



NOTICE OF MEETING

GOVERNANCE & AUDIT & STANDARDS COMMITTEE

WEDNESDAY, 23 NOVEMBER 2022 AT 2.00 PM

COUNCIL CHAMBER - THE GUILDHALL, PORTSMOUTH

Telephone enquiries to James Harris on 023 9260 6065

Email: james.harris@portsmouthcc.gov.uk

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

Membership

Councillor Leo Madden (Chair)
Councillor Dave Ashmore
Councillor Stuart Brown
Councillor Judith Smyth
Councillor Benedict Swann
Councillor Daniel Wemyss

Standing Deputies

Councillor Simon Boshier
Councillor Graham Heaney
Councillor Ian Holder
Councillor Mark Jeffery
Councillor Abdul Kadir
Councillor Scott Payter-Harris
Councillor John Smith

(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.

Public health guidance for staff and the public due to Winter coughs, colds and viruses, including Covid-19

- Following the government announcement 'Living with Covid-19' made on 21 February and the end of universal free testing from 1st April, attendees are no longer required to undertake any asymptomatic/ lateral flow test within 48 hours of the meeting; however, we still encourage attendees to follow the public health precautions we have followed over the last two years to protect themselves and others including vaccination and taking a lateral flow test should they wish.
- We strongly recommend that attendees should be double vaccinated and have received any boosters they are eligible for.
- If unwell we encourage you not to attend the meeting but to stay at home. Updated government guidance from 1 April advises people with a respiratory infection, a high temperature and who feel unwell, to stay at home and avoid contact with other people, until they feel well enough to resume normal activities and they no longer have a high temperature. From 1 April, anyone with a positive Covid-19 test result is still being advised to follow this guidance for five days, which is the period when you are most infectious.
- We encourage all attendees to wear a face covering while moving around crowded areas of the Guildhall.
- Although not a legal requirement, attendees are strongly encouraged to keep a social distance and take opportunities to prevent the spread of infection by following the 'hands, face, space' and 'catch it, kill it, bin it' advice that protects us from coughs, colds and winter viruses, including Covid-19.
- Hand sanitiser is provided at the entrance and throughout the Guildhall. All attendees are encouraged to make use of hand sanitiser on entry to the Guildhall.
- Those not participating in the meeting and wish to view proceedings are encouraged to do so remotely via the livestream link.

A G E N D A

1 Apologies for Absence

2 Declarations of Members' Interests

3 Minutes of the meeting held on 29 September 2022 and the special meeting held on 27 October 2022 (Pages 7 - 16)

RECOMMENDED that the minutes of the meeting held on 29 September 2022 and the special meeting held on 27 October 2022 be approved and signed by the Chair as correct records.

4 Health & Wellbeing Board Constitution (Pages 17 - 24)

Purpose

The purpose of the report is to seek approval for proposed changes to the constitution for the Health and Wellbeing Board (HWB). The HWB have requested the changes to its constitution, for support by Governance, Audit and Standards Committee and approval by Full Council, to improve the effectiveness of the HWB as it fulfils its leadership role across the health and wellbeing system locally.

Recommendation

It is recommended that the Governance, Audit and Standards Committee support the changes to the constitution for the Health and Wellbeing Board set out within the report and recommend these changes to Council.

5 Treasury Management Mid-Year Review 2022/23 (Pages 25 - 34)

Purpose

The purpose of the report is to inform members and the wider community of the Council's Treasury Management position, i.e. its borrowing and cash investments at 30 September 2022 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.

Recommendations

It is recommended that the following be noted:

- (i) That the Council's Treasury Management activities have remained within the Treasury Management Policy 2022/23 in the period up to 30 September 2022; and**
- (ii) That the actual Treasury Management indicators as at 30 September 2022 set out in Appendix A be noted.**

6 Internal Audit Performance Status Report to 8 November 2022 (Pages 35 - 50)

Purpose

The purpose of this report is to update the Governance and Audit and Standards Committee on the Internal Audit Performance for 2022/23 to 8 November 2022 against the Annual Audit Plan, highlight areas of concern and areas where assurance can be given on the internal control framework.

Recommendations

It is recommended:

- (i) That Members note the Audit Performance for 2022-23 to 8 November 2022; and**
- (ii) That Members note the highlighted areas of concern in relation to audits completed from the 2022/23 Audit Plan, including follow up work performed.**

7 Compliance with Gifts & Hospitality Protocol (Pages 51 - 72)

Purpose

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

RECOMMENDED that

- (i) The Committee considers whether or not to make any recommendations for change; and**
- (ii) In the absence of any changes, the report is noted.**

8 Exclusion of Press and Public

In view of the contents of the appendices to 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 report contains information defined as exempt in Part 1 of Schedule 12A to the Local Government Act, 1972” The public interest in maintaining the exemption must outweigh the public interest in disclosing the information. Under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012, regulation 5, the reasons for exemption of the listed 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 asked to dispose of exempt documentation as confidential waste at the conclusion of the meeting.

Item Exemption**Para No.*****9. Procurement Management Information
(Exempt Appendices 1, 2, 3 & 4)****3**

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

9 Procurement Management Information (Pages 73 - 138)Purpose

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

The report also updates the committee on progress developing procurement performance reporting.

The report is for noting.

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.

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Agenda Item 3

GOVERNANCE & AUDIT & STANDARDS COMMITTEE

MINUTES OF THE MEETING of the Governance & Audit & Standards Committee held on Thursday, 29 September 2022 at 10.00 am at the Council Chamber - The Guildhall, Portsmouth

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

Present

Councillor Leo Madden (in the chair)

Councillor Stuart Brown
Councillor Judith Smyth
Councillor Daniel Wemyss

Officers

Peter Baulf, City Solicitor
Ian Fitchett, Elections Manager
Elizabeth Goodwin, Chief Internal Auditor
Helen Magri, Corporate Information Governance
& Data Protection Officer
Charlotte Smith, Assistant Director of Corporate Services
Paul Somerset, Deputy Chief Internal Auditor
Chris Ward, Director of Finance & Resources & S.151 Officer

External Auditor

David White, Manager, Assurance - Government and Public Sector,
Ernst & Young

32. Apologies for Absence (AI 1)

Apologies had been received from Councillor Dave Ashmore and Councillor Benedict Swann.

33. Declarations of Members' Interests (AI 2)

There were no declarations of interest

34. Minutes of the meeting held on 20 July 2022 (AI 3)

RESOLVED that the minutes of the meeting held on 20 July 2022 be approved and signed by the Chair as a correct record.

As a matter arising it was confirmed that there had been significant improvements across the organisation in respect of compliance with emergency procedures and the exceptions had been closed.

In respect of the safe limit at Portico this would be followed up in the 22/23 Audit and reported back.

35. Consideration of any matters or referral arising from the 27 September 2022 Meeting of the Scrutiny Management Panel (AI 4)

The Chair advised that No matters had been referred to the committee at this point, as the cabinet member would first take into account any observations made by the Scrutiny Management Panel when reconsidering the matter.

Should the cabinet member be minded to refer the matter on to the committee before making a final decision the Chair advised that there may be a need to convene a special meeting of the committee in the coming couple of weeks.

36. External Audit verbal update - change in risk assessment since presentation of 2021/22 Audit Planning Report (AI 5)

David White from Ernst & Young, the Council's external auditors, provided the update.

The 2021/22 Audit Plan reported an inherent risk related to Infrastructure Assets.

It was noted in the Audit Plan that Ernst & Young would engage further with management in relation to this issue. Having considered the matter further as a result, Ernst & Young had increased this to an area of significant risk for the audit, and it would be reported on as such in the Audit Results Report.

The change in risk had arisen from the size of the balance involved, and the degree of likelihood that gross values could be materially misstated based on Ernst & Young's understanding of the granularity of the information available to the Council and the current processes to assess the accounting implications of this.

He did however highlight that this was a sector-wide issue impacting many Councils, and that work was ongoing by CIPFA and DLUHC to review the underlying accounting guidance, with a view to producing a possible short-term resolution to the issue.

In response to questions the issue was of a technical nature and did not affect the council's 'bottom line'. The issue concerned the value of council owned assets that were replaced, such as street furniture. The value of the new asset was recorded, but the value of the item that had been disposed of was not removed in all cases. The issue was around how this could be factored in and recorded to ensure compliance with the current Code of Practice on Local Authority Accounting.

37. Treasury Management Monitoring Report for the First Quarter of 2022/23 (AI 6)

(TAKE IN REPORT)

Chris Ward, S151 Officer, introduced the report, which informed members of the Council's Treasury Management position.

He advised the committee that the council was operating within authorised limits and indicators within the agreed Treasury Management Strategy but explained that the interest rate forecast required updating following recent announcements.

The actual budget monitoring position forecast showed an improvement in treasury management activities of £2m due to higher than forecast cash balances and rising interest rates realising a higher return on investments.

In response to a question about the council's financial situation in the current economic climate it was explained that it was a complex picture. Interest rates were used to manage inflation and inflation was the biggest concern. The Council had seen significant pressures as a consequence with £5m of additional costs above budget.

Following a question about whether the £3.8m additional costs in pay had been foreseen, it was explained that the estimates undertaken in January 2022 had budgeted for a pay increase of 2.5%, however the pay offer being consulted upon would equate to an average of 6.2%. This also impacted upon the cost of National Insurance contributions.

RESOLVED that

(i) the Council's Treasury Management activities have remained within the Treasury Management Policy 2022/23 in the period up to 30th June 2022 be NOTED; and

(ii) the actual Treasury Management indicators as at 30th June 2022 set out in Appendix A be NOTED.

38. Overview of Portsmouth City Council complaints, including Local Government and Social Care Ombudsman Complaints 2021/2022 (AI 7)

(TAKE IN REPORT)

Charlotte Smith, Assistant Director of Corporate Services, introduced the report which detailed the Annual Review of Complaints by the Local Government and Social Care Ombudsman (LGSCO) dated 20th July 2022, regarding complaints it had considered against Portsmouth City Council for the year 2021/22, and provided an overall review of complaints.

She advised that there had been an overall increase in complaints, although explained that the previous year had been artificially low due to the pandemic. Complaint levels were however higher than pre-pandemic levels, but there had been no particular trends.

She reminded the committee that a new Complaints Policy had been agreed in September 2021 and monitoring was now undertaken quarterly to identify and trends during the year.

Complaints to the Local Government Ombudsman had also increased, although only four of the 38 had been upheld.

The committee discussed a particular ombudsman complaint of concern which related to the length of time taken for a disabled facilities grant application to be considered in relation to a dropped kerb.

In reply it was explained that this case had triggered a review of the Occupational Therapy Policy to prevent a recurrence. The outcome for the individual was not known but would be found out for the committee.

The Chair requested that a report be considered at a future meeting providing more detail around learning from complaints from across directorates.

In response to a question about the higher percentage of Stage 2 and Stage 3 complaints in Children's Family and Education it was explained that complaints in this section were more likely to be complex and if every point had not been addressed to the satisfaction of the complainant they would be likely to progress to the next stage in the complaints process.

RESOLVED that the Governance & Audit & Standards Committee noted the report.

39. Data Security Breaches Report (AI 8)

(TAKE IN REPORT)

Helen Magri, Corporate Information Governance & Data Protection Officer, introduced the report which informed the Committee of any Data Security Breaches.

She confirmed that there were no unusual trends and that the highest percentage of data breaches had been down to human error such as emails being sent to the wrong recipient.

In response to a concern about a breach where a member of staff had accessed records that they shouldn't have it was explained that the ICO could prosecute staff members, but this had not happened at PCC. Whilst staff required access to sensitive information, access was rigorously monitored and disciplinary action would be taken if there was no valid reason for them to access the information.

The committee discussed the number of nil returns and questioned whether this was accurate. The Chief Internal Auditor believed that it would be worthwhile investigating this as reporting processes differed across the council.

Whilst data breach reports were considered at this committee and seen by the Chief Executive and the relevant officer board, members believed that it would also be beneficial for the relevant Directors and cabinet members to also have sight of the information.

RESOLVED that the Governance & Audit & Standards Committee noted the breaches that had arisen.

40. Review of Polling Districts and Polling Places (AI 9)

(TAKE IN REPORT)

Ian Fitchett, Elections Manager, introduced the report which detailed the outcomes of the review of polling districts and polling places recently undertaken and to invited members to consider the recommendations made.

RESOLVED that the Governance & Audit & Standards Committee Recommends to Full Council:

- (i) That the changes to the current polling scheme recommended in paragraphs 5.2 to 5.6 are approved and implemented on publication of the 2023 Register of Electors; and**
- (ii) 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.**

41. Internal Audit Performance Status Report to 31 August 2022 (AI 10)

(TAKE IN REPORT)

Elizabeth Goodwin, Chief Internal Auditor, introduced the report which updated the Governance and Audit and Standards Committee on the Internal Audit Performance for 2022/23 to 31 August 2022 against the Annual Audit Plan.

She highlighted a couple of errors in the report and she confirmed that there were 18 follow up audits and 16 grants. There had been an increase in grants since the plan had been submitted for approval in March, but the audit was progressing with the areas identified in the Audit Plan.

Section 5, areas of concern, updated on the critical exception of supplier bank mandate changes. She explained that this matter was progressing, noting the short period since the initial audit.

Section 10 contained information on follow up audits. Of the three reviews which had received a second follow up audit the only area where there had been no significant traction was with the ABP pilotage contract. The issue was fundamentally on the contractor's side. The committee was informed that there were very few contractors who could perform this service, so the service

had no option other than to pursue ensuring that the relevant contract was signed. There were however other controls and arrangements in place. There were however other controls and arrangements in place.

In response to questions the committee was advised that some audits had been removed to accommodate the grants work. In some cases very little notice of the requirement for audit sign off had been given by central government and internal audit had no option but to undertake this work to ensure that the grants were not reclaimed.

In respect of audits which had been removed it was confirmed that all areas were reviewed annually against a risk assessment and the resulting audit plan was based upon this information.

**RESOLVED that the Governance & Audit & Standards Committee
NOTED:**

- (i) The Audit Performance for 2022-23 to 31 August 2022; and**
- (ii) The highlighted areas of concern in relation to audits completed from the 2022/23 Audit Plan, including follow up work performed.**

The meeting concluded at 11.21 am.

Councillor Leo Madden
Chair

GOVERNANCE & AUDIT & STANDARDS COMMITTEE

MINUTES OF THE MEETING of the Governance & Audit & Standards Committee held on Thursday, 27 October 2022 at 11.30 am at the Council Chamber - The Guildhall, Portsmouth

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

Present

Councillor Leo Madden (in the chair)

Councillor Dave Ashmore
Councillor Stuart Brown
Councillor Daniel Wemyss

Officers

Peter Baulf, City Solicitor
Ian Maguire, Assistant Director, Planning & Economic Growth

42. Apologies for Absence (AI 1)

Apologies for absence were received from Councillor Judith Smyth and Councillor Benedict Swann.

Councillor Scott Payter-Harris was in attendance as a Standing Deputy.

43. Declarations of Members' Interests (AI 2)

Whilst not interests, Councillor Scott Payter-Harris, Councillor Leo Madden and Councillor Stuart Brown made it known that they had sat on the Scrutiny Management Panel which had considered the call-in of the decision taken by the Cabinet Member for Planning Policy & City Development on 27 July 2022.

44. Referral by the Cabinet member for Planning Policy & City Development "Options for increasing Planning Committee Capacity" (AI 3)

The Chair explained that at the request of the Cabinet Member for Planning Policy & City Development, the Governance & Audit & Standards Committee was invited to consider and make comments on the process and principles of the decisions taken by him on 26 July 2022 in respect of the report "Options for increasing Planning Committee Capacity" which were subsequently 'called-in'.

As the item was not a matter for the committee to determine, the Chair advised that the usual deputation process did not apply. However, as Chair he allowed Cabinet Member to address the committee and answer any questions that members had.

Councillor Lee Hunt addressed the committee as the Cabinet Member for Planning Policy & City Development.

Cllr Hunt explained that when he became the Cabinet Member in May 2022, he had been very aware of the long standing complaints about the length of time it took for planning applications to be determined. Since becoming cabinet member had had worked with officers to see how the situation could be improved.

The deletion of paragraph 53 of Part 2 Section 5B (Director of Regeneration) of the constitution would result in applications over 10,000sq/ft not automatically needing to be determined by the Planning Committee. In 2021, as Chair of the Planning Committee he had increased the frequency of Planning Committee meetings from every four weeks to every three. He had looked at increasing the frequency further to every two weeks, however this would incur additional staffing costs for which there was no budget.

When making his decision to amend paragraph 57 of Part 2 Section 5B (Director of Regeneration) of the constitution to increase the threshold of adverse representations required for Planning Committee determination he had known the previous cabinet member had referred the matter to the Governance & Audit & Standards Committee first. However, as the Scrutiny Management Panel had acknowledged, this was a grey area in the constitution and on balance he had felt the need to reduce the backlog of planning applications outweighed any adverse impact of not referring the matter to the Governance & Audit & Standards Committee first.

He closed by stating that he had also been under pressure to amend paragraph 51 of Part 2 Section 5B (Director of Regeneration) of the constitution to increase the threshold for the number of councillors required to request planning committee determination of an application from one to three. He believed that this would be a more substantial constitutional change that would require debate amongst councillors, but he was minded not to implement such a change which would fetter councillors' ability to bring forward an application to the Planning Committee.

The Chair believed that in accordance with the Constitution, amendments to the Constitution were required to be first considered by the Governance & Audit & Standards Committee prior to referral to Full Council. In response the City Solicitor confirmed that this was a judgement call, but he acknowledged that the process for changes such as these was unclear in the constitution and therefore required looking at.

The committee was of the view that the matter should be looked at by the Constitution Working Group in order that the wording in the relevant sections of the constitution be strengthened.

In response to a question the committee was advised that the amendment of paragraph 57 of Part 2 Section 5B (Director of Regeneration) of the constitution to six adverse objections from three would, at the time of drafting

the report in July 2022, approximately halved the backlog of planning applications awaiting committee determination.

Whilst the need to expedite the decision and reduce the backlog of planning applications was appreciated, the committee believed that any such future decisions should first be considered by the Governance & Audit & Standards Committee.

Having considered the matter, the committee believed that the Cabinet Member should have availed himself of the opportunity to consult the Governance & Audit & Standards Committee prior to making the decisions.

In addition, one member of the committee also expressed an opinion that, in respect of opportunities to amend paragraph 57 of Part 2 Section 5B (Director of Regeneration) of the constitution, the threshold applied to a requirement for Committee determination should be retained as being three or more adverse representations.

RESOLVED that the matters raised during the debate be recorded in the minutes.

The meeting concluded at 12.00 pm.

Councillor Leo Madden
Chair

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Title of meeting: Governance and Audit and Standards Committee

Full Council

Date of meeting: G&A&S Committee - 23rd November

Council - 6th December

Subject: Health and Wellbeing Board Constitution

Report From: Chief Executive

Report by: Kelly Nash, Corporate Performance Manager

Wards affected: All

Key decision: No

Full Council decision: Yes

1. Purpose of report

- 1.1. To seek approval for proposed changes to the constitution for the Health and Wellbeing Board (HWB). The HWB have requested the changes to its constitution, for support by Governance, Audit and Standards Committee and approval by Full Council, to improve the effectiveness of the HWB as it fulfils its leadership role across the health and wellbeing system locally.

2. Recommendations

- 2.1. **Governance, Audit and Standards Committee is recommended to support the changes to the constitution for the Health and Wellbeing Board set out below, and recommend these changes to Council.**

3. Background

- 3.1. Health and Wellbeing Boards (HWBs) were introduced as part of the Health and Social Care Act 2012. They are statutory in all upper tier local authorities in England. The Portsmouth HWB brings together Elected Members, key council officers, the Portsmouth Clinical Commissioning Group (PCCG), the NHS Commissioning Board and local Healthwatch to develop a Joint Strategic Needs Assessment and deliver it through a Joint Health and Wellbeing Strategy.

3.2. The HWB is a committee of the council and has been formally established as such since April 2013.

3.3 In 2019, a review of partnerships in the city concluded that there would be benefits for efficiency of working, and effectiveness of decision-making, if the current three cross-organisation partnerships that look at issues around health and wellbeing in the city (the HWB, the Safer Portsmouth Partnership and the Children's Trust Partnership) came together as one grouping with a single Terms of Reference and membership, under the auspices of the Health and Wellbeing Board as the statutory body. The HWB constitution was amended to reflect this.

4. Proposed changes recommended by the HWB

4.1 Since 2019, there have been further changes that need to be reflected in the constitution of the HWB:

- The changes in the organisation of the NHS, including the abolition of clinical commissioning groups and the establishment of the Integrated Care Board (ICB) and Integrated Care Partnership (ICP)
- Closer working with the Police and Crime Commissioner
- The desire to work closely alongside the city safeguarding boards
- The need to reflect the importance of the University as a key partner
- The need to incorporate HIVE Portsmouth as a strategic partner representing the voluntary and community sector in the city.

4.2 In response to these issues, a revised membership has been agreed by the HWB and reflected in the revised constitution attached as Appendix 1, and all previous references to the clinical commissioning group have been amended to reflect the new integrated care system way of working.

4.3 It should also be noted that In July 2022, the Department for Health and Social Care (DHSC) issued draft guidance for engagement on health and wellbeing HWBs, setting out the role of HWBs following the publication of the Health and Care Act 2022 and the Health and social care integration: joining up care for people, places and populations White Paper (published February 2022).

4.4 The draft guidance document recognises that HWBs have been a key mechanism for driving joined-up working at a local level since they were established in 2013. The Health and Care Act 2022 has introduced new architecture to the health and care system, specifically the establishment ICBs and integrated care partnerships ICPs.

4.5 The document states that in this new landscape, HWBs continue to play an important role as a key mechanism for:

- joint working across health and care organisations

- setting strategic direction to improve the health and wellbeing of people locally

4.6 DHSC will be updating the guidance on the HWBs general duties and powers following engagement with key stakeholders which took place over the Summer. It is not anticipated that this will lead to significant changes in the working of HWBs, but it may be that further adjustments of the constitution are required when the guidance is updated to take account of any new or revised requirements. A further report will come forward to GAS if this is required.

5. Reasons for recommendations

- 5.1 The committee is recommended to support these proposals as they will support the Health and Wellbeing Board to operate effectively and continue to enable the council to fulfil its statutory requirements with regard to the Health and Wellbeing Board and in relation to the requirements of the Crime and Disorder Act 1998.
- 5.2 The recommendations have been agreed in principle by the HWB in September 2022.

6 Integrated impact assessment (EIA)

- 6.1 There is no change to policy or delivery recommended in the report. Detailed impact assessments will be undertaken on particular policies and initiatives as they emerge from the work of the Health and Wellbeing Board.

7 Legal implications

- 7.1 The basis and legality for the proposed amendments is set out in the body of the report. The appendix attached reflects the proposed changes to the Health and Wellbeing Constitution.

8 Director of finance's comments

- 8.1 There are no direct financial implications arising from the recommendations contained within this report.
- 8.2 Future schemes and initiatives will require financial appraisal on case by case basis in order to support decision making. Before any schemes or initiatives will be able to proceed, specific funding sources would need to be identified and in place.

.....
Signed by: David Williams, Chief Executive

Appendices:

Appendix A - constitution for Portsmouth's Health and Wellbeing Board

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:

Appendix 1 - Constitution for Portsmouth's Health and Wellbeing Board

1. Aims

- 1.1 The Health and Wellbeing Board (HWB) will provide strategic leadership to improve the health and wellbeing of the population of Portsmouth through the development of improved and integrated health and social care services along with a range of other public service dependencies, including public health, the criminal justice system and children's services. It will:
- a) identify health and wellbeing needs and priorities across Portsmouth and oversee the refresh and publication of the Joint Strategic Needs Assessment (JSNA) to support evidence-based prioritisation, commissioning and policy decisions, including a strategic assessment of crime and disorder in the local area as required by the Crime and Disorder Act 1998 (as amended) and a children's needs assessment.
 - b) prepare and publish a Joint Health and Wellbeing Strategy (JHWS) for approval by the city council and Integrated Care Board (ICB), which sets objectives and describes how stakeholders will be held to account for delivery, taking account of the JSNA, strategic analysis of crime and disorder, children's needs assessment, Director of Public Health Annual Report as well as national policy developments and legislation.
 - c) prepare and publish a Pharmaceutical Needs Assessment for the city council, and assess pharmacy applications against this;
 - d) monitor and review the delivery of the JHWS and take action where evidence is indicating a failure to achieve agreed outcomes.
 - e) receive annual reports and regular updates from the Portsmouth Safeguarding Children Board and Safeguarding Adults Board; and to consult with safeguarding boards when considering how the welfare of children and vulnerable adults is to be safeguarded and protected.
 - f) encourage integrated working between health and social care and oversee, where appropriate, partnership arrangements under the NHS Act such as pooled budgets.
 - g) establish and maintain a relationship with the Police and Crime Commissioner to fulfil the mutual duty to co-operate and have regard to the priorities set out in their respective plans; and respond to requests to the Police and Crime Commissioner as set out in legislation.
 - h) Ensure that local area responsibilities under the serious violence duty are fulfilled
 - i) undertake the governance role, as the community safety partnership, in relation to domestic homicide reviews.
 - j) oversee, where appropriate, the use of resources across a wide spectrum of services and interventions, to achieve its strategy and priority outcomes and to drive a genuinely collaborative approach to commissioning, including the co-ordination of agreed joint strategies.
 - k) support the inclusion of the voice of the public, patients and communities in the setting of strategic priorities, including (but not solely) through the involvement of local Healthwatch and the voluntary and community sector.

- a) Communicate and engage with local people in how they can achieve the best possible quality of life and be supported to exercise choice and control over their own personal health and wellbeing.

2. Membership

2.1 Membership of the HWB shall reflect the fact that the HWB has a role in setting strategic direction for the whole health, care and wellbeing system. It will also contain provisions that allow it to be given greater executive powers on behalf of the city council and in partnership with the ICB, with provision for voting on certain matters to be reserved. Those items on which all members of the HWB can vote shall be termed 'part A items' while those on which voting is reserved shall be termed 'part B items'.

2.2 The members of the HWB, shall comprise the following:

- Lead Member for Health and Social Care (Joint-Chair)
- Integrated Commissioning Board place-based Clinical Director (Joint-Chair)
- Lead Member for Children's Services
- Leader of the Council (or their nominated representative)
- Leader of the largest opposition group (or their nominated representative)
- Health spokespersons from other political groups represented on the Council
- Integrated Commissioning Board Place Managing Director
- Two nominated representatives from the Portsmouth Education Partnership
- Portsmouth Police Commander
- Portsmouth Group Manager, Hampshire Fire and Rescue
- Community Rehabilitation Company
- National Probation Service
- Director of Public Health - PCC
- Director of Adults Services - PCC
- Director of Children's Services - PCC
- Healthwatch Portsmouth nominated representative
- NHS Commissioning Board (Wessex) nominated representative
- Portsmouth Hospitals NHS Trust nominated representative
- Solent NHS Trust nominated representative*
- Portsmouth Voluntary and Community Network representative
- HIVE Portsmouth
- University of Portsmouth
- Office of Police and Crime Commissioner
- Portsmouth Safeguarding Adults Board
- Portsmouth Safeguarding Children's Board.

2.3 The members of the HWB who have reserved powers to vote on 'part B items' are as follows:

- Lead Member for Health and Social Care (Joint-Chair)
- Integrated Commissioning Board place-based Clinical Director (Joint-Chair)
- Lead Member for Children's Services
- Leader of the Council (or their nominated representative)
- Leader of the largest opposition group (or their nominated representative)

- Integrated Commissioning Board Place Managing Director

*voting rights for co-opted members on what is a committee appointed under section 102 of the Local Government Act 1972 are provided for in Statutory Regulations published in February 2013 "unless the local authority which established the board otherwise directs" and "before making a direction [to empower co-opted members], the local authority must consult the Health and Wellbeing Board"¹. The provisions above are therefore subject to direction from the council in consultation with the board.

3. Chairing arrangements

- 3.1 The HWB will appoint the Lead Member for Health and Social Care at the City Council and the Integrated Commissioning Board place-based Clinical Director as joint chairs of the HWB, with chairmanship alternating between the two on an annual basis. The other joint-chair shall act as vice chair during that year.
- 3.2 In the event that neither Chair nor Vice chair are present but the meeting is quorate, the voting members present at the meeting shall choose a chair for that meeting from amongst their number who has power to vote on 'part B items'.

4. Quorum

- 4.1 It is important that sufficient members are present at all meetings so that decisions can be made and business transacted. The quorum for the Board will comprise of four voting members and must include at least one voting Member from the City Council and one voting member of the ICB. If a meeting has fewer members than this figure it will be deemed inquorate - matters may be discussed but no decisions taken.

5. Substitutes

- 5.1 Nominating groups may appoint a named substitute member for each position. Substitute members will have full voting rights when taking the place of the ordinary member for whom they are designated substitute.

6. Appointments

- 6.1 In line with the Health and Social Care Act, before appointing another person to be a member of the Board (other than those that are statutorily obliged to be a member) the local authority must first consult the Health and Wellbeing Board. Nominations by the local authority must be in accordance with the Act.

7. Decisions and Voting

- 7.1 The HWB will be accountable for its actions to its individual member organisations and representatives will be accountable through their own organisation's decision making processes for the decisions they make.
- 7.2 It is expected that decisions will be reached by consensus, however, if a vote is required any matter will be decided by a simple majority of those members voting and present in the room at the time the motion is put. This will be by a show of hands, or if

¹ The Local Authority (Public Health, Health and Wellbeing Boards and Health Scrutiny) Regulations 2013 No.218 regulation 6

no dissent, by the affirmation of the meeting. If there are equal votes for and against, the Chair will have a second or casting vote. There will be no restriction on how the Chair chooses to exercise a casting vote.

- 7.3 Decisions within the terms of reference will be taken at meetings and will not normally be subject to ratification or a formal decision process by partner organisations. However, where decisions are not covered by the HWB's statutory functions and power or within the delegated authority of the Board members, these will be subject to ratification by constituent bodies.
- 7.4 Decisions within the current terms of reference will be deemed 'part A items'. In the event that the city council or the ICB delegate additional decisions to the HWB, it will be for the delegating authority to determine whether these are deemed 'part B items' with reserved voting rights as set out above.
- 7.5 From time to time, the Board may establish sub-boards to deal with particular areas of business delegated to the Board, including in respect of the governance of domestic homicide reviews.

8. Status of Reports

- 8.1 Meetings of the Board shall be open to the press and public and the agenda, reports and minutes will be available for inspection at Portsmouth City Council's offices and on the City Council's website at least five working days in advance of each meeting. This excludes items of business containing confidential information or information that is exempt from publication in accordance with Part 5A and Schedule 12A to the Local Government Act 1972 as amended.

9. Members' Conduct

- 9.1 With the exception of those referred to at 9.2 below, the Councillors Code of Conduct of Portsmouth City Council will apply to all Board members, and such members should note in particular the obligations relating to Disclosable Pecuniary Interests (so described within the Councillors Code of Conduct), which they must declare upon appointment to the committee to the Monitoring Officer (unless they have made such a declaration).
- 9.2 The Code of Conduct for Employees of Portsmouth City Council will apply to all Board members who are officers of Portsmouth City Council.
- 9.3 The Monitoring Officer of Portsmouth City Council shall provide Board members with guidance in relation to these provisions

10. Review

- 10.1 This constitution and any conflicts of interest will be reviewed as and when required but at least annually.

Agenda Item 5

Title of meeting:	Governance and Audit and Standards Committee Cabinet City Council
Date of meeting:	Cabinet 22 November 2022 Governance and Audit and Standards Committee 23 November 2022 City Council 06 December 2022
Subject:	Treasury Management Mid-Year Review 2022/23
Report by:	Chris Ward, Director of Finance and Resources (Section 151 Officer)
Wards affected:	All
Key decision:	No
Full Council decision:	Yes

1. Executive Summary

This report outlines the Council's performance against the treasury management indicators approved by the City Council on 15 March 2022.

No borrowing has been undertaken in the first half of 2022/23.

Investment returns have been subdued in the first half of 2022/23 as they have been weighed down by existing investments. This is particularly the case with long term investments in externally managed funds. However, 93% of the Council's investments are in simple vanilla deposits. The Bank of England's base rate has been rising and this is being reflected in the returns on newer investments. There are therefore grounds to be optimistic that overall investment returns will increase as existing investments mature and are replaced with new investments with higher returns.

2. Purpose of report

The purpose of the report is to inform members and the wider community of the Council's Treasury Management position, i.e. its borrowing and cash investments at 30 September 2022 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.

3. Recommendations

It is recommended that the following be noted:

- 3.1 That the Council's Treasury Management activities have remained within the Treasury Management Policy 2022/23 in the period up to 30 September 2022.
- 3.2 That the actual Treasury Management indicators as at 30 September 2022 set out in Appendix A be noted.

4. Background

The Council's treasury management operations encompass the following:

- Cash flow forecasting (both daily balances and longer term forecasting)
- Investing surplus funds in approved cash investments
- Borrowing to finance short term cash deficits and capital payments
- Management of debt (including rescheduling and ensuring an even maturity profile)

The key risks associated with the Council's treasury management operations are:

- Credit risk - i.e. that the Council is not repaid, with due interest in full, on the day repayment is due
- Liquidity risk - i.e. that cash will not be available when it is needed, or that the ineffective management of liquidity creates additional, unbudgeted costs
- Interest rate risk - that the Council fails to get good value for its cash dealings (both when borrowing and investing) and the risk that interest costs incurred are in excess of those for which the Council has budgeted
- Maturity (or refinancing risk) - this relates to the Council's borrowing or capital financing activities, and is the risk that the Council is unable to repay or replace its maturing funding arrangements on appropriate terms
- Procedures (or systems) risk - ie. that a treasury process, human or otherwise, will fail and planned actions are not carried out through fraud or error

The treasury management budget accounts for a significant proportion of the Council's overall budget.

The Council's Treasury Management Policy aims to manage risk whilst optimising costs and returns. The Council monitors and measures its treasury management position against the indicators described in this report. Treasury management monitoring reports are brought to the Governance and Audit and Standards Committee for scrutiny.

The Governance and Audit and Standards Committee noted the recommendations to Council contained within the Treasury Management Policy 2022/23 on 4 March 2022. The City Council approved the Treasury Management Policy 2022/23 on 15 March 2022.

5. Reasons for Recommendations

To highlight any variance from the approved Treasury Management Policy and to note any subsequent actions.

To provide assurance that the Council's treasury management activities are effectively managed.

6. Integrated impact assessment

An integrated impact assessment is not required as the recommendations do not directly impact on service or policy delivery. Any changes made arising from this report would be subject to investigation in their own right.

7. Legal Implications

The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2015 to ensure that the Council's budgeting, financial management, and accounting practices meet the relevant statutory and professional requirements. Members must have regard to and be aware of the wider duties placed on the Council by various statutes governing the conduct of its financial affairs.

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

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

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

Appendices:

Appendix A: Treasury Management Mid-Year Review 2022/23

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

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

<u>Title of document</u>	Location
1 Treasury Management Records	Financial Services

TREASURY MANAGEMENT MID YEAR REVIEW FOR 2022/23**A1. SUMMARY OF TREASURY MANAGEMENT INDICTORS**

The City Council approved the authorised limit (the maximum amount of borrowing permitted by the Council) and the operational boundary (the maximum amount of borrowing that is expected) when it considered the budget on 15th February 2022. The Council's debt on 30th September was as follows:

Prudential Indicator	Limit £m	Actual £m
Authorised Limit - the maximum amount of borrowing permitted by the Council	1,009	748
Operational Boundary - the maximum amount of borrowing that is expected	995	748

The maturity structure of the Council's fixed rate borrowing was:

	Under 1 Year	1 to 2 Years	3 to 5 Years	6 to 10 Years	11 to 20 Years	21 to 30 Years	31 to 40 Years	41 to 50 Years
Minimum proportion of loans maturing	0%	0%	0%	0%	0%	0%	0%	0%
Maximum proportion of loans maturing	10%	10%	10%	20%	30%	40%	40%	40%
Actual proportion of loans maturing	1%	1%	4%	13%	14%	6%	34%	27%

The maturity structure of the Council's variable rate borrowing was:

	Under 1 Year	1 to 2 Years	3 to 5 Years	6 to 10 Years	11 to 20 Years	21 to 30 Years	31 to 40 Years	41 to 50 Years
Minimum proportion of loans maturing	0%	0%	0%	0%	0%	0%	0%	0%
Maximum proportion of loans maturing	10%	10%	10%	20%	30%	40%	40%	40%
Actual proportion of loans maturing	2%	2%	7%	11%	23%	25%	15%	15%

Surplus cash invested for periods longer than 365 days on 30th September 2022 was:

	Limit	Quarter 2 Actual
	£m	£m
Maturing after 31/3/2023	125	73
Maturing after 31/3/2024	50	19
Maturing after 31/3/2025	50	5

A2. GOVERNANCE

The Treasury Management Policy approved by the City Council on 15th March 2022 provides the framework within which treasury management activities are undertaken.

There have been no breaches of these policies during 2022/23 up to the quarter ending 30th September 2022.

A3. INTEREST RATE FORECASTS

The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates.

The latest forecasts are shown below.

Link Group Interest Rate View 27.09.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
BANK RATE	4.00	5.00	5.00	5.00	4.50	4.00	3.75	3.25	3.00	2.75	2.75	2.50
3 month ave earnings	4.50	5.00	5.00	5.00	4.50	4.00	3.80	3.30	3.00	2.80	2.80	2.50
6 month ave earnings	4.70	5.20	5.10	5.00	4.60	4.10	3.90	3.40	3.10	3.00	2.90	2.60
12 month ave earnings	5.30	5.30	5.20	5.00	4.70	4.20	4.00	3.50	3.20	3.10	3.00	2.70
5 yr PWLB	5.00	4.90	4.70	4.50	4.20	3.90	3.70	3.50	3.40	3.30	3.20	3.20
10 yr PWLB	4.90	4.70	4.60	4.30	4.10	3.80	3.60	3.50	3.40	3.30	3.20	3.20
25 yr PWLB	5.10	4.90	4.80	4.50	4.30	4.10	3.90	3.70	3.60	3.60	3.50	3.40
50 yr PWLB	4.80	4.60	4.50	4.20	4.00	3.80	3.60	3.40	3.30	3.30	3.20	3.10

PWLB is the Public Works Loans Board

The latest forecast on 27th September sets out a view that both short and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy, whilst the government is providing a package to try and protect households and businesses from the ravages of ultra-high wholesale gas and electricity prices. To that end, the Bank of England is expected to continue to tighten short-term interest rates with a view to trying to slow the economy sufficiently to keep the secondary effects of inflation – as measured by wage rises – under control.

The increase in PWLB rates reflects a broad sell-off in sovereign bonds internationally but more so the disaffection investors have with the position of the UK public finances.

A4. BORROWING ACTIVITY

No borrowing was undertaken during the first half of 2022.

The Council's gross borrowing on 30th September 2022 of £748m is within the Council's Authorised Limit (the maximum amount of borrowing approved by City Council) of £1,009m and within the Council's Operational Boundary (the limit beyond which borrowing is not expected to exceed) of £995m.

The Council plans for gross borrowing to have a reasonably even maturity profile. This is to ensure that the Council does not need to replace large amounts of maturing borrowing when interest rates could be unfavourable.

The actual maturity profile of the Council's borrowing is within the limits contained within the Council's Treasury Management Policy (see paragraph A1).

Early Redemption of Borrowing

Debt rescheduling opportunities have been limited in the current economic climate and following the various increases in the margins added to gilt yields which has impacted PWLB new borrowing rates since October 2010.

Apart from two loans all the Council's borrowings to finance capital expenditure are fixed rate and fixed term loans. This reduces interest rate risk and provides a high degree of budget certainty.

The Council's borrowing portfolio is kept under review to identify if it would be financially beneficial to repay any specific loans early. Repaying borrowing early invariably results in a premium (early repayment charges) by the PWLB that are sufficiently large to make early repayment of borrowing financially unattractive to the Council.

No debt rescheduling or early repayment of debt has been undertaken during the first half of 2022/23 as it has not been financially advantageous for the Council to do so.

A5. INVESTMENT ACTIVITY

The Council's investments averaged £457m to 30th September. 93% of the Council's investments were in simple vanilla deposits, 3% was invested in long term managed funds and 4% was invested in a tradable notes. The Council's investments made an average annualised return of 0.24% in the first half of 2022/23.

Simple vanilla deposits continued to provide the best returns in the first half of 2022/23. However, investment returns have been held back by our investments in long term managed funds. This is shown in the table below.

Period	20/21 Q1	20/21 Q2	20/21 Q3	20/21 Q4	21/22 Q1	21/22 Q2	21/22 Q3	21/22 Q4	22/23 Q1	22/23 Q2
Long Term Managed Funds	24.28	38.16	25.97	-3.36	9.96	-2.84	1.2	-27.03	-20.59	-26.41
Structured Notes	22.55	23.26	1.63	-3.06	-0.47	-1.84	0.37	-3.4	-10.74	-3.01
Vanilla Deposits	0.98	0.43	0.45	0.22	0.27	0.45	0.77	0.61	1.16	1.04
Overall Return	2.02	1.66	0.94	0.08	0.42	0.28	0.77	0.02	0.31	0.24

When market interest rates increase, the returns available to investors also increase. This can be seen in the near doubling of the return on the Council's vanilla deposits in the first quarter of 2022/23. However, the returns on long term managed funds and tradable structured notes often move the other way. This can be seen in the first half of 2020/21 when the returns on vanilla deposits were falling, but the returns from long term managed funds and structured notes were increasing because the previous higher market interest rates had been locked into, causing these investments to trade at a premium above their face value. Conversely, in the first half of 2022/23, when returns on vanilla deposits increased, the returns on long term managed funds and structured notes fell because the previous lower market rates had been locked into, causing these investments to trade at a discount below their face value. Despite trading at a discount below their face value structured notes and the underlying investments in long term managed funds will still make the contractual payments of principal and interest providing that the underlying investments do not default. It can also be seen from the table above that, although the returns on long term managed funds and tradable structured notes are volatile with returns sometimes being negative, overall, they have had a stabilizing influence on the investment portfolio, increasing overall returns when the returns on vanilla deposits have fallen, but reducing overall returns when the returns on vanilla deposits have risen.

A6. COMBINED BORROWING AND INVESTMENT POSITION (NET DEBT)

The Councils net debt position on 30th September 2022 is summarised in the table below.

	Principal	Average Interest Rate	Interest to 30th September 2022
Borrowing (including finance leases & private finance initiative (PFI) schemes)	£748m	3.09%	£11.56m
Investments	(£425m) *	(0.24%)	(£0.56m)
Net Debt	£323m		£11.00m

*Although the Council's investments were £425m on 30th September 2022, the average sum invested over this period was £457m.

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Title of meeting:	Governance & Audit & Standards Committee
Date of meeting:	23 rd November 2022
Subject:	Internal Audit Performance Status Report to 8 th November 2022
Report by:	Chief Internal Auditor
Wards affected:	All
Key decision:	No
Full Council decision:	No

1. Summary

- 1.1 This is an Internal Audit Performance Status Report for the 2022-23 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 Internal Audit Performance for 2022/23 to 8th November 2022 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 2022-23 to 8th November 2022.
- 3.2 That Members note the highlighted areas of concern in relation to audits completed from the 2022/23 Audit Plan, including follow up work performed.

4. Background

- 4.1 The Annual Audit Plan for 2022-23 has been drawn up in accordance with the agreed Audit Strategy and was approved by this Committee on 4th March 2022 following consultation with Directors and relevant parties. The Plan is reviewed regularly in order to take account of any further changes in risks levels or corporate priorities.

5 Integrated Impact Assessment

- 5.1 The contents of this report do not have any relevant equalities and environmental impact and therefore an Integrated Impact 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
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The recommendation(s) set out above were approved/ approved as amended/ deferred/
rejected by on

.....
Signed by:

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APPENDIX A



Portsmouth
CITY COUNCIL

Internal Audit Progress Report 23rd November 2022

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 set out 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 2022/23 internal audit plan.

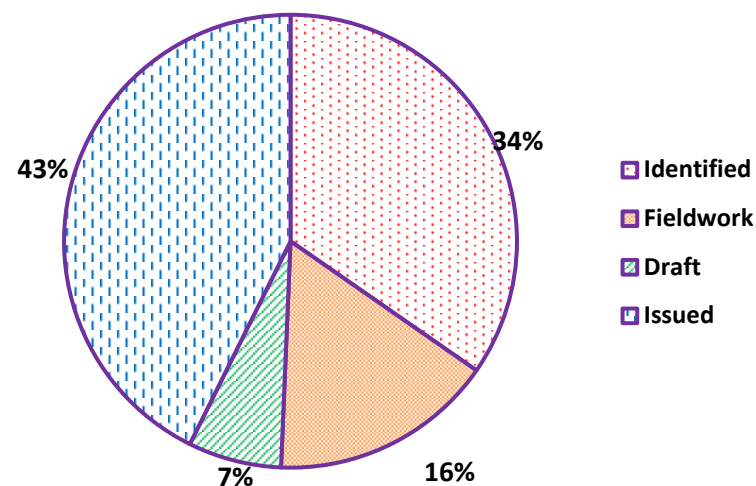
2. Audit Plan Progress as of 8th November 2022

There are 36 Full Audits, 17 first follow ups, 6 second follow up reviews and 16 grants, in the revised plan for 2022/23, totalling 75 reviews. *

To date, 49 (65%) have been completed or are in progress as of 8th November 2022. This represents 32 (43%) audits where the report has been finalised.

Status	Audits
Identified	26
Fieldwork	12
Draft Report	5
Final Report	32

Audit Plan Progress as of 8th November 2022



**Figures are only in relation to PCC audits and are excluding any SLEP or Portico reviews.*

3. Ongoing Internal Audit Involvement

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

- 2 Regulation of Investigatory Powers Act (RIPA) - authorisations (reported annually) 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
- Governance & Audit & Standards Committee - reporting and attendance
- Audit Planning and Consultation
- Risk Management & Annual Governance Statement
- Performance Management
- 90 open investigation cases - (includes, corporate, benefit and council tax support cases)
- 10 items of advice

4. Audit Plan Status/Changes.

The original audit plan agreed on the 4th March 2022 had a total of 67 reviews. The following changes have been made since the last progress report.

Audits removed from the Audit Plan:

- Planning & Enforcement - Removed from the 2022/23 audit plan to accommodate additional work.
- Treasury Management - Removed from the 2022/23 audit plan to accommodate additional work.

Amendments made to the Audit Plan:

- Gas Services - Amended from a full audit to a follow up as to follow-up on high risks raised in the 2020/21 Gas Service audit. The current Gas Service contract has been extended for a year allowing the follow-up to commence.

Audits added to the Audit Plan:

- Building Control - Agreed to perform an audit review as part of the partnership with Fareham Borough Council.
- Cost of Living Crisis - Added to the 2022/23 audit plan. Testing will review key controls to protect against fraud and theft.
- WhatsApp - Follow-up on high-risk exceptions raised in the 2021/22 audit.
- Water Safety - Follow-up on the high-risk exceptions raised in the 2021/22 audit.
- Homelessness - Second Follow-up on outstanding high-risk exceptions raised in the 2021/22 audit.

5. Areas of Concern

No new areas of concern.

6. Assurance Levels

Internal Audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework for 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. 2020/21 Audits completed to date (8th November 2022)

Community Infrastructure Levy (CIL) - Director of Regeneration

Exceptions Raised

Critical	High	Medium	Low
0	1	2	1

Overall Assurance Level

Reasonable Assurance

Agreed actions are scheduled to be implemented by April 2023

Assurance Level by Scope Area

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

One high risk exception was raised as it was not possible to reconcile sets of data between the Infrastructure Funding Statement reports, team payment records and finance records maintained by the Corporate Recourse Controller and Finance Programme Lead. In addition, a separate issue was raised concerning the amount of retained CIL funds. At present, although 100% of CIL income is allocated to projects, it is not all spent, with significant funds being retained and reallocated the following year. The amount of capital CIL retained in 20/21, for example, was £11,228,175. There may be a number of reasons for this; however, it may pose a risk to PCC for the forthcoming charging schedule review. Two medium and one low risk exception was also raised as a result of this review.

Leasehold Charges - Director of Housing, Neighbourhood and Building Services

Exceptions Raised

Critical	High	Medium	Low
0	0	0	0

Overall Assurance Level

Assurance

Assurance Level by Scope Area

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

No exceptions were raised as a result of this review

Disabled Facilities Grant - Director of Housing, Neighbourhood and Building Services - Process Review
Exceptions Raised

Critical	High	Medium	Low
0	0	1	0

Overall Assurance Level

Reasonable Assurance

Action have been implemented

Assurance Level by Scope Area

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

A process review in relation to Disabled Facilities Grant was conducted alongside the grant review. Details of the grant review can be sighted below. A medium-risk exception was raised as it was noted for 1/5 grants not having a local land charge applied. Discussions with the Housing Assistance Team Leader confirmed that in an effort to clear the backlog created by the pandemic there were 142 cases that were not fully closed down, with resources instead directed to managing current cases. Of those 74 required a local land charge as they were granted to homeowners and the cost of the works was above £5000.

Bus Subsidy Grant - Director of Regeneration

Grant Verification - Sample testing was able to evidence that the terms and conditions had been met which allowed the Chief Executive and Chief Internal Auditor to sign the declaration confirming compliance.

Disabled Facilities Grant - Director of Housing, Neighbourhood and Building Services - Grant Review

Grant Verification - Sample testing was able to evidence that the terms and conditions had been met which allowed the Chief Executive and Chief Internal Auditor to sign the declaration confirming compliance.

Orpheus Grant on the Spot - Director of Children, Families and Education

Grant Verification - Sample testing was able to evidence that the terms and conditions had been met which allowed the Chief Executive and Chief Internal Auditor to sign the declaration confirming compliance.

9.2022/23 Follow-up Audits to date (8th November 2022)

Southsea Infant - Director of Children, Families and Education

Original Exceptions Raised

Critical	High	Medium	Low
0	3	2	0

Follow Up Exception Position

Critical	High	Medium	Low
0	0	0	0

Original Assurance Level

Reasonable Assurance

Follow Up Assurance Level

Assurance

Follow Up Assurance Level by Scope Area

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

Original audit testing highlighted three high and two medium risk exceptions and follow up testing confirmed that the mitigating actions agreed during the previous audit have been implemented and all five exceptions have now been closed.

St Pauls RC Primary School - Director of Children, Families and Education

Original Exceptions Raised

Critical	High	Medium	Low
0	4	0	0

Follow Up Exception Position

Critical	High	Medium	Low
0	0	0	0

Original Assurance Level

Reasonable Assurance

Follow Up Assurance Level

Assurance

Follow Up Assurance Level by Scope Area

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

Original audit testing highlighted 4 high risk exceptions and follow up testing confirmed that the mitigating actions agreed during the previous audit have been implemented and all 4 exceptions have now been closed.

10. 2022/23 2nd Follow-up Audits to date (8th November 2022)

As raised during the July 2020 Governance & Audits & Standards meeting. Internal Audit has scheduled in 2nd follow-up reviews for all areas where a 1st review highlighted risk exposure/s still unmitigated. The audits below detail the position as at a 2nd review.

Right to Buy - Director of Housing, Neighbourhoods and Building Services

1st Follow-Up Exceptions Raised

Critical	High	Medium	Low
0	2	0	0

2nd Follow Up Exception Position

Critical	High	Medium	Low
0	0	0	0

1st Follow-Up Assurance Level

Reasonable Assurance

2nd Follow Up Assurance Level

Assurance

2nd Follow Up Assurance Level by Scope Area

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

At the close of the 1st follow up review in 2021/22 the two medium risk exceptions were closed, and the remaining two high risk exception actions were in progress. The current position is that all exceptions are closed and verified.

11. Exceptions

Of the 2022/23 full audits completed, 38 exceptions have been raised.*

Risk	Total
Critical Risk	0
High Risk	15
Medium Risk	21
Low Risk - Improvement	6

**These figures are excluding Portico and SLEP*



Title of meeting: Governance & Audit & Standards Committee

Date of meeting: 23 November 2022

Subject: Compliance with Gifts & Hospitality protocol

Report by: City Solicitor

Wards affected: All

Key decision: No

Full Council decision: No

1. Purpose of report

To update Members on any issues regarding compliance with Gifts & Hospitality protocol and to advise on remedies.

2. Recommendations

- 2.1. That the Committee considers whether or not to make any recommendations for change.
- 2.2. That in the absence of any changes, the report is noted.

3. Background

- 3.1. The protocol for Gifts & Hospitality was approved by Standards Committee on 12 September 2007 subject to review and full approval on 31 March 2008. The protocol and Frequently Asked Questions have subsequently been regularly reviewed.
- 3.2. The protocol requires an annual report by the City Solicitor on compliance to enable this committee to make any necessary recommendations for change - this report addresses that requirement.
- 3.3. The Gifts & Hospitality policy is regularly reviewed and was last updated in October 2022.

4. Reasons for recommendations

- 4.1. A breakdown of entries in the Gifts & Hospitality system are contained in the appendices to support the following assessments of protocol compliance.
- 4.2. The total number of entries for staff for the period 1 October 2021 to 30 September 2022 (via the Gifts & Hospitality software) is 135. A full data set is

available on request; specific data reports are enclosed with this report at the appendices.

The main requirements of the protocol are as follows:

4.3. Items which may be accepted

Under the protocol these items must be under £25 in value for gifts and under £40 in value for hospitality (£5 for staff in Adult Social Care). They must be given without ulterior motive. There should not be any danger of misinterpretation by the public and there must not be a frequent occurrence of repeat gifts.

4.4. Items which may not be accepted

These include:

- Where the value exceeds the limits noted above
- Gifts of cash (including vouchers)
- Gifts from persons with whom the Council is in contract negotiations (or could be) and those where we regulate or monitor services

4.5. For the period covering this report, the following will be considered in turn:

Gifts registered over £25 limit (Appendix 1)
Hospitality registered over £40 (Appendix 2)
Adult Social Care registered over £5 limit (Appendix 3)
Registrations of Cash & Vouchers (Appendix 4)
Donated Items (Appendix 5)

A lever-arch folder held by the City Solicitor of Adult Social Care (from Care homes) of gifts below within policy of below £5 received throughout the year, from those without access to Gifts and Hospitality system (provided quarterly).

There do not appear to be any other entries elsewhere other than set out below that do not adhere to the principles contained in the protocol.

Note that registrations by Members are contained in Appendix 6 but these are subject to a separate protocol - see paragraph 4.12

4.6. Gifts registered over £25 limit

4.6.1. The total number of entries registered for gifts over the £25 limit (Appendix 1) is 11. Of these 4 gifts were refused, 7 gifts were accepted/donated as follows:

- a) Five gifts were accepted and donated to the Lord Mayor's Appeal and;
- b) One gift was accepted from a closing down company and donated to Events Team for use at the kite festival (kite making kits) and;
- c) One gift was accepted as a retirement gift, as refusal would offend.

4.7. Hospitality registered over £40 limit

Of the 16 entries registered for hospitality, 3 were over the £40 limit (Appendix 2).

- 4.7.1. Two offers were accepted by Regeneration, on the grounds of:
 - a) Attending property awards and;
 - b) To improve working relationships between contractor and project team.
- 4.7.2. One offer was rejected by Portsmouth International Port, due to other commitments.

4.8. Entries for Adult Social Care exceeding £5 limit

The total number of entries registered for Adult Social Care is 21, of which those over the £5 limit (Appendix 3) is 11. Of these:

- 4.8.1. 6 items were donated (see also Donated Gifts);
 - a) 2 items were initially accepted and subsequently donated to the Lord Mayor's Appeal.
- 4.8.2. 4 items were rejected;
- 4.8.3. 1 item were accepted of which was small value gift and to refuse could have distressed the client and was shared by the team

4.9. Entries for Cash and Vouchers registered

The total number of entries registered for cash and vouchers (Appendix 4) is 30. Of these:

- 3.1.1. 13 offers were rejected;
- 3.1.2. 7 offers were donated (5 to Lord Mayor's Appeal, 2 to "Other")
- 3.1.3. 10 offers accepted, of which:
 - a) 7 offers were accepted (incorrectly categorised) all gifts within policy.
 - b) 1 offer was accepted and was donated to Lord Mayor's Appeal.
 - c) 2 offers were accepted as refusal would cause offence

4.10. Entries for Donated Gifts

The total number of entries registered for donated gifts (Appendix 5) is 22. Of these:

- 4.10.1. 17 have been donated to the Lord Mayor's Appeal;
- 4.10.2. 5 items were donated to "Other"; broken down:
 - a) 1 to Rough sleepers Hub
 - b) 1 to Wessex Cancer Trust
 - c) 1 to SANDS charity
 - d) 1 to British Heart Foundation
 - e) 1 to Afghan Settlement families

4.11. Portico Shipping Limited

Portico Shipping Limited is on a separate network to the Council and therefore not able to make entries on the Council's Gift and Hospitality system. Portico keeps its own register. If Members would like to see a copy of Portico's register they should enquire directly to the Finance Manager responsible for Portico.

4.12. Gifts and Hospitality for Members

Members are required to declare any gifts or hospitality from any single donor over the value of £50 as set out in the Councillors Code of Conduct section 4.1e and the Code of Conduct in respect of councillors and planning applications section 12.5.

Members' declarations for the period 1 October 2021 - 30 September 2022 are summarised in Appendix 6. Two entries have been logged for the period, one below the protocol limits and the other of unknown value, so has been declared.

5. Integrated impact assessment

An integrated impact assessment is not required as the recommendations do not directly impact on service or policy delivery. Any changes made arising from this report would be subject to investigation in their own right.

6. Legal implications

The City Solicitor's comments are embedded within this report.

7. Director of Finance's comments

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

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Signed by: City Solicitor

Appendices:

- Appendix 1 - Gifts over £25 limit*
- Appendix 2 - Hospitality over £40 limit*
- Appendix 3 - Adult Social Care over £5 limit*
- Appendix 4 - Registrations of cash and vouchers*

Appendix 5 - Donated Gifts*

Appendix 6 - Members' gifts and hospitality register

*Personal data has been redacted from these data sets.

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:

Peter Baulf - City Solicitor and Monitoring Officer

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Appendix 1 - Gifts over £25

Service Text	Date Received	Value Desc	Specified Value	Receiver	Description	Sub Classification	Action	Donor Name	Donor Interests	Donated To	Reason	Approver	Approved By Approver	Approver Decision Date	Approver Reason
PCC Adult Services	05/10/2021	Over £25 (specify)	Unknown	Carrie Piddington	Offered second hand tools	Other	Rejected	REDACTED	ASC Client		Inappropriate to accept	Andy Biddle			
PCC Adult Services	01/11/2021	Over £25 (specify)	£50	Carrie Piddington	£50 cash	Cash / Voucher	Rejected	REDACTED	Client		Inappropriate	Andy Biddle			
PCC Culture Leisure and Regulatory Services	01/12/2021	Over £25 (specify)	50.00	Felicity Wood	11 bottles of lager, 3 bottles red wine, 2 bottles white. Items left over from an event run by the donor at The D-Day Story museum.	Other	Donated	Liberation Route Europe	The D-Day Story are members of Liberation Route Europe.	Lord Mayor Appeal	Refusal would offend.	Stephen Baily			
PCC Housing, Neighbourhood and Building Services	20/12/2021	Over £25 (specify)	£35	Jonathan Coulson	gift of perfume	Other	Donated	REDACTED	tenant	Lord Mayor Appeal	I would like the item to be sent to charity.	James Hill			
PCC Housing, Neighbourhood and Building Services	19/01/2022	Over £25 (specify)	£120	Emma Hobbs	Reborn doll	Other	Rejected	REDACTED	Resident of Nicholson Gardens where Emma works as Scheme Manager		Gift cannot be accepted because of its value	James Hill			
PCC Culture Leisure and Regulatory Services	11/05/2022	Over £25 (specify)	£30.00	John Stedman	Book token given as farewell gift on retirement	Cash / Voucher	Accepted	REDACTED	Volunteers working with the staff member for more than ten years		To show appreciation of the donors' friendship over many years and so as not to cause offence.	Stephen Baily	Yes	07/09/2022	Refusal would offend
PCC Culture Leisure and Regulatory Services	11/05/2022	Over £25 (specify)	£30.00	John Stedman	Book token given as farewell gift on retirement	Cash / Voucher	Donated	REDACTED	Volunteers working with the staff member for more than ten years	Lord Mayor Appeal	Accepted to show appreciation of the donors' friendship over many years and	Stephen Baily			
PCC Culture Leisure and Regulatory Services	17/05/2022	Over £25 (specify)	200.00	John Stedman	Cheque for £200 made out to me personally as 'a token of appreciation' for giving his son 'the opportunities to enjoy working at the History Centre, and before that at the Museum'. Received on my retirement. Banked and equal sum paid to the Lord Mayor's Appeal.	Cash / Voucher	Donated	REDACTED	Father of one of the Portsmouth History Centre volunteers. The volunteer has been working with me for over a decade.	Lord Mayor Appeal	To maintain the Portsmouth History Centre and city's good relationships with the donor and the volunteer.	Stephen Baily			
PCC Corporate Services	17/06/2022	Over £25 (specify)	£40.00	Gareth Colwell	Sample bottles sent to the Port alongside a paid order of miniature's for the event.	Cash / Voucher	Donated	REDACTED	Attending the Cruise Industry Event	Lord Mayor Appeal	Gift and sent with an order	Mike Sellers	Yes	27/06/2022	Agreed for the Lord Mayor's Charity

Appendix 1 - Gifts over £25

Service Text	Date Received	Value Desc	Specified Value	Receiver	Description	Sub Classification	Action	Donor Name	Donor Interests	Donated To	Reason	Approver	Approved By Approver	Approver Decision Date	Approver Reason
PCC Culture Leisure and Regulatory Services	18/07/2022	Over £25 (specify)	£100-£150 approx*	Roxane Elliott	Donation of kite making kits to be used at the kite festival as their company has been closed down.	Other	Donated	REDACTED	We have worked with REDACTED at previous Kite festivals, they have provided a kite making workshop for children at the event	Service	These kite making kits are a kind donation to be used at the kite festival this year. As the company have now closed down, they asked if we would accept them as they would not be used otherwise.	Stephen Baily	Yes	07/09/2022	Approved as a donation to PCC Events Team for use at Kite Festival
PCC Housing, Neighbourhood and Building Services	19/07/2022	Over £25 (specify)	£60 in cash	Gillian Clark	Gill had helped REDACTED and his wife with a few things as English is not their first language and he wanted to show his appreciation to Gill	Cash / Voucher	Rejected	REDACTED	Cat 1 sheltered housing resident		As sheltered housing we do not accept any gifts over the value of £5. In addition we do not accept any money or vouchers	James Hill			

Service Text	Date Received	Value Desc	Specified Value	Receiver	Description	Classification	Action	Donor Name	Donor Interests	Reason	Approver	Approved By Approver	Approver Decision Date	Approver Reason
PCC Portsmouth International Port	18/07/2022	Over £40 (specify)	£100	Mike Sellers	Brett have booked an Executive Box at the Oval for the cricket on 9th September, and I was hoping that you would be able to join us. There will be c22 of us and we have the box from buffet breakfast (0900), through the whole of scheduled play (from 1100 until 1800), with lunch (1300) and afternoon tea (1540). It will be an interesting group of the Brett senior team, key customers, and key contacts in the sector and connected industries. I understand we will also have visits from former players.	Hospitality	Rejected	REDACTED	Portico Stakeholder	Mike Sellers is unable to attend due to the Wave Awards Judging event	David Williams			
PCC Regeneration	07/09/2022	Over £40 (specify)	unknown	Megan Carter	Invite to attend housing property awards.	Hospitality	Accepted	REDACTED		Connection made through business south and contributed to work completed through central south. PCC is also up for an award.	Tom Southall	Yes	12/09/2022	Networking event showcasing the excellent work across the Solent including nominations for PCC awards
PCC Regeneration	23/05/2022	Over £40 (specify)	Eight people from PCC will be attending. The value of each meal is not expected to be any more than £20 per person	Barni Fry	A one-day joint workshop (funded by PCC) is taking place on 26 May. The aim is to promote team cohesion and a better understanding of the contractual mechanisms for both PCC and the contractor, along with their respective Quantity Surveyors. The workshop will facilitate a smoother process for developing the cost for each of the highway schemes and ensure that the correct information is supplied. Following this workshop, the contractor has offered to take the project team to dinner in a local restaurant. The event is intended to further strengthen team cohesion.	Hospitality	Accepted	REDACTED	Medium term construction contractor that has been appointed to deliver a number of highways construction projects around Portsmouth over the next few years.	This will be an opportunity for PCC's project team and the contractor team to improve working relationships as the programme of works begins for the next few years.	Martin Lavers	Yes	23/05/2022	The contractor providing a light meal for each individual is in the spirit of the partnering event of the day.

Service	Date Received	Value Desc	Specified Value	Receiver	Description	Classification	Sub Classification	Action	Donor Name	Donor Interests	Donated To	Reason	Approver	Approved By Approver	Approver Decision Date	Approver Reason
PCC Adult Services	27/04/2022	£5 - £25		Runi Ahmed	Birthday Gift- An umbrella and Tote shopping Bag	Gift	Other	Accepted	REDACTED			Birthday Gift Brought into social group so accepted.	Andy Biddle	Yes	30/05/2022	Gift has been donated to the Lord Mayor's Appeal
PCC Adult Services	08/03/2022	£5 - £25		Claire Hewitt	Mix of travel sized shower products - Client referred to as gifted to her but cannot use	Gift	Other	Accepted	REDACTED	Thank you for the support received		Client would not take no for an answer expressing gratitude for my support in the form of a thank you card and a small gift back containing shower gel/creams hand sized bottles and two large dove shower creams.	Andy Biddle	Yes	11/03/2022	The gift will be donated to the Lord Mayor's charity
PCC Adult Services	17/02/2022	£5 - £25		Joanna McNamara	£10 note in a chinese new year envelope sealed	Gift	Cash / Voucher	Donated	REDACTED	chinese new year gift	Lord Mayor Appeal	i wont accept gifts or money from clients and dont want to offend REDACTED by offering it back as it is a chinese tradition to give money to people who enter the home for good luck. i was unaware there would be money in the envelope until i got home and opened it	Andy Biddle			
PCC Adult Services	04/02/2022	£5 - £25		Bronwen Edwards	I was gifted an envelope on Chinese New Year from Neill's partner. I did not open the envelope during the visit as this would have caused offence. I opened it after leaving the property, it contained £10. Declared to my Team Manager and advised her that to return it would cause offence.	Gift	Cash / Voucher	Donated	REDACTED		Lord Mayor Appeal	Team Manager Kaylee Mowatt has spoken to Neill and explained PCC policy. He requested the money be donated to the Lord Mayor's Appeal.	Andy Biddle			

Service	Date Received	Value Desc	Specified Value	Receiver	Description	Classification	Sub Classification	Action	Donor Name	Donor Interests	Donated To	Reason	Approver	Approved By Approver	Approver Decision Date	Approver Reason
PCC Adult Services	04/02/2022	£5 - £25		Bronwen Edwards	I was gifted an envelope on Chinese New Year from Neill's partner during a home assessment. I did not open the envelope during the visit as this would have caused offence. I opened it after leaving the property, it contained £10. Declared to my Team Manager and advised her that to return it would cause offence.	Gift	Cash / Voucher	Donated	REDACTED		Lord Mayor Appeal	Team Manager Kaylee Mowatt has spoken to Neill and explained PCC policy. He requested the money be donated to the Lord Mayor's Appeal.	Andy Biddle			
PCC Adult Services	22/12/2021	£5 - £25		Chloe Randle	£20 Boots voucher	Gift	Cash / Voucher	Donated	REDACTED	Daughter and Son of Client	Lord Mayor Appeal	ASC policy	Andy Biddle			
PCC Adult Services	02/12/2021	£5 - £25		Carrie Piddington	Chocolate bar and rucksack	Gift	Other	Rejected	REDACTED	Client		Inappropriate	Andy Biddle			
PCC Adult Services	17/11/2021	£5 - £25		Carrie Piddington	Rucksack and chocolates offered as gift in thanks	Gift	Other	Rejected	REDACTED	Client		Inappropriate to accept	Andy Biddle			
PCC Adult Services	01/11/2021	Over £25 (specify)	£50	Carrie Piddington	£50 cash	Gift	Cash / Voucher	Rejected	REDACTED	Client		Inappropriate	Andy Biddle			
PCC Adult Services	21/10/2021	£5 - £25		Carrie Piddington	Box of Valentino chocolates	Gift	Other	Accepted	REDACTED	Client		Client said they would be offended if gift not accepted. Accepted on behalf of team.	Andy Biddle	Yes	23/11/2021	Client offence and small size of gift, shared with team
PCC Adult Services	05/10/2021	Over £25 (specify)	Unknown	Carrie Piddington	Offered second hand tools	Gift	Other	Rejected	REDACTED	ASC Client		Inappropriate to accept	Andy Biddle			

Appendix 4 - Cash & Vouchers

Date Received	Value Desc	Specified Value	Receiver	Description	Sub Classification	Action	Donor Name	Donor Interests	Donated To	Reason	Approver	Approved By Approver	Approver Decision Date	Approver Reason
17/02/2022	£5 - £25		Joanna McNamara	£10 note in a chinese new year envelope sealed	Cash / Voucher	Donated	REDACTED	chinese new year gift	Lord Mayor Appeal	i wont accept gifts or money from clients and dont want to offend iris by offering it back as it is a chinese tradition to give money to people who enter the home for good luck. i was unaware there would be money in the envelope until i got home and opened it	Andy Biddle			
04/02/2022	£5 - £25		Bronwen Edwards	I was gifted an envelope on Chinese New Year from REDACTED partner during a home assessment. I did not open the envelope during the visit as this would have caused offence. I opened it after leaving the property, it contained £10. Declared to my Team Manager and advised her that to return it would cause offence.	Cash / Voucher	Donated	REDACTED		Lord Mayor Appeal	Team Manager Kaylee Mowatt has spoken to REDACTED and explained PCC policy. He requested the money be donated to the Lord Mayor's Appeal.	Andy Biddle			
20/12/2021	£5 - £25		Chloe Randle	£20 Boots voucher	Cash / Voucher	Donated	REDACTED	Daughter and Son of Client	Lord Mayor Appeal	ASC policy	Andy Biddle			
17/06/2022	Over £25 (specify)	£40.00	Gareth Colwell	Sample bottles sent to the Port alongside a paid order of miniature's for the event.	Cash / Voucher	Accepted	REDACTED	Attending the Cruise Industry Event	Lord Mayor Appeal	Gift and sent with an order	Mike Sellers	Yes	27/06/2022	Agreed for the Lord Mayor's Charity
17/05/2022	Over £25 (specify)	200.00	John Stedman	Cheque for £200 made out to me personally as 'a token of appreciation' for giving his son 'the opportunities to enjoy working at the History Centre, and before that at the Museum'. Received on my retirement. Banked and equal sum paid to the Lord Mayor's Appeal.	Cash / Voucher	Donated	REDACTED	Father of one of the Portsmouth History Centre volunteers. The volunteer has been working with me for over a decade.	Lord Mayor Appeal	To maintain the Portsmouth History Centre and city's good relationships with the donor and the volunteer.	Stephen Baily			
11/05/2022	Over £25 (specify)	£30.00	John Stedman	Book token given as farewell gift on retirement	Cash / Voucher	Accepted	REDACTED	Volunteers working with the staff member for more than ten years		To show appreciation of the donors' friendship over many years and so as not to cause offence.	Stephen Baily	Yes	07/09/2022	Refusal would offend

Appendix 4 - Cash & Vouchers

Date Received	Value Desc	Specified Value	Receiver	Description	Sub Classification	Action	Donor Name	Donor Interests	Donated To	Reason	Approver	Approved By Approver	Approver Decision Date	Approver Reason
11/05/2022	Over £25 (specify)	£30.00	John Stedman	Book token given as farewell gift on retirement	Cash / Voucher	Donated	REDACTED	Volunteers working with the staff member for more than ten years	Lord Mayor Appeal	Accepted to show appreciation of the donors' friendship over many years and so as not to cause offence. Donated to help the people of Portsmouth.	Stephen Baily			
04/12/2021	£5 - £25		Catherine Burland	Leather purse from charity shop (which had admired previous, should stop admiring things out loud!) and £10 to spend on drinks with team (could put to tea-boat if possible)	Cash / Voucher	Accepted	REDACTED			Was handed card and wrapped present, am trying not to make a song and dance about accepting items although actively discouraging! Will share card with team and can donate purse to Lord Mayors if needed	Stephen Baily	Yes	04/01/2022	refusal would offend.
05/05/2022	£5 - £25		Syed Miah	Second hand/used games console for my son.	Cash / Voucher	Accepted	REDACTED			REDACTED pointed at a box on the floor & stated that she wanted to give this to my son. I declined but Mrs Swann kept insisting & said its a trip hazard where it is. Mrs Swann started saying she doesn't have any grandchildren, i could see she was about to cry and very emotional & insisted I take it for my son. I didn't want to offend REDACTED or make her cry after what she said so i reluctantly accepted it and thanked her for her generosity.	Andy Biddle	Yes	22/05/2022	Discussion has taken place and charitable donation if the unit functional We will write to REDACTED and thank her for her generosity and remind that we cannot accept gifts but on this occasion we have done. We will look to use this within our service for people who we care for. If the unit cannot be used in any of our care homes, we will seek to donate to charity.
14/09/2022	Under £5		Rebecca Edmonds	bunch of flowers and a card	Cash / Voucher	Accepted	REDACTED	REDACTED is a PCC tenant. I have worked with her to register for a management move, and she was very grateful for my assistance.		I have accepted as REDACTED and her two young sons have gone to the trouble of buying flowers and card and the little boys drew two pictures for me, it would have been insulting to them to decline and they wanted to say thanks	James Hill	Yes	17/10/2022	As per policy

Appendix 4 - Cash & Vouchers

Date Received	Value Desc	Specified Value	Receiver	Description	Sub Classification	Action	Donor Name	Donor Interests	Donated To	Reason	Approver	Approved By Approver	Approver Decision Date	Approver Reason
01/09/2022	£5 - £25		Jody Bradshaw	Chocolate wine flowers	Cash / Voucher	Accepted	REDACTED	Housing customer		Likely to cause offence not to accept - was sent as a thank you for helping customer gift.	James Hill	Yes	17/10/2022	As per policy
01/09/2022	£5 - £25		Jody Bradshaw	Amazon voucher £15.00	Cash / Voucher	Donated	REDACTED		Other	declining of gift likely to offend.	James Hill			
11/08/2022	Under £5		Lynda Thomas	Nestle Dairy Box Chocolates 162g box	Cash / Voucher	Accepted	REDACTED			Was saying thank you for my hard work. Would not take no for an answer.	James Hill	Yes	22/08/2022	As per policy
13/07/2022	Under £5		Rebecca Edmonds	Bunch of flowers and a thank you card for supporting them with moving into more suitable accommodation	Cash / Voucher	Accepted	REDACTED			they were very grateful for my help and wanted to express gratitude	James Hill	Yes	25/07/2022	As per policy
11/03/2022	Under £5		Kerry Weatherley	Small bouquet of flowers	Cash / Voucher	Accepted	REDACTED			Minimal value and would not last long in the office	James Hill	Yes	28/03/2022	As per policy
12/12/2021	Under £5		Cathy Rackstraw	James McIntyre was handed a £5 note when he was locking up thanking him for his help.	Cash / Voucher	Donated	Solent Stamps Company	None	Other	Given to the charity that is opposite our centre.	James Hill			
12/12/2021	£5 - £25		Harnish Patel	Bottle of Graham Beck Brut Chardonnay Pinot Noir.	Cash / Voucher	Accepted	REDACTED			Delivered to Civic offices from a personal contact.	Tom Southall			

Appendix 5 - Donated

Service Text	Date Received	Value Desc	Specified Value	Receiver	Description	Classification	Sub Classification	Action	Donor Name	Donor Interests	Donated To	Donated To Other	Reason	Approver
PCC Adult Services	02/08/2022	Under £5		Samantha Cooke	Box of Cadbury Roses 275g attempted to refuse however client and daughter insistent as a thank you for all support provided.	Gift	Other	Donated	REDACTED	daughter of client	Lord Mayor Appeal		Did not wish to upset the client and family who where insistent in my taking of gift as a thank you for all the support I had provided to client and family. Gift received today 2.8.22 will donate to Lord Mayor appeal	Andy Biddle
PCC Adult Services	02/08/2022	Under £5		Samantha Cooke	Bottle of Barefoot Pinot Grigio 750ml	Gift	Other	Donated	REDACTED	Daughter of client	Lord Mayor Appeal		Offered as a thank you gift by daughter and client for all support provided to client and family. Politely declined however they insisted - did not want to upset them. Received 2.8.22 plan to donate to Lord Mayor Appeal.	Andy Biddle
PCC Adult Services	02/08/2022	Under £5		Samantha Cooke	Bottle of Barefoot Pinot Grigio 750ml	Gift	Other	Donated	REDACTED	Daughter of client	Lord Mayor Appeal		Offered as a thank you gift by daughter and client for all support provided to client and family. Politely declined however they insisted - did not want to upset them. Received 2.8.22 plan to donate to Lord Mayor Appeal.	Andy Biddle

Appendix 5 - Donated

Service Text	Date Received	Value Desc	Specified Value	Receiver	Description	Classification	Sub Classification	Action	Donor Name	Donor Interests	Donated To	Donated To Other	Reason	Approver
PCC Adult Services	17/02/2022	£5 - £25		Joanna McNamara	£10 note in a chinese new year envelope sealed	Gift	Cash / Voucher	Donated	REDACTED	chinese new year gift	Lord Mayor Appeal		i wont accept gifts or money from clients and dont want to offend iris by offering it back as it is a chinese tradition to give money to people who enter the home for good luck. i was unaware there would be money in the envelope until i got home and opened it	Andy Biddle
PCC Adult Services Page 66	04/02/2022	£5 - £25		Bronwen Edwards	I was gifted an envelope on Chinese New Year from REDACTED partner. I did not open the envelope during the visit as this would have caused offence. I opened it after leaving the property, it contained £10. Declared to my Team Manager and advised her that to return it would cause offence.	Gift	Cash / Voucher	Donated	REDACTED		Lord Mayor Appeal		Team Manager Kaylee Mowatt has spoken to REDACTED and explained PCC policy. He requested the money be donated to the Lord Mayor's Appeal.	Andy Biddle

Appendix 5 - Donated

Service Text	Date Received	Value Desc	Specified Value	Receiver	Description	Classification	Sub Classification	Action	Donor Name	Donor Interests	Donated To	Donated To Other	Reason	Approver
PCC Adult Services	04/02/2022	£5 - £25		Bronwen Edwards	I was gifted an envelope on Chinese New Year from REDACTED partner during a home assessment. I did not open the envelope during the visit as this would have caused offence. I opened it after leaving the property, it contained £10. Declared to my Team Manager and advised her that to return it would cause offence.	Gift	Cash / Voucher	Donated	REDACTED		Lord Mayor Appeal		Team Manager Kaylee Mowatt has spoken to REDACTED and explained PCC policy. He requested the money be donated to the Lord Mayor's Appeal.	Andy Biddle
PCC Adult Services	22/12/2021	£5 - £25		Chloe Randle	£20 Boots voucher	Gift	Cash / Voucher	Donated	REDACTED	Daughter and Son of Client	Lord Mayor Appeal		ASC policy	Andy Biddle

Appendix 5 - Donated

Service Text	Date Received	Value Desc	Specified Value	Receiver	Description	Classification	Sub Classification	Action	Donor Name	Donor Interests	Donated To	Donated To Other	Reason	Approver
PCC Culture Leisure and Regulatory Services	17/05/2022	Over £25 (specify)	200.00	John Stedman	Cheque for £200 made out to me personally as 'a token of appreciation' for giving his son 'the opportunities to enjoy working at the History Centre, and before that at the Museum'. Received on my retirement. Banked and equal sum paid to the Lord Mayor's Appeal.	Gift	Cash / Voucher	Donated	REDACTED	Father of one of the Portsmouth History Centre volunteers. The volunteer has been working with me for over a decade.	Lord Mayor Appeal		To maintain the Portsmouth History Centre and city's good relationships with the donor and the volunteer.	Stephen Baily
PCC Culture Leisure and Regulatory Services	11/05/2022	Over £25 (specify)	£30.00	John Stedman	Book token given as farewell gift on retirement	Gift	Cash / Voucher	Donated	REDACTED	Volunteers working with the staff member for more than ten years	Lord Mayor Appeal		Accepted to show appreciation of the donors' friendship over many years and so as not to cause offence. Donated to help the people of Portsmouth.	Stephen Baily
PCC Culture Leisure and Regulatory Services	01/12/2021	Over £25 (specify)	50.00	Felicity Wood	11 bottles of lager, 3 bottles red wine, 2 bottles white. Items left over from an event run by the donor at The D-Day Story museum.	Gift	Other	Donated	Liberation Route Europe	The D-Day Story are members of Liberation Route Europe.	Lord Mayor Appeal		Refusal would offend.	Stephen Baily
PCC Executive	29/07/2022	£5 - £25		Lisa Wills	Hamper of Norfolk made food	Gift	Other	Donated	REDACTED	n/a	Lord Mayor Appeal		Prefer to donate than accept	Paddy May
PCC Executive	29/07/2022	£5 - £25		Lisa Wills	Hamper of Norfolk made food	Gift	Other	Donated	REDACTED	n/a	Lord Mayor Appeal		Prefer to donate than accept	Paddy May

Appendix 5 - Donated

Service Text	Date Received	Value Desc	Specified Value	Receiver	Description	Classification	Sub Classification	Action	Donor Name	Donor Interests	Donated To	Donated To Other	Reason	Approver
PCC Finance and Resources	10/02/2022	£5 - £25		Amanda Aylmer	I have been supporting REDACTED on the WHP and it is my last day in post today. REDACTED attended her last appointment me with me yesterday and gave me a bath set as a leaving present.	Gift	Other	Donated	REDACTED		Lord Mayor Appeal		I plan to donate to the Lord Mayor's appeal once I have made contact and been advised how best to do this.	Ian Maguire
PCC Housing, Neighbourhood and Building Services	01/09/2022	£5 - £25		Jody Bradshaw	Amazon voucher £15.00	Gift	Cash / Voucher	Donated	REDACTED		Other	Rough Sleepers Hub	declining of gift likely to offend.	James Hill
PCC Housing, Neighbourhood and Building Services	25/05/2022	£5 - £25		Sharon Houseman	2 Bottles of good quality wine	Gift	Other	Donated	REDACTED	Relatives of a resident that sadly passed away	Lord Mayor Appeal		As sheltered housing we do not accept any gifts over £5. As this gift was just left for the scheme manager we are unable to discuss this with them or hand it back.	James Hill
PCC Housing, Neighbourhood and Building Services	15/02/2022	£5 - £25		William George	Wireless Phone Charger	Gift	Other	Donated	REDACTED	Primary Contractor	Lord Mayor Appeal		Unsolicited gift received by post. Could not decline and therefore donated.	James Hill
PCC Housing, Neighbourhood and Building Services	11/02/2022	Under £5		Graham Beasley	Bell logo'd wireless mobile phone charger received in post	Gift	Other	Donated	REDACTED	Bell is included in the 13 building contractors on Housing and Neighbourhood's Primary Contractor's Framework	Lord Mayor Appeal		1) transparency, 2) No practical use to me 3) of no significant value	James Hill

Appendix 5 - Donated

Service Text	Date Received	Value Desc	Specified Value	Receiver	Description	Classification	Sub Classification	Action	Donor Name	Donor Interests	Donated To	Donated To Other	Reason	Approver
PCC Housing, Neighbourhood and Building Services	20/12/2021	Over £25 (specify)	£35	Jonathan Coulson	gift of perfume	Gift	Other	Donated	REDACTED	tenant	Lord Mayor Appeal		I would like the item to be sent to charity.	James Hill
PCC Housing, Neighbourhood and Building Services	13/12/2021	Under £5		Cathy Rackstraw	A tin of Quality Street	Gift	Other	Donated	Towns Womens Guild a group who hire facilities at the Community Centre	N/A	Other	Wessex Cancer Trust a charity whose 'Sing for Life choir ' are weekly attendees at the centre	We do not accept gifts but these were left in the room with a Christmas card after the guild had left the centre.	James Hill
PCC Housing, Neighbourhood and Building Services	13/12/2021	Under £5		Cathy Rackstraw	Tub of heroes	Gift	Other	Donated	REDACTED	None	Other	SANDS charity choir	Given to the only other charity in the centre this week. Tub of sweets yet again left in centre when group finished for the night.	James Hill
PCC Housing, Neighbourhood and Building Services	13/12/2021	Under £5		Cathy Rackstraw	James McIntyre was handed a £5 note when he was locking up thanking him for his help.	Gift	Cash / Voucher	Donated	Solent Stamps Company	None	Other	Donated to British Heart Foundation	Given to the charity that is opposite our centre.	James Hill
PCC Housing, Neighbourhood and Building Services	18/10/2021	£5 - £25		Ciara White	Panto Press Performance as VIP guests on Sunday 28th November at 7:30pm for the HAF Fun Pompey team.	Hospitality		Donated	REDACTED	HAF Fun Pompey and community in general	Other	Afghan Settlement families	Advised we cannot accept the gift and we wanted to ensure they were donated to a good cause. We will have some panto tickets offered through the HAF Fun Pompey winter programme and Jo Bennett suggested the Afghan Settlement families. We are liaising with Amy Boulain to organise this.	James Hill

CODE OF CONDUCT - MEMBERS' GIFTS & HOSPITALITY REGISTER

Portsmouth City Council

Councillor	Estimated Value	Gift(s) and/or Hospitality details		
		Name of Donor(s)	Address of Donor(s)	Nature of Gift/Hospitality
Gerald Vernon-Jackson	Unknown	Portsmouth Football Club	Fratton Park, Frogmore Road, PO4 8RA	Fortnum and Mason Hamper
George Madgwick	£39	Portsmouth Historic Dockyard	Victory Gate, HM Naval Base, Portsmouth, PO1 3LJ	One year pass for entry to Dockyard - value £39

Date Received
09/12/21
01/02/22

Agenda Item 9

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Portsmouth
CITY COUNCIL

Title of meeting:	Governance & Audit & Standards Committee
Subject:	Procurement Management Information
Date of meeting:	23 rd November 2022
Report by:	Richard Lock - Assistant Director, Procurement
Wards affected:	N/A

1. Requested by

Governance and Audit and Standards Committee.

2. Purpose

To provide evidence to allow the committee to evaluate the extent that Portsmouth City Council is producing contracts for goods, works and services in a legally compliant value for money basis.

To update the Committee on progress developing procurement performance reporting.

3. Information Requested

Performance Monitoring Elements & Base Line Data Reports

The report covers 3 key performance monitoring elements:

- Spend compliance
- Contract award via waiver
- Contract management performance monitoring

At the request of the Committee at the meeting held on 24th July 2020 the base line data used to calculate summary figures is included as the following exempt appendixes:

- EXEMPT - G&A&S - Procurement MI - App 1 Spend Compliance Oct 22 - 11.11.22
- EXEMPT - G&A&S - Procurement MI - App 2 Waivers Aug - Oct 22 - 11.11.22
- EXEMPT - G&A&S - Procurement MI - App 3 Contract KPIs Aug - Oct 22 - 11.11.22

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A further exempt appendix has also been included for which covers analysis of the data by procurement and which includes for some commercially sensitive information:

- EXEMPT - G&A&S - App 4 - Procurement Data Analysis - Aug - Oct 22 - 11.11.22

Performance Comparison & Reports Development

The report provides, where possible, a performance comparison to the data provided within the last report taken to the committee on 20th July 2022.

However, as Procurement are working to develop the reports in order to provide a more complete, accurate and relevant assessment of performance this will have some impact on the granularity of comparison that can be achieved at present which will continue until the new reporting models are fully implemented.

Exempt Information

Where detail is required by the committee the Procurement Manager will provide this during the committee meeting, however where questions relate to detail included within the exempt appendices responses cannot be provided whilst the public live streaming is in operation.

SECTION 1 - SPEND COMPLIANCE

Introduction

The table on the following page provides a comparison of spend compliance from the last report taken to Committee which covered spend in June 2022 to the latest whole month spend information taken from October 2022.

Unfortunately due to the need to prioritise procurement resources onto critical projects, procurement have not been able to run and analyse a full quarter / 3 months of spend information as agreed within the minutes of the last Committee meeting. It is hoped that this will be addressed for the next Committee meeting subject to resource capacity.

Context & Current Process

The Local Government Transparency Code (2015) requires that all contracts with a lifetime value of £5,000 or above are published. The Council monitors and enforces compliance by requiring every purchase order with a distribution value of £5,000 or above is linked to a contract entry which has been raised and published on the Council's InTend system.

Compliance is measured initially by reporting on spend linked to a contract entry which has been raised on the council's InTend system.

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It should be noted that the 'compliance' definition relates purely to meeting the requirements of the Local Government Transparency Code (2015) and the financial controls put in place by the council. Broader compliance with wider legislation such as the Public Contracts Regulations (2015) and Public Concessions Regulations (2016) as well as the rules set out within the council's constitutional Contract Procedure Rules is covered under Section 2 of this report.

Report Development Status & Future Development Proposals

As per the last report taken to Committee procurement are now able to report on spend transacted via all systems rather than just payments made via Oracle FUSION, These additional systems include for:

- MOSAIC - Children's Social Care spend
- CONTROCC - Adult Social care spend
- SystemsLink - Utilities spend (Gas, Electricity, Phone, etc.)
- Scala - Port spend

Since the last Committee meeting financial controls on above £5k spend processed via Scala have been developed allowing compliance to be tracked for spend processed via this system.

The development of financial controls in respect of financial transaction processed via the other systems is yet to be progressed although solutions to link CONTROCC financial transactions above £5k to contract entries are currently being investigated and it is hoped that a solution for automated compliance tracking could be developed over 2023.

Two other systems / purchasing routes are not yet included for within the reports, which are:

- CHAPS - used to process PFI payments to partner highways maintenance contractor
- Purchasing Cards - used typically for lower value transactions as per Council policy

Further work will be needed to investigate how spend via these systems / methods can be simply reported upon and compliance controls subsequently implemented.

Whilst the current inability to provide compliance reporting from other systems is an issue that needs to be overcome, it is unlikely that after further analysis there will be many or any significant instances of higher risk non-compliance with Public Contracts Regulations (2015) requirements as:

- Procurement can provide assurance that all utilities contracts which SystemsLink transactions relate have been compliantly procured

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- Higher value transactions processed via CONTROCC for adult social care services, via MOSAIC for children's social care services and via SCALA for Port transactions should be able to be tracked back to approved contracts through application of the Council's Procurement Gateway Process which is applied to all contracts with a lifetime value of over £100,000
- Transactions related to waste collection can be traced back to a compliant contract
- PFI payments for Day Services Centre can be traced back to a compliant contract
- Payments made to suppliers for locally commissioned services (pharmacies) can be traced back to a compliant contract
- Payments made to builders for works undertaken for private sector residents for disabled facilities grants, warm homes funding, etc. are not subject to procurement regulations

October 22 Analysis

The detailed report taken from Oracle FUSION is included as exempt 'Appendix 1 - Spend Compliance Oct 22'. This report shows the compliance figures overall, by service and by sub-service area.

A summary of the analysis undertaken by service area is included within the data following table. A target of 95% compliance overall and by service area in respect of transactions processed via Oracle has been set previously by the Committee. Performance can be summarised as follows:

- Total spend via all systems for October 2022 equated to £29.2M (£29,165,679.58) which is slightly higher than the approx. £28.4M reported for June 2022 at the last meeting.
- Total spend for transactions with a value of £5k or more which should generally be linked to a contract entry published in accordance with transparency requirements and finance controls for October 2022 equates to £21.8M (£21,880,630.74) / 75%.
- Total spend for transactions with a value of £5k or more processed via Oracle FUSION and Scala equates to £15.7M (£15,740,262.54) / 72% of all £5k or more transactions.
- Of this spend £15.5M (£15,532,518.76) / 98.7% can be compliantly tracked to a contract entry published on the InTend system without any corrective actions undertaken by Procurement which is the highest compliance % figure recorded to date. All service areas also exceed the 95% compliance target, which is the first time this has been achieved without any corrective actions.

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Spend Compliance Comparison - June 22 vs October 22

The Committee should note that the June 22 figures measure compliance following corrective action is undertaken by Procurement whereas the October figures are taken directly from Oracle FUSION reports.

Key

- NC - Non-compliant
- C - Compliant

	June 2022			October 2022		
Directorate	Total £	NC £	C %	Total £	NC £	C %
Adult Services	£605,229	£1,067	99.82%	£719,681.89	£2,279.33	99.68%
Children Families & Education	£275,878	£0	100%	£341,407.53	£12,704.88	96.28%
Corporate Services	£396,687	£7,441	98.05%	£577,406.00	£11,304.35	98.04%
Culture Leisure & Regulatory Services	£282,258	£0	100%	£115,348.21	£2,862.33	97.52%
Executive	£62,921	£2,029	98.93%	£59,660.36	£70.00	99.88%
Finance	£1,722,267	£2,805	99.84%	£1,504,917.66	£9,113.75	99.39%
Housing Neighbourhood & Building Services	£6,998,300	£1,070	99.98%	£7,282,771.58	£88,748.00	98.78%
Portsmouth International Port	NA - Need to review SCALA			£535,800.44	£0.00	100.00%
Public Health	£253,539	£0	100%	£361,186.12	£618.00	99.83%
Regeneration	£5,529,974	£0	100%	£4,242,082.75	£80,043.14	98.11%
TOTAL	£16,293,195	£794,079	99.7%	£15,740,262.54	£207,743.78	98.68%

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The data set from which the above table has been calculated can be found within exempt Appendix 1 (EXEMPT - G&A&S - Procurement MI - App 1 Spend Compliance Oct 22 - 11.11.22).

Analysis of non-compliant financial transactions exceeding £5k which cannot be traced back to a compliant contract currently by Procurement are included for within Appendix 4 (EXEMPT - G&A&S - App 4 - Procurement Data Analysis - Apr - Jun 22 - 11.07.22).

In summary, the analysis shows that there are no financial transactions with an overall distribution value in excess of £100k, above which contracts are classed as high value under the council's CPRs and should be let via a fully advertised compliantly tender process, that cannot be traced back to a compliant contract or are otherwise exempt from regulations and council CPRs. Whilst work is required to ensure that contract entries are raised and published on InTend, the risk of legal challenge to the Council for failing to meet transparency requirements is low.

SECTION 2 - CONTRACT AWARD VIA WAIVER

The tables below show a comparison of contracts with a lifetime value of £100,000 or more awarded via application of a waiver between April - June 2022 as reported at the last Committee meeting with those awarded via waiver over the last reportable quarter being April - June 2022.

Whilst waivers are to be sought for any significant departure from the council's Contract Procedure Rules (CPRs), the report focuses upon waivers that apply to contracts with a lifetime value of over £100k as it is at this threshold that review by Procurement and Legal is mandated under the Council's CPRs. Below this threshold waivers can be approved by the relevant Director or Assistant Director.

Under the CPRs waivers can be approved by:

- Director including for Assistant Directors given delegated authority by the Director - up to £100k
- Procurement manager - up to £1M
- Procurement Gateway Board - above £1M

Above £100k Contracts Awarded via Application of Waiver - Reporting Period Comparison

Risk Profile	April - June 2022		August - October 2022	
	No. of Contracts	Waiver Value	No. of Contracts	Contract Value
HIGH RISK	0	£0	0	£0

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MEDIUM RISK	9	£7,814,184	4	£2,933,248
LOW RISK	12	£4,060,493	4	£284,408
TOTAL	21	£10,505,075	8	£3,217,656

Summary information regarding the waivers including for service area, contract name, supplier, value, term, etc. can be found within the exempt 'Appendix 2, Waivers Aug - Oct 22'.

Analysis

Risk ratings have been applied to the waivers reviewed in accordance with the following criteria / characteristics:

- **HIGH RISK** - In breach of statutory procurement regulations, high probability of market challenge, lack of effective mitigation strategies, no agreed strategy in place to bring the contract into compliance
- **MEDIUM RISK** - In breach of statutory procurement regulations, low probability of market challenge, mitigation strategies in place, agreed strategy in place to bring the contract into compliance, rationale for waiver meets Council CPR requirements
- **LOW RISK** - No breach of statutory procurement regulations, low probability of market challenge, mitigation strategies in place, rationale for waiver meets Council CPR requirements

The value and number of waivers has decreased over the reporting period compared to the last report taken to Committee. Whilst the reasoning for the decrease has not been investigated in detail, it can be assumed that the reduction may be due to the lessening impacts of the CVD-19 pandemic upon re-tendering programmes. However, there is still significant work required to address the backlog of contracts that require re-tendering, particularly in respect of Adult Social Care contracting which was most acutely impacted by the pandemic.

All waivers have been subject to varying degrees of financial benchmarking and delivery performance assessment in order to provide a level of best value assurance in the absence of competition. Procurement have engaged with services to plan and implement procurement processes which will bring the contracts back into compliance where requirements are forecast to be on-going.

Information regarding each above £100k waiver reported on above including for summary risk analysis undertaken by Procurement can be found within exempt Appendix 4 (EXEMPT - G&A&S - App 4 - Procurement Data Analysis - Aug - Oct 22 - 11.11.22).

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SECTION 3 - CONTRACT MANAGEMENT PERFORMANCE MONITORING

Current KPI Model & Planned Developments

Contract management performance is currently monitored at summary level by application of a set of 3 standard KPIs which are scored and reported on via the InTend system. The 3 KPIs currently used are:

- KPI 1 - Contract Service Level
- KPI 2 - Customer Perception
- KPI 3 - Business Processes

Procurement are in the process of phasing out this system as the current model causes the following problems:

- Not all contracts relate to front line activities, making the customer perception KPI 2 superfluous in some cases
- Each of the KPIs are weighted equally, which can overemphasise relatively minor business process issues in relation to KPI 2 (e.g. late receipt of an invoice) on contracts that are otherwise performing well and scoring highly in respect of KPI 1 Contract Service Level
- Having to consider 3 KPIs which may not always be relevant and rarely equal importance frustrates contract managers which can lead to inaccurate or non-completion of KPIs where services do not see benefits

Procurement have developed a simplified flexible single KPI model whereby contracts are assessed on a consistent 0-5 basis as per the example below:

- 0 - Unacceptable Performance - grounds for immediate termination and barring from future contract opportunities
- 1 - Poor - significant issues have arisen. May invoke termination and barring from future opportunities unless significant and immediate improvements are implemented.
- 2 - Fair - activities were generally undertaken to a satisfactory level however a number of smaller issues arose that were addressed when improvement notices were issued
- 3 - Satisfactory - met the contractual obligation and performed within the range of expectation
- 4 - Good - met and on occasion exceeded contractual expectations. Activities undertaken to a high standard.
- 5 - Excellent - performed above general contracted requirement by bringing added value and exceeded expectations in multiply areas.

This revised model has been welcomed by services and has been successfully implemented onto a number of procurement processes undertaken over the last year.

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The model by virtue of its core simplicity is flexible and can be applied on a proportionate and relevant basis to any contract irrespective of the value, scale and complexity of the contract.

Procurement have worked with the provider of its e-sourcing solution InTend to successfully develop and test the KPI model within the system. The new model has now been launched within the system and is due to be implemented across the following contracts over the coming months:

- Within the Council's top 20 higher value strategic contracts which collectively equate to over £100M spend per annum
- Contracts procured via the Council's Primary Contractor Framework used to procure routine building works where the 0-5 model has been applied which collectively equate to over £20M.

KPI Performance Analysis for Aug - Oct 2022

Performance is assessed against the following parameters:

- Total number of contracts on InTend system
- Total number of contracts on system with KPI requirement
- Total number of contracts due KPI performance update in last quarter
- Total number of contracts due KPI update in last quarter that KPIs have been reported
- Performance level of contracts KPI scored within the last quarter

Analysis Parameters	Apr - Jun 22		Oct - Aug 22	
Total No. Contracts	1602		1599	
Total No. Contracts with KPI Requirement	956	60%	966	60%
Total No. Contracts with KPI Due Assessment in Last Quarter	72	7%	341	35%
Total No. Contracts with KPI Assessed in Last Quarter	70	97%	89	26%
Total No. Contracts Assessed as Red / Poor performance in Last Quarter	0	0%	1	1%

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Total No. Contracts Assessed as Amber / Below Satisfactory performance in Last Quarter	3	4%	1	1%
Total No. Contracts Assessed as Green / Satisfactory performance in Last Quarter	41	58%	42	47%
Total No. Contracts Assessed as Gold / Above Satisfactory performance in Last Quarter	26	38%	45	51%

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Contracts with KPI Requirements

Whilst the majority (966 / 60%) of contracts recorded on the InTend system have KPI reporting requirements applied to them a very significant number (633 / 40%) do not and it is not immediately clear how the decision to apply the KPI or not is being applied on a consistent basis.

Work is required to further review why KPIs have not been applied and develop a consistent set of business rules over the coming months which can be rolled out alongside the new KPI model.

Levels of Performance

Only 1 contract has been scored as red (1%) within the quarter which upon review is due to inputter error as the supplier has performed well. This will be corrected within the InTend system.

Only 1 contract has been scored as amber (1%) which upon review is a warranted score, further information is provided within the exempt appendixes referred to below.

42 contracts have been scored as satisfactory (47%) and 45 (51%) have been scored as above satisfactory.

Further Detailed Information

Details on the contracts due KPI assessment within the last quarter along with rationale for allocation of less than satisfactory scores can be found within the exempt information which accompanies this report - 'EXEMPT - G&A - Procurement MI - App 3 Contract KPIs Aug - Oct 22 - 11.11.22' and ' EXEMPT - G&A&S - App 4 - Procurement Data Analysis - Aug - Oct 22 - 11.11.22.

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Signed by Richard Lock - Assistant Director, Procurement

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