agencies, due to the space being insufficient for the amount of staff. Productivity of staff is affected by the working conditions. This has been escalated to the Director of Adult Services for discussion and resolution with PHT. Significant management time has been used to work with staff to try and improve well-being, seek alternatives, but the environment remains not fit for purpose.</p> <p>The teams are now co-located in one area of the hospital but there is work to be done to improve the way staff work together. Some work to address this is planned for the Autumn.</p>	Green	Green	Red	The impact on working practice caused by the environment and different organisational agenda.
LD systems intervention		This is provisionally planned to re-start in October 2017, with the Corporate Intervention Team.				

Transition between Swift / AIS and System 1	April 2018	<p>In June 2017, TPP informed PCC that they would not be able to allocate resource to working on PCC data for a minimum of 6 months. This would place the transition plan date into March 2019, constituting a significant risk to PCC given that SWIFT/AIS support is being reduced and is likely to deteriorate by this time.</p> <p>Mitigation is planned by considering a 'green field' site solution whereby there is no migration of existing ASC data, which is stored separately to be updated as work with service users continues on the new system.</p>				Transition being delayed. Staffing capacity to manage the project.
IGC project	September 2017	ASC is working with Housing colleagues who are setting up PCC managed domiciliary care in sheltered accommodation.	Amber	n/a	n/a	
Achieving Financial Balance	March 2018	<p>Savings Plans have been submitted by service areas to achieve the overall balance.</p> <p>An additional impact on the budget in Q1 is the HMRC Tribunal Decision announced in April 2017. Whilst the government has announced it will waive financial penalties faced by employers retrospectively and has suspended HM Revenue and Customs enforcement activity concerning retrospective payment of “sleep-in” shifts by social care providers, until 2 October 2017, ASC have a potential to have to back pay providers providing LD Sleep in services across supported living schemes, This may reach £100k.</p>	Red	Red	Red	See ASC financial summary below

Property and Housing Projects						
Project	Target Date	Key progress and issues arising	On track - time (RAG rating)	On track - budget (RAG rating)	On track - outcomes (RAG rating)	Key project risks
Dunsbury Park (Capital)	N/A	Highways Works - complete 2015 Plot 2 (Fatface) complete 2016 Enabling works ongoing contract let anticipated completion 2018 Plot 4a - in negotiation anticipated completion 2019 Other plots 2019-2025	Green	Green	Green	Dunsbury represents a significant investment by PCC, the ability to attract tenants and recover that investment is partly dependant on the long term performance of the UK economy.
Limberline Phase III (Capital)		24 th November 2016 Practical Completion 4 units currently vacant (out of 22) 12 month retention / defect period				
Property investment Fund (Capital)	31 March 2018	£133M committed. 10 Assets purchased with 1 further asset currently being developed under a forward funding commitment.	Amber	Amber		Lack of suitable stock to acquire In house resource
Replacement Social Housing Schemes (Capital)						

Utilities Management and Investment in Solar PV (Capital)						
Horatia House & Leamington House (Tower Blocks, LA Owned)	N/A	Removal of Aluminium Composite Material (ALM) Cladding	Amber (Part Removed)	Red (No budget allocated)	N/A	Central Government do not fund removal costs re-cladding
Site - Holybourne Road Name of Development - <u>Buriton Close</u> No. of Properties - 9 (4 x Houses, 5 x flats)	September 2017	Project will complete 6 weeks later than planned due to Southern Water adoption process	Amber			
Site - Blendworth Crescent Name of Development - <u>Steep Close</u> No. of Properties - 48 (20 x Houses, 28 x flats)	April 2018	Project is due for completion 2 months earlier than planned	Green			
Site - Arthur Pope House Name of Development - <u>Ivy Close</u> No. of Properties - 60 (9 x Houses, 51 x flats)	June 2018	Project is due for completion 2 months earlier than planned	Green			
Site - Kingsclere Avenue Name of Development - <u>Fred Francis Close</u> No. of Properties - 38 (30 x Houses, 8 x flats)	February 2019	Project is due for completion 8 months later than planned due to s278 process	Amber			

Wilmcote House	7 Nov 2016	External Cladding, window and roof - overrun contract period	Red	Amber	Green	Contractor claims
Victoria Lodge	31 Jul 2017	Refurbishment of café - timescales to complete	Green	Green	Green	Overrun
Stray Dogs - Options paper for Kennel feasibility Plan to contract out current statutory duty for stray dogs, retain current kennel and review income options	ASAP	A Report is being prepared in response to a request by the Cabinet Member for Environmental & Community Safety for a report detailing Options with regard to providing a dog service including managing strays and will be presented to the Environmental & Community Safety Cabinet at the 27 th September meeting	G			

Major Transport, Environment and Business Support Projects						
Project	Target Date	Key progress and issues arising	On track - time (RAG rating)	On track - budget (RAG rating)	On track - outcomes (RAG rating)	Key project risks
The Hard Interchange	May 2017	Project complete	Green	Green	Green	Project complete in Q1
Eastern Road Waterbridge	Oct 2017	Scaffolding in place, preparation of the structure prior to painting.	Green	Green	Green	Decision on the acceptance of the bridge into the PFI highway network

						could present a risk to its future maintenance.
North Portsea Island Flood Defence scheme	2022	Contractor started work. Completion of existing phase 3 planned for 2019. Further phases completed by 2022.	Green	Green	Green	Disturbance to environmental habitats and unforeseen ground conditions could cause delay and additional costs.
Southsea Flood Defence scheme	2026	Designer appointed for all phases of the Southsea scheme. Development of outline designs and further public engagement is underway leading towards the Principle Design stage and planning permission.	Amber	Green	Green	The consultation and planning process could result in higher cost and unaffordable design solutions.
Traffic Management Centre IT infrastructure upgrade.	Sep 2017	All junctions have now migrated from old TELE 12 system to the new hosted platform.	Green	Green	Green	Extra cost incurred to develop links between the existing infrastructure and the new system to ensure effective working of the new system.
Traffic signals optimisation programme (TSOP)	Dec 2017	Tenders evaluated. Value engineering exercise with preferred bidder has reduced costs. Work to commence Q2.	Green	Amber	Green	Delivering the works within a short timescale whilst avoiding disruption to traffic flow especially during special events and other third party works.
Eastern Corridor	Mar 2018	Member briefing carried out. Further public engagement to commence. Construction of 'quick win' projects to start in Q3 of 2017-18	Green	Green	Green	Community concern over the scheme may cause delays and loss of funding.
Anglesea Road/ Park Road junction improvements	Apr 2018	The design is now complete and preparation of the tender documents is underway.	Green	Green	Green	The requirement for Network Rail approvals could delay the tendering process causing the start date to move back to spring 2018.
Street lighting upgrade	May 2019	Tender documents have been prepared and the strategy has been released for consultation.	Green	Green	Green	The consultation may result in additional works which will need to be agreed before proceeding.

Culture and City Development Projects						
Project	Target Date	Key progress and issues arising	On track - time (RAG rating)	On track - budget (RAG rating)	On track - outcomes (RAG rating)	Key project risks
Transformation of D-Day Museum: Continue to deliver the 5 year transformation of the D-Day Museum start work on site (May 17)		Completed removal of collections from site (19/5) Appointed main / base-build contract (19/5) Asbestos removed (16/6) Main contractor started on site (26/6)	Green	Green	Green	Capacity of in-house museum team Programme

		Detailed exhibition design underway (into August)				Finalising contract with Exhibition Designers
Developing plans for the City Centre Infrastructure as part of the City centre masterplan						
City Deal : strategic development at the gateway to the city unlocking critical employment and housing land plus a country park at Tipner and Horsea island						
Multiple service database change – transition of Civica APP into the Uniform suite of products (IDOX) - extend the use of IDOX DMS to provide integrated document management						
Update the archive catalogue to Spydus 10 and develop web access by : Transfer LMS server to hosting civic server Implement E DI invoicing model Develop events booking functions Develop Volunteer access Develop Mobile app						

Implement registrars booking system						
Implement replacement coroners IT caseload management system						

Community and Communication Projects

Project	Target Date	Key progress and issues arising	On track - time (RAG rating)	On track - budget (RAG rating)	On track - outcomes (RAG rating)	Key project risks
Delivery of the channel shift/digitalisation programme	On-going	Revs forms are live; Housing Benefit Claim form has been launched, as have forms for waste. Capital bid/spend to save to be submitted in Oct 17 for next phase for programme.	Green	Green	Green	
Implementation of Universal Credit (including the Local Support Framework)	On-going	188 housing benefit cases to date have been cancelled due to claiming universal credit (since 28/03/2016). No Issues (DWP run programme). Full live service is planned for June 2018 for Portsmouth.	N/A	N/A	N/A	

Tell Us Once	Complete	Tell us once project complete, enabling PCC to offer service to customers reporting the death of a resident. Whilst this has been launched, an attempt is to be made to introduce this process further to include Portsmouth's housing service.	Green	Green	Green	

HR, Legal and Performance Projects						
Project	Target Date	Key progress and issues arising	On track - time (RAG rating)	On track - budget (RAG rating)	On track - outcomes (RAG rating)	Key project risks
Devolution/ combined authority	N/A	Ongoing dialogue at political level and with DCLG	NA	NA	NA	Dependant on political and governmental decisions
Business Intelligence	31/12/17	Testing of software underway	Green	Green	Green	Complex project involving Finance and IS as well as HR. Risks around

						technology, data conversion and management buy-in
Apprenticeship levy (potential cost c£700k per year)	31/3/18	Framework contracts being let for array of training provision. Work ongoing with services to identify opportunities for apprenticeships	Green	Green	Green	Risk of not having sufficient training providers to meet demand. Also risk of having insufficient job roles suitable for apprenticeships
Replacement of learning management system	31/3/18	Currently out to tender for new system	Amber	Green	Green	Implementation and data conversion risks
Military Covenant	31/3/18	Covenant officer now in post. Application submitted for MoD Gold Award for employers (outcome awaited)	Green	Green	Amber	Depends on multi-agency working
Workplace Wellbeing	31/3/18	Bid being prepared to Public Health Transformation Fund for additional capacity. Wellbeing strategy being developed	Green	Green	Outcomes to be defined	Need to define outcomes and means of measurement to ensure value for money of spending

Finance and IS Projects

Project	Target Date	Key progress and issues arising	On track - time (RAG rating)	On track - budget (RAG rating)	On track - outcomes (RAG rating)	Key project risks
Municipal Energy Company	July 2018	Outline business case approved by Cabinet 27 July 2017 to set up a Joint Venture company and become a licensed energy supply company	Green	Green	Green	Independent review of financial business case. Underachieve target uptake.
Purchase 2 Pay roll-in	Ongoing	Further intervention to focus activity. Processes embedding and backlog reduced	Amber	N/A	Amber	Inaccurate data from services
Business intelligence	Phase 1 - summer 17	Finance professionals rollout September 2017 HR rollout October 2017 School professional user rollout October 2017	Green	Green	Green	
Employee benefits portal	ongoing	Launch of AVC wise across Council	Green	Green	Green	Take up Legislative changes
Property investment Fund	ongoing	Started work on Portsmouth Retail Park at North Harbour	Green	Green	Green	
Hampshire community bnk	ongoing	Continue to work with HCB to develop the bank to a point where they can apply for a licence	Amber	Green	Amber	
Internet upgrade	December 2017	System migrations almost complete, two systems remaining; planning on going for migration of network connections	Green	Green	Green	Disruption to services during migration

TPP – ASC	October 2018	New technical approach to be taken - development of 'greenfield' instance rather than import of historical data. Reviewing resulting overall plan and costs changes with supplier. Reviewing resulting internal resource changes with Service.	Red	Amber	Green	Coordination of two suppliers - case work database and financial data
Children's SWIFT/CCM System Replacement	October 2018	Early phases of project planning are developing the overall plan, including target date; Procurement specification in development with the customer; Procurement framework verified; Work practice analysis on going with project team	Green	Green	Green	Data migration from Swift
Upgrade obsolete IT service management software – self-service etc.	November 2017	Test environment made available to IT Service; ADFS authentication in place Supplier contract sign IT Service Catalogue and associated SLAs under development Development workshops commence August	Green	Green	Green	Coordination of resources for development workshops
EBS complete infrastructure to refresh moving to virtual servers	29th August 2017	Installation complete; User Acceptance Testing successful and complete; Disaster Recovery exercise scheduled	Green	Green	Green	DR exercise highlights issue(s)
Bring Your Own Device	To be determined	Business Partners verifying demand from Services; coordination with corporate mobile offering	Green	Green	Green	Identification of detailed requirements

Port Projects

Project	Target Date	Key progress and issues arising	On track - time (RAG rating)	On track - budget (RAG rating)	On track - outcomes (RAG rating)	Key project risks
Berth 4 Linkspan Replacement	March 2018	Contract awarded. Linkspan being designed / built.	Green	Green	Green	Delay in completing design, delivery and installation.
Port Expansion (Cruise)	March 2021	Business case being developed which includes ship simulation, identifying infrastructure requirements and market potential.	Amber	Amber	Amber	Ability to attract new cruise liners to Portsmouth.

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Appendix Four - Risk Register

Risk owner	Risk Area	Where risk identified	Risk Likelihood	Risk impact	Current Risk Status	Potential outcomes	Mitigation/ commentary	Type of Risk
Children, families and education								
Alison Jeffery (Director of Children's Services)	Savings pressures leading to increased workloads for social care staff					Increased risk around quality of social work practice	Ongoing monitoring as part of quarterly reporting . This risk has begun to materialise. A potential investment strategy is being reviewed to bring down caseloads.	Personal injury to child;
Alison Jeffery (Director of Children's Services)	Savings pressures leading to increased workloads for social care staff					Reduced attractiveness of PCC as an employer		financial loss to authority; failure to achieve objectives
Alison Jeffery (Director of Children's Services)	Reduced LA investment in specialist domestic services may increase numbers of children exposed to this					May increase severity of harm (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).	Linked to Stronger Futures Programme for developing effective early help services for the city. The inclusion of DA services within Children and Families should help to ensure impact,	Personal injury

Risk owner	Risk Area	Where risk identified	Risk Likelihood	Risk impact	Current Risk Status	Potential outcomes	Mitigation/ commentary	Type of Risk
Alison Jeffery (Director of Children's Services)	Refocusing staff time on more vulnerable families increases rather than decreases demand on statutory social care as more need is uncovered					Increased demand and pressure on resources	Linked to Stronger Futures Programme for developing effective early help services for the city . This is a key risk to monitor as targeted early help expands in 2017/2018.	financial loss to authority; failure to achieve objectives
Alison Jeffery (Director of Children's Services)	Failure to make successful claims under Troubled Families Programme					Reduced income available to the authority for investment in services	The increase in attachments creates the foundation for more claims; a strategy for maximising claims is being developed.	financial loss to authority; failure to achieve objectives; reputational damage
Alison Jeffery (Director of Children's Services)	Future of children's IT system - linked to Adult Social Care system					System becomes unaffordable and ineffective as user base reduces (ASC withdrawal) - local and national risk	Decisions have been taken and funding allocated for a new system. Implementation will be a key project for 17/18	Financial loss; failure to achieve objectives

Risk owner	Risk Area	Where risk identified	Risk Likelihood	Risk impact	Current Risk Status	Potential outcomes	Mitigation/ commentary	Type of Risk
Alison Jeffery (Director of Children's Services)	Process of academisation for schools distracts schools from improving teaching and learning		Medium	High	Amber	Deterioration in outcomes for children	The LA is working closely with the Regional Schools Commissioner to ensure that LA maintained schools have access to good information about the process and details of strong MATs that have capacity for growth and a good track record. The LA is also working closely with MATs operating in the area and ensuring that academisation of local schools is done in a considered but robust way.	Failure to achieve objectives
Alison Jeffery (Director of Children's Services)	Process of academisation of schools leads to a reduced traded service income for PCC (across a range of traded services, not just those in education)		Medium	High	Amber	Reduced income for PCC	Traded Services income from schools and academies has held up reasonably well, but some services are being affected particularly those in relation to back office functions e.g. Legal, HR, Finance, etc. However, there are also	Financial loss

Risk owner	Risk Area	Where risk identified	Risk Likelihood	Risk impact	Current Risk Status	Potential outcomes	Mitigation/ commentary	Type of Risk
							opportunities. MATs encompass schools outside of the LA area and there are now services that are being signed up to all schools within a MAT including those outside of Portsmouth	
Adult social care								
Innes Richens, Director of Adults Services	PCC owned and run Residential care homes	Service Manager	High	High	High	More frequent hospital admissions or moves to a nursing home as the behaviour cannot be managed within the current staffing ratio.	Exploring funding options for activities coordinators across the 3 dementia units (minimum of 2 x 37hrs per unit)	Staffing

Risk owner	Risk Area	Where risk identified	Risk Likelihood	Risk impact	Current Risk Status	Potential outcomes	Mitigation/ commentary	Type of Risk
Innes Richens, Director of Adults Services	Failure to achieve constancy of purpose	Interventionist	High	High	High	Moving to a systems thinking approach requires establishing 'constancy of purpose' and creating the right conditions for staff to work in a systems thinking way. PCC's support services are centralised and there is a risk that they will be unable to support ASC. Corporate policies will almost certainly be identified as system conditions - causes of waste, failure, and sub-optimal service provision. Because policy frameworks apply corporately and interventions are conducted locally, this will inevitably and repeatedly create conflicts between each intervention and the owners of corporate policies.	Corporate Systems Thinking board chaired by the Leader of the Council has agreed for an intervention to be carried out with support services.	Failure to achieve objectives

Risk owner	Risk Area	Where risk identified	Risk Likelihood	Risk impact	Current Risk Status	Potential outcomes	Mitigation/ commentary	Type of Risk
Innes Richens, Director of Adults Services	Failure to achieve a balanced budget	Senior Management Team / Budget updates.	High	High	High	Not delivering a balanced budget due to overspend of resources.	Savings plans are in action from each service. Monthly monitoring, new monies announced by the chancellor in the Spring 2017 budget.	Budget
Innes Richens, Director of Adults Services	Client Record System	SWIFT / AIS Migration Project Board	High	High	High	The delay in implementation constitutes a significant risk to PCC given that SWIFT/AIS support is being reduced and is likely to deteriorate by this time.	Mitigation is planned by considering a 'green field' site solution whereby there is no migration of existing ASC data, which is stored separately to be updated as work with service users continues on the new system.	Information Technology
Innes Richens, Director of Adults Services	Care resources in Portsmouth	Domiciliary Care Report	High	High	High	Continued inability to contract for domiciliary care support for people living in their own homes. Risk of impact on health & wellbeing, increased risk of admission to residential care. Impact on ASC budget of more expensive provision.	Plan to consider market support as detailed in domiciliary care report.	Resources

Risk owner	Risk Area	Where risk identified	Risk Likelihood	Risk impact	Current Risk Status	Potential outcomes	Mitigation/ commentary	Type of Risk
Public Health								
DPH	Insufficient focus on system prevention and early intervention in system-wide plans					Failure to reduce demand on services	Working with partners to ensure the Portsmouth Health and Care Programme is sufficiently focused on prevention and early intervention	Failure to achieve objectives
DPH	Failure to continue to deliver PH priorities during the implementation of the service wide restructure					Failure to deliver PH priorities	Working with HR to implement changes to team structure, roles and appropriate processes prior to 3 Jan 17 when new structure is implemented.	Failure to achieve objectives
DPH	Reduction in funding in services, including for vulnerable people e.g. drug and alcohol services, oral health, healthy child programme					Population outcomes decline	Managed through service redesign, retender of services and performance management of providers	Failure to achieve objectives
Property and Housing								

Risk owner	Risk Area	Where risk identified	Risk Likelihood	Risk impact	Current Risk Status	Potential outcomes	Mitigation/ commentary	Type of Risk
James Hill /Meredydd Hughes	Fire Risk Assessment (FRA) Out of Date FRA reviews as at 30/06/2017 269 outstanding FRA reviews to low rise blocks of flats	Internal Audit Report				As at 30/6/2017 269 FRA reviews outstanding As at 14/07/2017 196 FRA reviews outstanding As at 28/07/2017 98 FRA reviews outstanding As at 11/082017 43 FRA reviews outstanding	Commitment to complete all reviews by the end of August	PCC internal policy compliance (To review FRA's every 3 years)
James Hill/Meredydd Hughes	Removal and replacement of the ACM cladding system on Leamington House and Horatia House	DCLG testing of cladding systems				If Central Government do not fund the removal costs re-cladding this will be a budget pressure on the capital program	In dialogue with DCLG on the issue of funding	Financial risk
Transport, Environment and Business Support								
Martin Lavers (Assistant Director - Transport, Environment and Business Support)	Lack of investment - failure to secure capital for major infrastructure projects, or that we would not have the capacity to deliver these, or be the preferred agency.	Programme planning for major infrastructure projects.	M	H	M	Inability to carry out required capital schemes to improve city infrastructure and loss of critical mass and expertise.	There are a number of major capital schemes underway, including Eastern Road Water Bridge and the major coastal defence schemes that the Infrastructure team are able to support. Ensuring the organisation recognises	Failure to achieve objectives

Risk owner	Risk Area	Where risk identified	Risk Likelihood	Risk impact	Current Risk Status	Potential outcomes	Mitigation/ commentary	Type of Risk
							the expertise and capability of the infrastructure team.	
Pam Turton (Assistant Director - Transport, Environment and Business Support)	Lack of consensus to enable strategies to be implemented in full e.g. active travel, air quality sustainable transport and regeneration strategies.	Local Transport Plan strategy meetings	M	H	M	Incomplete implementation leading to failure to realise all of the intended benefits	Reviewing the Local Transport Plan and working closely with Portfolio holder.	Failure to achieve objectives; reputational damage
Martin Lavers & Pam Turton (Assistant Directors - Transport, Environment and Business Support)	Insufficient staff capacity due to reduced capital and revenue funding and pay constraints	Business planning process and workforce planning	M	M	M	Failure to attract suitably qualified people to deliver projects, engineering and transport schemes, and services.	The team structure for the directorate provides a core of experienced staff supported by flexible resources with specialist skills to provide value for money. Continue to bid for funding for transport initiatives will mean that resources can be recruited to deliver them this year.	Failure to achieve objectives

Risk owner	Risk Area	Where risk identified	Risk Likelihood	Risk impact	Current Risk Status	Potential outcomes	Mitigation/ commentary	Type of Risk
Pam Turton (Assistant Director - Transport, Environment and Business Support)	Lack of revenue funding to maintain or improve current levels of service, e.g. road safety education and campaigns.	Business Planning	M	H	M	Necessary reduction in service levels	We will continue to bid for internal and external funding to support critical work programmes that address travel and transport issues in the city.	Failure to achieve objectives
Derek Christie (Operations Manager - Employment Learning and Skills -ELS)	Failure to generate sufficient income from contracts and services in order to sustain Employment, Learning and Skills (ELS) programmes	Government policy and source of funding streams through delivery agents such as the DWP.	L	H	M	Reduction in delivery capacity	The resource strategy for the ELS is to maintain a core team and recruit resources to match the needs of projects and contracts. The service also works to maintaining excellent standards to secure full payment of all income due; and ensure good working relationships and a positive reputation to secure access to future contracts and funding streams.	Financial risk; failure to achieve objectives.
Culture and City Development								
Stephen Baily (Director of Culture and City Develop.)	Reduction in budgets					Reduced services and resilience	Forecast outturn for 2016/07 currently indicates an overspend of £70k but the service is working on remedial	Failure to meet objectives

Risk owner	Risk Area	Where risk identified	Risk Likelihood	Risk impact	Current Risk Status	Potential outcomes	Mitigation/ commentary	Type of Risk
Stephen Baily (Director of Culture and City Develop.)	Reduction in budgets					Deterioration of buildings and assets	action to stay within budget by 31 March 2017. Plans are being formulated to deliver required 2017/18 savings, including boosting the volunteer programme.	
Stephen Baily (Director of Culture and City Develop.)	Safety and security of buildings and assets (including collections)					Damage to buildings or collections; risk to building users if non-compliant (fire, legionella etc)	Operational plans and training of staff; actions in place following extreme weather	Personal injury, environmental, legal
Stephen Baily (Director of Culture and City Develop.)	Fraud risks associated with cash handling					Loss to the authority	Staff training and operational checks in place	Financial loss, reputational damage
Stephen Baily (Director of Culture and City Develop.)	Difficulty in meeting expectations of local residents and members							
Stephen Baily (Director of Culture and City Develop.)	Market conditions negatively impact on regeneration and city growth schemes,					Failure to deliver regeneration of the city	Implementation of key strategic plans, such as the Local Plan; raising the profile of affordable housing in shaping the	Failure to achieve objectives; environm

Risk owner	Risk Area	Where risk identified	Risk Likelihood	Risk impact	Current Risk Status	Potential outcomes	Mitigation/commentary	Type of Risk
	projects and developments						future of Portsmouth; promotion of the city as an investment destination	ental damage
Stephen Baily (Director of Culture and City Develop.)	Securing and managing new partnerships for sustainable delivery of public services, for example, with third sector providers, including independent cultural organisations					Failure to secure value for money in partnership arrangements and deliver objectives	Reprocurement of contracts and ongoing review of trust arrangements	Failure to achieve objectives
Community and communication								
Louise Wilders (Director of community and communications)	Requirement to deliver substantially the same portfolio of services whilst reducing costs by more than 10% each year	Budget Impact Statement	High	Med	Med	Increased service times, increase in error rate, reputational damage	Reviewing opportunities of partnership working and new income streams . Channel shift implementation	Failure to achieve objectives

Risk owner	Risk Area	Where risk identified	Risk Likelihood	Risk impact	Current Risk Status	Potential outcomes	Mitigation/ commentary	Type of Risk
Louise Wilders (Director of community and communications)	Ability to implement change - level of corporate buy-in and understanding of channel shift	Project documentation	Med	High	Med	wasted opportunity to achieve on-going corporate savings Poor customer service outcomes	Channel shift moving to BAU and digitisation programme. More services are requesting support.	Failure to achieve objectives
Louise Wilders (Director of community and communications)	Heavy exposure to national political dynamic around welfare reforms and local taxation	Project / Operational plans.	High	High	High	Abandonment of existing plans, changes in scope and responsibility, new initiatives (eg. property revaluation)	Managing resources to meet needs but impacts on budgets of some changes a concern particularly valuation impact on NNDR	Failure to achieve objectives
Louise Wilders (Director of community and communications)	Heavy exposure to national political dynamic around electoral issues	Operational plans.	High	High	High	New initiatives eg. voting age changes, boundary reviews, changes to electoral registration, electoral timetables	Managing resources to meet needs	Failure to achieve objectives
Louise Wilders (Director of community and communications)	Resourcing and ability to run elections. Currently resourced by a very small team, and under-	Operational plans.	High	High	High	Delays / reputational damage.	Working with Finance to review funding, and working through successional planning opportunities.	Failure to achieve objectives

Risk owner	Risk Area	Where risk identified	Risk Likelihood	Risk impact	Current Risk Status	Potential outcomes	Mitigation/ commentary	Type of Risk
	resourced in relation to comparators. Currently supported through the good will of staff across the organisation, but the experience that is periodically used to support the running of elections is also beginning to leave the organisation.							
Louise Wilders (Director of community and communications)	No clear plan from DWP for migration to Universal Credit	Project / Operational plans.	Med	Low	Low	Risks to successful implementation leading to poor outcomes for population.	Horizon scanning national policy developments. Whilst it is planned that new claims will be rolled out in Portsmouth from June 18, the current outlook for full migration is 2021.	DWP run programme
HR, Legal and Performance								
Jon Bell (Director of HR, Legal and Performance)	Reduced capacity	Day to day management activity	Low	High	Green	Risk to maintaining areas of business activity	Directorate has successfully delivered year on year savings and reduced in size accordingly. Additional	Failure to achieve objectives

Risk owner	Risk Area	Where risk identified	Risk Likelihood	Risk impact	Current Risk Status	Potential outcomes	Mitigation/ commentary	Type of Risk
							income has been identified to maintain sufficient critical mass to meet organisation's needs. Key areas such as Child Protection Team (Legal) protected	
Jon Bell (Director of HR, Legal and Performance)	Recruitment and retention of key staff as economy continues to grow	Business Planning and workforce development	Medium	High	Amber	Loss of/difficulty in attracting sufficient skills and expertise	Some recruitment and retention issues being experienced within directorate and across wider organisation in certain specific areas - processes for market supplement payments (MOPs) have been reviewed and improved, and improvements are being made to recruitment/staff sourcing arrangements for particular roles. Also, workforce planning/succession support is being provided to managers in affected areas.	Failure to achieve objectives

Risk owner	Risk Area	Where risk identified	Risk Likelihood	Risk impact	Current Risk Status	Potential outcomes	Mitigation/ commentary	Type of Risk
Jon Bell (Director of HR, Legal and Performance)	Reduced effectiveness of governance	Audit reports and day to day HR and legal activity	Medium	High	Amber	Increased exposure to the organisation of risk arising from poor governance	Key governance controls in areas such as Internal Audit being maintained. Performance management being strengthened as directed by GAS Committee. Capacity of managers across the organisation to maintain effective governance controls is still a concern.	Failure to achieve objectives
Jon Bell (Director of HR, Legal and Performance)	Increased dependency on external income	Budget planning	High	Low	Green	Volatility/lack of security of service	Schools income continuing to decline due to academisation programme. Increased income from new temporary agency and new local authority partnerships.	Failure to achieve objectives
Jon Bell (Director of HR, Legal and Performance)	Dependency on key staff to deliver to internal and external clients. Additional strain on staff due to additional travelling etc		Medium	Medium	Amber	Loss of key staff, potential impacts on wellbeing, leading to inability to deliver service	Workforce planning to develop skills of wider group of staff. Regular 1-2-1s for staff where support and welfare needs are discussed	Failure to achieve objectives

Risk owner	Risk Area	Where risk identified	Risk Likelihood	Risk impact	Current Risk Status	Potential outcomes	Mitigation/ commentary	Type of Risk
Finance and information services								
Chris Ward, Director of Finance and IS	Requirement to produce significant share of the council's savings target	Financial support to services and Council priority schemes	M	H	M	Reduction in service delivery e.g. income collection, provision of advice and management information for effective decision-making by budget holders.	Service aims to identify new income opportunities and efficiencies to meet savings targets to avoid reducing staffing to levels which compromise service delivery	Failure to achieve objectives and deliver expected service
Chris Ward, Director of Finance and IS	Maintaining financial resilience arising from staff reductions	Lack of cover, expertise and continuity	M	M	M	Reduction in service delivery and financial control	Finance reduced number of teams from 5 to 4 to improve general resilience although this includes the reduction of one Finance Manager post. Also ongoing review of business processes to ensure efficient service delivery.	Failure to achieve objectives
Chris Ward, Director of Finance and IS	Financial collapse of an investment counterparty where the council has invested significant sums	Treasury Management strategy	M	H	L	Financial loss	No current indication that this is likely - credit rating of counterparties is kept under constant review.	Financial loss
Chris Ward, Director of Finance and IS	Ability to restore financial and other systems post 'event'	IS DRP	M	H	M	Impact on trading services/external clients as well as PCC	A full disaster recovery exercise of the Council's enterprise resource planning	Financial loss

Risk owner	Risk Area	Where risk identified	Risk Likelihood	Risk impact	Current Risk Status	Potential outcomes	Mitigation/ commentary	Type of Risk
							system has not been tested in the recent past. The robustness of the current plan cannot therefore be fully ascertained.	
Chris Ward, Director of Finance and IS	Pay levels - unable to compete in the financial market to attract, recruit and retain appropriately skilled staff	Professional Accountancy staff EBS	H	H	H	Increased costs to PCC on consultants, agency staff and recruitment campaigns	Development of in-house trainee programme for finance	Failure to achieve objectives
Chris Ward, Director of Finance and IS	Bringing forward closing of accounts deadline by four weeks - new statutory deadline from 2017/18	Resourcing priorities	M	H (Reputationally) L (on Council services)	M	Reduction in time to complete accurate statutory reports Adverse Audit report	2015/16 accounts closure programme reduced by two weeks - plan to reduce 2016/17 by a further two weeks	Failure to achieve objectives
Chris Ward, Director of Finance and IS	Inability to meet customers' expectations re new technology that is in general	Aging technology increases risks to PCC	M	H	M	Inefficient ways of working across PCC and partners	With the IT Strategy, Category Plan , IT restructure and Digital City Strategy either complete or underway	Failure to achieve objectives and deliver

Risk owner	Risk Area	Where risk identified	Risk Likelihood	Risk impact	Current Risk Status	Potential outcomes	Mitigation/ commentary	Type of Risk
	use by other organisations or day-to-day personal use	business modernisation					likelihood is now downgraded from H to M	expected service
Chris Ward, Director of Finance and IS	Project delivery - ongoing review since June has identified there is a need to have better governance over the IOCT change demand/projects of the council	Potential insufficient resource to address business need	L	M	L	Impact upon business change Impact upon time, cost and quality schedules	Last week (Week 30) it was reported that there wasn't a single project that didn't have a project manager allocated.	Failure to achieve objectives and deliver expected service
Chris Ward, Director of Finance and IS	Roadmaps, contract pipeline and NPD - insufficient project prioritisation, supplier relationship management and contract management	Increased costs to PCC	M	H	M	Risk that parts of the IT infrastructure become obsolete (eg ITSM and Traffic Management Centre).	Introduction of "best in Class" Architect Practice and Competencies. Further Governance resource from restructure	Financial loss; Operational degradation; reputational damage
Chris Ward, Director of	Changes from central	Changes required to	L	H	M	Loss of PSN accreditation;	Introduction of "best in Class" Architect	Financial loss;

Risk owner	Risk Area	Where risk identified	Risk Likelihood	Risk impact	Current Risk Status	Potential outcomes	Mitigation/ commentary	Type of Risk
Finance and IS	government - ongoing risk of changes to either PSN or service department data requirements	systems and IT infrastructure cannot be achieved on time				security or data breach	Practice and Competencies. Further Governance resource from restructure	Failure to maintain organisational business objectives; reputational damage
Chris Ward, Director of Finance and IS	Cyber-attack - other local authorities have received ransomware attacks: end user alert-based system at the moment leaves PCC vulnerable because a "zero day attack" could evade our current defences.	Loss of key business systems and data breaches	H	H	H	Potential multiple impacts - high likelihood and high impact	Continuous improvements to detection and protection are being implemented. Work underway to further procure and implement SIEM industry standard detection and remediation. Measures taken to address issue include educating the authority on how to identify malicious emails and security threats	Financial loss; Operational degradation; reputational damage
Chris Ward, Director of Finance and IS	Single points of failure in ICT infrastructure and systems access	Loss of key business systems and ability to maintain IT operations to	H	H	M	Key information unavailable - impacts on frontline and critical activity	Independent audit identified issues in our IT infrastructure - DRaaS, Data Centre, Firewalls.	Failure to achieve objectives; Operational

Risk owner	Risk Area	Where risk identified	Risk Likelihood	Risk impact	Current Risk Status	Potential outcomes	Mitigation/ commentary	Type of Risk
		support PCC business activities					As a result appropriate remediation actions and projects underway to address the key areas of concern.	degradation; Impact on Frontline Service Delivery
PORT								
Mike Sellers (Port Director)	Revenue	Reporting	L	H	H	Loss of ferry operator	Port Users Meeting, Operator / Management meetings, Strategy meetings (pricing), Min. guarantees, long term agreements, meet customer requirements.	Financial risk. Failure to achieve objectives.
Mike Sellers (Port Director)	Revenue	Reporting	H	M	H	Lack of funding to successfully maintain and develop port.	Strategic planning, strong relationship with Members, good communication.	Financial risk. Failure to achieve objectives.
Rupert Taylor (Harbour Master)	Revenue	Reporting	L	H	H	Section 75 debt payable following an employment-cessation event.	Planning, mitigation options utilised.	Financial risk. Failure to achieve objectives.

Risk owner	Risk Area	Where risk identified	Risk Likelihood	Risk impact	Current Risk Status	Potential outcomes	Mitigation/ commentary	Type of Risk
Rupert Taylor (Harbour Master)	Maritime	Reporting	L	H	H	Maritime incident such as fire, collision or grounding or blocking of the harbour.	Port Marine Safety Code and Annual Audit.	Maritime risk. Failure to achieve objectives.
Rupert Taylor (Harbour Master)	Maritime	Reporting	L	H	H	Terrorist alert on a vessel approaching the Port.	Liaison by Harbour Master with Queens Harbour Master and Police. Involvement with Port Facilities Security Officer.	Maritime risk. Failure to achieve objectives.
Mike Sellers (Port Director)	Port Operations	Reporting	H	L	H	Brexit. Reduced and slower throughput in the Port. Potential increased requirements for trader provider facilities.	Awareness of Brexit plans. Good communication and liaison with Border Force, and other groups including The BPA, UK Chamber of Shipping and Customs agency in MMD.	Port Operations risk. Failure to achieve objectives.
Kalvin Baugh (Ferry Port Manager)	Port Operations	Reporting	M	H	H	Security alert within the port.	Port Security Plan.	Port Operations risk. Failure to

Risk owner	Risk Area	Where risk identified	Risk Likelihood	Risk impact	Current Risk Status	Potential outcomes	Mitigation/ commentary	Type of Risk
								achieve objectives.
Kalvin Baugh (Ferry Port Manager)	Port Operations	Reporting	M	H	H	Environmental incident within the Port resulting in pollution	Emergency Plan and Environmental Impact Assessment.	Port Operations risk. Failure to achieve objectives.
Rupert Taylor (Harbour Master)	Port Operations	Reporting	L	H	H	Serious health and safety incident within the Port affecting staff, port users or the general public.	Health and Safety procedures and Risk Assessments.	Port Operations risk. Failure to achieve objectives.

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DIRECTORATE: PUBLIC HEALTH

DIRECTOR: JASON HORSLEY

Quarterly Performance Report 2017/18

Quarter 1: April 2017 - June 2017

DIRECTOR'S SUMMARY

Key performance issues for consideration

- Progress has been made on some longstanding issues such as reviewing the commissioning arrangements for the tier 3 weight management service in partnership with the CCG and based on a thorough understanding of service delivery and published evidence.
- Work has begun on key areas of importance for the city including in involving key stakeholders in the ongoing process of working up an action plan to tackle drug related deaths, setting up the Suicide Prevention Action Group, getting processes underway for the Pharmaceutical Needs Assessment 2018 and in establishing an Active Portsmouth Alliance which demonstrates the commitment of public health take a comprehensive system wide approach to promoting physical activity. The new sexual health contract is in place and there are no current concerns with provision.

Key project issues for consideration

- Key areas of work are underway where progress over the next quarter is essential. These include working towards milestones for workplace health, input into the PHSE programme for schools, developing an e-cigarette policy for Portsmouth City Council and ensuring the self-harm needs assessment action plan is completed as well we working through the Vanguard redesign phase of the wellbeing service. Gaining commitment to a smokefree collaboration plan with senior leaders at QA hospital also demonstrates progress and it is important this is achieved.

Key risk issues for consideration

- The public health grant will be reduced for 2018/19. Failure to identify appropriate areas to achieve the required reductions will lead to budget reductions being made with lack of alignment to population need. Forward planning during Q2 will seek to align with the budget setting cycle and limit negative impact on the population's health. In addition, there is on-going uncertainty as to what form public health funding will take from 2019/20.
- There is an on-going need to embed health a health in all policies approach which could be threatened by reductions in the public health budget and overall Council budget.

1. Reduce smoking and tobacco use towards the national average from current baseline

On-going / core business						
Objective	Name	Key progress Q1	Key progress Q2	Key progress Q3	Key progress Q4	Director's Year End Commentary
Continue to work with Trading Standards to limit the trade of illicit tobacco	<i>Tracey Greaves / Amanda McKenzie</i>	Retail visits - 5 visits joint operation day (prior to festival season) of action with police, licensing and immigration in Southsea (19/04). 6 visits (04/04) (one owner of all 6 premises) with Fire Safety Officer when raised concerns over adjoining accommodation (fire breaks/doors/sep alarm systems). 10 (19/06) visits Fratton & Milton to carry out Community Alcohol Partnership survey one year on (24 visits still to do). Chalk spray wall/pavement by licensed premises with U18 - Proxy purchasing it's illegal. 5 visits (05/05) with Police re Op Sceptre (knife crime). Entered visits to record on APP - share relevant intel with Police/HMRC/TSSE Follow up visits - 5 following the test purchase failures in March advice given & expectations to compliancy, training/records viewed. 7 visits (04/05) following test purchase failures in April and revisit 2 from March failures 2 visits (06/06) follow up to breaches of licensing compliancy Test purchasing (Sunday 23/04) 1 for Eliquid (2nd failure) 5 re-tests alcohol 28 tests alcohol (5 failures)				
Delivery of smoking cessation through Locally Commissioned Services (LCS) and the wellbeing service	<i>Mary Shek and Amanda McKenzie</i>	WBS Smoking data are reported one quarter behind. Q4: 265 set quit date with 146 successfully quit (55%). 8 pregnant women set quit date with 1 successful quit.				
Continue work with maternity services and within secondary care, promoting screening, brief advice and referral	<i>Amanda McKenzie</i>	There has been further training with midwives. Maternity have agreed to put in a business case from their contracts department for more carbon monoxide monitors.				

Support inclusion of stop smoking support in the 0-19 programme and through supporting a whole-school smokefree policy	<i>Amanda McKenzie / Sam Belfrage</i>	There are no dedicated pathways for provision of smoking cessation or prevention programmes for 0-19. Opportunities are currently being examined through mapping the pathway.			
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New initiatives / transformational						
Objective	Name	Target Date	Key progress and milestones towards completion	Completed (Y/N)	On track (RAG rating)	Director's Year End Commentary
Present and gain agreement on a Tobacco Control action plan for QA Hospital which will include Stop Before the Op objectives and commitment to a smokefree site	<i>Amanda McKenzie</i>	By end Q1	The smokefree collaboration plan has been presented to the QA Hospital smoke free committee as well as the respiratory lead and lead for commissioning and quality. The committee endorsed the plan. Now work is underway to put the plan in to action and set a date for becoming smokefree.	Y		
Set up a community taskforce group in a defined area of Portsmouth to work towards a voluntary smoking ban in children's playgrounds in that area.	<i>Amanda McKenzie</i>	By end Q2				
Review stop smoking medication guidance used in LCS and wellbeing service	<i>Kathryn Richardson</i>	By end Q2				
Redesign wellbeing service for implementation	<i>Vanguard team / Mary Shek / Dominique Le Touze</i>	By end Q3				
Develop a workplace stop smoking and e-cigarette policy, in conjunction with Human Resources, for Portsmouth City Council	<i>Amanda McKenzie</i>	By end Q3				
Develop a policy statement on electronic cigarettes for Portsmouth	<i>Amanda McKenzie</i>	By end Q4				
Stop before the Op implementation will be monitored through STP milestones	<i>Amy McCullough / Amanda McKenzie</i>	By end Q4				

2. Improve physical activity rates from current baseline with a focus on walking and cycling

On-going / core business						
Objective	Name	Key progress Q1	Key progress Q2	Key progress Q3	Key progress Q4	Director's Year End Commentary
Provide public health evidence and support to the Local Transport Plan and Local City Plan	<i>Dominique Le Touze (with Kelly Nash)</i>	Working with Transport Team on proposed Old Portsmouth Area Traffic Study, providing PH strategic input and advice.				
Support the implementation of the local Air Quality strategy	<i>Dominique Le Touze</i>	Modelling by the central govt Joint Air Quality Unit has estimated that Portsmouth within compliance levels by 2021. We are supporting Transport with Local Air Quality Plan to reach compliance in shortest possible time.				

New initiatives / transformational						
Objective	Name	Target Date	Key progress and milestones towards completion	Completed (Y/N)	On track (RAG rating)	Director's Year End Commentary
Present at the Portsmouth Head Teachers Forum to promote the Daily Mile in primary schools	<i>Andy Ames / Sam Belfrage</i>	By end Q1	Presented at the Head teachers Forum on 3rd May. Presentation well received, this was followed up with a piece in the schools bulletin, a meeting with PSHE leads and a letter to school governors	Y		
Increase the number of primary schools who take part in the Daily Mile/Golden Mile each quarter	<i>Andy Ames</i>	By end Q1	Currently 3 primary schools are registered taking part in Daily Mile and 3 in Golden Mile	Y		
		By end Q2				
		By end Q3				
		By end Q4				
Hold the first meeting of the 'Active Portsmouth Alliance' and continue each quarter	<i>Andy Ames</i>	By end Q1	Active Portsmouth Alliance established, first meeting held on 18th May with 23 attendees from a wide variety of organisations including Cycling UK, Portsmouth University, BHLive, Energise me and Friends of the Earth, as well as Public Health, active travel, tackling poverty, housing and transformation from the local authority.	Y		
		By end Q2				
		By end Q3				
		By end Q4				

Develop a proposal with Pompey in the Community to support people maintaining physical activity at key transitions. Specifically for women with young children (or specific clinical areas such as pulmonary rehab, stroke rehab, cardiac rehab)	<i>Andy Ames</i>	By end Q1	Initial discussions took place with PITC around submitting a bid to Sport England, no response received as yet to the outcome.	Y		
Develop a proposal to create sustainable access to affordable bikes for active travel across Portsmouth	<i>Andy Ames</i>	By end Q2				
Develop a workplace policy on physical activity, in conjunction with Human Resources, for Portsmouth City Council	<i>Andy Ames</i>	By end Q2				
Host a Healthy Streets seminar	<i>Dominique Le Touze</i>	By end Q2	See note			An opportunity has arisen to host a Transport and Public Health Summit in February 2018 supported by Landor Links. This will supersede the plan for a Healthy Streets seminar, as the Health Streets model will be included.
Use JSNA to develop a series of lay briefings to develop a common understanding of the links with health and wellbeing for PCC departments to influence the built environment e.g. 'transport and health' and 'housing and health'	<i>Andy Ames</i>	By end Q2				
Present an action plan to implement a Healthy Streets approach for Portsmouth to the Health and Wellbeing Board	<i>Dominique Le Touze</i>	By end Q3				Bid to be submitted to the PH Transformation Fund for funding to landscape Winston Churchill Ave using Health Streets approach.
Present Portsmouth Health and Wellbeing Planning Guidance to the Health and Wellbeing Board	<i>Dominique Le Touze</i>	By end Q4				

3. Mitigate against the ill-health effects of child poverty from current baseline

On-going / core business						
Objective	Name	Key progress Q1	Key progress Q2	Key progress Q3	Key progress Q4	Director's Year End Commentary
Membership of and provide and public health advice to the Portsmouth Poverty Taskforce	<i>Dominique Le Touze / Claire Currie</i>	Mark Sage will be joining PCC's new Suicide Prevention Action Group, led by Jane Leech (Public Health), to identify the links with poverty and financial hardship and action required.				
Delivery of 0-19 services and monitoring health outcomes against the Memorandum of Understanding with Children's Services	<i>Claire Currie</i>	Input into setting health visitor key performance indicators. Input into early help and prevention team contracting monitoring meeting. MoU being finalised.				
Promotion of restorative practices in the 0-19 agenda	<i>Sam Belfrage / Claire Currie</i>	Supporting restorative practice as a key principle underpinning work of the children's department.				
Continuation of support to the infant feeding action plan	<i>Sam Belfrage</i>	Supporting the Healthy Weight Quality Improvement Project. Active member of the PHE SE region task and finish group to increase healthy start vitamin uptake.				

New initiatives / transformational						
Objective	Name	Target Date	Key progress and milestones towards completion	Completed (Y/N)	On track (RAG rating)	Director's Year End Commentary
Report strategy for prevention of learning disabilities to the public health senior management team	<i>Duncan Fortescue-Webb</i>	By end Q2				
Develop a workplace health policy, in conjunction with Human Resources, for parents / guardians which includes a focus on promoting mental wellbeing and resilience in Portsmouth City Council	<i>Jane Leech</i>	By end Q2				
Develop a plan to be reported to public health senior management team to protect children and families from hazards, injuries and unexpected accidents in the home	<i>Sam Belfrage / Claire Currie</i>	By end Q3				
Report child poverty needs assessment to public health senior management team	<i>Sam Belfrage / Claire Currie</i>	By end Q4				
Report oral epidemiology survey findings to the public health senior management team	<i>Sam Belfrage / Claire Currie</i>	By end Q4				

4. Reduce self-harm and suicide from current baseline

On-going / core business						
Objective	Name	Key progress Q1	Key progress Q2	Key progress Q3	Key progress Q4	Director's Year End Commentary
Address bullying and self-esteem, Child Sexual Exploitation reduction and of awareness of self-harm in the PSHE/Healthy schools programme and through supporting a whole-school mental health and well-being approach	Jane Leech / Sam Belfrage / Amy McCullough	Active member of the Wellbeing Subgroup for schools. This group is developing an implementation plan for the Wellbeing and Resilience Strategy to be embedded in all schools in Portsmouth. Support the Early Help & Prevention team to develop a PSHE traded service offer to schools / youth services. Self-harm needs assessment completed and discussed at the Childrens Safeguarding Board. Agreed for steering group to be convened to discuss, agree and prioritise recommendations.				

New initiatives / transformational						
Objective	Name	Target Date	Key progress and milestones towards completion	Completed (Y/N)	On track (RAG rating)	Director's Year End Commentary
Present self-harm needs assessment to public health senior management team	Jane Leech	By end Q1	Self-harm needs assessment completed. Preliminary recommendations presented to the Children's Safeguarding Board on 19th July 2017. Board agreed with paper recommendations to convene a group of representative stakeholders to discuss and prioritise recommendations, and agree next steps.	Y		
Formulate action plan to implement recommendations of self-harm needs assessment, as appropriate,	Jane Leech	By end Q1	Self-harm needs assessment completed. A group of representative stakeholders due to be convened and will meet by end of Q2. Action Plan to be developed by end of Q3.	On-going		
Establish Suicide Prevention Action Group	Jane Leech	By end Q1	First meeting convened 21st June. Subsequent meeting monthly to work up TOR, membership, action plan.	Y		
Present suicide prevention strategy and multi-agency action plan to the Health and Wellbeing Board	Jane Leech	By end Q2				Strategy to be taken to HWB by end of Q3 to allow sufficient time to be prepared (new timescale).
Set up task and finish groups to implement suicide prevention multi-agency action plan	Jane Leech	By end Q3				

5. Reduce rates of drug related deaths from current baseline

On-going / core business						
Objective	Name	Key progress Q1	Key progress Q2	Key progress Q3	Key progress Q4	Director's Year End Commentary
Ensure full implementation of the drug and alcohol treatment service, using active contract management to improve cost effectiveness and good outcomes	Alan Knobel	Service fully implemented, and being actively contract managed.				
Support inclusion of awareness of drug related harms in the PSHE/Healthy schools programme	Alan Knobel / Sam Belfrage	Awaiting appointment of PSHE development post in the Early Help team				

New initiatives / transformational						
Objective	Name	Target Date	Key progress and milestones towards completion	Completed (Y/N)	On track (RAG rating)	Director's Year End Commentary
Convene a multi-agency workshop to determine high impact local actions across primary and secondary care, drug services and Portsmouth City Council to reduce drug related deaths	Alan Knobel	By end Q1	We have not held a single multi-agency workshop, but have held a number of separate sessions and meetings with key stakeholders, which is informing the development of the action plan. We are also sharing best practice with Southampton City, who are developing a similar plan.	Y		
Present multi-agency action plan on preventing drug related deaths to the Health and Wellbeing Board	Alan Knobel	By end Q2				
Form group and hold first biannual meeting of a drug related death monitoring group with the first meeting to be held	Alan Knobel	By end Q3				
Confirm a Portsmouth commitment to provision of primary healthcare care to people who are homeless	Alan Knobel	By end Q3				

6. Reduce unwanted pregnancy from current baseline

On-going / core business						
Objective	Name	Key progress Q1	Key progress Q2	Key progress Q3	Key progress Q4	Director's Year End Commentary
Increase the uptake of long-acting reversible contraceptives (LARC) in general practice, maternity and terminations of pregnancy pathways through on-going promotion	<i>Sam Belfrage</i>	LARC activity being monitored. Scoping survey to determine qualified practitioners available in Portsmouth to increase activity complete.				
Maintain the sexual health contract with Solent, ensuring relevant Public Health outcomes are met	<i>Andy Ames and Sam Belfrage</i>	Ongoing business as usual. Awaiting contract to be signed by Solent.				
Support inclusion of awareness of unwanted pregnancy in the PSHE/Healthy schools programme	<i>Sam Belfrage</i>	Awaiting appointment of PSHE development post in the Early Help team				

New initiatives / transformational						
Objective	Name	Target Date	Key progress and milestones towards completion	Completed (Y/N)	On track (RAG rating)	Director's Year End Commentary
Present findings of the terminations of pregnancy needs assessment and action plan of recommendations to the public health senior management team	<i>Caroline Taylor</i>	By end Q2				
Send letter to GP practices reporting findings of practice level analysis of HIV testing rate applying a behavioural insights approach	<i>Amy McCullough</i>	By end Q2				
Send letter to GP practices reporting findings of practice level analysis of LARC uptake applying a behavioural insights approach	<i>Amy McCullough</i>	By end Q3				
Publish the 2018 Pharmaceutical Needs Assessment (PNA) for Portsmouth which will include an assessment of gaps in provision of EHC by end March 2018	<i>Jim Hawkins and Claire Currie</i>	By end Q4				

7. Reduce health and social care need in later life

On-going / core business						
Objective	Name	Key progress Q1	Key progress Q2	Key progress Q3	Key progress Q4	Director's Year End Commentary
Improve co-ordination of volunteer and third sector input throughout PCC; working with the Directorate of Community and Communication, Independence and Wellbeing Team - Adult Social Care; and the CCG	<i>Brian Bracher</i>	BB Supporting Dir. Community and Communication with 'Project Bridge' which brings together PCC, PH, CCG and VCS to provide seamless support for clients. Initial meeting of Project Bridge has taken place (DLT also attended) to meet and understand the issues. BB supporting working groups and next stakeholder meeting set for Sept 2017.				
Improve population vaccination coverage (seasonal influenza, shingles)	<i>(Claire Currie - to work with NHSE/PHE)</i>	Had introductory meeting with health protection colleagues and requested assurance given to DPH through quarterly meetings. Trainee attended working group. PCC seasonal influenza vaccination offer planned.				

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New initiatives / transformational						
Objective	Name	Target Date	Key progress and milestones towards completion	Completed (Y/N)	On track (RAG rating)	Director's Year End Commentary
Establish partnership and identify opportunities for public health input to Safe and Well visits	<i>Dominique Le Touze / Amy McCullough</i>	By end Q1	Working with Lou Wilders and Project Bridge to identify ways of working collaboratively with health and social care, and community and voluntary sector to address need.	Y		
Evidence review of assistive technology	<i>Duncan Fortescue-Webb / (ICS)</i>	By end Q1	Evidence of most effective AT interventions reviewed and presented to DPH&ICS. Project lead and emphasis for review have changed, so the review may require amending to identify those population groups who may benefit most from AT.	Y		
Implement MECC training for Safe and Well	<i>Dominique Le Touze / Amy McCullough with the Independence and Wellbeing Team, Adult Social Care</i>	By end Q2				

8. Reduce the impact of the 'toxic trio'

On-going / core business						
Objective	Name	Key progress Q1	Key progress Q2	Key progress Q3	Key progress Q4	Director's Year End Commentary
Promote Alcohol Identification and Brief Advice (IBA) in secondary care: e.g. using Vitalpac at QA	<i>Alan Knobel</i>	Working with Portsmouth Hospitals NHS Trust to develop a plan to roll out IBA across inpatient wards in 18/19				
Promote alcohol IBA in primary care: Increase referral from GP surgeries through Alcohol Awareness training to staff; IBA training to pharmacies and other professionals	<i>Alan Knobel</i>	Pharmacies are delivering alcohol brief advice, as part of locally commissioned services.				
Implement improved and more integrated supported housing for drug and alcohol users, work with The Society of St James and Portsmouth City Council partners to expand accommodation (housing and day service), providing an increased number of supported housing and move-on bed spaces	<i>Alan Knobel</i>	An additional 9 bedspaces of move on have been provided by better use of buildings, with a further 11 to come in future months.				
Partnership working with Portsmouth City Council Licensing Department, Trading Standards and the Police's Licensing and Violent Crime Team	<i>Rob Anderson-Weaver</i>	Partnership working is effective between the different staff teams, communication is excellent.				
Fully engage with and support the Safe Portsmouth Partnership multi-agency complex cases priority work, developing a multi-sectoral approach to meeting their needs	<i>Alan Knobel</i>	Updated report has gone to SPP with recommendations and progress.				
Work closely with the domestic abuse lead and the Safer Portsmouth Partnership to support the domestic abuse agenda, especially where it interplays with substance misuse by providing public health input to domestic abuse strategy group	<i>Alan Knobel</i>	Public Health are active members of the Domestic Abuse strategy group				
Ensure domestic abuse screening takes place within substance misuse services and appropriate support and onward referral is provided	<i>Alan Knobel</i>	Monitoring of domestic abuse screening and referral is undertaken as part of contract monitoring.				

New initiatives / transformational						
Objective	Name	Target Date	Key progress and milestones towards completion	Completed (Y/N)	On track (RAG rating)	Director's Year End Commentary
Submit consultation response on the statement of alcohol licensing policy	<i>Rob Anderson-Weaver / Alan Knobel</i>	By end Q1	Consultation response submitted, awaiting Committee response.	Y		
Help the licensing committee and others involved in licensing to recognise the health and wellbeing benefits of reducing access to alcohol (especially high strength, low cost), cigarettes and drugs through delivery of development sessions	<i>Rob Anderson-Weaver / Alan Knobel</i>	By end Q2				
Develop shared objectives and projects to improve alcohol retailing in the city	<i>Rob Anderson-Weaver</i>	By end Q3				
Work with the South Central Ambulance Service and police to improve quality of data collection regarding alcohol related crime and safety issues	<i>Rob Anderson-Weaver / Alan Knobel</i>	By end Q3				

Public Health Projects

Project	Target Date	Key progress and issues arising	On track - time (RAG rating)	On track - budget (RAG rating)	On track - outcomes (RAG rating)	Key project risks
See ' new initiatives / transformational' under each of the eight theme areas above						

Public Health - Risk Register								
Risk owner	Risk Area	Where risk identified	Risk Likelihood	Risk impact	Current Risk Status	Potential outcomes	Mitigation/commentary	Type of Risk
DPH	Insufficient focus on system prevention and early intervention in system-wide plans					Failure to reduce demand on services	Working with partners to ensure the Portsmouth Health and Care Programme is sufficiently focused on prevention and early intervention	Failure to achieve objectives
DPH	Failure to continue to deliver PH priorities during the implementation of the service wide restructure					Failure to deliver PH priorities	Working with HR to implement changes to team structure, roles and appropriate processes prior to 3 Jan 17 when new structure is implemented.	Failure to achieve objectives
DPH	Reduction in funding in services, including for vulnerable people e.g. drug and alcohol services, oral health, healthy child programme					Population outcomes decline	Managed through service redesign, retender of services and performance management of providers	Failure to achieve objectives

Agenda Item 10

Title of meeting:	Governance and Audit and Standards Committee Cabinet City Council
Date of meeting:	Governance and Audit and Standards Committee 15 September 2017 Cabinet 28 September 2017 City Council 17 October 2017
Subject:	Treasury Management Outturn Report 2016/17
Report by:	Director of Finance and Information Services (Section 151 Officer)
Wards affected:	All
Key decision:	No
Full Council decision:	Yes

1. Executive Summary

The Chartered Institute of Public Finance & Accountancy's (CIPFA) Prudential Code of Practice requires local authorities to calculate prudential indicators before the start of and after each financial year.

These end of year indicators are shown at Appendix A of the report for information and noting by members in order to comply with the code.

The CIPFA Code of Practice on Treasury Management also requires the Section 151 Officer to prepare an annual report on the outturn of the previous year. This information is shown in Appendix B of the report.

2. Purpose of Report

To inform members and the wider community of the Council's treasury management activities in 2016/17 and of the Council's treasury management position as at 31 March 2017.

3. Recommendations

It is recommended that:

- (a) The actual prudential indicators based on the unaudited draft accounts , as shown in Appendix A, be noted
- (b) The actual treasury management indicators for 2016/17, as shown in Appendix B, be noted

4. Background

The Local Government Act 2003 requires local authorities to have regard to the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Finance in Local Authorities.

5. Reasons for Recommendations

The net cost of Treasury Management activities and the risks associated with those activities have a significant effect on the City Council's overall finances.

6. Equality Impact Assessment

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 & Information Services (Section 151 Officer) comments

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

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

Appendices:

Appendix A: Prudential Indicators

Appendix B: Treasury Management Outturn

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:

<u>Title of document</u>	Location
1 Information pertaining to the treasury management outturn	Financial Services
2	

ACTUAL PRUDENTIAL INDICATORS**1. SUMMARY OF ACTUAL PRUDENTIAL INDICATORS FOR 2016/17**

Ratio of non-Housing Revenue Account (HRA) financing costs to the non HRA net revenue stream	9.9%
Ratio of HRA financing costs to the HRA net revenue stream	12.4%
Non HRA capital expenditure	£193,853,000
HRA capital expenditure	£30,690,000
Non HRA capital financing requirement at 31 March	£340,948,000
HRA capital financing requirement at 31 March	£151,780,000
External debt at 31 March	£579,343,337

2. RATIO OF FINANCING COSTS TO NET REVENUE STREAM 2016/17

This ratio reflects the annual cost of financing net debt as a proportion of the total revenue financing received. It therefore represents the proportion of the City Council's expenditure that is largely fixed and committed to repaying debt. The higher the ratio, the lower the flexibility there is to shift resources to priority areas and/or reduce expenditure to meet funding shortfalls.

For the General Fund, this is the annual cost of financing debt as a proportion of total income received from General Government Grants, Non Domestic Rates and Council Tax. The ratios of financing costs to net revenue streams for the General Fund in 2016/17 were as follows:

	Original Estimate	Actual
	£'000	£'000
Financing Costs:		
Interest Payable	17,434	18,948
Interest Receivable	(3,051)	(6,365)
Provision for Repayment of Debt	6,819	3,674
Total Financing Costs	21,202	16,257
Net Revenue Stream	159,419	163,480
Ratio of Financing Costs to Net Revenue Stream	13.3%	9.9%

Interest Payable

Interest payable was £1.5m more than the original estimates.

The Council borrowed £15m in 2015/16 and £94m in 2016/17 which had not been included in the original estimates in order to take advantage of relatively low interest rates. Although this should reduce the amount of interest payable in the long term it did result in an additional £2.4m cost in 2016/17.

The Council has entered into a finance lease for the Isle of Wight ferry terminal to enable it to fulfil its obligations to Wightlink following the disposal of the head lease for this site. The Council has paid £0.3m interest on this finance lease in 2016/17.

The highways maintenance private finance initiative (PFI) scheme provides for capital works to bring the highway network up to a specified condition (including interest and principal repayments on loans taken out by the contractor), lifecycle replacement (subsequent capital works), and operation and maintenance. This is an inseparable PFI which means that although the Council knows how much it pays the contractor it does not know how the contractor spends its revenues on the various components of the scheme. The original estimate of the interest on the highways maintenance (PFI) was prepared on the basis of nominal costs in the original financial model prepared at the commencement of the contract in 2004. In preparing the 2016/17 Statement of Accounts it was decided that the estimated indexation used previously may have become less accurate over time and that more accurate estimates may be derived from using actual indexation. This has resulted in the interest on the highways maintenance PFI being £1.8m less than the original estimate. This does not represent an overall saving to the Council as the overall cost of the highways maintenance PFI is broadly the same with additional expense being charged to highways operation and maintenance, capital expenditure charged to revenue balances to cover lifecycle replacement costs, and principal repayment of debt.

The Housing Revenue Account's (HRA) contribution towards interest payable was 0.6m lower than anticipated. This was because the original capital program provided for £15.3m of HRA capital expenditure to be financed from borrowing whereas no HRA capital expenditure was actually financed from borrowing. In addition the original estimates provided for properties worth £3.7m to be appropriated from the General Fund into the HRA which also did not happen.

Interest Receivable

Interest Receivable was £3.3m more than the original estimates. This was due to the Council having more cash to invest than had been anticipated, largely due to additional borrowing, and the interest rates on the Council's investments being higher than had been anticipated.

Provision for the Repayment of Debt

The provision for the repayment of debt was £3.1m less than the original estimate. On 21 March 2017 the City Council approved two amendments to the Council's minimum revenue provision (MRP) for the repayment of debt policy which has reduced total MRP compared to the original estimate.

The Council decided to change the the method of calculating the (MRP) for the repayment of government supported General Fund borrowing (with the exception of finance leases, service concessions and borrowing to fund long term debtors) from a straight 2% to a 50 year annuity in order to better reflect the maturity pattern of the Council's borrowing and avoid the credit risk associated with providing for the repayment of debt long before there is any realistic chance of the debt being repaid.

In recent years the Council has made a number of changes to its methods of calculating its MRP for the repayment of debt. In 2016/17 it was decided to back date the revised MRP calculations in order to ascertain the over provision of MRP made in previous years and the Treasury Management Strategy was amended by the City Council to give the Director of Finance and Information Services (Section 151 Officer) delegated authority to release the £31.3m over provision of MRP into the General Fund over a prudent period. £1.9m, being equal to the General Fund MRP charge excluding provision for finance leases and service concessions (including PFIs), was released to the General Fund in 2016/17.

The reduction in MRP was partly offset by an additional £0.5m being set aside to repay debt connected to the highways maintenance PFI.

Net Revenue Stream

Council Tax receipts, retained non-domestic rates and non-ring fenced government grants were all higher than anticipated in the original budget. This had the effect of further reducing the ratio of financing costs to net revenue stream.

Housing Revenue Account (HRA)

The ratio of Housing Revenue Account (HRA) financing costs to net revenue stream is shown below. For the HRA, this is the annual cost of financing capital expenditure, as a proportion of total gross income received including housing rents and charges.

	Original Estimate	Actual
HRA	12.7%	12.4%

3. ACTUAL CAPITAL EXPENDITURE 2016/17

A revised capital program was approved by the City Council on 14 February 2016. There has been significant under spending against the budget. Much of this was due to slippage or funding not being available. This does not represent additional capital resources. Actual capital expenditure in 2015/16 was as follows:

	Revised Estimate £'000	Actual £'000
Culture, Leisure & Sport	1,867	1,364
Children & Education	8,694	9,273
Environment & Community Safety	6,051	4,402
Health & Social Care (Adults Services)	1,599	1,167
Resources	10,192	6,376
Planning, Regeneration & Economic Development	102,117	116,491
Commercial Port	3,135	1,542
Traffic & Transportation	14,444	11,443
Housing General Fund	2,843	1,756
Local Enterprise Partnership	52,169	40,039
Total Non HRA	203,111	193,853
Housing Revenue Account (HRA)	33,836	30,690
Total	236,947	224,543

Actual capital expenditure was £12.4m below the original revised program. The main variances were as follows:

Environment and Community Safety - £1.6m Underspend

This is due to slippage on coastal flood protection works as a result of staff shortages.

Resources - £3.8m Underspend

£2,260k of this underspend is due to slippage on landlords maintenance, utilities management & investment in solar PV. £303k of capital works to the Guildhall is delayed until external funding can be obtained.

Planning, Regeneration and Economic Development - £14.4m Overspent

The Council has entered into a £10.6m finance lease for the Isle of Wight ferry terminal to enable it to fulfil its obligations to Wightlink following the disposal of the head lease for this site. The effect of this transaction was to repurchase a long term debtor, Wightlink's obligations under its lease, and finance the repurchase from unsupported borrowing. This transaction was not included in the revised capital program.

Commercial Port - £1.6m Underspend

The port regeneration scheme is underspent by £851k following the delayed resolution of a dispute over the final account because the contractor has not responded to communications in a timely manner. The purchase of a link span for berth 4 is underspent by £740k because the actual payment terms are different to those forecast when phasing the budget.

Traffic and Transportation - £3.0m Underspend

There has been slippage of £1,260k on the Tipner Park and Ride scheme due to agreement not being reached on costs. £1,304k of expenditure on the Hard Interchange has slipped into early 2017/18.

Local Enterprise Partnership (LEP) - £12.1m Underspend

A £3m loan to Red Funnel did not go ahead as they were unable to obtain the necessary planning permissions. The £7.7m Centenary Quay scheme will now be funded from another source. A number of other programmes have slipped.

Housing General Fund - £1.1m Underspend

This is mainly due to slippage on disabled facilities grants where catch up work was not started until late in the year. In addition it has proved difficult to spend Section 106 monies as there are very few housing associations building social housing in the city.

4. ACTUAL CAPITAL FINANCING REQUIREMENT

This represents the underlying requirement to borrow for capital expenditure. It takes the total value of the City Council's fixed assets and determines the amount that has yet to be repaid or provided for within the Council's accounts.

The capital financing requirement is increased each year by any new borrowing and reduced by any provision for the repayment of debt. Broadly, the higher the capital financing requirement, the higher the amount that is required to be set aside for the repayment of debt in the following year.

The actual capital financing requirements as at 31st March 2016 were as follows:

	Original Estimate	Actual
	£'000	£'000
Non HRA	380,872	340,948
HRA	168,667	151,780
Total	549,539	492,728

The non HRA capital financing requirement is lower than had been originally estimated. This was largely because the original estimate provided for £66m to be borrowed to finance the acquisition of commercial properties whilst only £37.5m of borrowing was actually required to finance the acquisition of commercial properties. The original estimate also provided for £4.2m to be borrowed to finance the provision of care homes, but it has not been possible to identify sites for these care homes.

The HRA capital financing requirement is lower than the original estimate. The original estimates provided for £15.3m to be borrowed to finance HRA capital expenditure. Most of this money was to provide new council dwellings but much of this expenditure has slipped through delays in obtaining planning permission. In addition a scheme to redevelop Arthur Pope House using £4.8m of borrowing has slipped due to delays in relocating the doctors' surgery. In addition the original estimates provided for properties worth £3.7m to be appropriated from the General Fund into the HRA which would have increased the HRA capital financing requirement but this did not happen.

5. ACTUAL EXTERNAL DEBT

At 31 March 2017, the City Council's level of external debt amounted to £579,343,337 consisting of the following:

- Long Term Borrowing £495,238,598
- Finance leases £12,125,077
- Service concessions (including PFI schemes) £71,979,662

The overall level of debt, excluding debt managed by Hampshire County Council, has increased between 2015/16 and 2016/17 by £96,105,919. This is because the Council borrowed £94m from the PWLB in 2016/17 in order to take advantage of relatively low interest rates and entered into a new £10.6m finance lease for the Isle of Wight Ferry Terminal. This new debt was partly mitigated by principal repayments.

6. CODE OF PRACTICE

The Prudential Code requires local authorities to adopt CIPFA's Code of Practice for Treasury Management in Local Authorities. The City Council has complied with this code.

TREASURY MANAGEMENT DECISIONS 2016/17**1. SUMMARY OF ACTUAL TREASURY MANAGEMENT INDICATORS FOR 2016/17**

Gross debt less investments at 31 March	£142,657,935
Maturity structure of the Council's borrowing:	
- Under 1 year	1%
- 1 to 2 years	4%
- 3 to 5 years	4%
- 6 to 10 years	6%
- 11 to 20 years	22%
- 21 to 30 years	11%
- 31 to 40 years	21%
- 41 to 50 years	31%
Sums invested for periods longer than 364 days at 31 March:	
31/3/2017	£180m
31/3/2018	£106m
31/3/2019	£18m
Fixed interest rate exposure at 31 March	£315m
Variable interest rate exposure at 31 March	(£257m)

2. GOVERNANCE

Treasury management activities were performed within the Prudential Indicators approved by the City Council.

Treasury management activities are also governed by the Treasury Management Policy Statement, Annual Minimum Revenue Provision for Debt Repayment Statement and Annual Investment Strategy approved by the City Council.

3. FINANCING OF CAPITAL PROGRAMME

The 2016/17 capital program was financed as follows:

Source of Finance	Revised Estimate £'000	Actual £'000
Corporate Reserves (including Capital Receipts)	61,291	59,664
Grants & Contributions	83,119	66,561
Revenue & Reserves	26,463	26,579
Long Term Borrowing	66,073	71,739
Total	<u>236,946</u>	<u>224,543</u>

£16.6m less grants and contributions were applied to finance capital expenditure than had been included in the revised capital program. This was largely due to the LEP underspending on schemes which would have been financed from grants and contributions.

4. COMBINED BORROWING AND INVESTMENT POSITION (NET DEBT)

On 31 March 2017 the Council had gross debt including finance leases and private finance initiative (PFI) schemes of £579m and gross investments of £436m giving rise to a net debt of £143m. The current high level of investments has arisen from the Council's earmarked reserves and borrowing in advance of need to take advantage of low borrowing rates thus securing cheap funding for the Council's capital program. The current high level of investments does increase the Council's exposure to credit risk, ie. the risk that an approved borrower defaults on the Council's investment. In the interim period when investments are high in advance of capital expenditure being incurred, there is also a short term risk that the rates (and therefore the cost) at which money has been borrowed will be greater than the rates at which those loans can be invested. The difference between current borrowing and investment rates is 1.26%. This should provide longer term savings through reduced borrowing costs.

5. BORROWING ACTIVITY

The Council employs Capita Asset Services to provide interest rate forecasts. The forecast overall longer run trend is for gilts and Public Works Loans Board (PWLB) certainty rates to rise, albeit gently, with 25 year rates expected to rise from their current 2.6% to 3.3% by March 2020.

Borrowing rates were particularly low in the summer of 2016 (see Appendix C) and the Council borrowed £94.0m from the Public Works Loans Board (PWLB) repayable in equal instalments of principal over 25 years at an average rate of 2.37%.

The Council also rescheduled a £10.5m loan in September 2016. The effect of the rescheduling was to replace a 15 year equal instalment of principal loan with a 50 year maturity loan and to reduce the interest rate from 4.52% to 2.09%. This represents an effective interest rate of 3.34% after taking account of the premium payable to the PWLB for early redemption of £3.2m. This has generated an annual saving of £47,000 per annum after taking account of the cost of financing the premium and in overall terms resulted in a total saving (in net present value* terms) of £1.1m.

* Net present value is a method of making a like for like comparison of different cash flows over time

In December 2016 the Council entered into a £10.6m finance lease for the Isle of Wight ferry terminal to enable it to fulfil its obligations to Wightlink following the disposal of the head lease for this site. The effect of this transaction was to repurchase a long term debtor, Wightlink's obligations under its lease, and finance the repurchase from unsupported borrowing.

The Council's gross debt at 31 March 2017 of £579m is within the Council's authorised limit (the maximum amount of borrowing permitted by the Council) of £618m and the Council's operational boundary (the maximum amount of borrowing that is expected) of £600m. The Council aims to have a reasonably even maturity profile so that the Council does not have to replace a large amount of borrowing in any particular year when interest rates might be high. The maturity profile of the Council's borrowing (Appendix D) is within the limits contained in the Council's Treasury Management Policy.

6. INVESTMENT ACTIVITY

Investment rates followed a falling trend in the first four months of 2016/17 with a sharp fall of around 0.25% in line with the reduction in the base rate in August. Base rate is not forecast to rise from 0.25% until June 2019 and then to only rise slowly. Since August investment rates have been broadly stable (see Appendix E).

The Council's investment portfolio has increased by £64.9m from £371.8m at 1 April to £436.7m, but the total sums invested for longer than 364 days did remain within the limits approved by the City Council. The average return on the Council's investments during 2016/17 was 1.11%. This compares with 0.97% during 2015/16. The Council's investment returns are benchmarked by Capita Asset Services and as at the end of March 2017 the average return on the Council's investments of 0.89% exceeded the risk adjusted benchmark return of 0.75% by 0.14%. The Council's investment return for 2016/17 was £5.3m and performance for the year was £0.1m above the revised estimate of £5.2m. The duration of the Council's investments was within the limits set in the Council's Treasury Management Policy.

7. INTEREST RATE EXPOSURES

Fixed interest rates avoid the risk of budget variances caused by interest rate movements, but prevent the Council from benefiting from falling interest rates on its borrowing or rising interest rates on its investments. The Council's net fixed interest rate borrowing at 31 March 2017 was £315m which was within the limit set in the 2016/17 Treasury Management Policy of £358m. Variable interest rates expose the Council to the benefits and dis-benefits of interest rate movements and can give rise to budget variances. The Council's net variable interest rate investments at 31 March 2017 were £257m which was within the limit set in the 2016/17 Treasury Management Policy of £444m.

8. REVENUE COSTS OF TREASURY MANAGEMENT ACTIVITIES IN 2016/17

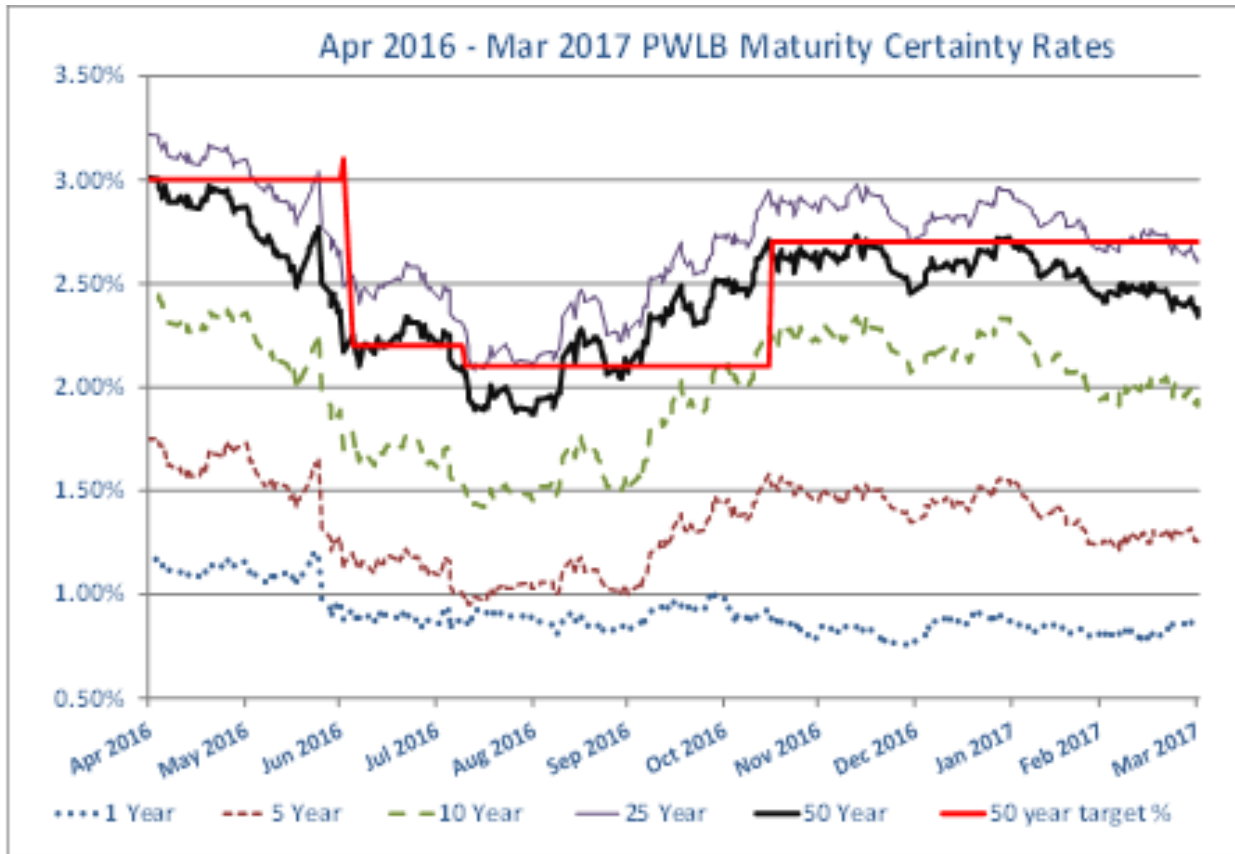
Expenditure on treasury management activities against the revised budget is shown below.

	Revised Estimate 2016/17 £000	Actual 2016/17 £000	Variance +/- £000
Interest Payable:			
PWLB – Maturity Loans	12,415	12,415	-
PWLB - E.I.P Loans	5,340	5,340	-
Other Long Term Loans	512	510	(2)
HCC Transferred Debt	420	410	(10)
Interest on Finance Lease	220	546	326
Interest on Service Concession Arrangements (including PFIs)	8,763	6,982	(1,781)
Interest Payable to External Organisations	4	1	(3)
Premiums and Discounts on Early Redemption of Debt	31	33	2
	<hr/>	<hr/>	<hr/>
	27,705	26,237	(1,468)
<u>Deduct</u>			
Investment Income:			
Interest on Investments	(5,192)	(5,297)	(105)
Other interest receivable	(1,376)	(1,340)	36
	<hr/>	<hr/>	<hr/>
	21,137	19,600	(1,537)
Provision for Repayment of Debt	6,368	6,628	260
Debt Management Costs	399	360	(39)
	<hr/>	<hr/>	<hr/>
	27,904	26,588	(1,316)

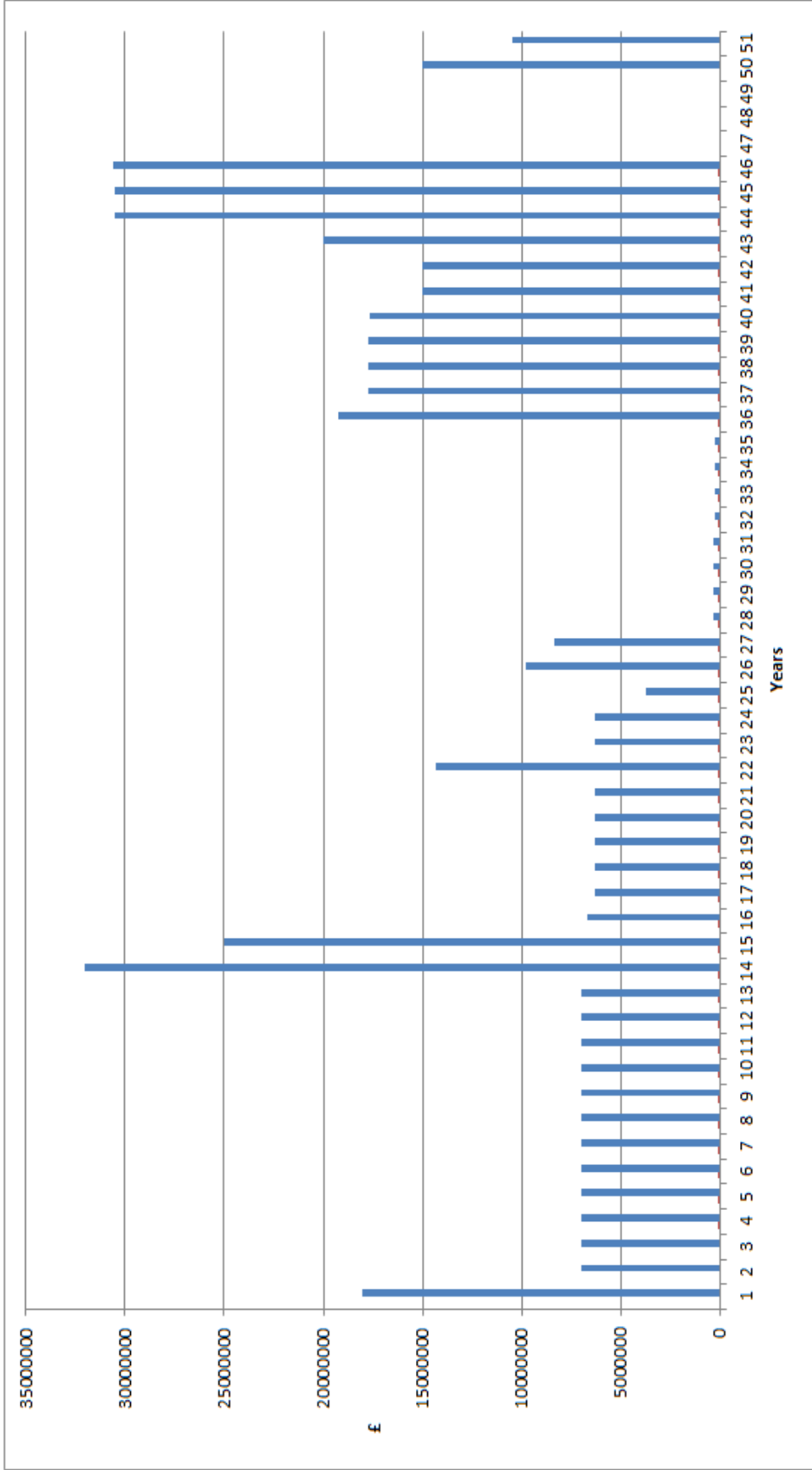
Net treasury management costs were £1.3m below the revised budget mainly due to a reduction in interest payable.

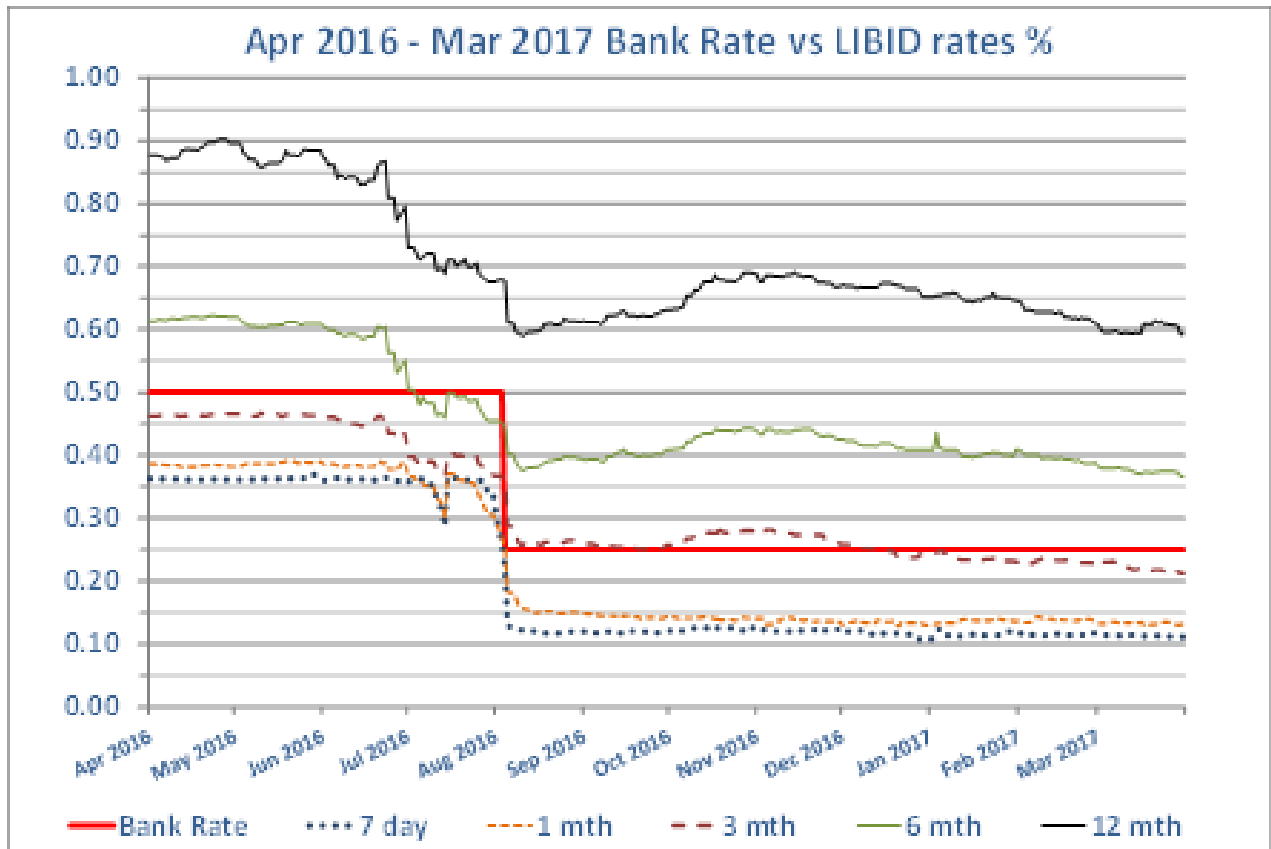
The highways maintenance private finance initiative (PFI) scheme provides for capital works to bring the highway network up to a specified condition (including interest and principal repayments on loans taken out by the contractor), lifecycle replacement (subsequent capital works), and operation and maintenance. This is an inseparable PFI which means that although the Council knows how much it pays the contractor it does not know how the contractor spends its revenues on the various components of the scheme. The revised estimate of the interest on the highways maintenance (PFI) was prepared on the basis of nominal costs in the original financial model prepared at the commencement of the contract in 2004. In preparing the 2016/17 Statement of Accounts it was decided that the estimated indexation used previously may have become less accurate over time and that more accurate estimates may be derived from using actual indexation. This has resulted in the interest on the highways maintenance PFI being £1.8m less than the revised estimate. This does not represent an overall saving to the Council as the overall cost of the highways maintenance PFI is broadly the same with additional expense being charged to highways operation and maintenance, capital expenditure charged to revenue balances to cover lifecycle replacement costs, and principal repayment of debt.

The reduction in interest payable on the highways maintenance PFI was partly offset by an increase in interest payable on under finance leases. The Council has entered into a finance lease for the Isle of Wight ferry terminal to enable it to fulfil its obligations to Wightlink following the disposal of the head lease for this site. The Council has paid £0.3m interest on this finance lease in 2016/17 which was not included in the revised estimate.



DEBT MATURITY PROFILE





Agenda Item 11

Title of meeting:	Governance and Audit and Standards Committee Cabinet City Council
Date of meeting:	Governance and Audit and Standards Committee 15 September 2017 Cabinet 28 September 2017 City Council 17 October 2017
Subject:	Treasury Management Mid-Year Review 2017/18
Report by:	Director of Finance and Information Services (Section 151 Officer)
Wards affected:	All
Key decision:	No
Full Council decision:	Yes

1. Executive Summary

This report seeks to increase the Council's authorised limit for external debt, ie. the amount of debt that it can hold by £10.6m from £607.6m to £618.2m and to increase the operational boundary by a corresponding amount.

This report also seeks to broaden the range of non-specified investments that the Council can invest in to include the proposed Energy Supply Company and any other subsidiary companies that that the Council may establish in addition to MMD (Shipping Services) Ltd.

This report outlines the Council's performance against the treasury management indicators approved by the Council on 21 March 2017.

2. Purpose of report

The purpose of the report is to inform members and the wider community of the Council's Treasury Management position at 31 July 2017 and to amend the Council's Treasury Management Strategy to reflect the Council's current circumstances.

In March 2009 the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Panel issued a bulletin on Treasury Management in Local Authorities. The bulletin states that "in order to enshrine best practice it is suggested that authorities report formally on Treasury Management activities at least twice yearly". The report in Appendix A covers the first four months of 2017/18.

3. Recommendations

- a That the authorised limit for external debt be increased by £10,600,000 from £607,555,000 to £618,155,000
- b That the operational boundary for external debt be increased by £10,600,000 from £589,255,000 to £599,855,000
- c That non-specified investments of up to £20m are permitted in the Council's subsidiary companies including but not restricted to MMD (Shipping Services) Ltd
- d That the actual Treasury Management indicators for July 2017 in Appendix A be noted

4. Background

The Council's treasury management operations cover the following:

- Cash flow forecasting (both daily balances and longer term forecasting)
- Investing surplus funds in approved investments
- Borrowing to finance short term cash deficits and capital payments
- Management of debt (including rescheduling and ensuring an even maturity profile)
- Interest rate exposure management

The key risks associated with the Council's treasury management operations are:

- Credit risk - ie. that the Council is not repaid, with due interest in full, on the day repayment is due
- Liquidity risk - ie. that cash will not be available when it is needed, or that the ineffective management of liquidity creates additional, unbudgeted costs
- Interest rate risk - that the Council fails to get good value for its cash dealings (both when borrowing and investing) and the risk that interest costs incurred are in excess of those for which the Council has budgeted
- Maturity (or refinancing risk) - this relates to the Council's borrowing or capital financing activities, and is the risk that the Council is unable to repay or replace its maturing funding arrangements on appropriate terms
- Procedures (or systems) risk - ie. that a treasury process, human or otherwise, will fail and planned actions are not carried out through fraud, error or corruption

The total borrowings of the Council are £576m. The Council has investments lodged with 52 institutions that amount to £465.5m. The cost of the Council's borrowings and the income derived from the Council's investments are included within the Council's treasury management budget of £22m per annum. The Council's treasury management activities account for a significant proportion of the Council's overall budget. As a consequence the Council's Treasury Management Policy aims to manage risk whilst optimizing costs and returns. The Council monitors and measures its treasury management position against the indicators described in this report. Treasury management monitoring reports are brought to the Governance and Audit and Standards Committee for scrutiny.

5. Reasons for Recommendations

The Council's total external debt, including finance leases and service concessions including private finance initiative (PFI) schemes must not exceed the Council's authorised limit for external debt. The Council's external debt including finance leases and service concessions amounted to £576m as at 31 July 2017, £32m below the authorized limit for external debt. The Council has entered into a £10.6m finance lease for the Isle of Wight ferry terminal to enable it to fulfil its obligations to Wightlink following the disposal of the head lease for this site. It is recommended that the authorised limit for external debt be increased by £10,600,000 from £607,555,000 to £618,155,000 in order to maintain the Council's capacity to borrow to either fund either capital expenditure or temporary cash deficits.

It is recommended that the operational boundary be increased by a similar amount to the authorised limit. The operational boundary is based on probable external debt. It is not a limit, but acts as a warning mechanism to prevent the authorised limit being breached.

The Treasury Management Policy approved by the City Council on 21 March provides for up to £2m to be invested in the Council's subsidiary company MMD (Shipping Services) Ltd. On 29 July the Cabinet approved the outline business case to establish a municipal energy supply company. This is estimated to require circa £8m of cash flow support. In addition the 2017/18 budget had a stronger focus on entrepreneurial activities to generate income which could lead to the establishment of further subsidiary companies. It is recommended that the Treasury Management Policy be amended to permit up to £20m to be invested in subsidiary companies including but not restricted to MMD (Shipping Services) Ltd.

To highlight any variance from the approved Treasury Management Policy and to note any subsequent actions.

To provide assurance that the Council's treasury management activities are effectively managed.

6. Equality impact assessment (EIA)

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

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's comments

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

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

Appendices:

Appendix A: Treasury Management Mid-Year Review 2017/18

Appendix B: Debt Maturity Profile

Appendix C: LIBOR Rates

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:

<u>Title of document</u>	Location
1 Information pertaining to treasury management strategy and performance	Financial Services
2	

TREASURY MANAGEMENT MID YEAR REVIEW OF 2017/18**1. SUMMARY OF TREASURY MANAGEMENT INDICATORS AS AT 31 JULY**

The Council's debt at 31 July was as follows:

	Original Prudential Indicator	Recommended Prudential Indicator	Position at 31/7/17
Authorised Limit	£608m	£618m	£576m
Operational Boundary	£589m	£600m	£576m

The maturity structure of the Council's borrowing was:

	Under 1 Year	1 to 2 Years	3 to 5 Years	6 to 10 Years	11 to 20 Years	21 to 30 Years	31 to 40 Years	41 to 50 Years
Lower Limit	0%	0%	0%	0%	0%	0%	0%	0%
Upper Limit	10%	10%	10%	20%	30%	30%	30%	40%
Actual	1%	4%	4%	6%	22%	11%	21%	31%

Sums invested for periods longer than 364 days at 31 July 2017 were:

Maturing after	Limit £m	Actual £m
31/3/18	168	128
31/3/19	148	15
31/3/20	144	15

The Council's interest rate exposures at 31 July 2017 were:

	Limit £m	Actual £m
Fixed Interest	389	305
Variable Interest (net Investments)	(389)	(288)

2. GOVERNANCE

The Treasury Management Policy Statement, Annual Minimum Revenue Provision for Debt Repayment Statement and Annual Investment Strategy approved by the City Council on 21 March 2017 provide the framework within which Treasury Management activities are undertaken.

3. NET DEBT

On 31 July 2017 the Council had gross debt including finance leases and private finance initiative (PFI) schemes of £576m and gross investments of £465m giving rise to a net debt of £111m. The current high level of investments has arisen from the Council's earmarked reserves and borrowing in advance of need to take advantage of low borrowing rates thus securing cheap funding for the Council's capital programme. The current high level of investments does increase the Council's exposure to credit risk, ie. the risk that an approved borrower defaults on the Council's investment. In the interim period when investments are high in advance of capital expenditure being incurred, there is also a short term risk that the rates (and therefore the cost) at which money has been borrowed will be greater than the rates at which those loans can be invested.

4. BORROWING ACTIVITY

The Council employs Capita Asset Services to provide interest rate forecasts. The forecast overall longer run trend is for gilts and Public Works Loans Board (PWL) certainty rates to rise, albeit gently, with 25 year rates expected to rise from their current 2.6% to 3.3% by December 2019.

The Council did not undertake any new borrowing in the first four months of 2017/18.

The Council's gross debt at 31 July 2017 of £576m is within the Council's authorised limit (the maximum amount of borrowing permitted by the Council) of £608m and the Council's operational boundary (the maximum amount of borrowing that is expected) of £589m. The Council aims to have a reasonably even maturity profile so that the Council does not have to replace a large amount of borrowing in any particular year when interest rates might be high. The maturity profile of the Council's borrowing (Appendix B) is within the limits contained in the Council's Treasury Management Policy (see paragraph 1).

5. INVESTMENT ACTIVITY

In accordance with the Government's statutory guidance, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite.

Investment rates available in the market for investments that are longer than 3 months have followed a downward trend in the first four months of 2017/18. Market rates available for shorter term investments have remained stable in line with the 0.25% Bank of England base rate. Short term market interest rates for the first four months of 2017/18 are shown in Appendix C.

The Council's investment portfolio has increased by 7% in 2017/18 from £436.7m on 1 April to £465.5m as at 31 July largely due to a number of income streams including Council Tax receipts tending to be front loaded.

The overall investment portfolio yield for the first four months of the year was 0.94%.

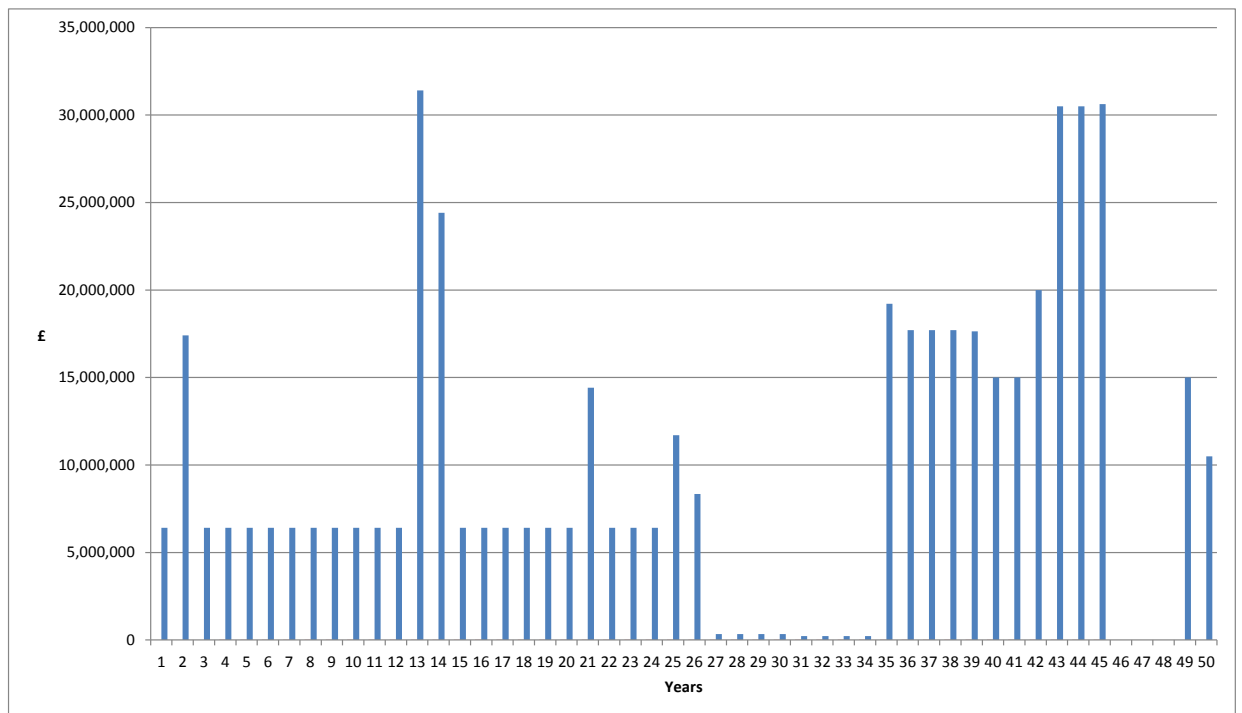
The Council's budgeted investment return for 2017/18 is £2,730k, and performance for the year to date is £582k above budget. This is due to having better than anticipated investment returns.

The current investment portfolio yield is unlikely to be maintained as maturing investments are having to be replaced with lower yielding investments reflecting the current market and the current Bank of England base rate of 0.25%.

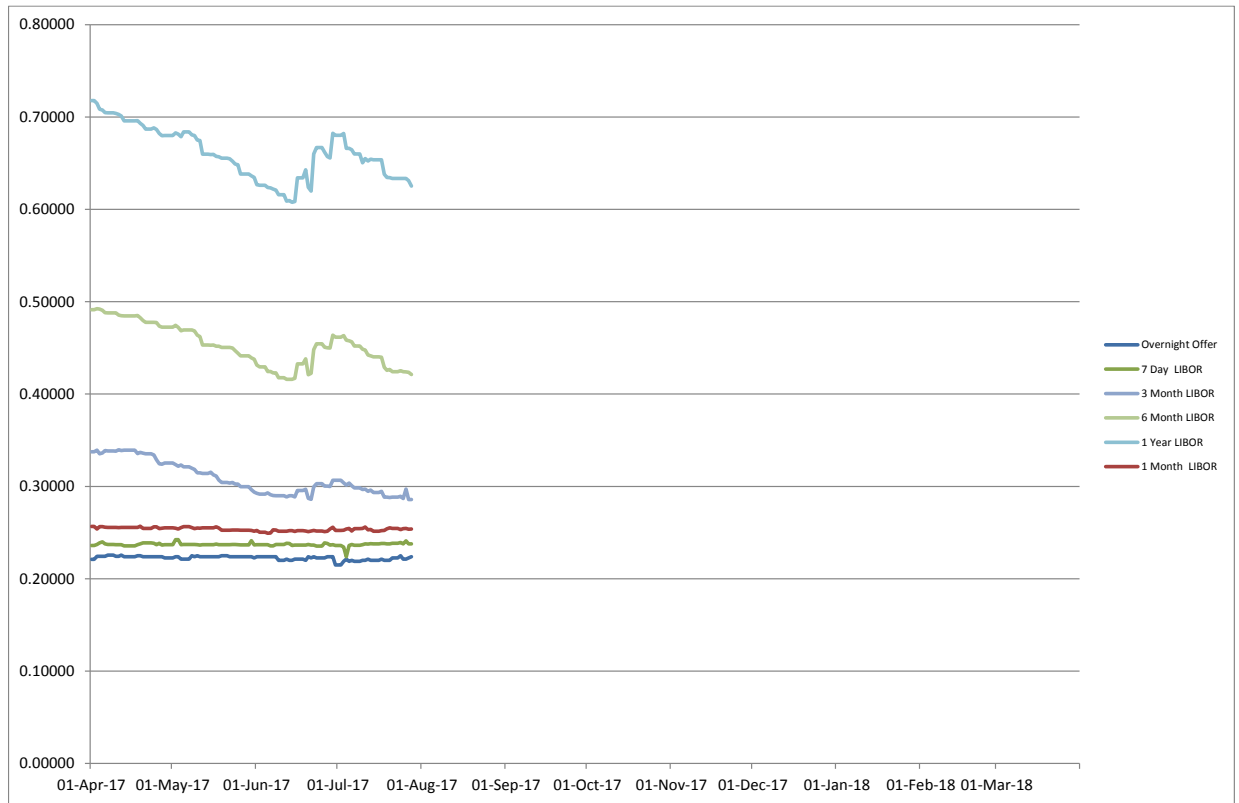
6. INTEREST RATE EXPOSURES

Fixed interest rates avoid the risk of budget variances caused by interest rate movements, but prevent the Council from benefiting from falling interest rates on its borrowing or rising interest rates on its investments. The Council's net fixed interest rate borrowing at 31 July 2017 was £305m which was within the limit set in the 2017/18 Treasury Management Policy of £389m. Variable interest rates expose the Council to the benefits and dis-benefits of interest rate movements and can give rise to budget variances. The Council's net variable interest rate investments at 31 March 2017 were £288m which was within the limit set in the 2017/18 Treasury Management Policy of £389m.

DEBT MATURITY PROFILE



LIBOR RATES





Title of meeting:	Governance & Audit & Standards Committee
Date of meeting:	15 th September 2017
Subject:	Councillor training & development
Report by:	City Solicitor
Wards affected:	None
Key decision:	No
Full Council decision:	No

1. Purpose of report

1.1 This report is to update the Governance & Audit & Standards Committee on the position of training for councillors and to offer recommendations for improvements to the programme based on feedback.

2. Recommendations

2.1 Governance & Audit & Standards Committee to approve the annual training plan prior to delivery

2.2 All training delivered to councillors to be subject to quality assurance

2.3 Group Leaders to support attendance on compulsory training

3. Background

3.1 The annual training programme comprises:

3.1.1 Induction training for new members (Code of Conduct, Equalities etc.)

3.1.2 Committee training for members (and standing deputies where relevant) prior to the first committee meeting. Training for the Planning and Licensing Committees is compulsory before members are permitted to sit on those Committees

3.1.3 Compulsory training (Safeguarding Adults & Children and Looked After Children) - three yearly refresher currently recommended

3.1.4 Development training (e.g. Charing Meetings) - optional

3.2 Feedback from councillors:

3.2.1 Training sessions are of variable standards

3.2.2 A wider variety of dates and times should be offered

3.2.3 There are no sanctions for non-attendance of compulsory training

3.2.4 Subject areas are not aligned to the needs of councillors

3.3 The costs of the programme are primarily officer time in design and delivery of training sessions. Training commissioned in from external consultants is funded from the corporate training budget (with the exception of G&A&S training). The decision to commission external training is based on value for money (e.g. to draw upon expert training providers with experience of delivery to councillors) and subject to usual procurement rules.

4. Reasons for recommendations

4.1 The majority of training for councillors is delivered by officers with subject area expertise though not necessarily with training experience or adherence to quality training standards. A lack of quality assurance has been noted and fed back by councillors. It is recommended therefore that all training offered to councillors is created with minimum standards of:

4.1.1 Measurable objectives that clearly set out the aims of the session

4.1.2 Engaging, relevant, varied materials that meet the objectives and are designed based on the needs of councillors

4.1.3 A clear assessment / evaluation strategy

4.2 It is recommended that the proposed training plan (including the schedule and materials) is subject to annual approval by the G&A&S Committee. This would ensure that quality standards are met by all officers delivering training and the schedule is appropriate for councillors (e.g. range of date and times). It would also offer an opportunity for the G&A&S Committee to include additional elements based on highlighted risks and concerns.

4.3 To respond to the feedback regarding relevance, it is proposed that the draft training plan is created based on discussions with the Group Leaders (to identify development needs, concerns, emerging priorities etc.)

4.4 Beyond that for Committee training, there are no sanctions available for non-compliance with compulsory training (Safeguarding Adults and Children / Looked - After Children). These subject areas have been highlighted as compulsory as they are priority areas for the Council. It is therefore recommended that Group Leaders support attendance within the group using the provision of accurate training records supplied quarterly by HR. HR would respond to any emerging difficulties highlighted by Group Leaders (e.g. lack of available sessions).

4.5 The proposed cyclical approach to training is outlined in figure 1

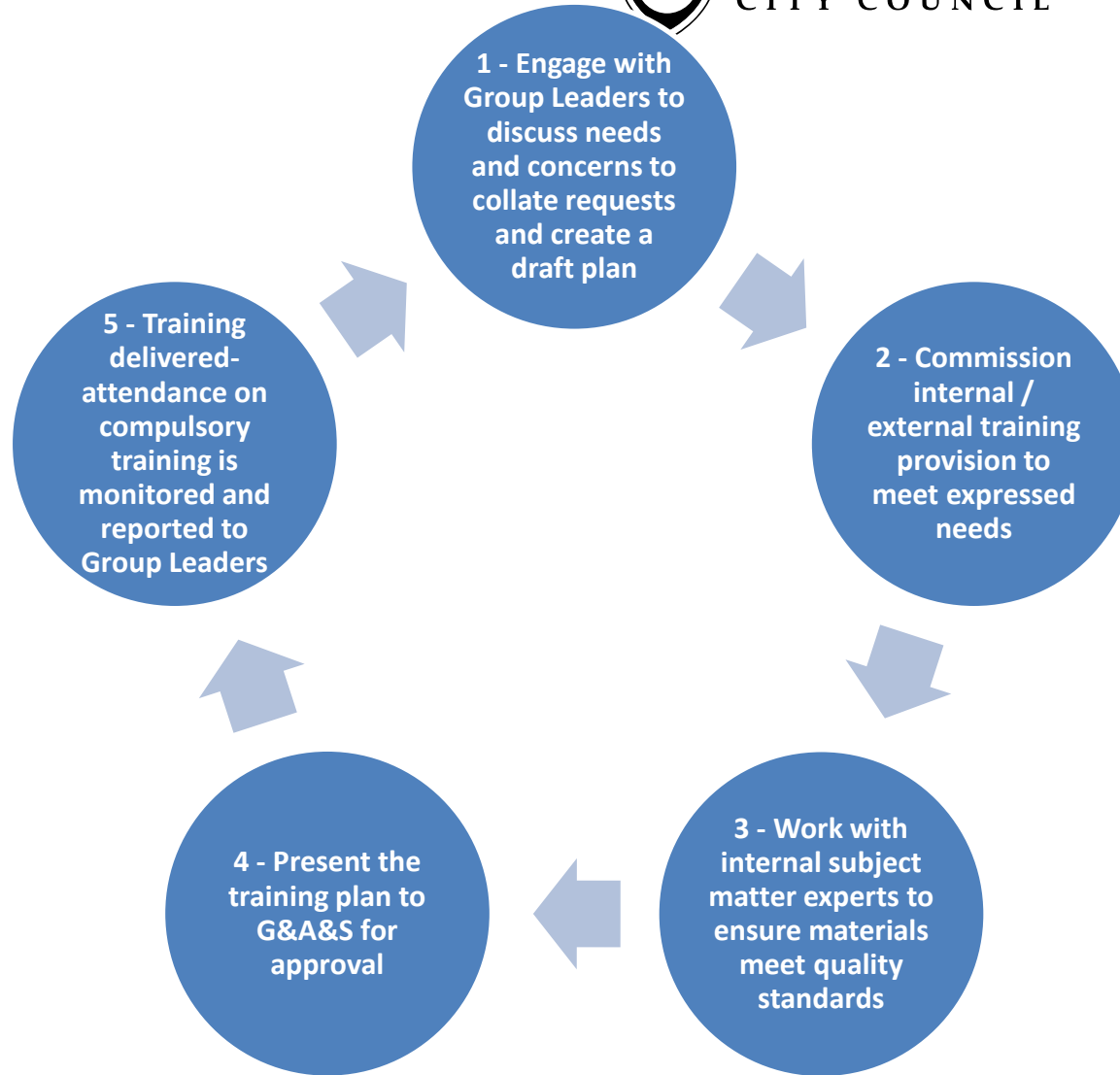


Figure 1 - Proposed HR responsibilities - annual training cycle

5. Equality impact assessment

5.1 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

7. Director of Finance's comments

7.1 The cost of the annual training programme for members is included within existing revenue budgets

.....
Signed by:

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

.....
Signed by:

Agenda Item 13

THIS ITEM IS FOR INFORMATION ONLY
(Please note that "Information Only" reports do not require Equality Impact Assessments, Legal or Finance Comments as no decision is being taken)



Portsmouth
CITY COUNCIL

Title of meeting: Governance and Audit and Standards Committee

Subject: Local Government Ombudsman Complaints 2016/2017.

Date of meeting: 15th September 2017

Report by: Director of Community and Communications

Wards affected: All

1. Requested by

Director of Community and Communications

2. Purpose

To bring to the attention of the Governance & Audit & Standards Committee the Annual Review of Complaints by the Local Government Ombudsman dated July 2017 regarding the complaints it has considered against Portsmouth City Council for the year 2016/2017.

3. LGO complaint review information

3.1 The Ombudsman investigates complaints about all local authorities and social care providers in England. Every year it publishes the information it sends to councils to help with transparency and improve local services for residents.

3.2 While issuing the figures, the Ombudsman is keen to point out that a high number of complaints do not necessarily mean a council is performing poorly. It may indicate an authority that welcomes and encourages feedback, through a transparent system which signposts people appropriately when its own processes have been exhausted.

3.3 This year the Ombudsman received over 16,500 complaints and enquiries about councils. The greatest proportion was about Education and Children's Services, followed by Adult Social Care, and Planning.

THIS ITEM IS FOR INFORMATION ONLY
 (Please note that "Information Only" reports do not require Equality Impact Assessments, Legal or Finance Comments as no decision is being taken)

3.4 Complaints about Portsmouth City Council

Directorate	Number of complaints received 2016/17	Number of complaints received 2015/16
Adult Social care	10	13
Benefits and Council Tax	3	8
Corporate and Other Service	2	3
Education and Children's Services	10	15
Environmental Services and Public Protection	2	5
Highways and Transport	2	5
Housing	6	2
Planning and Development	6	1
Other	1	0
Total	42	47

Decisions made

	2016/17	2015/16
Upheld	7	2
Not Upheld	5	3
Advice given	1	1
Closed after initial enquiries	13	12
Incomplete/Invalid	2	4
Referred back for local resolution	11	25
Total	39	47

3.5 The Local Government Ombudsman received 42 complaints and enquiries about Portsmouth City Council during 2016/2017, compared with 47 in 2015/2016. During the same period 39 decisions were made regarding Portsmouth City Council. Please see the breakdown of these cases shown above.

3.6 The 7 upheld cases were remedied as a result of an investigation by the ombudsman. These are termed as 'local settlements' and are where, during the course of an investigation, the council takes or agrees to take some action which the Local Government Ombudsman considered to be a satisfactory conclusion to the complaint.

THIS ITEM IS FOR INFORMATION ONLY
 (Please note that "Information Only" reports do not require Equality Impact Assessments, Legal or Finance Comments as no decision is being taken)



4. Comparison to other local authorities

Number of complaints received

Directorate	Birmingham	Brighton and Hove	Portsmouth	Southampton
Adult Social care	44	29	10	11
Benefits and Council Tax	114	8	3	5
Corporate and Other Service	21	5	2	4
Education and Children's Services	52	27	10	18
Environmental Services and Public Protection	73	15	2	9
Highways and Transport	38	10	2	4
Housing	83	29	6	7
Planning and Development	22	10	6	2
Other	5	1	1	0
Total	452	134	42	54

Decisions made

Upheld	63	16	7	5
Not Upheld	38	8	5	5
Advice given	31	2	1	1
Closed after initial enquiries	105	45	13	15
Incomplete/Invalid	18	8	2	2
Referred back for local resolution	210	36	11	30
Total no. complaint	465	115	39	58
Complaints remedied by LGO	44	14	5	4
Complaints remedied by authority	5	2	1	0

THIS ITEM IS FOR INFORMATION ONLY
(Please note that "Information Only" reports do not require Equality Impact Assessments, Legal or Finance Comments as no decision is being taken)

5. Agreed actions in response to upheld complaints

Complaints below have been anonymised.

5.1 Adult Social Care

5.1.1 Complaint about the service provided to the complainant's son by the City Council and Solent NHS.

5.1.2 Outcome: LGO partly upheld some of his complaints and made some recommendations regarding our Section 75 agreement with Solent NHS to discharge some of our social care functions. The City Council made a payment of £166 to the service user and £334 to his father for time and trouble. Solent NHS also had to make payments. Revisions were made to our Section 75 Agreement with Solent NHS.

5.1.3 Complaint that there were failings in the way the Council responded to concerns about a fall suffered by a resident in a Council care home and a delay in seeking medical help.

5.1.4 Outcome: The LGO found the City Council was at fault as it failed to follow the in-house falls procedures so there was a delay in her receiving medical attention. The City Council settled the complaint by making a payment of £250 to the complainant to acknowledge the distress and time and trouble caused. As a result of the investigation, the Council reviewed the falls procedure and took suitable disciplinary action against the member of staff concerned.

5.2 Benefits and Tax

5.2.1 Complaint that the Council gave inadequate notice of the decision to start charging council tax on properties that were let to students when they were empty over the summer. As a result the landlord could not increase the rent to reflect the increase in the charge and has had to pay the charge. The Council also failed to suspend recovery action while discussions with the Council were ongoing about the liability. As a result the Council issued a summons.

5.2.2 Outcome: There was no fault in the Council correctly charging council tax on an empty property when student exemptions did not apply even though that was a change from its previous practice. There was fault in issuing a summons when the complainant was still in correspondence with the Council but that was quickly resolved and no further action is necessary.

THIS ITEM IS FOR INFORMATION ONLY
(Please note that "Information Only" reports do not
require Equality Impact Assessments, Legal or
Finance Comments as no decision is being taken)



Portsmouth
CITY COUNCIL

5.3 Education and Children Services

5.3.1 Complaint about way the Council has handled the provision of care for a young person. The foster carer complained on their own behalf as a carer and for the young person about the post 16 transition and care planning.

5.3.2 Outcome: The LGO found that that the Council correctly considered the care of a young person to be a private fostering arrangement and properly supported the placement using its discretion. However, it failed to give proper advice to the carer and failed to complete agreed actions for the young person leading up to their sixteenth birthday, leaving the young person unclear about the choices available.

5.3.3 Complaint that the council failed to follow up an allegation that a foster carer abused an ex service user, inadequate foster care of children, and social worker failings.

5.3.4 Outcome: The Ombudsman found no fault in most of the issues raised. They were satisfied with the Council's own investigation and the failings the council identified in respect of not following up the allegation and other matters concerning the foster care of the children. There was no further fault found and the Council offered a suitable remedy for the injustice caused which included financial redress of £1800 and an apology before the Ombudsman became involved.

5.3.5 Complaint about the council's actions during a child protection enquiry and the failure to carry out a social care assessment. The complaint was also not investigated under stage 2 of the children's social care complaint statutory procedures.

5.3.6 Outcome: The council agreed to carry out a Stage 2 investigation and therefore the Ombudsman stopped their investigation. The council upheld the complaint and offered an apology and a change was made to processes. The complainant was satisfied with the resolution and no further complaints were made.

5.4 Planning and Development

5.4.1 Complaint that there were failings in the way the Council determined an application to convert a house into an HMO (house in multiple occupation). In particular, they complain that the Council did not consult them on the application and failed to properly consider the impact of it on their privacy and on parking in the area.

5.4.2 Outcome: A Council report recommending planning permission be granted for a house in multiple occupation wrongly stated that the house had off street parking. This fault did not affect the Council's decision to grant planning permission and therefore did not cause the complainants any injustice.

THIS ITEM IS FOR INFORMATION ONLY
(Please note that "Information Only" reports do not require Equality Impact Assessments, Legal or Finance Comments as no decision is being taken)

6. Summary

Whilst more complaints were upheld this year, 17% fewer were made to LGO in 2016/17 which indicates an improvement to our responses and a resolution for the customer at an earlier stage. Processes and policies were reviewed where appropriate to ensure the residents can be satisfied that we continue to grow and change.

.....
Signed by (Director)

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
Ombudsman releases complaints statistics for all local authorities 2016/17	http://www.lgo.org.uk/information-centre/news/2017/aug/ombudsman-releases-complaints-statistics-for-all-local-authorities



Title of meeting: Governance & Audit & Standards Committee

Date of meeting: 15 September 2017

Subject: Data Security Breach Report

Report by: Michael Lawther, City Solicitor/Senior Information Risk Owner

Wards affected: All

Key decision: No

Full Council decision: No

- 1. Purpose of report**

To inform the Committee of any Data Security Breaches and actions agreed/taken since the last meeting.
- 2. Recommendations**

It is recommended that Members of the Governance & Audit & Standards Committee note the breaches (by reference to Exempt Appendix A) that have arisen and the action determined by the Corporate Information Governance Panel (CIGP).
- 3. Background**

The Corporate Information Governance Panel, formed of representatives from across the authority and chaired by Michael Lawther in the role of Senior Information Risk Owner (SIRO) meets every other month to

 - establish policy and procedures for Information Governance;
 - maintain a log of data breaches and determine and monitor onward action.

The Senior Information Risk Owner will update the Committee on any ongoing breaches and notify the members of any new incidents.
- 4. Reasons for recommendations**

To ensure the Governance & Audit & Standards Committee has an oversight of the Data Security Breaches to be able to determine whether any trends appear and any further actions should be recommended.

5. Equality impact assessment

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

6. Legal implications

The Council is required to ensure that it has robust procedures in place to comply with its obligations under the Data Protection Act. Bringing this report to the Committee's attention will assist in meeting those requirements.

7. Director of Finance's comments

The ICO can issue fines of up to £500,000 for serious breaches of the Data Protection Act and Privacy and Electronic Communications Regulations. The size of any monetary penalty is determined by the Commissioner taking into account the seriousness of the breach and other factors such as the size, financial and other resources of the data controller. Any breaches put the City Council at risk of the unbudgeted cost of a financial penalty which would have to be met from the service responsible for the breach.

.....
Signed by:

Appendices: One Exempt Appendix

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	