

## **GOVERNANCE & AUDIT & STANDARDS COMMITTEE**

MINUTES OF THE MEETING of the Governance & Audit & Standards Committee held on Wednesday, 25 January 2023 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](http://www.portsmouth.gov.uk).)

### **Present**

Councillor Leo Madden (in the chair)

Councillor Dave Ashmore  
Councillor Stuart Brown  
Councillor Judith Smyth  
Councillor Benedict Swann  
Councillor Daniel Wemyss

### **Officers**

Peter Baulf, City Solicitor  
James Berry, Companies Lawyer  
Elizabeth Goodwin, Chief Internal Auditor  
Richard Lock, Procurement Manager  
Julian Pike, Deputy Director of Finance & S151 Officer  
Paul Somerset, Deputy Chief Internal Auditor

#### **1. Apologies for Absence (AI 1)**

There were no apologies for absence.

#### **2. Declarations of Members' Interests (AI 2)**

There were no declarations of interest.

#### **3. Minutes of the Meeting held on 23 November 2022 (AI 3)**

The minutes of the meeting held on 23 November 2022 were confirmed and signed as a correct record subject to the below amendment (in italics) to paragraph five of minute 51:

*'The committee noted the gifting of a Fortnum & Mason hamper to the Leader of the City Council by Portsmouth Football Club and aired concerns that the value was not known and that it appeared to have been accepted. Upon researching the matter members of the committee noted that the lowest value Fortnum & Mason hamper was £70 at the time of the meeting.'*

In respect of the Fortnum and Mason hamper that had been gifted to the Leader, the Chairman confirmed that he would write to the Leader on behalf

of the committee to convey its disappointment that the estimated value had not been disclosed.'

#### **4. Contract Procedure Rules (AI 4)**

(TAKE IN REPORT)

Richard Lock, Assistant Director (Procurement), introduced the report which sought approval to replace the council's current Contract Procedure Rules (CPRs)

He advised that adopting the revised rules would help ensure that the council is able to more effectively and proportionally discharge its procurement function in readiness for the forthcoming legislative procurement reforms. The revised rules would also provide a dynamic platform from which to implement existing and future locally led policy within the council's procurement practices.

James Berry, Companies Lawyer, explained the legal basis behind having the rules and the council's duty to ensure best value. The revised CPRs had been structured to guide officers through the procurement process in a user-friendly way with a focus on the legal obligations.

In response to questions the committee was advised:

- The increase of contract waivers from £100k to £150k was a local matter to determine, as the statutory limit was £213k. Uplifting to £150k would continue to provide a generous buffer against the statutory limit whilst also giving services great flexibility;
- The matter around clauses preventing former officers to be employed as consultants would be looked into;
- Part 10 (Options Appraisal) of the proposal referred to in-house options and this would be at the pre-procurement stage rather than the council entering a formal bidding process;
- Social value was widely implemented across the council. The Council had a social value policy and Part 10 required officers to comply with the social value duty and to follow the Council's social value policy; and
- Training by CIPFA was scheduled to take place and the e-learning package used previously was being reviewed to ensure that relevant officers were sufficiently trained in procurement.

In respect of paragraph 7.3.1 of the proposed CPRs it was believed that it should be made clear that small grants should be dealt with via a small grants regime, with larger grants to not for profit organisations subjected to a more thorough process.

A concern was raised about the focus of the document being around the procurement exercise rather than outcomes, particularly with regard to the best results for service users. The inclusion of this within the document was predicted to enable the better management of outcomes and assist with contract monitoring.

Not all members believed that it was necessary for outcomes to be included within this specific document.

In reply, the Assistant Director (Procurement) explained that the CPRs had been designed to be neutral to allow flexibility for services. The CPRs set the tone, with the governance documents underneath this framework dealing with the details and the contract specification.

The committee supported the revised CPRs but requested that paragraphs 10, 12 and 34 be amended to provide a greater emphasis on outcomes.

Given the timescales prior to Full Council the committee was happy to confirm the specific wording via email and for the CPRs to be presented to Council in the amended form.

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

- (i) ENDORSED the revised CPRs as attached at Appendix A, subject to additional and/or amended wording in Section 10 to provide a greater emphasis on outcomes; and**
- (ii) RECOMMENDED that Full Council resolves to approve those revised CPRs, as amended at the request of the Governance & Audit & Standards Committee to include amended and/or additional wording in paragraphs 10, 12 and 34 to provide a greater emphasis on outcomes, as an amendment to Part 3A of the Council's Constitution, to be fully implemented and take effect from 1 July 2023.**

**5. Treasury Management Monitoring Report for the Third Quarter of 2022/23 (AI 5)**

(TAKE IN REPORT)

Julian Pike, Deputy Director of Finance & S151 Officer, introduced the report which informed members of the council's treasury management position, namely its borrowing and cash investments at 31 December 2022 and of the risks attached to that position.

He confirmed that the council's treasury management activities had remained in line with the Treasury Management Policy apart from one instance where the treasury management limit had been exceeded on one day, Friday 2 December 2022. A £5m deposit had been made to a counter party which took the totals in that counter party to £29m, exceeding the £26m approved limit. The error had been noticed the same day and immediate action taken to recover the money. The money was returned to the council on the next banking day, Monday 5 December 2022. The Leader and Chair of the Governance & Audit & Standards Committee had been notified of the error, as required by the council's Treasury Management Policy.

Interest earned on deposits had continued to run ahead of budget due to there having been nine interest rate rises since the forecast was made.

In response to a question, it was explained that the depositing error had been due to an officer's recollection of how much had been invested within that counter party being incorrect. To mitigate against this error being repeated the officer had been formally reminded to check all such transactions against the loan register prior to making any such investment and the loan register itself would be reviewed weekly rather than monthly.

The committee requested future sight of the Cabinet reports detailing the performance of the council's investment properties.

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

- (i) The Council's Treasury Management activities in the period up to 31 December 2022 set out in Appendix A; and**
- (ii) The actual Treasury Management indicators as at 31 December 2022 set out in Appendix A.**

**6. Internal Audit Performance Status Report to 10th January 2023 (AI 6)**

(TAKE IN REPORT)

Elizabeth Goodwin, Chief Internal Auditor, introduced the report which updated the committee on the internal audit performance for 2022/23 to 10 January 2023 against the Annual Audit Plan, highlighted areas of concern and areas where assurance could be given on the internal control framework.

The committee aired concerns about DBS checks for drivers providing home to school transport, which was a high-risk exception. It noted the commentary that testing was unable to confirm the details of the team's DBS and licensing reconciliation, evidence the implementation of the new system or processes, or evidence progression on the contract performance monitoring.

In reply it was explained that an external factor of a cohort of taxi drivers being licensed outside of the city, coupled to significant changes in the staffing structure, had compounded the issue of the council being able to evidence DBS certificates. There were good systems in place if the data was held in-house by the licensing authority at PCC, but if a driver was registered elsewhere, it was often harder to obtain the information.

The committee was very concerned that some children may be being transported to school by drivers without the council having seen evidence of their DBS certificate and requested an update on the situation at the following meeting.

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

- (i) the Audit Performance for 2022-23 to 10 January 2023; and**
- (ii) the highlighted areas of concern in relation to audits completed from the 2022/23 Audit Plan, including follow up work performed.**

**7. Whistleblowing Annual Report and Policy (AI 7)**

(TAKE IN REPORT)

Elizabeth Goodwin, Chief Internal Auditor introduced the report which updated the committee on the nature and handling of any whistleblowing concerns which have been raised for the period January 2022 to December 2022.

She advised the committee that in the past year there had been three recorded incidents which was a decrease on the previous year.

In response to questions the committee was advised that an investigation was underway in respect of the allegation of bullying, but it was not believed that the officer accused had been suspended.

In respect of the matter of an undeclared secondary employment which received no further action, it was explained that in some instances the secondary employment might not impact the individual's ability to carry out their role at PCC. As an example, an officer may work part time for an external organisation with no conflict or reduction in their ability to perform well in their role at PCC.

**RESOLVED that the committee NOTED the report and the Whistleblowing Policy, where no further changes were proposed.**

**8. Report to Governance & Audit & Standards Committee on complaints received into alleged breaches of the Code of Conduct by Members of the Council for the calendar year 2022 (AI 8)**

(TAKE IN REPORT)

Peter Baulf, City Solicitor, introduced the report which updated the committee in relation to complaints which had been progressed within the calendar year 2022 and which alleged that councillors may have breached the Code of Conduct.

He confirmed that four complaints had been processed and all had been dealt with at the Initial Filtering Panel level.

**RESOLVED that the committee NOTED the report and placed on record it's thanks to the Independent Persons.**

**9. Consideration of the political balance rules in relation to the constitution of Sub-Committees considering complaints against Members (AI 9)**

(TAKE IN REPORT)

Peter Baulf, City Solicitor, introduced the report.

The committee was asked to consider whether it wished to disapply the political balance rules in respect of its Sub-Committees and the Initial Filtering Panels which considered complaints against Members.

The committee had no questions in respect of this item.

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

The meeting concluded at 11.26 am.

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Councillor Leo Madden  
Chair