



NOTICE OF MEETING

GOVERNANCE & AUDIT & STANDARDS COMMITTEE

FRIDAY 20 SEPTEMBER 2019 AT 4PM

THE EXECUTIVE MEETING ROOM - THIRD FLOOR, THE GUILDHALL

Telephone enquiries to Anna Martyn 023 9283 4870

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

Membership

Councillor Leo Madden (Chair)

Councillor Simon Boshier (Vice-Chair)

Councillor John Ferrett

Councillor Hugh Mason

Councillor Judith Smyth

Councillor Neill Young

Standing Deputies

Councillor Matthew Atkins

Councillor Ben Dowling

Councillor Graham Heaney

Councillor Donna Jones

Councillor Terry Norton

Councillor Chris Attwell

(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.

A G E N D A

- 1 **Apologies for Absence**
- 2 **Declarations of Members' Interests**
- 3 **Minutes of Previous Meeting - 26 July 2019** (Pages 5 - 14)

RECOMMENDED that the minutes of the previous meeting held on 26 July 2019 are approved as a correct record to be signed by the Chair.

- 4 **Overview of Portsmouth City Council complaints, including Local Government and Social Care Ombudsman Complaints 2018/19.** (Pages 15 - 22)

Purpose.

To bring to the attention of the Governance & Audit & Standards Committee the Annual Review of Complaints by the Local Government and Social Care Ombudsman (LGSCO) dated July 2019, regarding complaints it has considered against Portsmouth City Council for the year 2018/2019.

Recommended that the Committee & Audit & Standards Committee note the report.

- 5 **Review of polling districts and polling places.** (Pages 23 - 52)

Purpose.

To detail the outcomes of the review of polling districts and polling places recently undertaken and to invite members to consider the recommendations made.

RECOMMENDED that:

1. That the changes to the current scheme recommended in paragraphs 5.2 to 5.10 are approved and implemented on publication of the 2020 Register of Electors.
2. That it be reconfirmed that the Returning Officer has delegated authority to make such variations to polling places as may be necessary arising from the availability of premises for use at a particular election.

- 6 **Audit review on home to school transport and hire cars**

The report will follow.

7 Update(s) to Portsmouth City Council's Contract Procedure Rules (Pages 53 - 78)

Purpose

The purpose of the report is for the Governance Audit and Standard Committee (GAS) to consider the proposed updates to Portsmouth City Council's (the Council's) Contract Procedure Rules (the CPRs) (the report).

The report sets out the proposals and justifications for:

Implementing a new price increase control by way of an existing agreed approval process for specific Council contracts; and

Carrying out a full legal review of the CPRs in light of recent legislative changes (detailed below).

RECOMMENDED that the GAS consider whether to recommend to Full Council the adoption of the proposals set out in this report.

8 Portsmouth City Council Annual Audit Letter 2018/19 (Pages 79 - 102)

The committee is asked to consider the annual audit letter for the year ended 31 March 2019.

9 Audit Performance Status Report to 4 September 2019 (Pages 103 - 130)

Purpose.

This is an Audit Performance Status Report for the 2019-20 planned audit activities. Appendix A includes the detail of progress made against the annual plan and documents individual audit findings.

RECOMMENDED that members note:

1. **The Audit Performance for 2019/20 to 4th September 2019.**
2. **The highlighted areas of concern in relation to audits completed from the 2019/20 Audit Plan, including follow up work performed.**

10 Scrutiny call in arrangements (Pages 131 - 136)

Purpose.

For the committee to consider the request from Councillor Boshier (points 1- 4 below), to review the Council's Call-in rules and process and decide what it consequently supports to go forward to Full Council:

- 1) A suitable time limit for Scrutiny Management Panel to consider the call in
- 2) The subject decision of the Cabinet/Portfolio Holder be not implemented until the call in has been properly considered
- 3) The call in can be a lengthy process and perhaps should be the subject of a special meeting and not included on the agenda of a scheduled meeting.
- 4) If the call in is successful, and the subject report is referred back to the

Portfolio holder or Cabinet for reconsideration, the original unaltered report should not be the subject for reconsideration.

RECOMMENDED that having regard to the contents of this report that:

The committee notes the current call in rules/process, and

- 1. Consider whether its wishes to recommend to Full Council any suggested changes as detailed in paragraph 4 below.**
- 2. Further to 2.2 above, should the Committee support the changes as presented, the associated draft constitutional revisions are incorporated as track changes to section 15 - Call-In, (attached as Appendix A) as part of any recommendation to Full Council.**

11 Date of the next meeting

To be confirmed.

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

Whilst every effort will be made to webcast this meeting, should technical or other difficulties occur, the meeting will continue without being webcast via the council's website.

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

Agenda Item 3

GOVERNANCE & AUDIT & STANDARDS COMMITTEE

MINUTES OF THE MEETING of the Governance & Audit & Standards Committee held on Friday, 26 July 2019 at 4.00 pm at the The Executive Meeting Room - Third Floor, The Guildhall

(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 Leo Madden (in the chair)
Councillor Simon Bosher (Vice-Chair)
Councillor John Ferrett
Councillor Hugh Mason
Councillor Judith Smyth
Councillor Matthew Atkins (Standing Deputy)

Officers

Peter Baulf, City Solicitor and Monitoring Officer
Julian Pike, Deputy Director of Finance & Deputy S151 Officer
Michael Lloyd, Directorate Finance Manager
Elizabeth Goodwin, Chief Internal Auditor
Paul Somerset, Deputy Chief Internal Auditor
Kelly Nash, Corporate Performance Manager
Greg Povey, Assistant Director Contracts, Procurement, Commercial
Stewart Agland, Local Democracy Manager

External Auditors

Helen Thompson, Associate Partner, Ernst & Young
David White, Manager, Assurance - Government and Public Sector, Ernst & Young

27. Apologies for Absence (AI 1)

Councillor Young had submitted his apologies and was represented by Councillor Atkins.

28. Declarations of Members' Interests (AI 2)

None.

29. Minutes of Previous Meeting - 8 March 2019 (AI 3)

RESOLVED that the minutes of the meeting held on 8 March 2019 be approved as a correct record.

There were some matters arising from these minutes:

Minute 18 - The Chair had received an answer regarding the issue of the £30k procurement limit and Portico, which he read out. Members wanted assurance that an audit trail was maintained. Elizabeth Goodwin confirmed that Internal Audit have undertaken an audit of this area of Portico and members' concerns would be brought to the attention of their board.

The Chair asked that a Portico representative be invited to attend the next Governance & Audit & Standards Committee meeting to explain the £30k limit and the audit plan for Portico.

Minute 23 - Regarding a record of members' training as well as this being useful for the individual members, it was also important to prove competency and for liability purposes. **The City Solicitor agreed that there should be a record of training kept which afford self and corporate protection.**

30. External Annual Audit Report for 2018/19 (AI 4)

Helen Thompson and David White were present as the external auditors and reported that they were in the process of completing the annual audit and were currently expecting to issue an opinion on the financial statements and a value for money conclusion by 31 July. They thanked the finance team and all the officers who had been involved in this process. The expectation based on work undertaken to date was that the audit opinion and value for money conclusion would be unqualified. The audit team had covered the areas of highest risk first; work remained ongoing in a number of areas.

David White listed the areas that were now completed and where further work was taking place in the following week to complete the audit by 31 July. Adjustments on pensions arising from the McCloud/Sargeant case had been worked through following receipt of an updated IAS19 report from the Actuary of Hampshire Pensions Fund., Julian Pike, Deputy Section 151 Officer, confirmed that an adjustment of £12.6m had been made in the annual accounts as a result of this issue.

Helen Thompson drew members' attention to the Value for Money section of the report, which was a separate conclusion. No significant risks to the value for money conclusion had been identified and as a result an unmodified conclusion was anticipated.

Work had been completed on the Annual Governance Statement. Work on the Council's Whole of Government Accounts submission will be undertaken after the conclusion of the main audit, as this is subject to a separate deadline of 13 September 2019.

David White reported that there were no issues arising in the area of fraud, relating to additions to property, plant and equipment and investment

property, and journals, and the examination of areas of identified risk in relation to fraud/error had been substantially completed.

In response to a question on the PFI models it was reported that in 2016/17 an internal specialist on PFI accounting had been used and they had given assurances on the models. It had been checked that there had been no significant changes to the models since 2016/17 and there were no findings on PFI to report to the committee.

In response to a question, Helen Thompson confirmed that the effect of the McCloud judgement on pensions had been fed through the assumptions in the updated IAS19 report, and this was now reflected in the updated statement of accounts. Julian Pike reiterated that the contribution/adjustments for this would be met from within the fund and the normal triennial process of setting employer contributions.

The letter of representation, which would need to be signed off by the Section 151 Officer and Chair of the GAS Committee, would need to explain the Council's judgement in not adjusting the statement of accounts in respect of a separate pension-related audit difference arising around Guaranteed Minimum Pension (GMP).

The committee agreed to note the status of the audit.

31. Annual Internal Audit Performance Status Report for 2018-19 Audit Plan and Annual Opinion (AI 5)

Elizabeth Goodwin, Chief Internal Auditor, presented her report. The 2018/19 Audit Plan had been completed and there were the 3 areas of no assurance to bring to members' attention:

- Port CCTV
- Home to School Transport
- Hire cars

Elizabeth Goodwin had met with the directors for these areas to discuss action plans. The Port Director had taken on board all the suggested actions and his response had been circulated, so she was satisfied that this was moving in the right direction.

Members asked questions regarding the issues identified in Home to School Transport, which had first been raised in 2015. These included the lack of DBS checks or evidence of. Members were made aware that for all drivers licenced by PCC, the Licensing Department perform DBS checks, although the Transport section need to annually verify this for drivers used. The main issue is that Transport are not aware of what drivers are being used for Home to School transport and therefore cannot verify that they are PCC licenced taxi drivers, who would have been subjected to DBS checks as part of their application.

For both Home to School Transport and Hire Cars a fuller report would be brought to the September meeting, and the appropriate directors/managers be invited to attend.

With regard to member concerns on the Port CCTV, Ms Goodwin wished to confirm that there was no evidence of RIPA breaches. The Port is registered with the Information Commissioner so would be duty bound to report any such breaches if they occurred and also liaised closely with the police on the provision of evidence. There had been a lot of work to address issues here.

Members asked questions raising safeguarding issues on appointeeships; there were processes in place to safeguard individuals and staff regarding the handling of funds.

For the annual opinion, the Chief Internal Auditor reported that there had been a decrease in the number of 'no assurance' audits from the previous year and that Portsmouth City Council had been positive in addressing concerns raised. An area that would require further focus was that of audit clients implementing agreed actions. **The annual opinion given was limited, with recognition in improvements made.**

RESOLVED that members noted:

- (1) the Audit Performance for 2018/19 to 5th July 2019.**
- (2) the highlighted areas of control weakness from the 2018/19 Audit Plan.**
- (3) the Annual Audit Report and Opinion for 2018/19.**

32. Annual Governance Statement (AI 6)

Deputations are not minuted in full but can be viewed as part of the webcast of the meeting here:

<https://livestream.com/accounts/14063785/GAS-26Jul2019>

Jerry Brown made a deputation on this item, whose points included the need for transparency in decision making, the need to publish the list of senior officers with salaries over £50k and the accountability of these roles, the aggregation of the 3 senior officer joint roles with other local authorities and its impact on PCC, how suppliers are recorded for contracts of £500 and the need for spending to be attributable and clear in reports.

The Chair, in response to the deputation, expressed the need for the Constitution to be updated to reflect the roles of the senior officers.

Kelly Nash, Corporate Performance Manager, presented her report which set out the lawful and proper standards of the systems in place, needed for the

annual opinion and refreshed Local Code of Governance. The report also set out officer capacity and linked to the quarterly performance report, later on the agenda.

It was asked if there is still a Deputy Chief Executive; it was reported that there is not, with the Chief Executive nominating a deputy as and when required from within his directors.

RESOLVED that the Governance and Audit and Standards Committee:
(1) Agreed the Annual Governance Statement 2018/19 (Appendix 1)
(2) Approved the refreshed Local Code of Governance (as set out in Appendix 2).

33. Annual statement of accounts (AI 7)

Michael Lloyd, Director Finance Manager, presented the Director of Finance and S.151 Officer's report; approval of these is a pre-requisite to obtaining the annual audit opinion. The Chair would be asked to sign the letter of representation.

Councillor Hugh Mason had tried to send a list of questions that Julian Pike, Deputy S151 Officer, undertook to reply to by email with details to all members of the Governance and Audit and Standards Committee. These included the HRA deficit, caused partly by the decanting of Horatia and Leamington Houses (as well as the government's 1% reduction in rent levels and the right to buy). There had also been a capital adjustment to the General Fund to include depreciation and impairments of £9.7 due to the decant. Councillor Smyth thanked officers for the financial training sessions provided.

There were also queries on business rates retention and pooling arrangements, the investment portfolio and assets transferred from Hampshire County Council, reporting of diligence from the Hampshire Community Bank and PFI contract payments.

Councillor Madden, as Chair, asked that in future there be a footnote added to show how shared senior officer posts were accounted for between local authorities. Julian Pike reported that for the Local Enterprise Partnership (Solent LEP) their Chief Executive was paid for by government grants, but had to be shown in PCC's accounts as the responsible accounting authority.

With regard to the members' payments via their companies (p281), this was included for transparency and could be cross referenced through the declaration of members' interest forms.

RESOLVED:
(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 2018/19 Statement of Accounts after 26 July should this be required following comments by the auditor.

34. Treasury Management Outturn Report for 2018/19 (AI 8)

Michael Lloyd, Directorate Finance Manager, presented the report on behalf of the Director of Finance and S151 Officer. This report was also being submitted to Cabinet and Council in October for approval, and was brought to this committee for scrutiny. He gave a general outline of the borrowing levels; with £34.5m borrowed in March (£23m for 50 years and £11.5 for 46 years) and addition to £2.1m borrowed interest free for energy efficiency measures. The investment return was 1.12% before providing for impairments and 0.47% after providing for a possible default by.

RESOLVED that the actual prudential and treasury management indicators based on the unaudited accounts, as shown in Appendix B, be noted (an explanation of the prudential and treasury management indicators is contained in Appendix C).

35. Treasury Management Monitoring report for First Quarter of 2019-20 (AI 9)

Michael Lloyd, Directorate Finance Manager, presented the report on behalf of the Director of Finance and Section 151 Officer. The report set out that there had been no breaches of Treasury Management Policy in the first quarter of the financial year and there had been operation within the Treasury Management indicators. The report also explained the impact of the acquisition of Lakeside Business Park. Investments therefore stood at £477m, with an average return of 1.2%.

RESOLVED that the following be noted:

(1) That there have been no breaches of the Treasury Management Policy 2019/20 in the period up to 30th June 2019.

(2) That the actual Treasury Management indicators as at 30th June 2019 set out in Appendix A be noted.

36. Regulation of Investigatory Powers Act 2000 (RIPA) (AI 10)

Elizabeth Goodwin, Chief Internal Auditor, presented her report which highlighted the areas being amended to reflect the updated guidance and changes in key personnel. These changes were in line with updates being made by other local authorities, being legislation based amendments.

Members of the committee gave their comments and the level of senior officer authorisation for RIPA actions was explained, which ranged from the Chief Executive (for supervision of vulnerable individuals, which had not been used) to Tier 3 officers, where appropriate. It was also asked if the public are aware of the use of these powers.

It was suggested that there be annual reports back to this committee on use of the RIPA powers, to show the number of times these have been used.

RESOLVED that the Governance and Audit and Standards Committee:

- (1) Noted that there have not been any RIPA applications authorised since the last report to this Committee on the 29th January 2016;**
- (2) Approved the required changes detailed under section 6, which have been made following the introduction of new Codes of Practice and Guidance and changes key in personnel.**

37. Disapplication of Political Balance rules in relation to members complaints sub committees (AI 11)

The City Solicitor's report reflected that whilst the preference was to have members of each group on these sub committee panels, it is not always possible, so the disapplication of the political balance rules was sought.

It was noted that this report is necessary where there are changes to the main committee's composition.

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

(Councillor Madden had to leave at this part of the meeting so the Vice-Chair Councillor Boshier took the chair for the rest of the meeting, and Councillor Hugh Mason also had to leave at this point.)

38. Performance Management Update - Quarter 4 2018-19 (AI 12)

Kelly Nash, Corporate Performance Manager, presented her report, for which there was a new format, as requested. In future this would include a summary of strategic risks, which would give a sense of assurance and mitigation. She explained that not all areas of the report were fully populated, with more details expected to go into the Quarter 1 report.

Members of the committee commented on the variance between directors' responses and felt it would be helpful to show more outcomes and measures being taken. There were some inconsistencies between directorates' priorities (such as some including air quality whilst others did not, and the Air Quality Action Plan would be picked up as a project rather than an indicator).

Members welcomed the new format and valued the commentaries but asked that directors give due attention to the submission of the necessary information.

RESOLVED that the Governance and Audit and Standards Committee
(1) noted the report in the revised format;
(2) agreed that the directors be asked to provide more outcome specific information.

39. Call-in Rules/Procedures - request for a report (AI 13)

Stewart Agland, Local Democracy Manager, introduced this item which set out the request from Councillor Boshier for an item to be brought forward to review the call-in procedures.

Councillor Boshier outlined the basis for his request, citing one call-in request taking 14 weeks to be fully considered (regarding residents' parking MB/MC zones) in 2018. It was therefore suggested that:

- There be a time limit of 1 month for consideration by Scrutiny Management Panel (SMP)
- The SMP meeting should be a special one and not wait for the next scheduled meeting
- when a call-in was sent back to Cabinet or a portfolio by SMP, where it was upheld there should be a different report considered
- The Cabinet Member should specify that they are taking cognisance of the SMP finding when making their decision

It was acknowledged that any report suggesting changes to the procedure would need to be referred on to full Council.

RESOLVED that a report be brought to the September meeting of Governance & Audit & Standards to review call-in rules and procedures.

40. Dates of future meetings (AI 14)

The different requirements of members regarding timings were noted, and it was agreed that arrangements should be left as they were for the next meeting on 20th September at 4pm. However the possibility of earlier meetings or a different day of the week should be considered thereafter, with inclusion of key officers in these discussions. This would be raised with the Chair of the Committee.

41. Exclusion of Press and Public (AI 15)

RESOLVED the following motion be adopted:
That, under the provisions of Section 100A of the Local Government Act, 1972 as amended by the Local Government (Access to Information) Act, 1985, the press and public be excluded for the consideration of the following item on the grounds that the appendices to the report contain information defined as exempt in Part 1 of Schedule 12A to the Local

Government Act, 1972.

Minute 42 - Procurement Management Information
(Exempt Appendices 4 and 5 only) - under paragraph 3

42. Procurement Management Information (AI 16)

Greg Povey, Assistant Director Contracts, Procurement, Commercial, presented his information report in open session as far as possible, with the need to move into closed session due to the exempt nature of the information included in the appendices 4 & 5. He reported that this had been a period of general good compliance (apart from special educational needs placements). Whilst there had been low spend on waivers there had been a high number of small waivers, mainly due to the D-Day commemorations.

Mr Povey outlined the headlines within detailed appendices 1-3 before the meeting moved into closed session so that members could raise questions on the exempt appendices 4 & 5 regarding specific contracts.

The report was noted and members requested that they be sent the more recent June minutes of the Strategic Contract Management Board (which were also confidential).

The meeting concluded at 7.05 pm.

Councillor Leo Madden
Chair

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Agenda Item 4

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: Overview of Portsmouth City Council complaints, including Local Government and Social Care Ombudsman Complaints 2018/19.

Date of meeting: Friday 21 September 2019

Report by: Assistant director of Community and Communications, on behalf of the Chief Executive

Wards affected: All

1. Requested by

Chief Executive.

2. Purpose

To bring to the attention of the Governance & Audit & Standards Committee the Annual Review of Complaints by the Local Government and Social Care Ombudsman (LGSCO) dated July 2019, regarding complaints it has considered against Portsmouth City Council for the year 2018/2019.

3. Corporate complaints

In 2018/19, the council managed 531 stage one, stage two, and stage three complaints through the corporate complaints process, set out in the corporate complaints policy (included in the background documents).

The policy sets out a clear three stage escalation process for corporate complaints, including the timescales the council aims to adhere to when responding to complaints.

The number of corporate complaints does not include complaints relating to Adult Social Care and Children's Social Care, which are managed in line with separate policies and referenced in section four (below).

It should be noted that the data below came from the council's previous corporate complaints system, which had limited functionality, particularly around reporting. As a result, it has not been possible to align 2018/19 complaints data with changes to directorate configurations.

A new IT system for corporate complaints went live at the beginning of August 2019, and will enable more accurate and detailed reporting in the future.

3.1. Stage one complaints

There were 483 stage one complaints in 2018/19, a slight reduction on the 494 from 2017/18. Of those complaints, 66% were managed within the 10 working days timescale set out in the corporate complaints policy in 2018/19, the same percentage as in 2017/18.

Corporate complaints are working to improve adherence to timescales.

There were various reasons for delays, including allowing time for meetings with the customer making the complaint and enabling additional evidence to be provided, as well as officer capacity to investigate and respond. Where the council is unable to meet policy timelines, the customer is kept informed.

3.2. Stage two and stage three complaints

In 2018/19, 32 complaints were taken to stage two of the process compared with 44 complaints taken to stage two in 2017/18. The percentage of stage two complaints managed within the 15 working day timescale set out in the policy increased from 23% in 2017/18 to 56% in 2018/19.

In 2018/19, 16 complaints were taken to stage three of the process compared with 22 complaints taken to stage three the previous year. The percentage of stage three complaints managed within the 20 working day timescale set out in the policy increased from 32% to 76%.

3.3. Complaints trends

3.3.1. stage one, two and three complaint trends

In 2018/19, the number of stage one complaints decreased slightly, while the proportion of complaints then escalated through the process decreased more significantly.

This aligns with a review of the corporate complaints policy and process, which was designed to improve the council's management of complaints, and improve responses to complaints at all stages. This included:

- senior officers in all directorates assuming new lead officer responsibilities for the quality of complaint responses, and for ensuring learning from complaints
- internal communications, including a new intranet complaints hub, to ensure managers and staff are well-informed and are following the complaint process
- new reminder process implemented to improve adherence to timelines

3.3.2. policy timeline trends

While adherence to policy timelines around stage two and stage three complaints improved substantially, adherence to timelines around stage one complaints remained static in 2018/19.

Work is underway to address the issue, including a new reminder process to ensure responses are sent by directorates in line with timelines. The new IT system provides additional automated monitoring and reminders for directorates around timescales, which should support further improvements.

3.3.3. trends by service area

As in previous years and as would be expected, the services with the highest numbers of complaints are those with the highest levels of front line customer engagement.

The service area with the highest number of complaints is Housing, Neighbourhood and Building Services which had 253 complaints at stage one, 17 at stage two and six at stage three. Transport had the next highest level of stage one complaints with 74, but a higher percentage were resolved without escalation with only four stage two complaints and two stage three complaints. The third highest number of complaints was recorded for Community and Communication, which includes revenues and benefits, with 60 stage one complaints, of which one was taken to stage two and stage three.

3.4. Compliments

The complaints process also allows for comments and compliments. In 2017/18, the council received 128 compliments through the corporate complaints team. Transport and Environment received the highest number at 28, followed by Housing, Neighbourhood and Building Services at 27, Community and Communication at 25 and Culture at 22.

4. ASC and CSC complaints and compliments

Complaints for Adult Social Care and Children's Social Care are managed by a dedicated social care complaint team, in line with specific social care complaint policies.

4.1. ASC complaints and compliments

In 2018/19, ASC received a total of 82 complaints. Of these, 75 were recorded concerning statutory matters, seven were about non-statutory procedures, and seven were classed as being in regard to private providers.

ASC received 60 compliments.

4.2. CSC complaints

In 2017/18, CSC received a total of 124 complaints. Of these, 35 were statutory, 65 were classed as non-procedure/corporate, 23 were representations, and 1 was other procedure.

5. LGSCO complaint review information

5.1. 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.

5.2. 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.

5.3. Complaints about Portsmouth City Council

Directorate	Number of complaints received			
	2018/19	2017/18	2016/17	2015/16
Adult Social care	9	7	10	13
Benefits and Tax	2	4	3	8
Corporate and Other Service	4	3	2	3
Education and Children's Services	10	13	10	15
Environmental Services	3	4	2	5
Highways and Transport	8	4	2	5
Housing	7	7	6	2
Planning and Development	2	4	6	1
Other	0	0	1	0
Total	45	46	42	47

5.4. Decisions made

	2018/19	2017/18	2016/17	2015/16
Upheld	8	9	7	2
Not Upheld	8	3	5	3
Advice given	2	5	1	1
Closed after initial enquiries	13	13	13	12
Incomplete/Invalid	0	1	2	4
Referred back for local resolution	12	15	11	25
Total	43	46	39	47

5.5. The Ombudsman received 45 complaints and enquiries about PCC during 2018/19, compared with 46 in 2017/2018 and 39 in 2016/17. During the same period, 43 decisions were made regarding PCC.

5.6. The eight upheld cases were remedied satisfactorily following investigation by the LGSCO. In one case, the council had already provided a satisfactory remedy before the case was referred. See breakdown of upheld cases shown above at section 7.



6. Comparison to other local authorities

6.1. Number of complaints received

	Portsmouth	Brighton and Hove	Luton	Southampton
Directorate				
Adult Social care	9	14	11	20
Benefits and Tax	2	6	13	5
Corporate and Other Service	4	0	4	0
Education and Children's Services	10	10	15	11
Environmental Services	3	12	7	10
Highways and Transport	8	11	5	8
Housing	7	16	11	5
Planning and Development	2	8	8	5
Other	0	0	1	1
Total	45	77	75	65

6.2. Decisions made

	Portsmouth	Brighton and Hove	Luton	Southampton
Directorate				
Upheld	8	20	11	17
Not Upheld	8	17	8	7
Advice given	2	3	3	5
Closed after initial enquiries	13	21	19	15
Incomplete/Invalid	0	2	1	3
Referred back for local resolution	12	24	26	27
Total number of decisions made	43	87	68	74
Cases where satisfactory remedy provided by authority before complaint reached the LGSCO	1	7	2	0
% of upheld cases where authority provided satisfactory remedy before complaint reached the LGSCO	13%	35%	18%	0%

7. Agreed actions in response to upheld complaints

7.1. Adult Social Care (ASC)

Three complaints in relation to ASC were upheld by the LGSCO.

In the first case, although the LGSCO did not specifically recommend either remedy or service improvement, ASC reviewed the care provider's complaints procedure and safeguarding policies. It apologised to the complainant and provided financial redress.

In the second case, the LGSCO recommended the council review its decision in relation to provision of service and provide financial redress. In addition to following the LGSCO recommendation in terms of financial redress, ASC has also taken action to remind staff of the correct processes, both when cases are referred to other organisations, to ensure the council retains oversight and has a procedure to monitor outcomes, and when staff have issues communicating with people directly.

In the third case, the LGSCO recommended the council apologise, provide financial redress and a reassessment. ASC has followed the LGSCO recommendations, and agreed to carry out an assessment and provide a care plan and personal budget.

7.2. Education and Children's Services

Four complaints in relation to Education and Children's Services were upheld by the LGSCO.

In the first case, the LGSCO recommended financial redress, which has been offered. In addition, Children's Social Care (CSC) has reviewed the service provided by an external care agency, including case records and staff recruitment and development processes. The CSC review has included contacting service users to seek their views.

In the second case, while no financial remedy or service improvement was recommended, CSC took action in terms of sending the complainant copies of relevant documents, as the service could not be certain the documents had been sent previously.

In the third case, the LGSCO recommended the council review its decision around service provision, and provide financial redress. In addition to following the LGSCO recommendations, CSC have taken action to ensure staff are aware that either any amendments to agreements should be specifically signed, or that new agreements are provided and signed when changes are made.

In the fourth case, the LGSCO recommended financial redress and that the council ensures there is no distinction between formal and informal complaints. In addition to providing financial redress, the Education service has updated its guidance for staff to ensure all expressions of dissatisfaction are managed correctly as complaints.

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

7.3. Housing

In relation to the one upheld complaint for Housing, the LGSCO recommended the council apologise for uncertainty caused by its failure to send a customer an important email. The council has apologised. Financial redress or service improvement was not recommended.

8. Summary

Following a review of the corporate complaints policy and associated internal communications around the process in 2018, the number of stage one complaints being managed correctly through the process has increased. However, the number of complaints being escalated to stage two and stage three has fallen, suggesting the quality of responses has improved. The focus is now on improvements to adherence to policy timescales, which will be supported by new automated reminders.

The number of complaints referred to and upheld by the LGO has remained relatively static, and PCC continues to compare well with other local authorities.

.....
 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
Portsmouth City Council: Corporate Complaints Policy	https://www.portsmouth.gov.uk/ext/documents-external/cou-corporate-complaints-policy-2018.pdf
Local Government and Social Care Ombudsman: Portsmouth City Council Annual Review	https://www.lgo.org.uk/documents/councilperformance/2019/portsmouth%20city%20council.pdf
Local Government and Social Care Ombudsman: Brighton and Hove City Council Annual Review	https://www.lgo.org.uk/documents/councilperformance/2019/brighton%20&%20hove%20city%20council.pdf
Local Government and Social Care Ombudsman: Luton Borough Council Annual Review	https://www.lgo.org.uk/documents/councilperformance/2019/luton%20borough%20council.pdf
Local Government and Social Care Ombudsman: Southampton City Council Annual Review	https://www.lgo.org.uk/documents/councilperformance/2019/southampton%20city%20council.pdf

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Title of meeting: Governance and Audit and Standards Committee

Date of meeting: 20 September 2019

Subject: Review of polling districts and polling places

Report by: Electoral Services Manager

Wards affected: All

Key decision: No

Full Council decision: Yes

1. Purpose of report

To detail the outcomes of the review of polling districts and polling places recently undertaken and to invite members to consider the recommendations made.

2. Recommendations

- 1) That the changes to the current scheme recommended in paragraphs 5.2 to 5.10 are approved and implemented on publication of the 2020 Register of Electors**
- 2) That it be reconfirmed that the Returning Officer has delegated authority to make such variations to polling places as may be necessary arising from the availability of premises for use at a particular election**

3. Background

- 3.1 The Council is required under section 18 of the Representation of the People Act 1983 (as amended) to divide the area into polling districts and to designate a polling place for each polling district. These regulations also require the Council to conduct periodic reviews of polling districts and polling places.
- 3.2 The Electoral Registration and Administration Act 2013 introduced a revised schedule for conducting periodic reviews and required a review to be completed within the period 1 October 2018 and 31 January 2020.
- 3.3 The previous review of polling districts and polling places was completed in 2014.

- 3.4 A polling district is a sub-division of an electoral area (ward) into a smaller geographical unit comprising a number of streets/houses.
- 3.5 A polling place is a building or area in which polling stations will be designated by the Returning Officer.
- 3.6 A polling station is defined as the actual room or building where the poll is held.
- 3.7 The local authority is responsible for dividing each electoral area into polling districts and for designating polling places. The Returning Officer is responsible for defining the location of polling stations within a polling place, such as the room or part of the building.
- 3.8 The duties of the council in the review process are two-fold:
- a) To ensure that all the electors in the constituency have such reasonable facilities for voting as are practicable in the circumstances
 - b) To seek to ensure that so far as is reasonable and practicable, the polling places they are responsible for are accessible to all electors, including those who are disabled, and when considering the designation of a polling place, must have regard to the accessibility needs of disabled persons
- 3.9 When designating polling places there are practical limitations such as the availability and suitability of venues that must be considered.
- 3.10 The consideration of changes to constituency boundaries or city council ward boundaries was not in the scope of the review.

4. Representations received

- 4.1 The Returning Officer is a statutory respondent to the review and submitted proposals at the start of the consultation period. These proposals included the reconfiguration of polling district boundaries in Eastney & Craneswater, Hilsea and Paulsgrove wards and a number of polling place amendments across the city to reflect current circumstances.
- 4.2 A summary of proposed changes submitted by the Returning Officer as part of the review are shown in Appendix A.
- 4.3 Two further representations (see Appendix B) were received which can be summarised as follows:
- a) Councillor Tom Wood suggested that it would be sensible for Chatham Drive to be included in the same polling district as the other parts of the Pembroke Park neighbourhood (polling district AA).
 - b) Councillor Scott Payter-Harris made two suggested amendments to the Returning Officer's representations relating to Hilsea Ward;

- i. That the polling place for polling districts KA and KB revert back to Northern Parade School (Children's Centre) as a single central location for the two polling districts and where parking is more readily available
- ii. That the Phoenix public house is adopted as the polling place for polling district KE for the duration of the building works at the usual polling place (St Nicholas' Church Hall) on the basis that it is more centrally located within that polling district than the proposed alternative (College Park Pavilion)

5. Outline of recommendations

- 5.1 Each of the representations received has been carefully considered and the following recommendations are made:
- 5.2 That the boundary for polling district AA is extended to include Chatham Drive which is currently located with polling district AB (St Thomas Ward). In line with the representation received from Councillor Tom Wood it is considered that Chatham Drive is more closely associated with Woodville Drive and the neighbouring parts of polling district AA.
- 5.3 That Canoe Lake Pavilion is designated as the polling place for polling district DC (Eastney & Craneswater Ward) replacing the Cricket Pavilion. This new facility is spacious, fully accessible and will provide better facilities for voters.
- 5.4 That the polling district boundaries for polling districts DA, DB and DC (Eastney & Craneswater Ward) are amended as shown in Appendix C.
- 5.5 That College Park Bowling Club is designated as the interim polling place for polling district JA (Copnor Ward) until completion of the building works at St Nicholas' Church.
- 5.6 That the Phoenix public house is designated as the interim polling place for polling district KE (Hilsea Ward) until completion of the building works at St Nicholas' Church.
- 5.7 That following the completion of the building works at Northern Parade Children's Centre this is re-confirmed as the polling place for polling districts KA and KB (Hilsea Ward). This proposal is being recommended in preference to the original Returning Officer proposals for Hilsea Ward following representations from Councillor Payter-Harris.
- 5.8 That the polling district boundaries for polling districts LB and LG (Paulsgrove Ward) are amended as shown in Appendix E.
- 5.9 That the following polling place amendments are formalised:

- a) The Salvation Army (Albert Road) is designated as the polling place for polling district BE (replacing Southsea Infant School which is no longer available).
- b) Devonshire Avenue Baptist Church Hall is designated as the polling place for polling districts CC and ED (replacing Wimborne Junior School which is no longer available).
- c) Trinity Methodist Church Hall (Francis Avenue) is designated as the polling place for polling district DA (replacing Craneswater Junior School which is no longer available).
- d) The Frank Sorrell Centre is designated as the polling place for polling district EE (replacing Cumberland Infant School which is no longer available).
- e) Charles Dickens Activity Centre is designated as the polling place for polling districts GA and GF (replacing Charles Dickens Junior School which is no longer available).
- f) Oasis Church & Conference Centre is designated as the polling place for polling district GC (replacing St John's RC Primary School which is no longer available) subject to final confirmation from the venue and that St Faith's Church be designated as the alternative polling place should the need arise.
- g) The Stacey Centre is designated as the polling place for polling district HD (replacing Langstone Junior School which is no longer available).
- h) Castle View Academy is designated as the polling place for polling district LB (replacing Victory Primary School which is no longer available).
- i) Hillside & Wymering Centre is designated as the permanent polling place for polling district LF.
- j) The Port House (Port Solent) is designated as the polling place for polling district LG (replacing Watersedge Social Club which is no longer available).
- k) Cosham Baptist Church is designated as the polling place for polling district NA (replacing St Colman's Church which is no longer available).

5.10 A full schedule of polling places incorporating these recommendations is set out under Appendix F.

6. Equality impact assessment (EIA)

6.1 The review of polling districts and polling places takes into consideration matters regarding accessibility as detailed in paragraph 3.8 and the recommendations made in this report are in line with this requirement.

6.2 A number of interested groups were consulted as part of the review including the Portsmouth Disability Forum, Age Concern and Portsmouth City Council's Shared Lives Team, Independence and Wellbeing Team and Integrated Learning Disability Services.

6.3 An Equalities Impact Assessment has been completed and is attached at Appendix G.

7. Head of legal services' comments

All legal issues are dealt with in the body of the report.

8. Head of finance's comments

The above changes are not considered to have any material financial affect to the service. Any additional costs arising from these changes can be met from the existing budget.

.....
Signed by:

Appendices:

Appendix A	Summary of Returning Officer's proposals for changes to polling districts and polling places
Appendix B	Copies of representations received
Appendix C	Map showing the existing and proposed arrangements for Eastney & Craneswater Ward
Appendix D	Map showing the existing and Returning Officer proposals for Hilsea Ward
Appendix E	Map showing the existing and proposed arrangements for Paulsgrove Ward
Appendix F	Proposed schedule of polling districts and polling places
Appendix G	Equalities Impact Assessment

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
Review of polling districts and polling places 2019; Returning Officer's comments and proposals	Election Services Office

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

.....
Signed by:

Summary of Returning Officer's Proposals

Proposed polling district amendments	
Eastney & Craneswater	Polling district DC is extended to include additional parts of St Helen's Parade and immediate adjoining areas as shown in Appendix B . These changes are proposed to improve access for these residents to the newly proposed polling place at Canoe Lake Pavilion.
Hilsea	Polling districts in the western part of the ward (polling districts KA, KB and KC) are amended to reflect the proposed polling place amendments (Alexandra Bowling Club for polling district KA and St Francis' Church for polling district KC). The introduction of an additional polling place within Hilsea Ward is intended to provide more convenient access for voters. The proposed polling districts are shown in Appendix C .
Paulsgrove	Polling districts LB and LG are amended to reflect the necessary relocation of polling place LG due to the Watersedge site no longer being available. The proposed polling districts are shown in Appendix D .

Proposed polling place amendments	
St Jude	The Salvation Army (Albert Road) is designated as the polling place for polling district BE (replacing Southsea Infant School which is no longer available)
Central Southsea	Devonshire Avenue Baptist Church Hall is designated as the polling place for polling districts CC and ED (replacing Wimborne Junior School which is no longer available)
Eastney & Craneswater	Trinity Methodist Church Hall (Francis Avenue) is designated as the polling place for polling district DA (replacing Craneswater Junior School which is no longer available).
	Canoe Lake Pavilion (St Helen's Parade) is designated as the polling place for polling district DC (replacing the Cricket Pavilion).
Milton	The Frank Sorrell Centre is designated as the polling place for polling district EE (replacing Cumberland Infant School which is no longer available)
Charles Dickens	Charles Dickens Activity Centre (Lake Road) is designated as the polling place for polling districts GA and GF (replacing Charles Dickens Junior School which is no longer available)
	Oasis Church & Conference Centre (Arundel Street) is designated as the polling place for polling district GC (replacing St John's RC Primary School which is no longer available)

Baffins	The Stacey Centre is designated as the polling place for polling district HD (replacing Langstone Junior School which is no longer available)
Copnor	That College Park Bowling Club is designated as the interim polling place for polling district JA (Copnor Ward) until completion of the building works at St Nicholas' Church
Hilsea	That Alexandra Bowling Club is designated as the polling place for polling district KA (Hilsea Ward)
	That St Francis' Church (Northern Parade) is designated as the polling place for polling district KB (Hilsea Ward)
	That College Park Bowling Club is designated as the interim polling place for polling district KE (Hilsea Ward) until completion of the building works at St Nicholas' Church
Paulsgrove	Castle View Academy (Allaway Avenue) is designated as the polling place for polling district LB (replacing Victory Primary School which is no longer available)
	Hillside & Wymering Centre (Cheltenham Road) is designated as the permanent polling place for polling district LF
	The Port House (Port Solent) is designated as the polling place for polling district LG (replacing Watersedge Social Club which is no longer available)
Drayton & Farlington	Cosham Baptist Church (Havant Road) is designated as the polling place for polling district NA (replacing St Colman's Church which is no longer available)

Summary of comments and representations received

Representation 1

It's always seemed odd to me that most of Pembroke Park is in AA but Chatham Drive is in AB. There may well be a good reason but I thought it would make sense if the whole thing was in one polling district.

Councillor Tom Wood

Representation 2

KA and KB work better in my opinion when they are together at one station. I propose going back to Northern Parade due to the proximity of it being in the middle both polling districts.

Also it is worth noting, it would be much more difficult to park for the proposed KA site at Alexandra Bowls club. This is something which has been picked up from residents with regards to the recent changes in the last two years with KA being at the Christian Science Church.

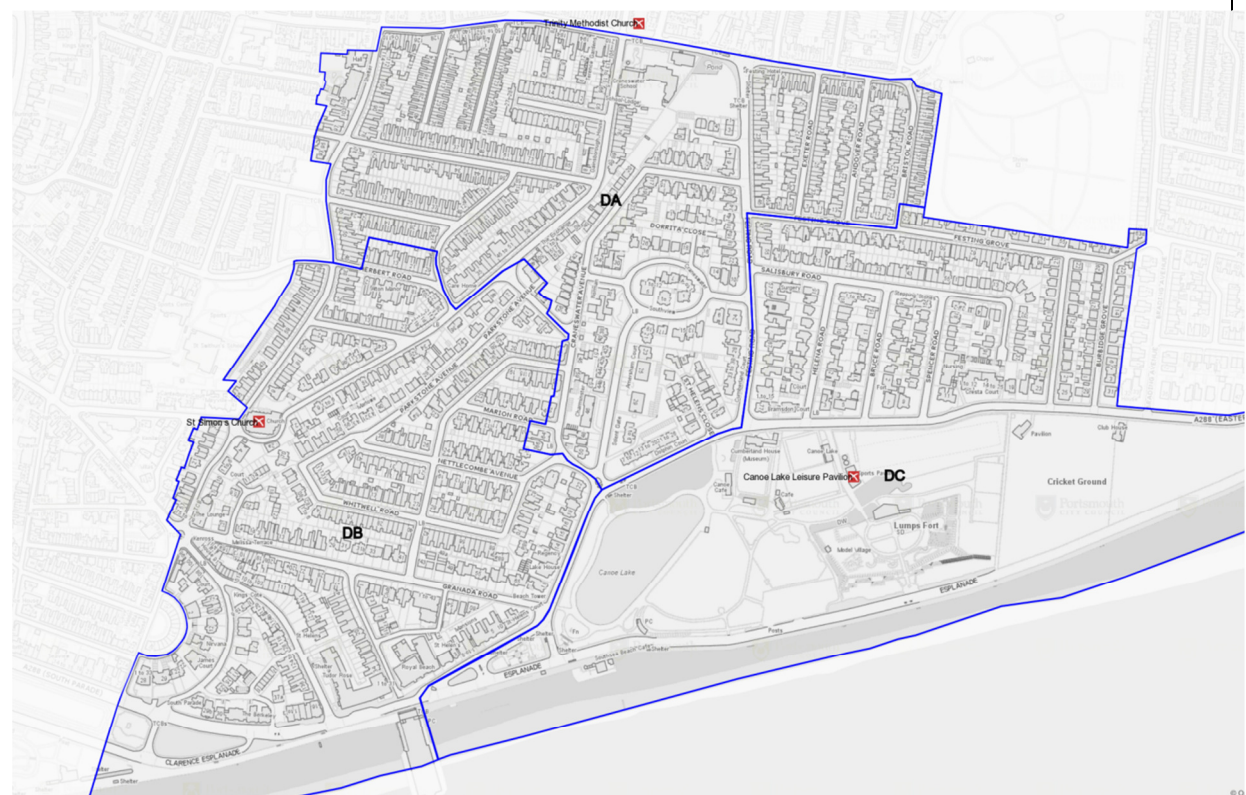
KE is the box which is currently at College Park which is outside the ward and turnout suffered because of this. I think the Phoenix Public House would be a good alternative for this site as it is in the middle of the ward and has a separate bar area which could be used for polling day.

Councillor Scott Payter-Harris

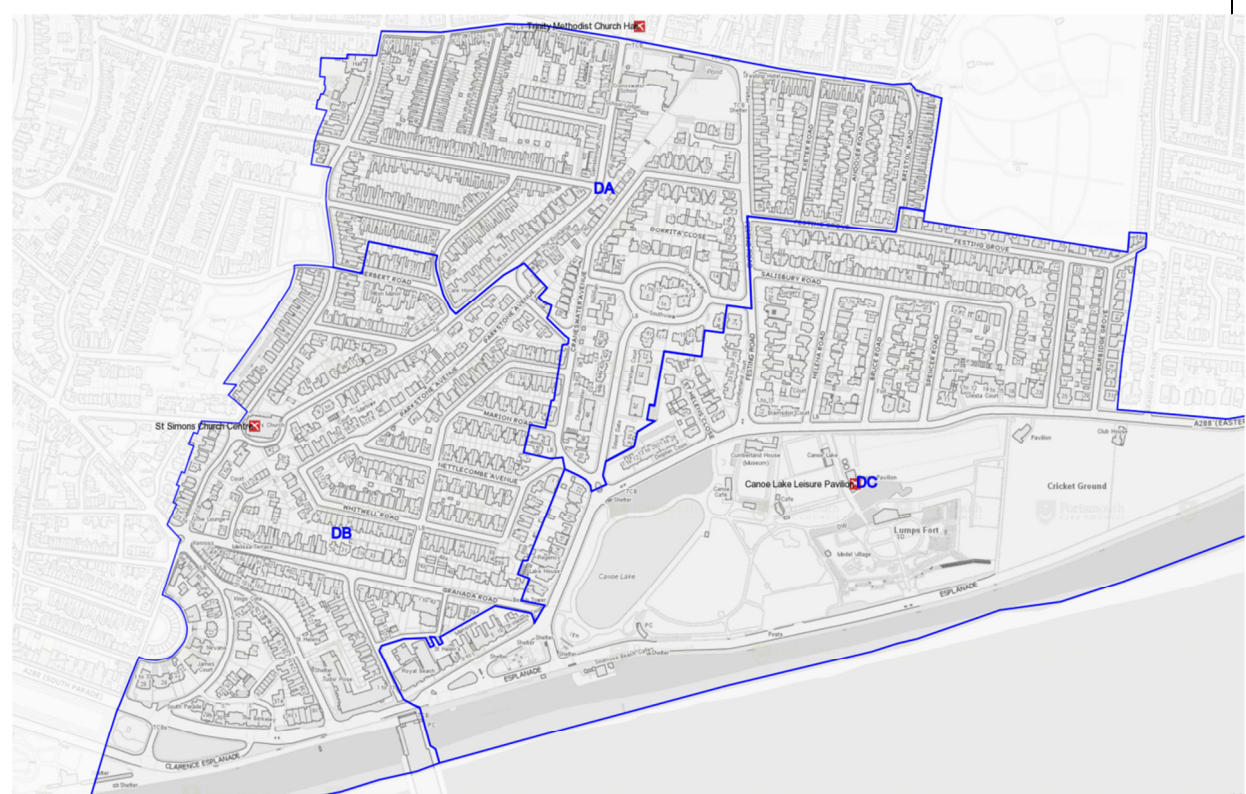
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Appendix C - Returning Officer's proposed polling district amendments for Eastney & Craneswater Ward.

Current polling district boundaries (polling districts DA, DB and DC)



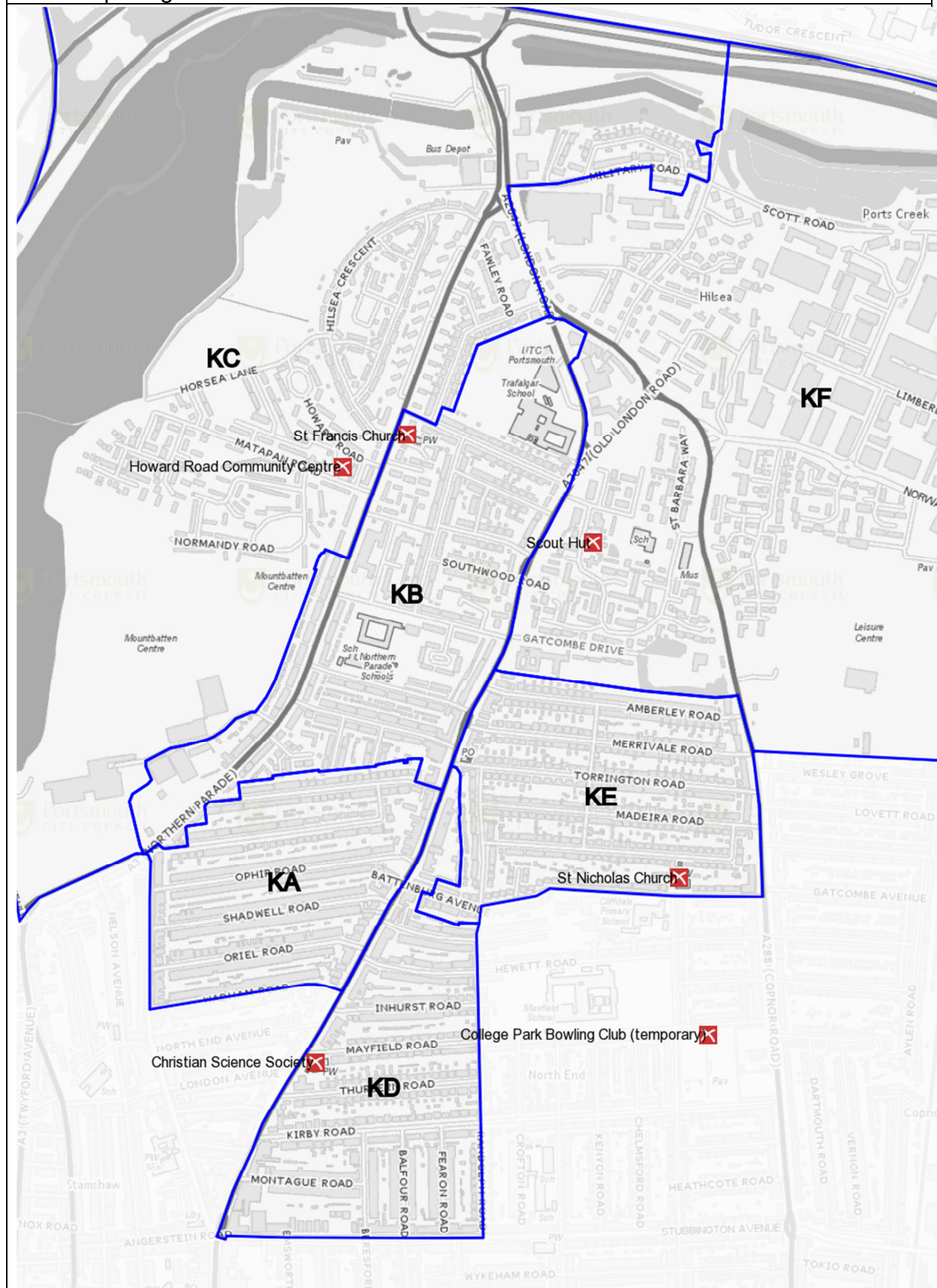
Proposed polling district boundaries (polling districts DA, DB and DC) showing extension to western/northern boundary of polling district DC (St Helens Parade/St Helens Close)



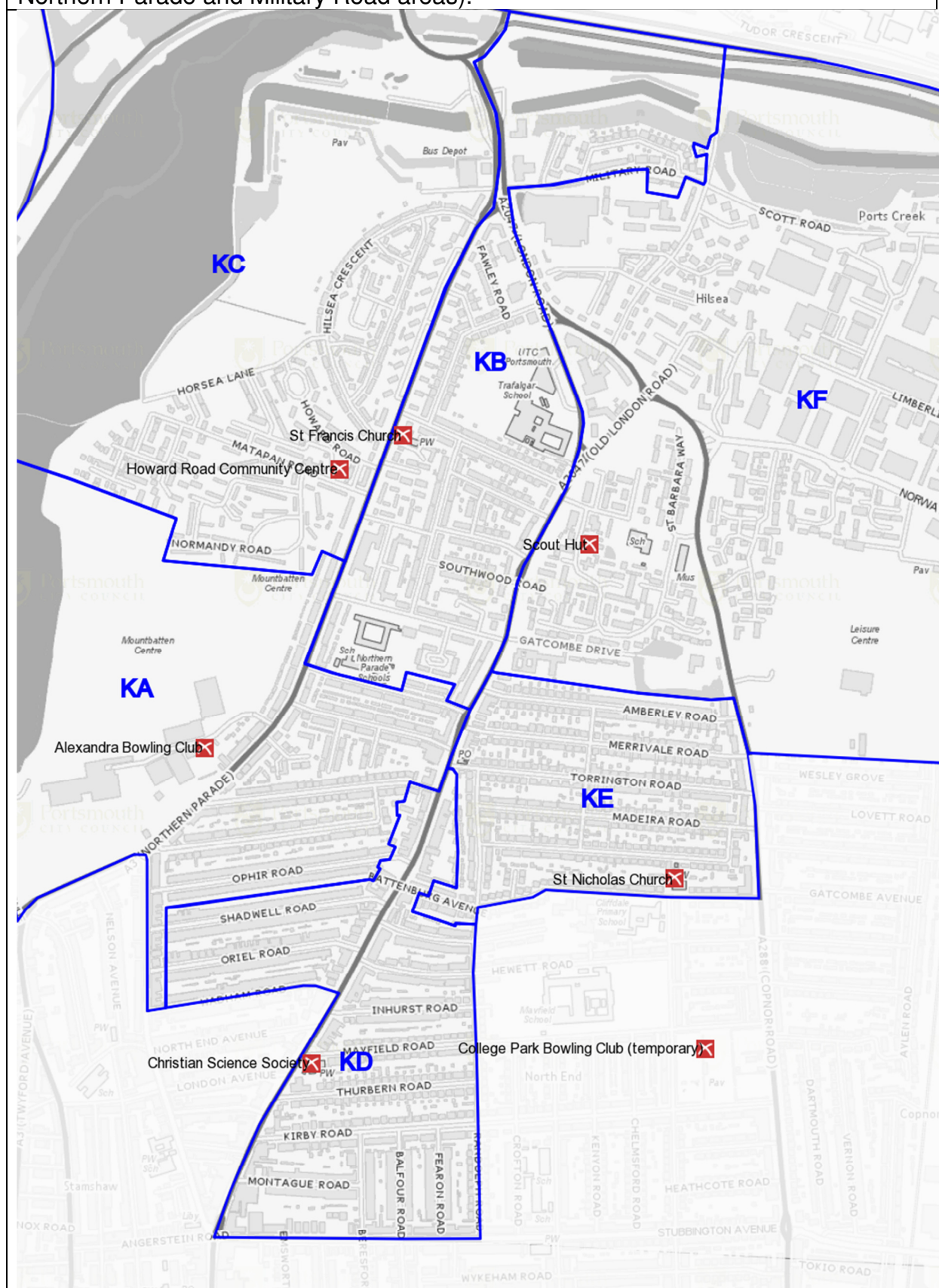
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Appendix D - Returning Officer's proposed polling district amendments for Hilsea Ward.

Current polling district boundaries

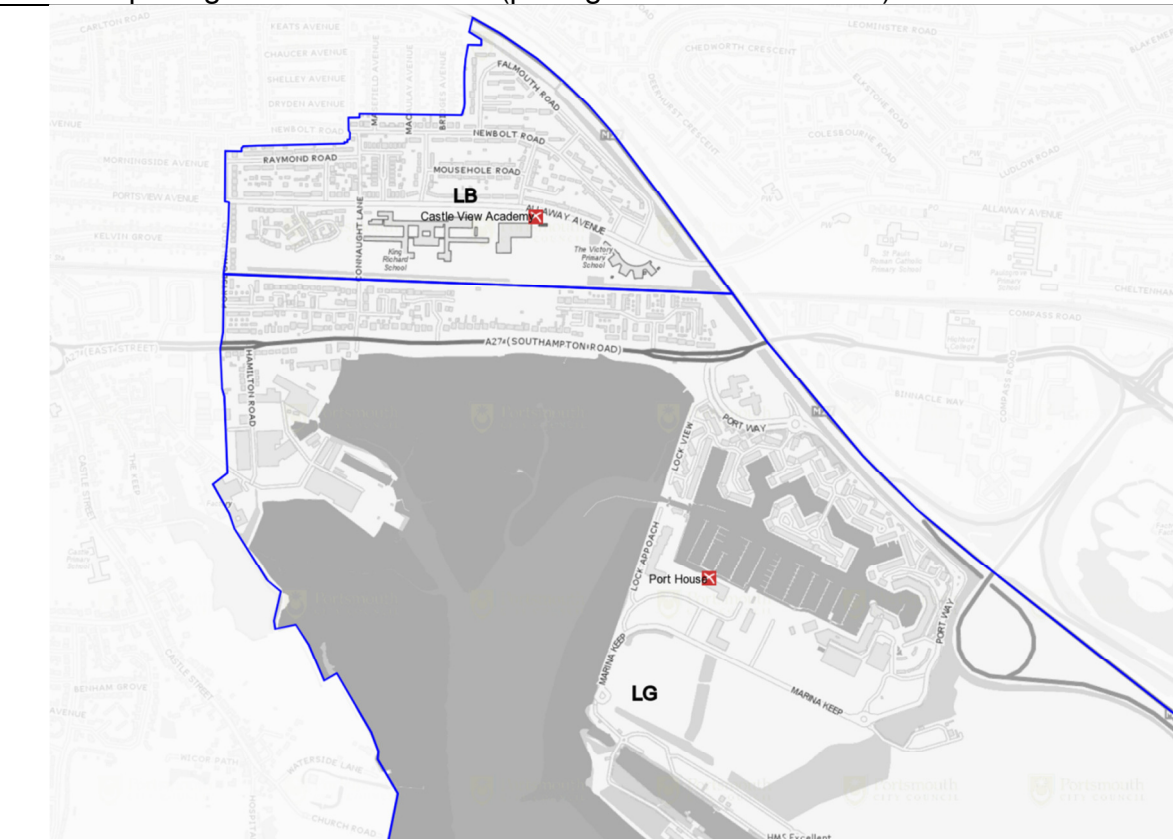


Proposed polling district boundaries including changes to the northern and southern boundaries of polling district KA, the extension of polling district KD (Shadwell Road/Oriel Road area) and the northern extension of polling district KB (top of Northern Parade and Military Road areas).

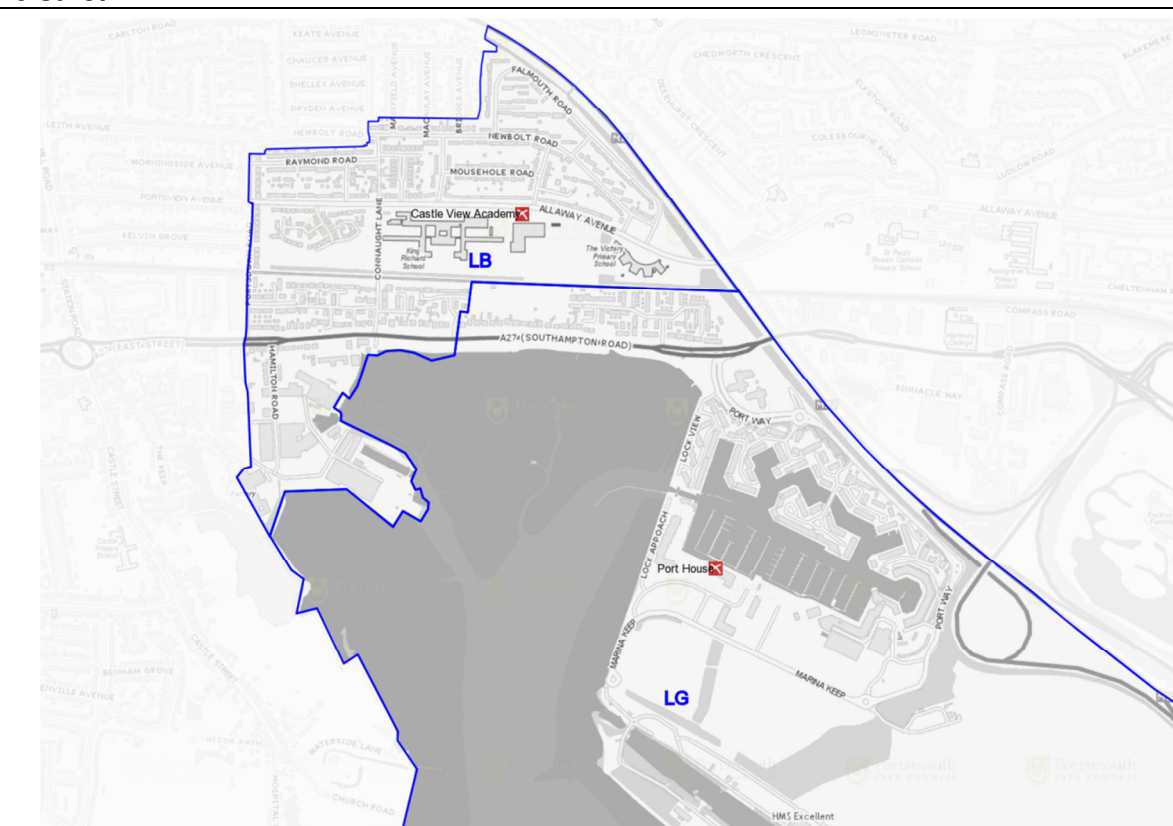


Appendix E - Returning Officer's proposed polling district amendments for Paulsgrove Ward.

Current polling district boundaries (polling districts LB and LG)



Proposed polling district boundaries (polling districts LB and LG) showing the western part of LG (Southampton Road/Hamilton Road areas) moving into polling district LB



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Proposed schedule of polling districts and polling places

St Thomas Ward		
Polling District	Polling Place	Estimated electorate 2020
AA	Portsmouth City Museum, Museum Road	1,600
AB	Cathedral House, St Thomas's Street	1,800
AC	Somerstown Central, Winston Churchill Avenue	1,300
AD	Cottage Grove Primary School, Chivers Close	2,200
AE	King's Church, Playfair Road	1,900

St Jude Ward		
Polling District	Polling Place	Estimated electorate 2020
BA	St Jude's Church, Kent Road	1,300
BB	St Jude's Church, Kent Road	1,400
BC	Wimbledon Park Sports Hall, Taswell Road	1,200
BD	St Jude's Church, Kent Road	1,500
BE	Salvation Army, Albert Road	2,400

Central Southsea Ward		
Polling District	Polling Place	Estimated electorate 2020
CA	Holy Spirit Church, Fawcett Road	2,700
CB	Fernhurst Junior School, Francis Avenue	2,700
CC	Devonshire Avenue Baptist Church Hall, Devonshire Ave	1,700
CD	St Margaret's Parish Centre, Highland Road	1,400
CE	Trinity Methodist Church Hall, Francis Avenue	1,400

Eastney & Craneswater Ward		
Polling District	Polling Place	Estimated electorate 2020
DA	Trinity Methodist Church Hall, Francis Avenue	1,500
DB	St Simon's Church Centre, Waverley Road	1,700
DC	Canoe Lake Pavilion, St Helen's Parade	900
DD	Eastney Methodist Church, Highland Road	1,600
DE	Eastney Community Centre, Bransbury Park	1,200
DF	Cockleshell Naval Community Centre, Henderson Road	1,100

Milton Ward		
Polling District	Polling Place	Estimated electorate 2020
EA	Christ Church Milton United Reformed Church, Milton Rd	2,500
EB	Meon Junior School, Meon Road	1,800
EC	Milton Park Junior School, Eastney Road	1,300
ED	Devonshire Avenue Baptist Church Hall, Devonshire Ave	1,700
EE	Frank Sorrell Centre, Prince Albert Road	2,000

Fratton Ward		
Polling District	Polling Place	Estimated electorate 2020
FA	Binstead Community Centre, Langley Road	2,000
FB	Newbridge Junior School, New Road/George Street	1,600
FC	St Wilfrid's Church, George Street	1,900
FD	Fratton Community Centre, Trafalgar Place	2,100
FE	Penhale Infant School, Penhale Road	1,900

Charles Dickens Ward		
Polling District	Polling Place	Estimated electorate 2020
GA	Charles Dickens Activity Centre, Lake Road	1,800
GB	St Faith's Church, Crasswell Street	2,000
GC	Oasis Church & Conference Centre, Arundel Street	1,300
GD	Somerstown Central, Winston Churchill Avenue	1,800
GE	John Pounds Centre, Aylward Street	2,300
GF	Charles Dickens Activity Centre, Lake Road	1,500

Baffins Ward		
Polling District	Polling Place	Estimated electorate 2020
HA	St Alban's Church, Copnor Road	1,100
HB	Baffins Community Centre, Westover Road	2,600
HC	The Stacey Centre, Walsall Road	2,400
HD	The Stacey Centre, Walsall Road	2,100
HE	Moorings Way Infant School, Moorings Way	1,600

Nelson Ward		
Polling District	Polling Place	Estimated electorate 2020
IA	Stamshaw & Tipner Leisure Centre, Wilson Road	1,400
IB	Stamshaw & Tipner Leisure Centre, Wilson Road	1,500

IC	Stamshaw Infant School, North End Avenue	1,900
ID	St Mark's Church Centre, Derby Road	1,500
IE	Isambard Brunel School, Wymering Road	1,400
IF	Buckland Community Centre, Malins Road	1,700

Copnor Ward		
Polling District	Polling Place	Estimated electorate 2020
JA	a) St Nicholas' Church Hall, Battenburg Avenue (usual designated polling place) b) College Park Bowling Club, Kensington Road (interim polling place for duration of building works at designated polling place)	1,800
JB	Lyndhurst Junior School, Lyndhurst Road	1,500
JC	Isambard Brunel School, Wymering Road	2,000
JD	The Wesley Rooms, Copnor Road	2,300
JE	Anchorage Lodge, Sywell Crescent	1,200

Hilsea Ward		
Polling District	Polling Place	Estimated electorate 2020
KA	Northern Parade Children's Centre, Doyle Avenue	1,400
KB	Northern Parade Children's Centre, Doyle Avenue	1,500
KC	Howard Road Community Centre, Howard Road	1,700
KD	Christian Science Society, London Road	1,600
KE	a) St Nicholas' Church Hall, Battenburg Avenue (usual designated polling place) b) The Phoenix PH, Torrington Road (interim polling place for duration of building works at designated polling place)	1,400
KF	The Scout Hut, The Ridings	1,600

Paulsgrove Ward		
Polling District	Polling Place	Estimated electorate 2020
LA	Highslopes Community Centre, Carlton Road	800
LB	Castle View Academy, Allaway Avenue	1,400
LC	Paulsgrove Baptist Church, Woofferton Road	2,000
LD	St Michael's Church Hall, Hempsted Road	2,200
LE	Portacabin, Blakemere Crescent	1,100
LF	Hillside & Wymering Centre, Cheltenham Road	600
LG	Port House, Marina Keep	1,100

Cosham Ward		
Polling District	Polling Place	Estimated electorate 2020
MA	Portacabin, Fairfield Square	1,300
MB	Cosham Baptist Church, Havant Road	2,000
MC	Court Lane Junior School, Hilary Avenue	1,200
MD	St Phillip's Church Hall, Hawthorn Crescent	2,700
ME	St Peter & St Paul Church, Old Wymering Lane	1,800

Drayton & Farlington Ward		
Polling District	Polling Place	Estimated electorate 2020
NA	Cosham Baptist Church, Havant Road	800
NB	Drayton Centre, Havant Road	2,000
NC	Solent Infant School, Eveleigh Road	1,700
ND	The Sunshine Inn, Havant Road	1,600
NE	Drayton United Church Hall, Station Road	1,600
NF	Court Lane Infant School, Court Lane	900
NG	Christchurch Church Hall, London Road	300

Notes

The estimated electorate figures refer to voters allocated to vote at the polling station and exclude postal voters.

Equality Impact Assessment

Full assessment form 2018

www.portsmouthccg.nhs.uk

www.portsmouth.gov.uk

Directorate:

Community & communication

Service, function:

Election Services

Title of policy, service, function, project or strategy (new or old):

2019 Review of polling districts, polling places and polling stations.

Type of policy, service, function, project or strategy:

- ☐ Existing
- ☐ New / proposed
- ☒ Changed

Lead officer

Ian Fitchett

People involved with completing the EIA:

Ian Fitchett
Marguerite Bowers

Introductory information (Optional)

The Council is required to conduct a review of polling districts and polling places every five years in accordance with the Electoral Registration and Administration Act 2013. The purpose of the review process is to ensure that polling arrangements are fit for purpose in terms of accessibility and convenience for voters.

The current review, started on 17 July 2019, must be completed by 31 January 2020.

Step 1 - Make sure you have clear aims and objectives

What is the aim of your policy, service, function, project or strategy?

A polling place within a polling district must be designated so that polling stations are within easy reach of all electors from across the polling district.

Local authorities must comply with the following legislative requirements regarding the designation of polling districts and polling places:

- the council must designate a polling place for each polling district, unless the size or other circumstances of a polling district are such that the situation of the polling stations does not materially affect the convenience of the electors
- the polling place must be an area in the district, unless special circumstances make it desirable to designate an area wholly or partly outside the district (for example, if no accessible polling place can be identified in the district)
- the polling place must be small enough to indicate to electors in different parts of the district how they will be able to reach the polling station

Accessibility is key - Local authorities must also comply with the following access requirements. As part of the review, they must:

- seek to ensure that all electors in a constituency in the local authority area have such reasonable facilities for voting as are practicable in the circumstances
- seek to ensure that so far as is reasonable and practicable every polling place for which it is responsible is accessible to electors who are disabled

The council must have regard to the accessibility to disabled persons of potential polling stations in any place which it is considering designating as a polling place or the designation of which as a polling place it is reviewing.

Who is the policy, service, function, project or strategy going to benefit or have a detrimental effect on and how?

The policy should benefit all electors by ensuring that they have an accessible polling station as near to their normal place of residence as possible.

There is also a legal requirement to ensure that no one polling district is disproportionately large and this will also be taken into account during the review. This is important in ensuring that queues are able to be managed.

What outcomes do you want to achieve?

A more logical, streamlined approach regarding polling districts/places, taking into account the limited buildings available to PCC in each location.

Improved access for voters, promote electoral engagement and ease any potential barriers to participation in the electoral process.

What barriers are there to achieving these outcomes?

Availability of suitable buildings
Resources / staff hours to carry out the review and implement any changes resulting from the findings.
Difficulty in persuading electors with protected characteristics to engage.

Step 2 - Collecting your information

What existing information / data do you have? (Local or national data) look at population profiles, JSNA data, surveys and patient and customer public engagement activity locally that will inform your project, national studies and public engagement.

Current statistics produced by the electoral management software
Feedback from Polling Station Staff and electors collected during the 2018 and 2019 Elections.
Polling Station Inspector feedback
Direct feedback collected from various protected groups.
Feedback from PCC staff working with protected groups, vulnerable electors.
Feedback from Elected Members collected during the 2018 and 2019 Elections.

Using your existing data, what does it tell you?

Taking into account elector numbers and available buildings, some districts may benefit by merging with others. In some cases, this could improve voter experience by providing more accessible Polling Stations and shorter distances for electors to travel.

Step 3 - Now you need to consult!

Who have you consulted with?

Portsmouth Disability Forum
PCC Equalities Officer
Age UK Portsmouth
Portsmouth Libraries
PCC Shared Lives Team
Independence and Wellbeing Team (Adult Social Care)
PCC Integrated Learning Disability Services

If you haven't consulted yet please list who you are going to consult with

Please give examples of how you have or are going to consult with specific groups or communities e.g. meetings, surveys

The formal commencement of the review requires the local authority to give notice of the holding of a review. The notice must:

- be displayed at the local authority's office and in at least one conspicuous place within the authority
- be published on the local authority website.

For the 2019 Review we have consulted as follows:

Information on PCC website.

Review Notice and Maps in PCC offices and libraries.

Visit made to Age UK Portsmouth and Review Notice and information provided.

E-mails to PCC staff/teams working directly with electors who may have protected characteristics.

It was particularly important to consult with those having specific experience of assessing access for persons with different disabilities. The review invited comment both on existing polling stations and suggested alternatives.

From the very low return of written and verbal feedback (2), electors have not raised any major concerns.

Step 4 - What's the impact?

Is there an impact on some groups in the community? (think about race, gender, disability, age, gender reassignment, religion or belief, sexual orientation, sex, pregnancy and maternity, marriage or civil partnerships and other socially excluded communities or groups)

Generic information that covers all equality strands (Optional)

Any changes arising from this Review will only be implemented in the interests of improving our existing arrangements for electors.

In this regard, no specific community should suffer a disproportionate negative impact.

Ethnicity or race

n/a

Gender reassignment

n/a

Age

n/a

Disability

n/a

Religion or belief

n/a

Sexual orientation

n/a

Sex

n/a

Marriage or civil partnerships

n/a

Pregnancy & maternity

n/a

Other socially excluded groups or communities

Note:Other sociallyexcluded groups, examples includes,Homeless, rough sleeper and unpaid carers. Many forms of exclusion are linked to financial disadvantage. How will this change affect people on low incomes, in financial crisis or living in areas of greater deprivation?

Health Impact

Have you referred to the Joint Needs Assessment (www.jsna.portsmouth.gov.uk) to identify any associated health and well-being needs?

☐

Yes

☒

No

What are the health impacts, positive and / or negative? For example, is there a positive impact on enabling healthier lifestyles or promoting positive mental health? Could it prevent spread of infection or disease? Will it reduce any inequalities in health and well-being experienced by some localities, groups, ages etc? On the other hand, could it restrict opportunities for health and well-being?

n/a

Health inequalities are strongly associated with deprivation and income inequalities in the city. Have you referred to Portsmouth's Tackling Poverty Needs Assessment and strategy (available on the JSNA website above), which identifies those groups or geographical areas that are vulnerable to poverty? Does this have a disproportionately negative impact, on any of these groups and if so how? Are there any positive impacts?, if so what are they?

For more help on this element of tackling poverty and needs assessment contact Mark Sage: email:mark.sage@portsmouthcc.gov.uk

Step 5 - What are the differences?

Are any groups affected in a different way to others as a result of your policy, service, function, project or strategy?

Please summerise any potential impacts this will have on specific protected characteristics

There should be no particular group of the community adversely affected by this Review.

Does your policy, service, function, project or strategy either directly or indirectly discriminate?

☐ Yes

☒ No

If you are either directly or indirectly discriminating, how are you going to change this or mitigate the negative impact?

Step 6 - Make a recommendation based on steps 2 - 5

If you are in a position to make a recommendation to change or introduce the policy, service, project or strategy clearly show how it was decided on and how any engagement shapes your recommendations.

The Returning Officer for the City of Portsmouth, including Portsmouth North and Portsmouth South parliamentary constituencies has examined the current polling arrangements and has identified a number of proposed changes to the scheme.

The Returning Officer's comments and proposals are included with the Review documents and in the absence of any objections, will be put forward as recommendations at the appropriate PCC meeting.

What changes or benefits have been highlighted as a result of your consultation?

There is agreement that the Hilsea ward requires attention due to the current boundaries no longer reflecting available polling places.

If you are not in a position to go ahead what actions are you going to take?

(Please complete the fields below)

Action

Timescale

Responsible officer

How are you going to review the policy, service, project or strategy, how often and who will be responsible?

Compulsory reviews must be started and completed within the period of 16 months that starts on 1 October of every fifth year after 1 October 2013. These must be carried out by the Returning Officer.

Step 7 - Now just publish your results

This EIA has been approved by:

Contact number:

Date:

PCC staff-Please email a copy of your completed EIA to the Equality and diversity team. We will contact you with any comments or queries about your preliminary EIA.
Telephone: 023 9283 4789, Email: equalities@portsmouthcc.gov.uk

CCG staff-Please email a copy of your completed EIA to the Equality lead who will contact you with any comments or queries about your full EIA. Email: sehccg.equalityanddiversity@nhs.net

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Title of meeting:	Governance & Audit & Standards Committee Meeting
Date of meeting:	20 September 2019
Subject:	Update(s) to Portsmouth City Council's Contract Procedure Rules
Report by:	City Solicitor
Wards affected:	All
Key decision:	No
Full Council decision:	Yes

1. Purpose

- 1.1. The purpose of the report is for the Governance Audit and Standard Committee ("GAS") to consider the proposed updates to Portsmouth City Council's ("the Council's") Contract Procedure Rules (the "CPRs") ("the Report").
- 1.2. The Report sets out the proposals and justifications for:-
 - 1.2.1. implementing a new price increase control by way of an existing agreed approval process for specific Council contracts; and
 - 1.2.2. carrying out a full legal review of the CPRs in light of recent legislative changes (detailed below).

2. Recommendations

- 2.2 It is recommended that the GAS consider whether to recommend to Full Council the adoption of the proposals set out in this report.

3. Background

- 3.1. The Council has a statutory duty to create and maintain standing order(s) for the provision of contracts for the supply of goods or materials or the execution of works.¹
- 3.2. The CPRs as created and implemented by the Council (pursuant to Part 3A of the Council's constitution)² approved on 10 November 2015 under Council minute 2015/93 taking effect from 1 January 2016.³
- 3.3. The City Solicitor is responsible for updating and maintaining the CPRs and has delegated authority to amend the CPRs from time to time in accordance with Article 12 of the Constitution.⁴

¹ Section 135 Local Government Act 1972.

² Part 3A of the Constitution.

³ Contract Procedure Rules at Appendix A.

⁴ Article 12 of the Constitution.

- 3.4. The CPRs have not been updated since 2016.
- 3.5. The decision of the Strategic Contract Management Board ("SCMB") of 23 April 2019 ("the Meeting") minuted the agreed action to implement a price increase control and approval process to be implemented across the Council for in term Council contracts above a total contract value of £1,000,000. Therefore, an amendment to the CPRs is necessary.
- 3.6. The SCMB is made up of the following: the Deputy Leader, the Section 151 Officer, the Audit Officer, the Legal Officer and Procurement Officers. The SCMB has delegated authority pursuant to the Chief Executive to make decisions as prescribed by the CPRs.
- 3.7. The SCMB terms of reference are inserted at Annex B to the Report for reference.

4. Reasons for recommendations

4.1 Price Increase Control and Approval Process

- 4.1.1. The legal duty to promote Best Value⁵ requires the Council 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'*.⁶
- 4.1.2. The purpose of the change was reported to SCMB noting due to a recent rise in inflation in the UK and the impact this has had on Supplier's production costs. Suppliers increasingly seek to recover costs by way of increasing in term contract prices.
- 4.1.3. Any increase to an in term contract price results in increased Council spend. For example, if a 6% price increase is requested on a contract valued at £1,500,000 p.a., the additional Council spend will be £90,000 p.a. If a 6% price increase is requested a contract valued at £3,000,000 p.a., the additional Council spend will be £180,000 p.a.
- 4.1.4. Currently, within the CPRs there is no authorisation process which prescribes and/or controls how price increase requests should be dealt with by internal Council clients.
- 4.1.5. The CPRs have a number of process implemented forums (including the Procurement Gateway Board) as well as a waiver system, allowing for such decisions to be fed to said decision making forum by the client to discuss and debate.
- 4.1.6. The change to the CPRs would allow the Procurement Gateway Board to monitor price increases within in term Council contracts which, at any point throughout its term, have an aggregate total whole life cost of £1,000,000 or more.

⁵ Section 3 of the Local Government Act 1999 (as amended by s137 of the Local Government & Public Involvement in Health Act 2007)

⁶ Ibid.

4.1.7. The recommendation is for the Consumer Price Index Rate ("CPI") to be utilised as the authorisation threshold in accordance with the following approval matrix:-

Table 1: Price Increase and Approval Process - Approval Matrix

CPI	Contract type	Sign off required
> CPI	All contracts	3 rd Tier Manager
CPI > 2%	All contracts	Director
CPI > 2% < 10%	Operational Contract ⁷	Procurement Manager
CPI > 2% < 5%	Strategic Contract ⁸	Procurement Manager
CPI > 5%	Strategic Contract (after negotiation)	Contract Manager, Head of Service and Procurement Manager - SCMB

4.1.8. For any price increases to contract(s) which have an aggregate total whole life cost of less than £1,000,000 are to be managed by the relevant contract manager assigned to said contract and the revised CPRs will expressly provide for this. This shall be the case except where price increases to these contract(s) brings the whole life cost of £1,000,000 or more. In these circumstances, any price increase to the contract(s) will be managed in accordance with the revised process.

4.1.9. To accommodate the revised process implemented within the CPRs, it is recommended that:-

4.1.9.1. The Council's standard contracts⁹ are amended to include a new clause allowing for three months' notice for any proposed price increase together with a three month review period. The CPRs will link into said standard clause and ensure the correct timeframe is included.

4.2 Standard review of the CPRs

4.2.1. CPR 29 provides that the '*City Solicitor shall keep the Rules under review and may make minor changes (including changes consequential to changes in legislation)*'.¹⁰

4.2.3. The Council's standard terms¹¹ have been updated by Legal Services to take into account any legislative changes which have occurred prior to February 2019. The CPRs however, have not. As such it is necessary for a full review of the CPRs to be carried out.

4.2.2. Legislative updates have occurred since the CPRs were first implemented including, for example:-

⁷ As defined in the CPRs.

⁸ Ibid.

⁹ <https://www.portsmouth.gov.uk/intranet/procurement/procurement---spending-%C2%A3100,000---%C2%A31million>

¹⁰ Rule 29 of the CPRs.

¹¹ <https://www.portsmouth.gov.uk/intranet/procurement/procurement---spending-%C2%A3100,000---%C2%A31million>

- the implementation of the GDPR¹² which occurred in May 2018;
- the Council's adoption of the Armed Forces Covenant;
- update of the revised insurance provisions as included within the Council's standard contracts; and

5. Equality Impact Assessment

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

6. Legal Implications

- 6.1. The City Solicitor's comments are contained within this report.

7. Director of Finance's comments

- 7.1. The price increase control and approval process outlined in paragraph 4 aims to improve best value from supplier contracts with PCC.
- 7.2. Service cash limits include a provision for annual inflation changes.

.....
Signed by:

Appendices:

Appendix A - the Council's Contract Procedure Rules

Appendix B - SCMB Terms of Reference

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:

¹² the General Data Protection Regulation (*Regulation (EU) 2016/679*).

Contract Procedure Rules

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1. INTRODUCTION

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

2. APPLICATION AND INTERPRETATION

2.1 Definitions

In these Rules:

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

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

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

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

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

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

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

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

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

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

2.3 Subdivision of Contracts

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

2.4 Value Added Tax

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

2.5 Schools

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

2.6 Other Contracting Authorities

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

3. PROCUREMENT GUIDANCE

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

4. RECORD KEEPING

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

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

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

4.2 Contracts should be reviewed annually and information updated accordingly.

4.3 A copy of the Contract Set-up form

5. FORM OF CONTRACT

5.1 Contracts must accord with the Approved Forms of Contract and any significant amendments or deviations must:

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

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

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

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

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

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

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

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

6. LOW VALUE CONTRACTS (under £5,000)

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

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

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

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

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

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

See flowchart at Appendix 1 for more details.

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

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

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

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

9. TENDER / QUOTATION PROCEDURE

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

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

10. PROVISION OF PRE BID SUBMISSION CLARIFICATION

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

11. EVALUATION PRINCIPLES

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

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

12. TECHNICAL AND FINANCIAL APPRAISAL

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

13. AWARD OF CONTRACT

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

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

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

- b) cause significant additional or duplication of costs,

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

- 14.5 If the Contract to be varied is a strategic Contract then the Strategic Contract Management Board must be consulted in respect of any variation as soon as the need or request for a variation is identified or made.
- 14.6 Where the variation involves any change to the provider then Legal Services must be consulted.

15. CONTRACT EXTENSIONS

- 15.1 The Service Director shall be consulted prior to the extension of a Contract with an aggregate total value of less than £100,000.
- 15.2 Subject to 15.4 below, where a Contract provides for an extension and the value of the existing Contract together with the extension exceeds £100,000, the approval of the Procurement Category Business Partner, Service Director, Budget Holder, Category Manager and Legal Services shall be sought.
- 15.3 In all cases where the extension of a Contract will bring the total of the original value and the value of the extension over £1,000,000 then approval must be sought from the Strategic Contract Management Board.
- 15.4 In cases where the proposed extension is not allowed within the terms of the Contract and the extension is thus a direct award then approval shall be sought as per appendix 2.

16. CONCESSIONS AND UTILITIES

- 16.1 All Concession Contracts, whether for works or services shall be let according to the provisions of these Rules as if they were non-Concession Contracts unless the relevant opportunity is one covered by Procurement Legislation. The estimated value of the Concession shall determine the procurement route to be used. The value of the Concession shall be determined in an objective manner set out in the document offering the concession and shall be an estimate of the total turnover (excluding VAT) from the Concession over the period for which it is to be let, including for any extension/variations in scope and/or duration.
- 16.2 Concessions exceeding the European Threshold shall be procured in accordance with Procurement Legislation. More detailed information is contained with the Procurement Guidance.
- 16.3 All Contracts for the sale of Utilities must also comply with the provisions of these rules together with any applicable Procurement Legislation when brought into force. ([link](#))

17. CONTRACTOR SUBSIDIES AND STATE AID

- 17.1 Where it is proposed to provide financial support to a Contractor, or where a Contractor proposal entails financial support or benefit from the Council or another public body necessary to ensure the continuance of Contracting activity (State Aid), the advice of legal services must be sought prior to advertising the opportunity or concluding the Contract.
- 17.2 State Aid is when taxpayer funded resources are used to provide assistance to one or more organisations in a way that gives an advantage over others. The legislative framework that applies to State Aid is very technical and legal advice should be obtained well in advance in the event that the rules on State Aid may apply. The Service Director shall consult with the City Solicitor when State Aid issues are applicable. State Aid is likely to become applicable if the following applies:
- The assistance is provided with or through state, including Council, resources.

- The assistance gives one or more economic entities an advantage over others (includes not-for-profit organisations and charities as well as businesses and an advantage is anything that they could not get themselves on the open market).
 - The assistance distorts or has the potential to distort competition (even small distortions count).
 - The assistance affects trade between Member States of the European Union (this is defined broadly, if something is tradable, it is covered).
- 17.3 Assistance may be through payments to the Contractor, subsidised payments, the provision of equipment or support or low cost loans.
- 17.4 In certain circumstances financial assistance may be given where the amounts involved may be covered by de minimis provisions. Legal advice should still be obtained to ensure that de minimis applies before any financial assistance is given to another organisation.

18. CONTRACT MANAGEMENT

- 18.1 All Contracts shall be managed in accordance with the Contract Management Procedures provided by the Procurement Service.
- 18.2 Contract management standards apply to all Contracts depending on their classification as Strategic, Operational or Transactional.
- 18.3 All Contracts:
- Contract documents must be stored on the council's eSourcing Solution as described in section 4
 - Contract managers (and others closely involved in managing contracts) must have read and understood the contract documents.
 - Contract Managers must check that valid insurance documents are provided by Contractors, proving that the annual premium has been paid, to cover the duration of the Contract, and that copies are stored on the council's eSourcing Solution.
 - Contract Managers must review the aggregate spend on Contracts for which they are responsible every six months to assess whether new contracts should be procured
 - Meetings with contractors to discuss performance must take place at least every 12 months. Key Performance Indicators must be used to assess performance at least every 12 months, and records of assessment must be kept up to date on the council's eSourcing Solution. (NB different minimum intervals apply to Operational and Strategic Contracts)
- 18.4 Operational Contracts:
- In addition to the standards in section 18.3 the following standards also apply to Operational Contracts:
- Contract managers (and others closely involved in managing contracts) must sign a declaration that they have read and understood the contract documents.
 - Operational Contracts must have a Contract Guide in place at the start of the Contract which is kept up to date throughout the duration of the Contract.
 - Assessment of performance using Key Performance Indicators and meetings with Contractors to discuss performance must take place at least every 6 months.
- 18.5 Strategic Contracts:
- In addition to the standards in sections 18.3 and 18.4, the following standards also apply to Strategic Contracts
- Strategic Contracts must have a Contract Operations Manual in place at the start of the Contract which is kept up to date throughout the duration of the Contract.
 - Assessment of performance using Key Performance Indicators and meetings with Contractors to discuss performance must take place at least every 3 months.

- Meetings between Contractors and the Council at director level must take place at least every 12 months to discuss performance, strategy and future business opportunities.
- Contract Managers must keep a record of any Contract variations of duration, value or scope on the Council's eSourcing Solution and in the Contract Operations Manual in order to maintain a deal history of the Contract.

19. CONSULTANTS

- 19.1 No Ex-Employee of the Council or of any other Public Sector Body covered by the Small Business Enterprise and Employment Act 2015 shall be engaged by the Council without the express consent of the City Solicitor and the Service Director responsible for Human Resources.
- 19.2 Any ambiguity on whether a Contract is an employment Contract or a consultancy Contract covered by these rules should be referred to HR, Legal Services and Procurement Service.

20. SUB-CONTRACTING

- 20.1 For Above Threshold Contracts the advice of legal services shall be sought as to the form and obligation to sub-contract.
- 20.2 Where a sub-contractor is to be engaged then the Council is under an obligation to ensure that the Contractor is under the same timescale obligations as to payment of the sub-contractor as the Council is to the Contractor.

21. NON-COUNCIL STAFF

- 21.1 Any person who is not an officer of the Council, but is engaged by the Council to advise, conduct, or supervise any stage of a Tender, must:
- a) Comply with the Council's Contract Procedure and Financial Rules
 - b) Produce on request, all records relating to the Contract he/she are engaged on, to the Service Director; and
 - c) Pass all relevant records to the Procurement Manager at the end of his/her appointment/engagement
 - d) Sign a declaration of interest relating to any Contract that they were involved with on behalf of the Council and give it to the Procurement Category Business Partner.
- 21.2 The Authorised Officer must ensure that non-council staff comply with these Rules and consult the Procurement Category Business Partner as appropriate.

22. PUBLIC TO PUBLIC COOPERATION OR IN-HOUSE BIDDING

- 22.1 Advice should be sought from the Procurement Category Business Partner and, if appropriate, Legal Services on proposals involving the provision of a service through a subsidiary company, jointly owned, or jointly provided.
- 22.2 Where an in-house provider wishes to compete for an Above Threshold tendered Contract, the Tender Documents must comply with the following:
- a) That those involved with the in-house tender will maintain appropriate divisions with those managing the tender process for the Council to ensure that the in-house bid team has no advantage over non-Council bidders. In house tender bid teams must sign declarations that they have maintained independence of the tender review team,
 - b) The fact that there will be an in house tender must be noted on the relevant OJEU notice and the Council's proposed arrangements should the in house bid be successful must be described, and
 - c) No information other than that provided to all bidders will be supplied to the in-house bidder.

23. INSURANCE

- 23.1 The Authorised Officer shall ensure all Contractors have sufficient levels of insurance in place prior to entering and throughout the duration of a Contract.
- 23.2 These amounts may only be varied on the advice of the Insurance Officer whose advice shall be sought on any other insurances required.

24. SECURITY FOR PERFORMANCE

- 24.1 When drafting the invitation to tender the Authorised Officer shall seek the advice of the Procurement Service, Legal Services and Financial Services on whether a Contract performance bond or some other form of security for performance is required prior to entering into a Contract. The amount of, and form of security shall be determined by Legal Services in consultation with the S151 Officer having carried out an appropriate financial risk assessment. Such security must be effected with a reputable body authorised to effect such security and approved by the S151 officer or by way of a parent company guarantee if appropriate. Where appropriate a sum for liquidated damages to be included in the Contract prior to any award to a Contractor shall be set in consultation with the relevant technical officer and finance manager.

25. CONTRACT EXECUTION

- 25.1 Contracts must be executed in accordance with the following:
- a) Under hand - value under £100,000
 - b) Seal - value over £100,000
- 25.2 For all Contracts below £100,000, the Service Director is authorised to sign Contracts and having regard to the Council's scheme of delegation may authorise an officer of the Council to enter into Contracts as an Authorised Officer. Where delegated authority is used then a record must be kept in accordance with the Council's procedures.
- 25.3 All Contracts with a value in excess of £100,000 must be entered into and sealed by Legal Services.

26. GOVERNANCE

- 26.1 Authority to enter into Contracts
- Authority for Officers of the Council to enter into Contracts on behalf of the Council is governed by the Scheme of Delegation.
- 26.2 Gateway/Grantway
- The Gateway and Grantway processes govern the assessment of the business case for entering into each Contract and for oversight of the process of awarding the Contract/grant.
- 26.3 Strategic Contract Management Board
- This board supervises the management of strategic Contracts, including the commissioning process.
- Approval must be sought from the Strategic Contract Management Board for:
- Procurement of Strategic Contracts jointly with one or more other Contracting Authorities (see section 2.6)
 - Contract variations of Strategic Contracts (see section 14.5)
 - Extension of high value Contracts (see section 15.3)
 - Price increases in Strategic Contracts where the proposed price increase is either:
 - Above that provided for in the contract; or
 - Above inflation (Consumer Price Index (CPI))

27. DEPARTURE FROM THE CONTRACT PROCEDURE RULES

- 27.1 Waiver of these Rules may be sought in the following circumstances:
- a) Where the need to enter into a Contract arises in circumstances that cannot be reasonably foreseen or
 - b) Where the need to enter into or extend a Contract arises in exceptional circumstances.
- 27.2 These examples are not exhaustive but indicative of the situations where a waiver may be sought.
- 27.3 When the need for a waiver becomes apparent the Authorised Officer must seek approval following the approval levels that apply to waiver applications which can be found in appendix 2.
- 27.4 Blanket waivers may be approved in certain situations where the normal process to be followed is considered inappropriate. Such waivers must be fully supported with justifiable reasons and will only remain in force for one year from the date of approval.

28. TRADING

- 28.1 Any proposals to sell or trade in services, supplies, or assets must be referred to Legal Services. Any proposal to dispose of Council Property other than land must be referred to the Procurement Manager. Proposals to dispose of land must be referred to the Corporate Asset Manager.

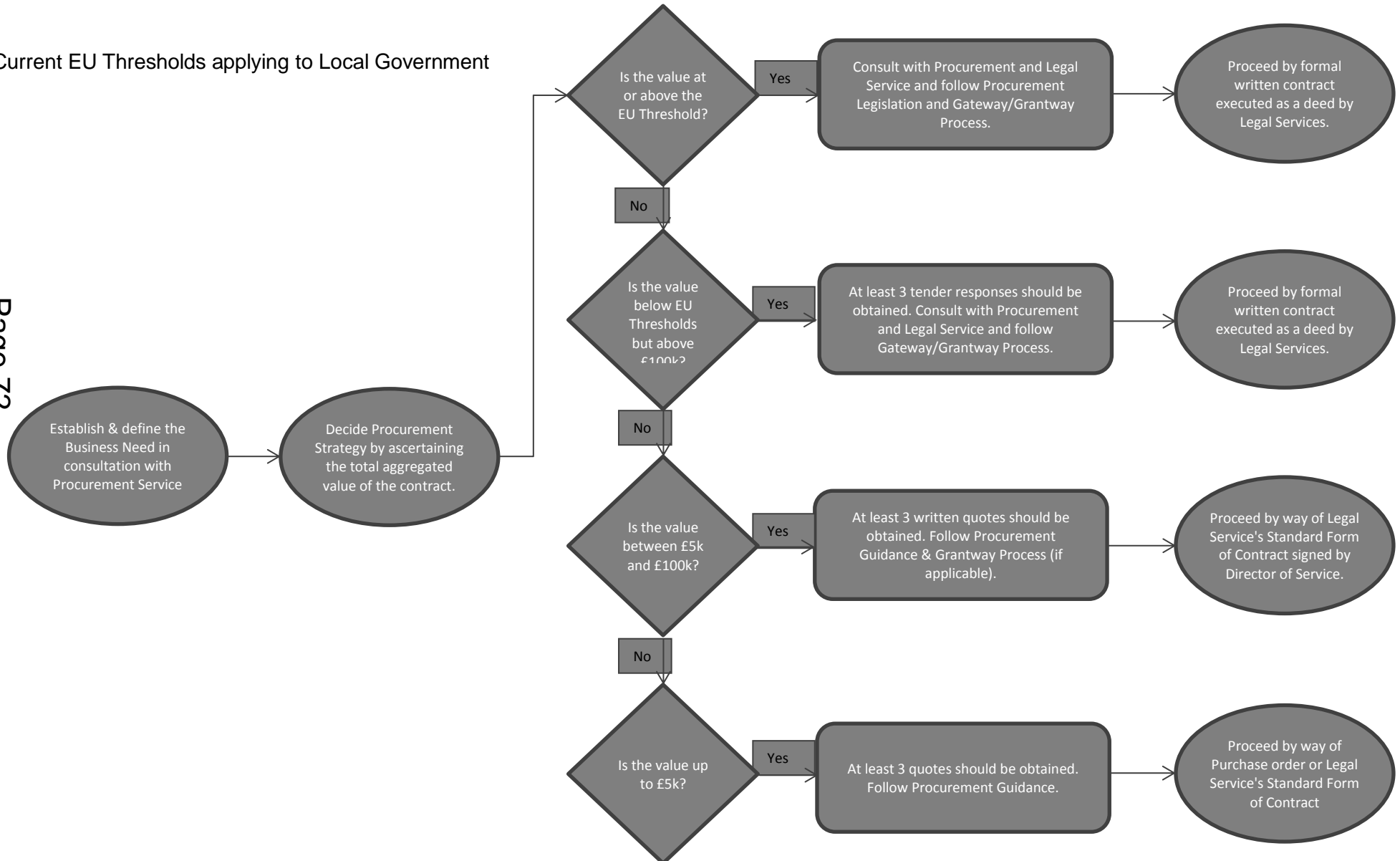
29. REVIEW OF RULES

The City Solicitor shall keep these Rules under review and may make minor changes (including changes consequential to changes in legislation).

APPENDIX 1 - THE COUNCIL'S PROCUREMENT PROCESS

Current EU Thresholds applying to Local Government

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APPENDIX 2 - APPROVAL LEVELS.

Value	Type	Sign off required	Considerations - must give regard to:
Up to £100k	Contract terms - standard approved form	Authorised Officer	<ul style="list-style-type: none">Value for money - benchmarking.Reputational riskTransparency - market challengePeer review & market normsProportionality
	Contract terms - bespoke	Legal Services	
	Contract award	Director of Service signature under hand	
	Waiver - Direct award	Director of Service approval file note form	
	Extension in Contract term		
	Extension out of Contract term		
	Variation - up to 10% (services) or 15% (works)		
Variation - up to 50% for services and works	Procurement Manager and Legal Services		
£100k - £1m	Contract terms - standard approved form	Authorised Officer in consultation with Legal Services	<ul style="list-style-type: none">Value for money - benchmarking.Reputational riskTransparency - market challengePeer review & market normsProportionalityBreach of PCRs 2015 (supplies/services) if direct award/extension out of term.VEAT Notice/Contract Award without competition for direct awards if over EU Thresholds.
	Contract terms - bespoke	Legal Services	
	Contract award	Legal Services to sign under seal	
	Waiver - Direct award	Procurement Manager and relevant Officers - waiver form	
	Extension in Contract term	Procurement Category Business Partner and relevant Officers - Authority to Extend Form	
	Extension out of Contract term	Procurement Manager and relevant Officers - waiver form	
	Variation - up to 10% (services) or 15% (works)	Director of Service, Budget Holder, Category Manager, Legal Services and Category Business Partner.	
	Variation - up to 50% for services and works	Director of Service, and relevant Officers, Legal Services, Category Business Partner plus Procurement Manager	
Over £1m	Contract terms - all	Legal & Gateway Board	<ul style="list-style-type: none">Value for money - benchmarking.Reputational riskTransparency - market challengeProportionalityPeer review & market normsBreach of PCRs 2015 (supplies/services/works) if direct award/extension out of termVEAT Notice/Contract Award without competition for direct awards if over EU Thresholds.
	Contract award	Gateway Board/SCMB	
	Waiver - Direct award	Gateway Board	
	Extension in Contract term	Strategic Contract Management Board.	
	Extension out of Contract term		
	Variation - up to 10% (services) or 15% (works)	Strategic Contract Management Board.	
	Variation - up to 50% for services and works		

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Strategic Contract Management Board

1. Terms of Reference

- 1.1. Scrutinise all strategic service contracts against their original business case to ensure the outcomes of the service are being delivered and that the service is still a corporate priority.
- 1.2. Monitor all strategic service contracts to ensure they continuously improve in outcome delivery and secure savings.
- 1.3. Ensure that the Council's strategic contracts evolve in practice and cost structure to keep pace with the market and ensure the Council does not end up with outdated or overpriced contracts.
- 1.4. Determine which strategic contracts get additional corporate support when there are potential conflicts.
- 1.5. Receive reports and representations from the Contract Manager and Senior officer sponsor to decide on the matters put forward for discussion by the scrutiny panel in order to ensure the management of the contract is fit for purpose and being operated in accordance with the Contract Operation Manual (COM).
- 1.6. Approve any requests to significantly vary the scope, monitoring or payment mechanisms of strategic contracts. Where spend changes significantly the budgetary implications will have to follow the Financial Rules.
- 1.7. Ensure commercial deals proposed by Contract Managers are reviewed by the scrutiny panel to ensure optimum outcomes before negotiations are concluded.
- 1.8. Where either supplier performance or contract management performance needs improvement to ensure that action plans are put in place and delivered.
- 1.9. To monitor actual contract spend and scope against that provided for in the OJEU Contract Award Notice, in addition to the service's budget.
- 1.10. Monitor the implementation (actual vs. planned) of all strategic contracts 6 months following award¹.
- 1.11. Have sight of all disputes which are at risk of litigation.
- 1.12. Make recommendations should further contract management resources be required.
- 1.13. Approve any price variation above the present rate of CPI or above that provided for in the contract price change index.
- 1.14. Ensure Supplier Relationship Plans are up and running with Directors meeting the suppliers at least once per year and Contract Managers at least four times per year.
- 1.15. Ensure the Contract Manager is adequately supported in the preparation of any upcoming Unitary Charge reviews.
- 1.16. Review, in conjunction with Legal Services and the Procurement Manager the scope and content of the Council's Contract Procedure Rules to ensure that these reflect the requirements of the Board with regard to the letting and management of strategic contracts.

¹ Initially 12 months, amended to 6 months by Cabinet 3/3/16

2. Membership

2.1. Portfolio holder.

- To provide guidance as to Cabinet's likely view of contract performance and acceptance of proposed contract variations.

2.2. Chief Executive or by delegation Deputy Chief Executive.

- To Chair the meeting and make recommendations to Cabinet.

2.3. Director of the contract

- Confirm the specification and outcomes of the service are in keeping with their strategy/vision for the service.
- Act as deal principal in any resultant supplier interactions.
- Sponsor and ensure priority is given to any action plans necessitated by the board.

2.4. Procurement Manager

- Manage the operation of SCMB.
- Provide Commercial advice.
- Provide Contract Management advice.
- Provide Negotiation advice.
- Support service to produce review documents.

2.5. Finance

- Monitor financial performance and risks to inform the budget position.
- Advise on additional funds if requested.
- Facilitate accountants to support ICFs to produce review documents and supplier interactions.

2.6. Audit

- Advise SCMB on the Audit plan of Strategic contracts.
- Provide advice on Risks, Governance and Assurance.
- Monitor risks to inform the Audit Risk Register.
- Support services to produce review documents.

2.7. Legal

- Provide advice on interpretation of clauses.
- Provide advice on the contract until the C.O.M. and ICF are in place.
- Monitor risks to inform the Legal Risk Register.
- Support service to produce review documents.

2.8. Category Lead or Category Manager by delegation to provide challenge.

3. Support

- 3.1. Contract Management Business Partner will;
- Coordinate and support the production of board review papers.
 - Act as secretary to the Board noting all actions.
 - Support Contract Managers to produce and implement Action plans.
 - Support Contract Managers to produce COMs.
 - Produce SCMB reports from In-Tend as guided by Procurement Manager for board.

4. Frequency

- 4.1. Duration of meeting 2 hours², with two contracts being reviewed per session plus any Action plans with amber or red status.
- 4.2. 6 meetings per year³.

² Initially 3 hours, reduced to 2 by DCEO 27/4/16

³ Initially 4 meetings per year, increased to 6 by DCEO 27/4/16

5. Control & assurance for jointly commissioned or partnership led contracts

- 5.1. The s.75 and s.256 funding mechanisms are well known and have been corporately overseen by Councils for many years. What are new to the landscape are the Clinical Commissioning groups which were authorised in April 2012.

The Integrated Commissioning Unit provides commissioning and contract support on behalf of the council and the CCG. There may be three broad types of contracts;

CCG monies funding services directly.

Council funds funding services.

Joint or pooled budgets between the Council and CCG.

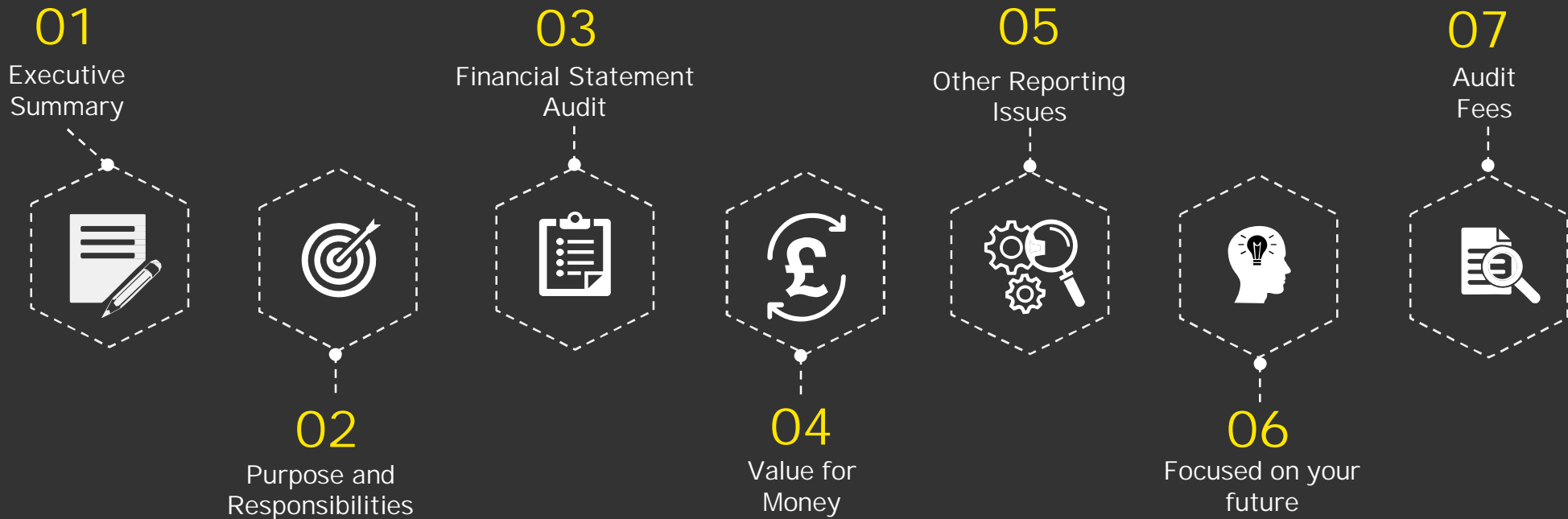
- 5.2. B and C if strategic contracts should be subject to the same level of scrutiny as the other strategic contracts as outlined in this paper. The principle remains that where significant Council spending is subject to a strategic contract the challenge and scrutiny offered by the Strategic Contract Management Board should apply.
- 5.3. This should be helpful to strategic partnership groups such as the Children's Trust or Health and Wellbeing Board. In practical terms, it is likely that the support and challenge provided by the new Strategic Contract Management Board would be felt at Project Boards for large scale change and commissioning projects, specifically; the Adults Social Care Transformation Board and the proposed Children's Multi-Agency Teams Project Board.
- 5.4. SDB have requested a review of 'People Commissioning'. One of the drivers for the review is that the CCG have expressed interest in bringing more CCG contracting into the ICU. As this is implemented, we will need to be mindful of the role and functions of the Strategic Contract Management Board.

Portsmouth City Council

Annual Audit Letter for the year
ended 31 March 2019

August 2019

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Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk).

This 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 April 2018)' issued by PSAA set out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities and Terms of Appointment. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



01

Executive Summary



Executive Summary

We are required to issue an annual audit letter to Portsmouth City Council (the Council) following completion of our audit procedures for the year ended 31 March 2019. Below are the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Council's:	Unqualified – the financial statements give a true and fair view of the financial position of the Council as at 31 March 2019 and of its expenditure and income for the year then ended.
▶ Financial statements	
▶ Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the annual accounts.
Concluding on the Council's arrangements for securing economy, efficiency and effectiveness	We concluded that you had put in place proper arrangements to secure value for money in your use of resources.

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Area of Work	Conclusion
Reports by exception:	
▶ Consistency of Annual Governance Statement	The Annual Governance Statement was consistent with our understanding of the Council.
▶ Public interest report	We had no matters to report in the public interest.
▶ Written recommendations to the Council, which should be copied to the Secretary of State	We had no matters to report.
▶ Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Council's Whole of Government Accounts return (WGA).	Our work on the Council's Whole of Government Accounts return is scheduled to be completed by 13 September 2019, in line with the national timetable for this work. There are no matters to report at the time of writing this annual audit letter.



Executive Summary (cont'd)

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit.	Our Audit Results Report was issued on 15 July 2019; and we updated our findings at the meeting of the Governance and Audit and Standards Committee on 26 July 2019.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	We have not yet issued our audit completion certificate. We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack. We were satisfied that this work did not have a material effect on the financial statements or on our value for money conclusion. We anticipate issuing the certificate on or before 13 September 2019 in line with the timetable for the Whole of Government Accounts as noted previously.

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We would like to take this opportunity to thank the Council's staff for their assistance during the course of our work.

Helen Thompson

Associate Partner

For and on behalf of Ernst & Young LLP



02 Purpose and Responsibilities

Purpose and Responsibilities

The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Council.

We have already reported the detailed findings from our audit work in our 2018/19 Audit Results Report to the Governance and Audit and Standards Committee, representing those charged with governance, on 26 July 2019. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Council.

Responsibilities of the Appointed Auditor

Our 2018/19 audit work has been undertaken in accordance with the Audit Plan that we issued on 1 February 2019 and was conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

Expressing an opinion:

- ▶ On the 2018/19 financial statements; and
- ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
 - ▶ If the annual governance statement is misleading or not consistent with our understanding of the Council;
 - ▶ Any significant matters that are in the public interest;
 - ▶ Any written recommendations to the Council, which should be copied to the Secretary of State; and
 - ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

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

Responsibilities of the Council

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

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



03

Financial Statement Audit

Key Issues

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

We audited the Council's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the National Audit Office and issued an unqualified audit report on 31 July 2019.

Our detailed findings were reported to the Governance and Audit and Standards Committee on 26 July 2019.

The key issues identified as part of our audit were as follows:

Significant Risk	Conclusion
<p>misstatements due to fraud or error</p> <p>As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<p>Our approach was as follows:</p> <ul style="list-style-type: none">• 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.• We evaluated the business rationale for any significant unusual transactions. <p>From the work completed, we did not identify:</p> <ul style="list-style-type: none">• Any material weaknesses in controls or evidence of material management override.• Any instances of inappropriate judgements being applied.• Any other transactions during our audit which appeared unusual or outside the Council's normal course of business.

Financial Statement Audit (cont'd)

The key issues identified as part of our audit were as follows: (cont'd)

Significant Risk	Conclusion
<p>Risk of fraud in revenue and expenditure recognition – inappropriate capitalisation of revenue expenditure</p> <p>Under ISA (UK) 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p> <p>We assessed that the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure, leading to overstatement of Property, Plant and Equipment (PPE) and/or Investment Property (IP) in the Balance Sheet, and understatement of expenditure in the Comprehensive Income and Expenditure Statement.</p> <p>The value of PPE additions in 2018/19 was £108m and the value of IP additions was £29m.</p>	<p>Our audit work was as follows:</p> <ul style="list-style-type: none"> • We tested PPE/IP additions, using lowered testing thresholds, to ensure they were appropriately supported by documentary evidence, and that the expenditure incurred and capitalised was clearly capital in nature. • When performing journals testing, we challenged the basis for any significant journals transferring expenditure from non-capital codes to PPE/IP additions or from revenue to capital codes on the general ledger at the end of the year. <p>We did not identify any instances of inappropriate capitalisation of revenue expenditure.</p>
Other areas of audit focus	Conclusion
<p>Valuation of Land and Buildings, and Investment Property</p> <p>The fair value of Property, Plant and Equipment (PPE) and Investment Property (IP) represent significant balances in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.</p> <p>ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p> <p>The net book value of PPE at 31/03/2019 was £1.27bn, and the value of IP was £182m.</p>	<p>Our work focussed on:</p> <ul style="list-style-type: none"> • The adequacy of the scope of the work performed by the Council's expert valuers including their professional capabilities. • The reasonableness of the underlying assumptions used by the valuers. • The material correctness of the carrying value of assets not revalued in 2018/19. <p>We identified one misstatement above our reporting threshold, arising because the fixed asset register had not been fully updated for all valuations undertaken in 2018/19. This was corrected by management in the final version of the financial statements.</p> <p>We did not identify any issues with regard to the carrying value of assets not revalued in 2018/19.</p>



Financial Statement Audit (cont'd)

The key issues identified as part of our audit were as follows: (cont'd)

Other areas of audit focus	Conclusion
<p>Private Finance Initiative (PFI) Accounting</p> <p>The Council has four PFI arrangements, two of which are material to our audit. PFI accounting is a complex area, and a detailed review of these arrangements was undertaken by our internal specialist in 2016/17. We reviewed the accounting entries and disclosures in relation to PFI in detail in 2018/19, with a focus on any significant changes since the specialist's review in 2016/17.</p> <p>The total finance lease liability for PFIs was £65m at 31/03/2019, and the value of PFI assets was £131m.</p>	<p>Our work focussed on:</p> <ul style="list-style-type: none"> • Reviewing assurances brought forward from prior years regarding the appropriateness of the PFI financial models. • Reviewing the PFI financial models for any significant changes. • Ensuring the PFI accounting models had been updated for any service or other agreed variations and confirming consistency of current year models with prior year brought forward assurances. • Agreeing outputs of the models to the accounts, including balances and disclosures for Assets, Liabilities, and Expenditure, and reviewing the completeness and accuracy of disclosures. <p>We did not identify any issues with regard to PFI accounting through performance of the above programme of work.</p>
<p>Pension Liability Valuation</p> <p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Hampshire County Council. The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the County Council.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p> <p>The net pension liability at 31/03/2019 was £365m.</p>	<p>Our work focussed on:</p> <ul style="list-style-type: none"> • The reasonableness of the underlying assumptions used by the Council's expert – Aon Hewitt. • Ensuring the information supplied to the actuary in relation to Portsmouth City Council was complete and accurate. • Ensuring the accounting entries and disclosures made in the financial statements were consistent with the report from Aon Hewitt. <p>We did not identify any material issues with regard to the valuation of the pension liability. We identified one immaterial audit difference, which management chose not to adjust, as a result of reviewing the assumptions made by the actuary, specifically with regard to Guaranteed Minimum Pension (GMP).</p>

Financial Statement Audit (cont'd)

The key issues identified as part of our audit were as follows: (cont'd)

Other areas of audit focus	Conclusion
<p>Minimum Revenue Provision (MRP)</p> <p>Local authorities are normally required each year to set aside some of their revenues as provision for capital expenditure financed by borrowing or credit arrangements. This provision is known as MRP. MRP is a real charge that impacts on the general fund and therefore the council tax financing requirement. The Council has amended its method for calculating MRP, using an annuity approach, which has resulted in reduced MRP charges in the short term and the calculation of a historic over-provision of MRP. The calculation of MRP is inherently complex and as such we have used an internal specialist to assist with our review of the Council's revised MRP calculations.</p>	<p>Our work focussed on:</p> <ul style="list-style-type: none"> • Considering the outputs of the review by our internal specialist of the Council's MRP calculations commenced in 2017/18; and • Using this to inform our assessment of the material accuracy of the Council's MRP estimate and historic overprovision <p>Our internal specialist undertook a detailed review of the Council's revised MRP calculations and historic overprovision. Following some agreed revisions to the underlying calculations, we obtained assurance over the material accuracy of the historic overprovision. No issues were identified with the net MRP charges in the Council's financial statements since the amended approach to MRP was applied.</p>
<p>New Accounting Standards</p> <p>IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from contracts) applied from 1 April 2018.</p> <p>IFRS 9 changed:</p> <ul style="list-style-type: none"> • How financial assets are classified and measured; • How the impairment of financial assets are calculated; and • The disclosure requirements for financial instruments. <p>The key requirements of IFRS 15 cover the identification of performance obligations under customer contracts and the linking of income to the meeting of those performance obligations. The impact on local authority accounting is generally limited as large revenue streams like council tax, non domestic rates and government grants are outside the scope of IFRS 15.</p>	<p>Our work focussed on:</p> <ul style="list-style-type: none"> • Assessing the Council's implementation arrangements and accounting for the new standards in 2018/19. <p>The Council was able to demonstrate that implementation of IFRS 15 had no material impact on its financial reporting arrangements.</p> <p>For IFRS 9 we concluded that:</p> <ul style="list-style-type: none"> • Required changes to the classification and accounting for financial instruments were made correctly. • Any changes to impairments and provisions for financial assets were immaterial to the accounts. • CIPFA Code disclosure requirements were met.

Financial Statement Audit (cont'd)

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	We determined planning materiality to be £10.64m (2017/18: £11.65m), which is 1.8% (2017/18 2%) of gross revenue expenditure reported in the accounts of £591.3 million (excluding one accounting entry considered exceptional, but which had no impact on the General Fund or Council taxpayer). We consider gross revenue expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Council.
Reporting threshold	We agreed with the Governance and Audit and Standards Committee that we would report to the Committee all audit differences in excess of £0.53m (2017/18: £0.58m) .

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied included:

- ▶ Remuneration disclosures including any severance payments, exit packages and termination benefits: these areas were tested in detail as part of our audit.
- ▶ Related party transactions: these were tested in detail as part of our audit.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations. No issues which were considered to warrant reporting to those charged with governance were identified in the above areas.

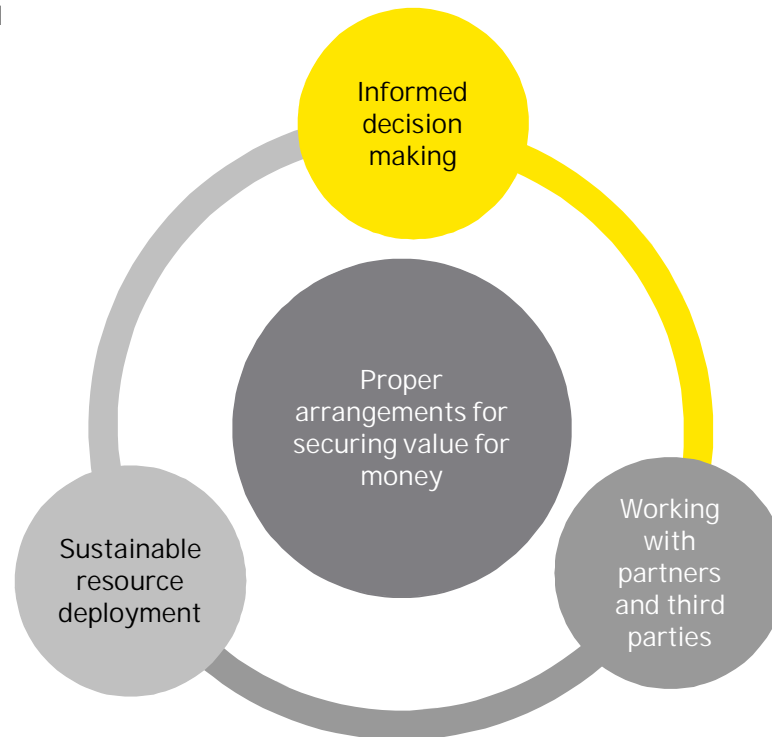


04 Value for Money

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness in its 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.



We did not identify any significant risks in relation to these criteria.

We did not identify any significant weaknesses in the Council's arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We therefore issued an unqualified value for money conclusion on 31 July 2019.



05 Other Reporting Issues



Other Reporting Issues

Whole of Government Accounts

We are required to perform the procedures specified by the National Audit Office on the accuracy of the consolidation pack prepared by the Council for Whole of Government Accounts purposes.

Our work on the Council's Whole of Government Accounts return is scheduled to be completed by 13 September 2019, in line with the national timetable for this work. There are no matters to report at the time of writing this annual audit letter.

Annual Governance Statement

We are required to consider the completeness of disclosures in the Council's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

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

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.



Other Reporting Issues (cont'd)

Objections Received

We did not receive any objections to the 2018/19 financial statements from members of the public.

Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Independence

We communicated our assessment of independence in our Audit Results Report to the Governance and Audit and Standards Committee on 26 July 2019. 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 regulatory and professional requirements.

Control Themes and Observations

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

We have adopted a fully substantive audit approach and have therefore not tested the operation of controls.

Our audit did not identify any controls issues to bring to the attention of the Governance and Audit and Standards Committee.



06 Focused on your future



Focused on your future

The Code of Practice on Local Authority Accounting in the United Kingdom introduces the application of new accounting standards in future years. The impact on the Council is summarised in the table below.

Standard	Issue	Impact
IFRS 16 Leases	<p>It is currently proposed that IFRS 16 will be applicable for local authority accounts from the 2020/21 financial year.</p> <p>Whilst the definition of a lease remains similar to the current leasing standard; IAS 17, for local authorities who lease a large number of assets the new standard will have a significant impact, with nearly all current leases being included on the balance sheet.</p> <p>There are transitional arrangements within the standard and although the 2020/21 Accounting Code of Practice for Local Authorities has yet to be issued, CIPFA have issued some limited provisional information which begins to clarify what the impact on local authority accounting will be. Whether any accounting statutory overrides will be introduced to mitigate any impact remains an outstanding issue.</p>	<p>Until the 2020/21 Accounting Code is issued and any statutory overrides are confirmed there remains some uncertainty in this area.</p> <p>However, it is clear that the Council will need to undertake a detailed exercise to identify all of its leases and capture the relevant information for them. The Council must therefore ensure that all lease arrangements are fully documented.</p>
IASB Conceptual Framework	<p>The revised IASB Conceptual Framework for Financial Reporting (Conceptual Framework) will be applicable for local authority accounts from the 2019/20 financial year.</p> <p>This introduces;</p> <ul style="list-style-type: none"> - new definitions of assets, liabilities, income and expenses - updates for the inclusion of the recognition process and criteria and new provisions on derecognition - enhanced guidance on accounting measurement bases - enhanced objectives for financial reporting and the qualitative aspects of financial information. <p>The conceptual frameworks is not in itself an accounting standard and as such it cannot be used to override or disapply the requirements of any applicable accounting standards.</p> <p>However, an understanding of concepts and principles can be helpful to preparers of local authority financial statements when considering the treatment of transactions or events where standards do not provide specific guidance, or where a choice of accounting policies is available.</p>	<p>It is not anticipated that this change to the Code will have a material impact on Local Authority financial statements.</p> <p>However, authorities will need to undertake a review to determine whether current classifications and accounting remains valid under the revised definitions.</p>



07

Audit Fees

Audit Fees

Our planned fee for 2018/19 is in line with the scale fee set by the PSAA and reported in our 15 July 2019 Audit Results Report. Our final fee remains subject to agreement with management and PSAA.

Description	Proposed Final Fee 2018/19 £	Planned Fee 2018/19 £	Scale Fee 2018/19 £	Final Fee 2017/18 £
Total Audit Fee – Code work	115,449*	115,067	115,067	156,324

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* See below for explanation:

As we are no longer the reporting accountant for the Council's housing benefit subsidy claim, we needed to undertake work as part of the financial statements audit which we would previously have performed as part of certifying the housing benefit claim and used for both engagements. This work would previously have been covered by the fee for the housing benefit certification. As such, we are proposing an additional fee of £382 for this work.

The proposed additional fee remains subject to agreement with management and PSAA.

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ED None

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Title of meeting:	Governance & Audit & Standards Committee
Date of meeting:	20 th September 2019
Subject:	Audit Performance Status Report to 4 th September 2019
Report by:	Chief Internal Auditor
Wards affected:	All
Key decision:	No
Full Council decision:	No

1. Summary

- 1.1 This is an Audit Performance Status Report for the 2019-20 planned audit activities. Appendix A includes the detail of progress made against the annual plan and documents individual audit findings.

2. Purpose of report

- 2.1 This report is to update the Governance and Audit and Standards Committee on the Internal Audit Performance for 2019/20 to 4th September 2019 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 2019/20 to 4th September 2019.
- 3.2 That Members note the highlighted areas of concern in relation to audits completed from the 2019/20 Audit Plan, including follow up work performed.

4. Background

- 4.1 The Annual Audit Plan for 2019/20 has been drawn up in accordance with the agreed Audit Strategy and was approved by this Committee on 8th March 2019 following consultation with Directors and relevant parties. The Plan is revised quarterly to take account of any changes in risks/ priorities, in accordance with the Strategy.

5. Equality impact assessment (EIA)

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

6. Legal Implications

- 6.1 The City Solicitor 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.
- 6.2 Where system weaknesses have been identified he is satisfied that the appropriate steps are being taken to have these addressed.

7 Finance Comments

- 7.1 There are no financial implications arising from the recommendations set out in this report.
- 7.2 The S151 Officer is content that the progress against the Annual Audit Plan and the agreed actions are sufficient to comply with his statutory obligations to ensure that the Authority maintains an adequate and effective system of internal audit of its accounting records and its system of internal control.

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

Appendices:

Appendix A – Internal Audit Progress Report

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

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

Title of document	Location
1 Accounts and Audit Regulations	http://www.legislation.gov.uk/ukxi/2011/817/contents/made
2 Previous Audit Performance Status and other Audit Reports	Refer to Governance and Audit and Standard meetings – reports published online.
3 Public Sector Internal Audit Standards	http://www.cipfa.org/policy-and-guidance/standards/public-sector-internal-audit-standards

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

.....
Signed by:

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Portsmouth
CITY COUNCIL

Internal Audit Progress Report 20th September 2019

Elizabeth Goodwin, Chief Internal Auditor

1. Introduction

Internal Audit is a statutory function for all local authorities.

The requirement for an Internal Audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015 as to:

Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance

The standards for 'proper practices' are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2016].

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes

This report includes the status against the 2019/20 internal audit plan.

2. Audit Plan Progress as of 4th September 2019

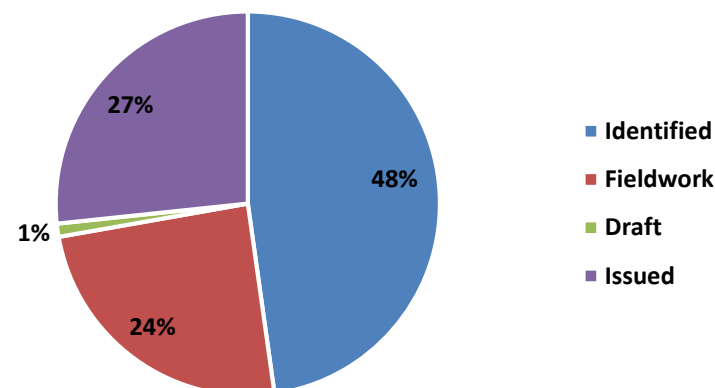
There are 61 Full Audits and 29 Follow ups, in the revised planned for 2019/20, totalling 90 reviews. This is an increase from the plan originally approved in March 2019 and is a direct result of a re-evaluation of risk and the completion of audits outstanding from the 2018/19 plan, where high risk findings were identified.

To date, 47 (52%) have been completed or are in progress as at 4th September 2019. This represents 24 (27%) audits where the report has been finalised, 1 (1%) where the report is in draft and 22 (24%) audits currently in progress.

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Status	Audits
Identified	43
Fieldwork	22
Draft Report	1
Final Report	24

Audit Plan Progress as of 4th September 2019



3. Ongoing Internal Audit Involvement

Internal Audit has provided advice, ongoing reviews and involvement work in the following area. (For reference, advice is only recorded when the time taken to provide the advice exceeds one hour):

- Data Analysis and data matching in relation to Duplicate Invoices. Work has been undertaken to use data analytics software to identify potential duplicate invoices and or payments with the view to conduct continuous testing in this area.
- Regulation of Investigatory Powers Act (RIPA) - authorisations and policy review
- Anti-Money Laundering - monitoring, reporting and policy review
- 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 - proactive work to reduce the risk exposure to the authority
- Policy Hub project to ensure that all Council policies are held in one place and staff are notified of the policies relevant to them
- Governance & Audit & Standards Committee - reporting and attendance
- Audit Planning and Consultation
- Risk Management
- Performance Management
- 1 special investigations (excludes Benefit and Council Tax Support cases)
- 11 items of advice, (where the advice exceeds an hours work)

4. Audit Plan Status/Changes

The following changes have been made to the plan since it was agreed in March 2019.

Audits removed from the Audit Plan:

- Under Occupation - Preliminary work identified that currently no work is performed in this area and therefore the risk to the organisation is deemed low.

- Harbour School - This school is moving to an academy, any deficit budget will move with the transfer.
- Mental Health - The scope of this review was to focus on 'Health Visitor' service, however the audit will now be deferred as the service is due a separate 'deep dive' exercise undertaken by Public Health.
- Education Healthcare Plan 19-25 year olds - This service recently received an Ofsted, audit have therefore removed this review from the plan to allow the service time to implement any actions as a result of the Ofsted inspection.
- Pyramids - Reassessed risk rating therefore removed, due for consideration as part of the 2020/21 audit plan.
- Capital Accounting - This area is exposed to external audit review and has been removed from the plan due to the volume of areas added below.

Audits added into the Audit Plan:

- Information Governance - This audit is added in order to verify the archiving and deletion position across the organisation.
- Russets - Discussions with a Senior Manager highlighted potential risk exposures.
- NHS Data Security - Verification of annual submission required.
- St Edmunds - School determined
- Corpus Christi - School determined
- Manor Infants - School determined
- Incomes Due from Portico - Added due to concerns raised relating to self-declarations.
- Alcohol Treatment Capital Funding Grant - New grant verification.
- ORPHEUS (EU Grant) - New grant verification.
- PECS Grant - New grant verification.
- Local Transport Capital Grant - New grant verification.

The following audits are added to the plan as high risk exceptions were identified during 2018/19 audits, which were completed post submission of the 2019/20 audit plan therefore follow ups are required.

- Mobile Phones
- Appointeeships
- Youth Offending Team
- Fostering
- Homelessness and Temporary Accommodation

- Port - IT Security - (Email, backups etc)
- Port Maintenance
- Port CCTV
- Home to School Transport
- Hire Cars

Amendments made to the Audit Plan:

- Port Grant - Amended to SPEED.
- Grants - Amended to Bus Subsidy.
- Schools - Amended to Copnor Primary.

5. Areas of Concern

There are no new areas of concerns. A position update for Hire Cars and Home to School Transport is provided as both audits were brought to the attention of this committee at the previous meeting.

Both audits have been subject to a follow up review and these are both currently in draft reporting stage. Whilst there has been some movement to implement the agreed actions the risks are yet to be fully mitigated and therefore the level of assurance has not significantly changed. The Director of the service is providing an update to the committee separate to this report.

6. Assurance Levels

Internal Audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives for the area under review.

Assurance Level	Description / Examples
Assurance	<i>No issues or minor improvements noted within the audit but based on the testing conducted, assurance can be placed that the activity is of low risk to the Authority</i>
Reasonable Assurance	<i>Control weaknesses or risks were identified but overall the activities do not pose significant risks to the Authority</i>
Limited Assurance	<i>Control weaknesses or risks were identified which pose a more significant risk to the Authority</i>
No Assurance	<i>Major individual issues identified or collectively a number of issues raised which could significantly impact the overall objectives of the activity that was subject to the Audit</i>
NAT	<i>No areas tested</i>

Audits rated No Assurance are specifically highlighted to the Governance and Audits and Standards Committee along with any Director's comments. The Committee is able to request any director attends a meeting to discuss the issues.

7. Exception Risk Ranking

The following table outline the exceptions raised in audit reports, reported in priority order and are broadly equivalent to those previously used.

Priority Level	Description
Low Risk (Improvement)	<i>Very low risk exceptions or recommendations that are classed as improvements that are intended to help the service fine tune its control framework or improve service effectiveness and efficiency. An example of an improvement recommendation would be making changes to a filing system to improve the quality of the management trail.</i>
Medium Risk	<i>These are control weaknesses that may expose the system function or process to a key risk but the likelihood of the risk occurring is low.</i>
High Risk	<i>Action needs to be taken to address significant control weaknesses but over a reasonable timeframe rather than immediately. These issues are not 'show stopping' but are still important to ensure that controls can be relied upon for the effective performance of the service or function. If not addressed, they can, over time, become critical. An example of an important exception would be the introduction of controls to detect and prevent fraud.</i>
Critical Risk	<i>Control weakness that could have a significant impact upon not only the system function or process objectives but also the achievement of the Council's objectives in relation to: The efficient and effective use of resources, The safeguarding of assets, The preparation of reliable financial and operational information, Compliance with laws and regulations and corrective action needs to be taken immediately.</i>

Any critical exceptions found the will be reported in their entirety to the Governance and Audits and Standards Committee along with Director's comments

8. 2019/20 Audits completed to date (4th September 2019)

Play Areas - Director of Culture, Leisure and Regulatory Services

Exceptions Raised

Critical	High	Medium	Low
0	0	0	0

Overall Assurance Level

Assurance

Assurance Level by Scope Area

Achievement of Strategic Objectives	NAT
Compliance with Policies, Laws & Regulations	Assurance
Safeguarding of Assets	NAT
Effectiveness and Efficiency of Operations	Assurance
Reliability and Integrity of Data	NAT

No issues were raised as part of this review.

Community Centres (Associations) - Director of Culture, Leisure and Regulatory Services

Exceptions Raised

Critical	High	Medium	Low
0	2	1	0

Overall Assurance Level

Limited Assurance

Agreed actions are scheduled to be implemented by October 2019

Assurance Level by Scope Area

Achievement of Strategic Objectives	NAT
Compliance with Policies, Laws & Regulations	Reasonable Assurance
Safeguarding of Assets	NAT
Effectiveness and Efficiency of Operations	Limited Assurance
Reliability and Integrity of Data	Assurance

Two high risk exceptions were raised in relation to outstanding actions from the most recent Service Level Agreement monitoring meeting and inconsistencies in the hire agreement across the centres, which included lack of evidence of Public Liability Insurance, Disclosure & Baring Service checks and qualifications where relevant. One medium risk exception was also raised.

Homes in Multiple Occupation - Director of Housing, Neighbourhood and Building Services

Exceptions Raised				Overall Assurance Level	Assurance Level by Scope Area	
Critical	High	Medium	Low	Limited Assurance	Achievement of Strategic Objectives	NAT
0	2	0	0	Agreed actions are scheduled to be implemented by September 2019	Compliance with Policies, Laws & Regulations	Limited Assurance
					Safeguarding of Assets	Limited Assurance
					Effectiveness and Efficiency of Operations	Assurance
					Reliability and Integrity of Data	NAT

Two high risk exceptions were raised in relation to licence holder not sending relevant anniversary documentation within the required timescales and payments for mandatory licences being understated from the set fees.

Learning and Development - Director of HR, Legal and Performance

Exceptions Raised				Overall Assurance Level	Assurance Level by Scope Area	
Critical	High	Medium	Low	Reasonable Assurance	Achievement of Strategic Objectives	NAT
0	1	0	1	Agreed actions are scheduled to be implemented by September 2019	Compliance with Policies, Laws & Regulations	Limited Assurance
					Safeguarding of Assets	Assurance
					Effectiveness and Efficiency of Operations	Assurance
					Reliability and Integrity of Data	NAT

One high risk exception was raised in relation to expired/incomplete mandatory training for a sample of employees. One low risk exception was also raised as a result of this review.

Portsmouth Craft & Manufacturing Industry (PCMI) - Director of Regeneration
Exceptions Raised

Critical	High	Medium	Low
0	3	1	0

Overall Assurance Level
Limited Assurance

Agreed actions are scheduled to be implemented by July 2019

Assurance Level by Scope Area

Achievement of Strategic Objectives	NAT
Compliance with Policies, Laws & Regulations	Limited Assurance
Safeguarding of Assets	NAT
Effectiveness and Efficiency of Operations	Limited Assurance
Reliability and Integrity of Data	NAT

Three high risk exceptions were raised in relation to the failure of reconciliation on stock, lack of internal control for the overall responsibility of checking inventory items and the authority for the disposal of assets, and expired/ incomplete mandatory training for PCMI staff.

Residential Parking - Director of Regeneration
Exceptions Raised

Critical	High	Medium	Low
0	2	1	0

Overall Assurance Level
Limited Assurance

Agreed actions are scheduled to be implemented by September 2019

Assurance Level by Scope Area

Achievement of Strategic Objectives	NAT
Compliance with Policies, Laws & Regulations	Limited Assurance
Safeguarding of Assets	Limited Assurance
Effectiveness and Efficiency of Operations	Assurance
Reliability and Integrity of Data	NAT

Two high risks were raised in relation to temporary residential permits not being dealt with immediately after the permitted 6 week period resulting in the permits being valid for a longer period of time and the stock control and issuing of visitor permits at outlets. One medium risk exception was also raised as a result of this review.

St Edmunds - External (Schools)
Exceptions Raised

Critical	High	Medium	Low
0	2	1	0

Overall Assurance Level

Reasonable Assurance

Agreed actions are scheduled to be implemented by September 2019

Assurance Level by Scope Area

Achievement of Strategic Objectives	Reasonable Assurance
Compliance with Policies, Laws & Regulations	Limited Assurance
Safeguarding of Assets	Assurance
Effectiveness and Efficiency of Operations	Assurance
Reliability and Integrity of Data	NAT

Two high risks were raised in relation to the control and administration of lettings at the school and incorrect VAT claims in relation to Purchase Card expenditure. Whilst two high risks have been raised reasonable assurance has been given because of the strategic arrangements in place to govern the school where found to be sound.

Energy Management, Includes carbon reduction, energy purchasing and services - Director of Housing, Neighbourhood and Building Services

Grant Verification - Testing was able to evidence sufficient capital expenditure to allow the Chief Internal Auditor to sign the declaration confirming the grant conditions had been complied with.

Local Transport Capital Grant - Director of Finance and IS

Grant Verification - Testing was able to evidence sufficient capital expenditure to allow the Chief Internal Auditor to sign the declaration confirming the grant conditions had been complied with.

Langstone Harbour Board - External

Audit Results reported to an external board

9. Follow-up Action Categorisation

The following table outlines the follow up categories used to describe the outcome of follow up testing completed.

Follow Up Categories	Description
Open	<i>No action has been taken on agreed action.</i>
Pending	<i>Actions cannot be taken at the current time but steps have been taken to prepare.</i>
In Progress	<i>Progress has been made on the agreed action however they have not been completed.</i>
Implemented but not Effective	<i>Agreed action implemented but not effective in mitigating the risk.</i>
Closed: Verified	<i>Agreed action implemented and risk mitigated, verified by follow up testing.</i>
Closed: Not Verified	<i>Client has stated action has been completed but unable to verify via testing.</i>
Closed: Management Accepts Risk	<i>Management has accepted the risk highlighted from the exception.</i>
Closed: No Longer Applicable	<i>Risk exposure no longer applicable.</i>

10. 2019/20 Follow-up Audits completed to 4th September 2019

Children's Residential Unit - Director of Children's Social Care

Original Exceptions Raised

Critical	High	Medium	Low
0	5	1	0

Latest implementation date scheduled during the original audit was in June 2018

Original Assurance Level

Limited Assurance

Follow-up Assurance Level

Reasonable Assurance

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
2 (High)	0	0	0	4 (3 High) (1 Medium)	0	0	0

Follow up testing has confirmed that three high and one medium risk exceptions have now been closed and verified and two high risk exceptions remain open in relation to incomplete financial rules training and non-compliance with VAT regulations on the use of purchase cards. The new furthest revised implementation date is 31st August 2019.

City Twinning - Director of Culture, Leisure and Regulatory Services

Original Exceptions Raised

Critical	High	Medium	Low
0	3	0	0

Latest implementation date scheduled during the original audit was in October 2018

Original Assurance Level

Limited Assurance

Follow-up Assurance Level

Limited Assurance

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
3 (High)	0	0	0	0	0	0	0

Follow up testing has confirmed that three high exceptions remain open in relation to PCC's twinning strategy, procedural guidance and the objectives set and budget allocated, for each of its twinning arrangements. The new furthest revised implementation date is not known at time of follow up testing.

Contaminated Land - Director of Regeneration
Original Exceptions Raised

Critical	High	Medium	Low
0	1	0	0

Latest implementation date scheduled during the original audit was in December 2018

Original Assurance Level

Limited Assurance

Follow-up Assurance Level

Limited Assurance

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
1 (High)	0	0	0	0	0	0	0

Follow up testing has confirmed that one high risk exception has remained open. This is in relation to an out-of-date Contaminated Land Strategy which is a mandatory requirement for local authorities. The new revised implementation date is 30th September 2019.

Modern Records - Director of Culture, Leisure and Regulatory Services
Original Exceptions Raised

Critical	High	Medium	Low
0	3	1	0

Latest implementation date scheduled during the original audit was in October 2020

Original Assurance Level

Limited Assurance

Follow-up Assurance Level

Limited Assurance

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
0	0	3 (2 High) (1 Medium)	0	0	1 (High)	0	0

Follow up testing has confirmed that two high and one medium risk remains in progress and one high risk exceptions has now been closed but not verified. The in progress risks relate to the condition of the store and the digital preservation policy. The new revised implementation date is October 2020 due to the time it would take to take action on the store conditions.

Outdoor Centre - Director of Culture, Leisure and Regulatory Services
Original Exceptions Raised

Critical	High	Medium	Low
0	1	0	0

Latest implementation date scheduled during the original audit was in February 2019

Original Assurance Level

Limited Assurance

Follow-up Assurance Level

Limited Assurance

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
1 (High)	0	0	0	0	0	0	0

Follow up testing has confirmed that one high risk exception remains open in relation to a lack of data within the contract monitoring process. The new revised implementation date is 31st July 2019.

Registrars - Director of Culture, Leisure and Regulatory Services
Original Exceptions Raised

Critical	High	Medium	Low
0	1	1	0

Latest implementation date scheduled during the original audit was in October 2018

Original Assurance Level

Reasonable Assurance

Follow-up Assurance Level

Reasonable Assurance

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
1 (High)	0	0	0	1 (Medium)	0	0	0

Follow up testing has confirmed that one medium risk exception has now been closed and verified and one high risk exception remains open in relation to the completion of mandatory training. The new revised implementation date was May 2019.

Direct Payments - Director of Finance & Information Services

Original Exceptions Raised

Critical	High	Medium	Low
0	1	2	0

Latest implementation date scheduled during the original audit was in April 2019

Original Assurance Level

Limited Assurance

Follow-up Assurance Level

Reasonable Assurance

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
0	0	2 (Medium)	0	1 (High)	0	0	0

Follow up testing has confirmed that one high risk exception has now been closed and verified and two medium risk exceptions are in progress. The in progress exceptions relate to recovery action and fraud checks on personal assistants. The new revised implementation date is September 2019.

Domiciliary Care - Director of Adult Services

Original Exceptions Raised

Critical	High	Medium	Low
0	5	0	0

Latest implementation date scheduled during the original audit was in April 2019

Original Assurance Level

Limited Assurance

Follow-up Assurance Level

Limited Assurance

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
0	0	3 (High)	0	1 (High)	1 (High)	0	0

Follow up testing has confirmed that three high risk exceptions are in progress, one high risk is closed and verified and one high risk is closed but not verified. The in progress exceptions relate to reducing client wait times, monitoring of hours and monitoring of complaints. The new revised implementation date is June 2020 as a wider review is being undertaken.

Health and Safety - Director of Housing, Neighbourhood and Building Services
Original Exceptions Raised

Critical	High	Medium	Low
0	1	0	1

Latest implementation date scheduled during the original audit was in January 2019

Original Assurance Level

Limited Assurance

Follow-up Assurance Level

Limited Assurance

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
2 (1 High) (1 Low)	0	0	0	0	0	0	0

Follow up testing has confirmed that one high risk in relation to incomplete mandatory Health and Safety training across the authority and one low risk exception remains open in relation to RIDDOR reporting. The low risk exception has been increased to a high risk as a result of a RIDDOR reportable accident not being reported to the HSE within the required timescale. The new furthest revised implementation date is 31st August 2019.

Supporting vulnerable people through Homecheck/ Telecare - Director of Housing, Neighbourhood and Building Services
Original Exceptions Raised

Critical	High	Medium	Low
0	4	2	1

Latest implementation date scheduled during the original audit was in May 2019

Original Assurance Level

Limited Assurance

Follow-up Assurance Level

Limited Assurance

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
4 (3 High) (1 Medium)	0	2 (1 Medium) (1 Low)	0	1 (High)	0	0	0

Follow up testing has confirmed that one medium and one low risk exception are in progress and one high risk exception is closed and verified Three high risk and one medium risk exceptions remain open in relation to incomplete mandatory training, ineffective stock checks being undertaken, conditions not being met as indicated from Key Performance Indicators and accuracy within system records. The new furthest implementation date is 31st March 2020.

Land Charges - Director of HR, Legal and Performance
Original Exceptions Raised

Critical	High	Medium	Low
0	1	2	1

Latest implementation date scheduled during the original audit was in October 2018

Original Assurance Level

Limited Assurance

Follow-up Assurance Level

Reasonable Assurance

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
1 (Low)	0	0	0	1 (Medium)	0	2 (1 High) (1 Medium)	0

Follow up testing has confirmed for one high and one medium risk exceptions where management has accepted the risk, one medium risk exception has been closed and verified and one low risk remains open in relation to formalising and centralising procedures.

Risk Management - Director of HR, Legal and Performance
Original Exceptions Raised

Critical	High	Medium	Low
0	3	1	1

Latest implementation date scheduled during the original audit was in March 2019

Original Assurance Level

Limited Assurance

Follow-up Assurance Level

Reasonable Assurance

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
0	0	1 (Medium)	0	4 (3 High) (1 Medium)	0	0	0

Follow up testing has confirmed that three high and one medium risk exceptions have now been closed and verified and one medium risk is in progress.

Travel and Subsistence - Director of Finance and Information Services
Original Exceptions Raised

Critical	High	Medium	Low
0	5	1	0

Latest implementation date scheduled during the original audit was in December 2018

Original Assurance Level

Limited Assurance

Follow-up Assurance Level

Limited Assurance

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
1 (Medium)	0	4 (High)	0	1 (High)	0	0	0

Follow up testing has confirmed that four high risk exceptions are in progress, one high risk exception has been closed and verified and one medium risk exception remains open in relation to split expense claims to circumnavigate mileage rules not being highlighted within the "EBS Policy Violation Report." This exception has now been implemented but not verified by audit. The in progress high risk exceptions relate to training, journey details, line manager responsibilities and communication of results. The new revised implementation date is September 2019.

Substance Misuse - Director of Public Health
Original Exceptions Raised

Critical	High	Medium	Low
0	1	1	0

Latest implementation date scheduled during the original audit was in Summer 2020

Original Assurance Level

Limited Assurance

Follow-up Assurance Level

Limited Assurance

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
0	1 (High)	1 (Medium)	0	0	0	0	0

Follow up testing has confirmed that one medium risk exception is in progress however, it should be noted that the medium risk exception was not due for action until summer 2020 and will be followed up as part of the 2020/2021 audit plan). One high risk exception is pending in relation to reporting of performance to committee due to oversight and will be reported at the next committee meeting.

11. Audits in Draft

Audit	Directorate	Draft Since	Projected Issue Date	Revised	Comments
Volunteering & Social Action	Culture, Leisure and Regulatory Services	16/08/2019	06/09/2019		N/A

12. Audits in Progress

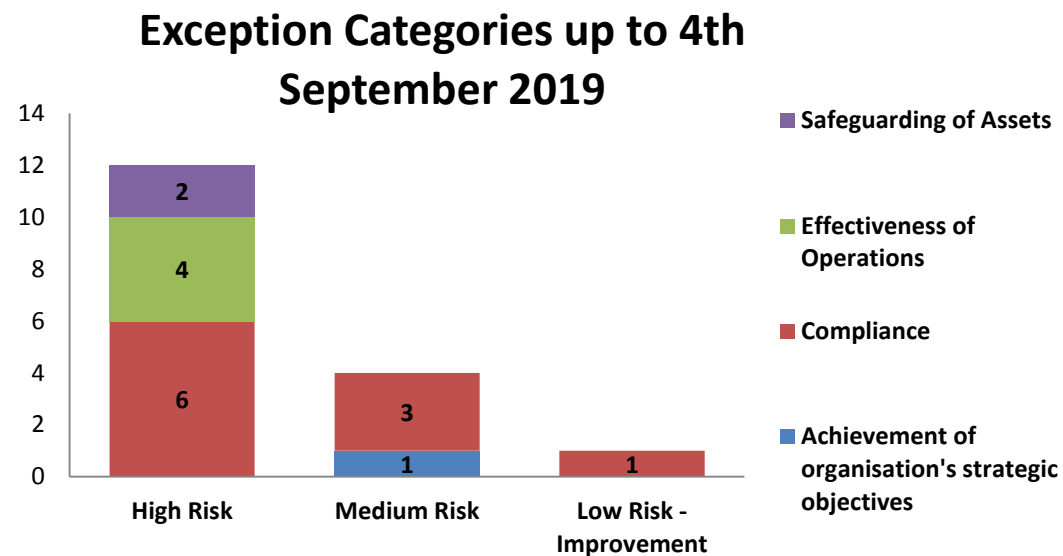
Audit	Directorate	Delayed	Projected Issued Date	Revised Issued Date	Comments
Bus Subsidy Grants	Finance and IS	n/a	November		n/a
Coffee Shops	Housing, Neighbourhood and Building Services	Yes	November		Delayed due to client staff shortages including sickness.
Disabled Facilities Grant	Housing, Neighbourhood and Building Services	n/a	November		
Edge of Care	Children Social Care	n/a	November		
Estate Services	Housing, Neighbourhood and Building Services	n/a	November		
Guildhall	Culture, Leisure & Regulatory Services	n/a	November		
Housing & Council Tax Benefits	Finance and IS	n/a	November		
Income Dues Condor	Port	Yes	November		Delayed due to on-site staff availability at the contractor

IS Helpdesk & Desktop Management	Finance and IS	n/a	November		
Planning	Regeneration	n/a	November		
Port Grant 2SEAS SPEED	Port	n/a	November		Grant Verification therefore ongoing
Purchase Cards	Finance and IS	n/a	November		
Strategic Project Management	Regeneration	n/a	November		
Troubled Families Grant	Children Social Care	n/a	November		Grant Verification therefore ongoing
Water Safety	Culture, Leisure & Regulatory Services	n/a	November		
Deprivation of Liberties	Adult Social Care	Yes	November		Delayed due to client availability.
Emergency Planning & Disaster Recovery	Port	n/a	November		
Schools(Copnor)	External	n/a	November		
Community Centres (PCC Staffed)	Housing, Neighbourhood and Building Services	n/a	November		
Home 2 School Transport	Regeneration	n/a	November		
Homelessness and Temporary Accommodation	Housing, Neighbourhood and Building Services	n/a	November		
Mobile Phones	Finance and IS	n/a	November		

13. Exceptions

Of the 2019/20 full audits completed, 17 exceptions have been raised. A breakdown of the exceptions within each category is detailed below:

Risk	Total
Critical Risk	0
High Risk	12
Medium Risk	4
Low Risk - Improvement	1



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Title of meeting:	Governance and Audit and Standards Committee
Date of meeting:	20 September 2019
Subject:	Scrutiny Call in arrangements
Report by:	Local Democracy Manager
Wards affected:	None
Key decision:	No
Full Council decision:	Yes

1. Purpose of report

- 1.1 For the committee to consider the request from Councillor Boshier (points 1- 4 below), to review the Council's Call-in rules and process and decide what it consequently supports to go forward to Full Council :
- 1) A suitable time limit for Scrutiny Management Panel to consider the call in
 - 2) The subject decision of the Cabinet/Portfolio Holder be not implemented until the call in has been properly considered
 - 3) The call in can be a lengthy process and perhaps should be the subject of a special meeting and not included on the agenda of a scheduled meeting.
 - 4) If the call in is successful, and the subject report is referred back to the Portfolio holder or Cabinet for reconsideration, the original unaltered report should not be the subject for reconsideration.

2. Recommendations

It is recommended that having regard to the contents of this report that,

- 2.1 the Committee notes the current Call in rules/process, and
- 2.2 consider whether its wishes to recommend to Full Council any suggested changes as detailed in paragraph 4 below
- 2.3 further to 2.2 above, should the Committee support the changes as presented, the associated draft constitutional revisions are incorporated as track changes to section 15 - Call-In, (attached as Appendix A) as part of any recommendation to Full Council.

3. Background

- 3.1 The Council currently operates the Call in system as set out in Appendix A (which also has proposed tracked changes.)
- 3.2 Two valid Call Ins were made in 2018, the first was considered by the Scrutiny Management Panel on 21st September in relation to Cabinet decision made on 10th August. The second was considered by Scrutiny Management Panel on 9th November in relation to Traffic & Transportation portfolio decision made on 31st July.
- 3.3 The Council's current rules state that the city solicitor shall call-in a decision within twenty-four hours of receiving a valid written request to do so and shall place it on the agenda of the next meeting of the overview and scrutiny management panel on such a date as s/he may determine, where possible after consultation with the chair of the panel, and in any case set the meeting date within five clear working days of the decision to call-in. Owing to the infrequency of SMP meetings, this invariably requires convening a special SMP meeting to deal with the Call in, as was the case with the previous two Call Ins.
- 3.4 The current practice is for the City Solicitor to produce a report for SMP setting out the reason for the report and the background detail. It also includes an appendix containing the original report on which the decision was called in, the Decision notice issued, the Call In Request, a brief summary of reasons for it together with the procedure note for the meeting.
- 3.5 A valid Call In requires five members to put their name against the request to Call In a decision, within 5 working days of publication of the decision(s) and is subject to the following restrictions:
- i) Any decision which has already been the subject of call-in for the same reason;
 - ii) A decision which is urgent as defined in the Access to Information Procedure Rules;
 - iii) Decisions by regulatory and other committees;
 - iv) Decisions which are not subject to publication on the member information system or notification of decisions process;
 - v) A resolution which merely notes the report or the actions of officers;
 - vi) A resolution making recommendations to full council.
- 3.6 The Panel having considered the call-in, may resolve to take no action (in effect endorsing the original decision) or to refer the matter back to Cabinet/Portfolio holder for further consideration setting out the nature of its concerns. The report submitted to the decision making body should seek to address the concerns that have been expressed.

4. Suggested changes for consideration

- 4.1 **1- That on receipt of a valid Call In, a special meeting of the Scrutiny Management Panel (SMP) is to be convened to consider the matter within 10 working days. This timescale should be strictly adhered to, other than in exceptional situations approved by the Chair of SMP and communicated to the Call in members. Should there be a scheduled meeting within the 10 working days, in consultation and agreement with the Chair, the call in may be added to the agenda if deemed viable having regard to the volume of other business before the Panel. This tight timescale obviates the need to consider the change suggested at 1.1 (2) above.**
- 4.2 Under the current arrangements, a body of the Council that has a decision referred back to it, should already have a covering report from the Scrutiny Management Panel outlining the nature of any concerns. The report should also address the initial justification and reason for the call in, providing any additional information, clarification of alleged incorrect information, with revisions if applicable.
- 2- That in cases where the Scrutiny Management Panel resolves that it has concerns with the original decision and does not consequently endorse the original decision, the response report back to the Executive decision making body must address these and provide additional/updated information as is applicable.**
- 4.3 A valid call in is determined as one that addresses the requirements of the process and has five members signing the request. Taking into account the six current exceptions to the call in rules (outlined in 3.5 above), the City Solicitor/Monitoring Officer needs to be content the request is valid and applies to one or more of the three categories below. To be compliant it also has to contain supporting justification, to be provided as part of the call in request by those members seeking it, namely it must clearly specify what they believe is incorrect, inaccurate or missing.

The existing categories for Members' Call In are set out below .

- (a) Believe the decision may be based on inaccurate or incorrect information (which is identified)
- (b) Believe the decision may have been taken without adequate information (of which the nature has been identified)
- (c) Believe the decision may be contrary to the council's agreed Budget and policy framework

3- That the request for call in is subject to the City Solicitor/Monitoring Officer's determination on whether the submission is valid, based on the information provided, before it can be submitted to SMP for consideration.

5. Equality impact assessment (EIA)

Nothing in this report affects in any way the protected characteristics as defined by the Equalities Act 2010.

6. Legal Implications

Any proposed constitutional changes consequently arising from this report will require Full Council approval.

7. Finance Comments

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

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Signed by:

Appendices:

Appendix A - Current Call in provision (Extract from Part 3 of the Council's Constitution the Policy and Review Panels (Overview and Scrutiny) Procedure Rules) incorporating proposed changes

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
A guide to call-in (Centre for Public Scrutiny)	https://www.cfps.org.uk/practice-guide-4/

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

15. Call-in

- a) When a decision is made by the Cabinet, an individual Cabinet portfolio holder or a key decision is made by an officer with delegated authority, the decision shall be published within 2 working days of being made, either through the council's members' information service or the notification of decision process and shall be available at the main offices of the council.
- b) Any decision which is sought to be called in, must be called in within 5 working days after the publication of the decision.
- c) During that period, the city solicitor shall call-in a decision for scrutiny by the ~~overview and~~ scrutiny management panel if so requested by not less than five Members of the council containing sufficient justification, as per these criteria:
 - (a) Believe the decision may be based on inaccurate or incorrect information (which is identified)
 - (b) Believe the decision may have been taken without adequate information (of which the nature has been identified)
 - (c) Believe the decision may be contrary to the council's agreed Budget and policy framework
- d) The call-in request may be made on the Form attached as Appendix One or by email to the local democracy manager. This form can be ~~obtained via the attached link xxxx.~~ found at the end of this section.
- e) Any decision of the Cabinet which is not in accordance with the budget and policy framework, will, if called in, have the effect of preventing the decision being actioned and shall be referred to Full council for decision.
- f) The city solicitor on being satisfied the call in request is valid, shall advise members of the date of the special Scrutiny Management Panel meeting (which is expected to be held within 10 working days, unless placed on existing scheduled meeting if earlier, only if the Chair so approves) to consider a valid call in request of a decision. The city solicitor will not call in:
 - ~~f) The city solicitor shall call-in a decision within twenty-four hours of receiving a valid written request to do so and shall place it on the agenda of the next meeting of the overview and scrutiny management panel on such a date as s/he may determine, where possible after consultation with the chair of the panel, and in any case set the meeting date within five clear working days of the decision to call-in. However, the city solicitor will not call-in:~~
 - i. Any decision which has already been the subject of call-in for the same reasons or with insufficient justification;
 - ii. A decision which is urgent as defined in the Access to Information Procedure Rules; and

- iii. Decisions by regulatory and other committees;
 - iv. Decisions which are not subject to publication on the member information system or notification of decisions process;
 - v. A resolution which merely notes the report or the actions of officers;
 - vi. A resolution making recommendations to full council.
- g) Once a valid call-in is received by the city solicitor, s/he shall then notify the decision-taker of the call-in.
- h) If having considered the decision, the ~~overview and~~ scrutiny management panel is still concerned about it, then it may refer it back to the Cabinet or decision making body for reconsideration, setting out in writing the nature of its concerns and the reasons. If referred to the decision-maker for ~~her/his~~their reconsideration, it shall be reviewed as soon as is reasonably practical thereafter, such review must address the concerns identified by the Scrutiny Management Panel.

Process of call-in

If a decision is called in, the ~~overview and~~ scrutiny management panel will consider it at its specialty convened or the next scheduled meeting (if earlier as appropriate). The business procedure would then be as follows -

- Presentation of the call-in by one of the call-in members followed by questions from overview and scrutiny management panel members.
- Response from relevant Lead Cabinet members followed by questions from ~~overview and~~ scrutiny management panel members.
- A further response may then be made by the call-in member.
- The call-in member may then sum up their case.
- The lead Cabinet member may then sum up their case.
- General debate among ~~overview and~~ scrutiny management panel members followed by a decision.
- The call-in member who presented to overview and scrutiny management panel would not be allowed to speak again or vote on the item, unless they are a member of the management panel.
- The panel would then either resolve to take no action (in effect endorsing the original decision) or refer the matter back to Cabinet or decision making body for further consideration, setting out the nature of its concerns that are to be addressed in conjunction with the original matter.