



# NOTICE OF MEETING

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## GOVERNANCE & AUDIT & STANDARDS COMMITTEE

TUESDAY, 3 MARCH 2020 AT 4.00 PM

THE EXECUTIVE MEETING ROOM - THIRD FLOOR, THE GUILDHALL

Telephone enquiries to 023 9283 4058

Email: Vicki.plytas@portsmouthcc.gov.uk

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

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### 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 Donna Jones  
Councillor Chris Attwell

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

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

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

## AGENDA

- 1 **Apologies for Absence**
- 2 **Declarations of Members' Interests**
- 3 **Minutes of the Meeting held on 20 September 2019** (Pages 9 - 18)

**RECOMMENDED that the minutes of the meeting held on 20 September 2019 be approved and signed by the Chair as a correct record.**

- 4 **Treasury Management Monitoring Report for the Third Quarter of 2019/20** (Pages 19 - 30)

The purpose of the report is to inform members and the wider community of the Council's Treasury Management position, ie. its borrowing and cash investments at 31st December 2019 and of the risks attached to that position. Whilst the Council has a portfolio of investment properties and some equity shares which were acquired through the capital programme; these do not in themselves form part of the treasury management function.

**RECOMMENDED that the Committee note**

- (1) That the Council's Treasury Management activities have remained within the Treasury Management Policy 2019/20 in the period up to 31st December 2019**
- (2) That the actual Treasury Management indicators as at 31st December 2019 set out in Appendix A be noted.**

- 5 **Treasury Management Policy for 2020/21** (Pages 31 - 68)

(This is the report that was marked to follow, published to the web on 28 February)

The purpose of this report is to obtain the Council's approval of the updated Treasury Management Policy Statement (attached) which includes the Annual Investment Strategy.

### **3. Recommendations**

**3.1a that the upper limit for principal sums invested for longer than 365 days contained in paragraph 4.7 of the attached Treasury Management Policy Statement be approved;**

**3.1b that the upper and lower limits on the maturity structure of borrowing contained in appendix 5.1 of the attached Treasury Management Policy Statement be approved;**

**3.1c that the attached Treasury Management Policy Statement including the Treasury Management Strategy and Annual Investment Strategy for 2020/21 be approved;**

**3.1d That the Council will where it is financially responsible to do so, give preference to investments that improve the environment, bring wider social benefits, and are with organisations with good governance. In particular the Council will:**

- (i) Avoid investments in fossil fuel extraction unless they are making substantial investment into renewable energy technologies as part of a strategy to become a clean energy supplier;**
- (ii) Consider the environmental, social and governance elements of credit ratings in making investment decisions, provided that the overall risk profile of the investment portfolio (including liquidity risk) and returns are not compromised;**

**3.1e that rated building societies be given the same lending limits as banks;**

**3.1f that the Council will only lend to housing associations if they have a viability rating of V1 and a Governance rating of G1 from Homes England;**

**3.1g that lending to Hampshire Community Bank (HCB) will be secured on loans made by HCB to small and medium sized enterprises (SMEs) of the highest credit quality which may not in turn be secured on tangible fixed assets;**

**3.1h that the maximum duration of loans to HCB be reduced from 10 years to 5 years;**

**3.1i As set out in paragraph 1.4 of the Treasury Management Policy Statement, the Director of Finance and Resources (Section 151 Officer) and officers nominated by him have delegated authority to:**

- (i) invest surplus funds in accordance with the approved Annual Investment Strategy;**
- (ii) borrow to finance short term cash deficits and capital payments from any reputable source within the authorised limit for external debt of £883m approved by the City Council on 11th February 2020;**
- (iii) reschedule debt in order to even the maturity profile or to achieve revenue savings;**
- (iv) to buy and sell foreign currency, and to purchase hedging instruments including forward purchases, forward options and foreign exchange rate swaps to mitigate the foreign exchange risks associated with some contracts that are either priced in foreign currencies or where the price is indexed against foreign currency exchange rates;**

**3.1j that the Director of Finance and Resources (Section 151 Officer) has the power to delegate treasury management operations to relevant staff;**

**3.1k that the Chief Executive, the Leader of the City Council and the Chair of the Governance and Audit and Standards Committee be informed of any variances from the Treasury Management Policy when they become apparent, and that the Leader of the City Council be consulted on remedial action (paragraph 1.2.2 of Treasury Management Policy Statement).**

**6 External Auditors -2019/20 Audit Plan (Pages 69 - 112)**

Presentation of the 2019/20 Audit Plan from the External Auditors for noting.

**7 Corporate Complaints (updated)(information only) (Pages 113 - 122)**

The purpose of this information only report is to bring further details regarding complaints upheld by the Local Government and Social Care Ombudsman (LGSCO) in 2018/19 to the attention of the Committee.

**8 Members' Training Report (information only) (Pages 123 - 154)**

The purpose of this information only report is to update members on the 2020 training programme for councillors and report on the training undertaken by elected members in 2019.

**9 Appointment of Independent Persons (Pages 155 - 158)**

The purpose of the report is to outline the requirements for and consider the appointment of a further two Independent Persons, pursuant to the provisions of Section 28 of the Localism Act 2011.

**RECOMMENDED that Governance and Audit and Standards Committee recommend that Council appoint Mark Walsh and John Young as Independent Persons for three years from 1 May 2020 through to 1 May 2023.**

**10 Quarterly Performance Management Report (Pages 159 - 202)**

Purpose

To report significant performance issues, arising from Q2 2019-20 performance monitoring, to Governance and Audit and Standards committee and highlight areas for further action or analysis.

**RECOMMENDED that the Committee is asked to:-**

- (1) Note the report in the revised format**
- (2) Agree if any further action is required in response to performance issues highlighted.**

**11 Code of Conduct Report re Social Media (Pages 203 - 220)**

The purpose of the report is for the Committee to consider the proposed wording for part 4C of the Portsmouth City Council constitution - the Employees' Code of Conduct and decide what recommendation goes forward to Full Council.

**RECOMMENDED that the Committee;**

- (1) Notes the importance of informing an employee about personal use of social media.**
- (2) Supports the wording presented in Appendix A for inclusion in the Employees' Code of Conduct**
- (3) Further to (2) above, should the committee support the changes as presented, agree for the revisions to be recommended to Full Council.**

**12 Gifts and Hospitality report (officers and members) (Pages 221 - 248)**

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

**RECOMMENDED**

- (1) That the Committee considers whether or not to make any recommendations for change**
- (2) That in the absence of any changes, the report is noted**

**13 Report on Complaints Received in connection with alleged Code of Conduct breaches (Pages 249 - 254)**

The purpose of the report is to update Members of the Committee in relation to complaints which have been progressed within the calendar year 2019 and which allege that Councillors may have breached the Code of Conduct.

**RECOMMENDED that Members of the Committee**

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

**14 Constitution Part 2 Section 5 (A, B and C). (Pages 255 - 334)**

(This is the report that was marked to follow, published to the web on 28 February)

The purpose of this report is to consider revisions to Part 2 Section 5 Chief Officers' Delegated Authority and Companies protocol for adoption into the

Council's constitution.

**Recommended that the Committee recommends to Council the proposed amendments to Part 2 Section 5 Chief Officers' Delegated Authority for adoption into the Council's constitution.**

**15 Proposed revision to Standing Order 32 - Referral of Motions to other bodies of the Council (Pages 335 - 336)**

(This is the report that was marked to follow, published to the web on 28 February)

The purpose of this report is to ask Governance & Audit & Standards Committee to consider recommending to Council that the option to refer Notices of Motion to other bodies of the Council and subsequently report back to Council, be removed.

**Recommended that Governance & Audit & Standards Committee recommends to full Council to that all the wording after the first sentence in section d of Standing Order 32 be deleted leaving "Motions included in the agenda must be formally moved and seconded."**

**16 Data Security Breaches (Pages 337 - 352)**

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

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

**17 Whistleblowing Report (Pages 353 - 364)**

The purpose of the report is to update Members of this Committee on the nature and handling of any whistleblowing concerns which have been raised for the period January 2019 to December 2019. Also to seek approval in relation to minor amendments to the whistleblowing policy following the departure of the previous City Solicitor and Director of HR, Legal and Performance.

**RECOMMENDED that Members of the Governance and Audit and Standards Committee:**

- 1) Note this report and the attached Appendix A and consider whether any further action is required.**
- 2) Approve the changes to the whistleblowing policy (Appendix B) which has been amended following the departure of the City Solicitor and Director of HR Legal and Performance**

**18 Exclusion of Press and Public**

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

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

Under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012, regulation 5, the reasons for exemption of the listed appendices are shown below. (NB The exempt/confidential committee papers on the agenda will contain information which is commercially, legally or personally sensitive and should not be divulged to third parties. Members are reminded of standing order restrictions on the disclosure of exempt information and are invited to return their exempt documentation to the Senior Local Democracy Officer at the conclusion of the meeting for shredding.)

Item	Exemption Para No.*
19. Audit Performance Status Report (Exempt appendix B)	1,2 and 3
20. Procurement Management Information (Exempt Appendices 4 and 5 only)	3

\*1. Information relating to any individual

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

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

**19 Audit Performance Status Report to 29 January 2020 (Pages 365 - 410)**

The purpose of this report is to update the Governance and Audit and Standards Committee on the Internal Audit Performance for 2019/20 to 29<sup>th</sup> January 2020 against the Annual Audit Plan, highlight areas of concern and areas where assurance can be given on the internal control framework. The 2020/21 Annual Audit Plan is also attached as Appendix C for committee approval.

**RECOMMENDED**

- (1) That Members note the Audit Performance for 2019/20 to 29<sup>th</sup> January 2020.
- (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.**

**(3) That Members endorse the Audit Plan for 2020/21.**

**20 Procurement Management ((nformation only) (Pages 411 - 444)**

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

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

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