



NOTICE OF MEETING

GOVERNANCE & AUDIT & STANDARDS COMMITTEE

WEDNESDAY, 28 FEBRUARY 2024 AT 10.00 AM

THE EXECUTIVE MEETING ROOM - THIRD FLOOR, 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 Stuart Brown (Vice-Chair)
Councillor Graham Heaney
Councillor Emily Strudwick
Councillor Benedict Swann
Councillor Daniel Wemyss

Standing Deputies

Councillor Chris Attwell
Councillor Hannah Brent
Councillor Jason Fazackarley
Councillor Abdul Kadir
Councillor George Madgwick
Councillor John Smith
Councillor Mary Vallely

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

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

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

AGENDA

1 Apologies for Absence

2 Declarations of Members' Interests

3 Minutes of the meeting held on 24 January 2024 (Pages 5 - 12)

RECOMMENDED that the minutes of the meeting held on 24 January 2024 be approved and signed by the Chair as a correct record.

4 Data Security Breaches Report (Pages 13 - 30)

Purpose

The purpose of this report is to inform the committee of any Data Security Breaches and enable them to determine whether any trends appear and whether any further actions should be recommended.

Recommendation

RECOMMENDED that the Governance & Audit & Standards Committee notes the breaches that have arisen.

5 Corporate Performance Report - Q3 2023/24 (Pages 31 - 72)

Purpose

To report significant performance issues, arising from Q3 2023-24 performance monitoring, to Governance and Audit and Standards Committee and highlight areas for further action or analysis.

Recommendations

It is recommended that the Governance and Audit and Standards Committee:

- (i) notes the report in the revised format; and**
- (ii) agrees if any further action is required in response to performance issues highlighted.**

6 Internal Audit Plan 2024/25 (Pages 73 - 88)

Purpose

The purpose of this report is to present the proposed Internal Audit Plan for 2024/25 to the committee for approval.

Recommendation

Recommended that the proposed Internal Audit Plan for 2024/25 be approved.

7 Treasury Management Policy for 2024/25 (Pages 89 - 128)

Purpose

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

Recommendation

RECOMMENDED that the Committee note the recommendations in section 3 of the report that will go on to Full Council for approval.

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)	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 129 - 160)

Purpose

The purpose of the report is to provide procurement performance reports and supporting evidence to the committee in order that the committee may assess the council's performance in procuring contracts for goods, works and services on a legally compliant, value for money basis.

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

This 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.

This meeting is webcast (videoed), viewable via the Council's Democratic Services YouTube account at [Portsmouth City Council - Democratic Services - YouTube](#)

Agenda Item 3

GOVERNANCE & AUDIT & STANDARDS COMMITTEE

MINUTES OF THE MEETING of the Governance & Audit & Standards Committee held on Wednesday, 24 January 2024 at 10.00 am in The Executive Meeting Room - Third Floor, 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 (Vice-Chair)
Councillor Graham Heaney
Councillor Emily Strudwick
Councillor Benedict Swann
Councillor Daniel Wemyss

Officers

Steven Belshaw, Group Accountant (Technical & Financial Planning)
Andy Biddle, Director of Adult Social Care
Helen Dickeson, Deputy Monitoring Officer
Elizabeth Goodwin, Chief Internal Auditor
Helen Klemm, Finance Manager (Technical & Financial Planning)
Rumana Rafiq Ullah, Assistant Manager (Ernst & Young)
Charlotte Smith, Deputy Director of Corporate Services
Paul Somerset, Deputy Chief Internal Auditor
Richard Webb, Deputy S.151 Officer
David White, External Audit Manager (Ernst & Young)

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 22 November 2023 (AI 3)

The minutes of the meeting held on 22 November 2023 were confirmed and signed as a correct record.

4. 2022/23 Statement of Accounts and Audit Update (AI 4)

(TAKE IN REPORT)

Richard Webb, Assistant Director of Finance, introduced the information report which detailed the status of the City Council's 2022/23 Statement of Accounts and the related audit activity.

As a further update to the report the Department for Levelling Up Housing & Communities had confirmed that they were proposing to reset the local authority audit system through a limited series of statutory deadlines. The department will be issuing a consultation on their proposal, of an initial backstop date for local authorities and auditors of 30 September 2024, for all outstanding local audits in England up to and including the financial year 2022-23.

In response to a question regarding the reason for the audit backlog and the subsequent delays in addressing, David White, External Audit Manager (Ernst & Young) explained that the issue was a national issue and had arisen initially following the covid pandemic and that the delays were further compounded by some particular issues around the 2021/22 audit, notably the national issue around the valuation of infrastructure assets. Locally, the Hampshire Pension Fund triennial evaluation, which took place before the audit could be finalised, had also had an impact.

Resourcing and staff retention within the local government audit sector nationally had also been an ongoing challenge in recent years.

As detailed within the report, moves were afoot to address these issues to allow future audits to be completed in a more timely manner.

RESOLVED that the committee NOTED the report.

5. Portsmouth City Council Audit Results Report Year Ended 31 March 2022 (AI 5)

(TAKE IN REPORT)

David White, External Audit Manager (Ernst & Young) and Rumana Rafiq Ullah, Assistant Manager (Ernst & Young), introduced the final audit results report for 2021/22. The audit results had been completed and were now in a position to be signed by the end of January 2024.

No significant weaknesses had been identified in respect of value for money and there were no matters to report in respect of the Annual Governance Statement.

Audit differences were explained and these related to property valuations which had not always contained full details and evidence. The committee was advised that this element had taken a considerable amount of audit time to

assess, but it was understood that staff turnover and shortages had been experienced within the service at the council and that work was underway to address this.

Ernst & Young were however satisfied that the unadjusted errors were not material.

In response to questions the committee was advised that:

- The audit was concerned with areas of risk (including fraud) that could have a material effect on the statement of accounts. Ernst & Young were satisfied that appropriate measures were in place to prevent any material misstatement;
- In respect of valuation of fixed assets, the audit identified two main areas of difference in the valuation calculations, which management has chosen not to adjust. Whilst the differences had not been adjusted, they were not considered to be material to the statement of accounts;
- In respect of covid related grants, external audit was mainly focused on ensuring that the funds had been reflected appropriately within the statement of accounts. Wider fraud issues would either be a matter for internal audit or raised to the national body set up to deal with fraud perpetrated by national gangs; and
- Any differences in figures between management and external audit could remain as differences so long as they were not material to the statement of accounts.

RESOLVED that the committee NOTED the report.

6. Corporate Complaints Policy Update (AI 6)

(TAKE IN REPORT)

Charlotte Smith, Assistant Director of Corporate Services, introduced the information report which detailed interim changes to the Corporate Complaints Policy, required to meet the legislative requirements of the Social Housing Regulation Act (2023) from 1 April 2024. This required landlord complaints to be handled in accordance with the new Act and the housing service had recruited a dedicated Complaints Manager who would soon be in post.

The report also provided the committee with an update on plans to formally review the Corporate Complaints Policy once the outcome of the Local Government and Social Care Ombudsman consultation on a statutory code for complaints was known. The policy had been scheduled for review in December 2023, but the review had been put on hold pending the results of the consultation.

In the interim there would be two complaints policies, which would then be harmonised into a single policy as part of the review of the Corporate Complaints Policy.

In response to questions, the Assistant Director of Corporate Services understood from the Local Government and Social Care Ombudsman that the results of their consultation were imminent and that there would be no additional costs other than officer time in reviewing the Corporate Complaints Policy. She further advised the committee that landlord complaints represented around 40-50% of all complaints received by the council.

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

7. Whistleblowing Annual Report and Policy (AI 7)

(TAKE IN REPORT)

Paul Somerset, Deputy Chief Internal Auditor introduced the report which updated the committee on the nature and handling of any whistleblowing concerns which had been raised for the period January 2023 to December 2023.

He advised the committee that in the past year there had been six reports, which represented an increase when compared to the three reports made in 2022.

In response to a question relating to a case of bullying, which had seemingly dealt with via training, it was explained that this action related to training provided within the service more widely and that the specific case referred to had also been addressed via a separate human resources process.

In respect of outcomes more generally, the committee felt that it would be useful if further detail could be provided in future reports to confirm whether the reports had been either unsubstantiated, partially upheld or fully upheld.

In response to a question in respect of councillors either raising a whistleblowing concern individually or on behalf of a resident it was confirmed that there was guidance for the public on the council's website, but the topic potentially needed to be explained within the new member induction programme. The Chief Internal Auditor agreed to follow this up as an action.

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

8. Internal Audit Performance Status Report to 8th January 2024 (AI 8)

(TAKE IN REPORT)

Elizabeth Goodwin, Chief Internal Auditor, introduced the report which updated the committee on the internal audit performance for 2023/24 to 8 January 2024 against the Annual Audit Plan.

The following key areas were highlighted:

- Direct payments in Children, Families and Education had moved from 'No Assurance' to 'Limited Assurance'. Work was ongoing around the issue, which was in respect of verifying payments.
- Six high and medium risk exceptions existed in Corporate Health and Safety. These related to a lack of compliance with training and were contingent on the procurement of the new learning management software.
- Direct payments in Adult Care - Significant progress had been made in maintaining client reviews within computer databases. However, issues remained around the lack of records kept during the service wide review and discrepancies in the direct payment amount between some support plan and the finance system.

The Director of Adult Care spoke to the appendix to the report which provided further detail around direct payments within the service and the ongoing work being undertaken to address the issues identified. It was anticipated that this work would be completed by the end of the 2024 calendar year.

In response to questions, it was confirmed that service users in receipt of direct payments in adult and children's services could in theory be in receipt of under or over payments if their needs changed. For audit purposes it needed to be demonstrated that the service users had used the funds for the correct purposes.

In terms of the issues identified around support planning, it was explained that the council needed to ensure that payments were spent correctly. On occasion there had been discrepancies between the information held on the two databases relating to the details of a support plan and the associated payments. In future it was therefore of paramount importance to ensure that the records on both databases were kept up to date.

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

- (i) **the Audit Performance for 2023-24 to 8 January 2024; and**
- (ii) **the highlighted areas of concern in relation to audits completed from the 2023/24 Audit Plan, including follow up work performed.**

9. Treasury Management Monitoring Report for the Third Quarter of 2023/24 (AI 9)

(TAKE IN REPORT)

Helen Klemm, Technical & Financial Planning Finance Manager, introduced the report which informed the committee of the council's treasury management position, namely its borrowing and cash investments at 31 December 2023 and of the risks attached to that position.

She confirmed that the council's treasury management activities had remained in line with the Treasury Management Policy

RESOLVED that the Governance & Audit & Standards Committee NOTED:

- (i) That the Council's Treasury Management activities had remained within the Treasury Management Policy 2023/24 in the period up to 31 December 2023; and**
- (ii) The actual Treasury Management indicators as at 31 December 2023 set out in Appendix A.**

10. 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 2023 (AI 10)

(TAKE IN REPORT)

Helen Dickeson, Deputy Monitoring Officer, introduced the report which updated the committee in relation to complaints which had been progressed within the calendar year 2023 and which alleged that councillors may have breached the Code of Conduct.

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

During discussion it was believed that the low number of complaints did not necessarily mean that all councillors were adhering to the Code of Conduct. Different councillors operated differently and in some cases a councillor might address a matter directly with another councillor to resolve an issue, rather than make a complaint under the Code of Conduct.

A request was also made that future reports contain additional information about the process, the time frames for their consideration and how complaints were handled.

RESOLVED that the committee:

- (i) NOTED the report;**
- (ii) Requested that future reports contain additional information about the process, the time frames for the consideration of complaints and how complaints handled; and**
- (iii) Placed on record it's thanks to the Independent Persons.**

The meeting concluded at 11.06 am.

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Councillor Leo Madden, Chair

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Agenda Item 4



THIS ITEM IS FOR INFORMATION ONLY

(Please note that "Information Only" reports do not require Integrated Impact Assessments, Legal or Finance Comments as no decision is being taken)

Title of meeting:	Governance & Audit & Standards Committee
Subject:	Data Security Breaches Report
Date of meeting:	Wednesday 28 February 2024
Report by:	Elizabeth Goodwin, Senior Information Risk Owner
Wards affected:	All

1. Requested by

Governance & Audit & Standards Committee

2. Purpose

To inform the Committee of any Data Security Breaches and enable them to determine whether any trends appear and whether any further actions should be recommended.

3. Information Requested

The appendix provides an overview of the breaches that have occurred since September 2023.

The number of breaches is 11% lower compared to the same period in 2022/23. 96% of all incidents were due to human error, with 55% of all breaches occurring as a result of emails being sent to the wrong recipients. These trends are consistent with all previous reporting periods.

Members of staff from the Information Governance, IT Security & Corporate Communications Teams have been working together on a campaign to raise awareness around the importance of checking emails carefully before sending them. "Maitips" have also been activated in Outlook, generating an alert when sending an email either to a recipient outside the council or to a large audience. This prompts the sender to check the recipients details and contents of the email before sending.

The Information Governance Team continues to work with all areas of the council in response to every breach, to improve practices and minimise the risk of reoccurrence.

THIS ITEM IS FOR INFORMATION ONLY

(Please note that "Information Only" reports do not require Integrated Impact Assessments, Legal or Finance Comments as no decision is being taken)

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Signed by (Director)

Appendices:

One Appendix - Appendix A

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

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

Title of document	Location
None	



Portsmouth
CITY COUNCIL

**Data Security Incident Report
September 2023 to February 2024**

Executive Summary

This report has been prepared to provide an update on data breach incidents for the period Friday September 1 2023 to Friday February 9 2024.

Clear guidance is provided to staff, via training and Policy Hub, regarding what constitutes a data breach and the steps they should take when a potential data breach is identified.

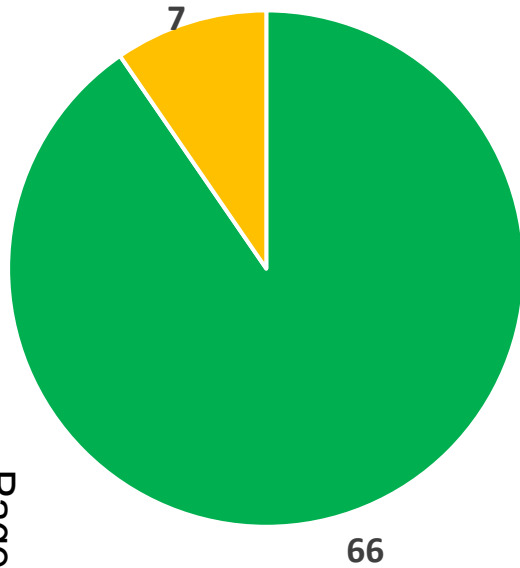
The Council's response to potential data breaches is managed by a central team, following the stages summarised below:

- Notification to central team.
- Initial assessment by central team.
- Escalation to the Senior Information Risk Owner - SIRO (Chief Internal Auditor) if necessary; this may lead to the Information Commissioner (ICO) being notified, dependent on the severity of the incident.
- Remedial action, for example corrective action, training, revised processes and potential disciplinary action.

Overall there have been 73 data breaches, 66 being notified to the central team in under 72 hours and 0 requiring notification to the ICO.

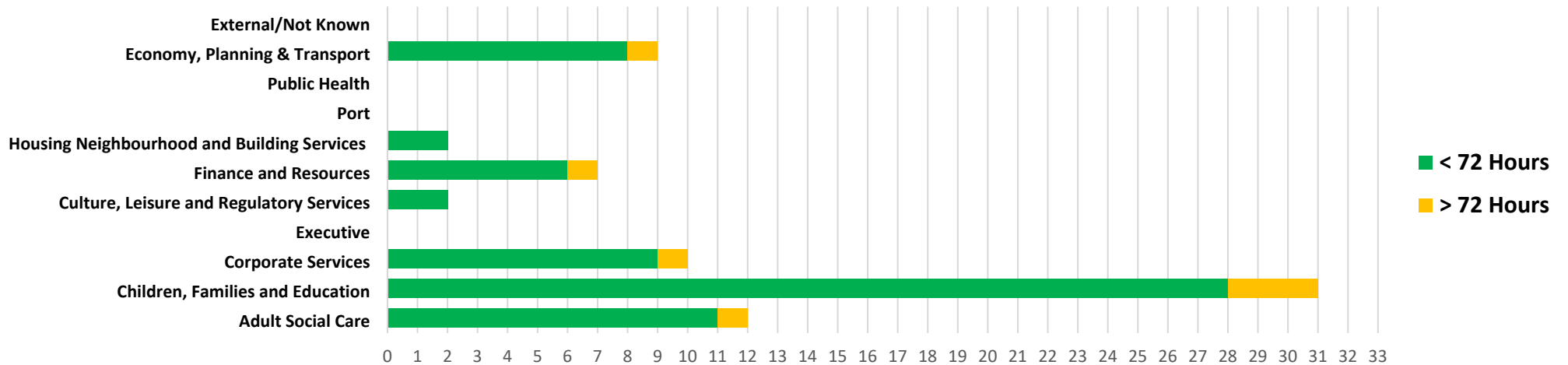
A detailed breakdown of data breaches summarised herein is provided at the end of the report.

Response Time

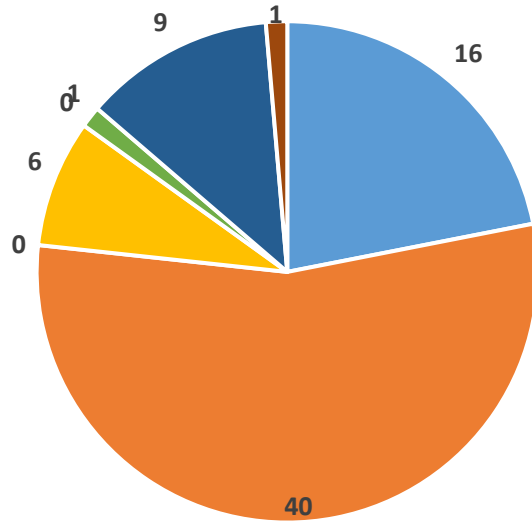


	< 72 hours	> 72 hours	TOTAL
Adult Social Care	11	1	12
Children, Families and Education	28	3	31
Corporate Services	9	1	10
Executive	0	0	0
Culture, Leisure and Regulatory Services	2	0	2
Finance and Resources	6	1	7
Housing Neighbourhood and Building Services	2	0	2
Port	0	0	0
Public Health	0	0	0
Economy, Planning & Transport	8	1	9
External/Not Known	0	0	0
TOTAL	66	7	73

Response time is the time taken for the central team to be notified by the service within which the breach has taken place. ICO guidance is that this should take place within a maximum 72-hour timeframe.

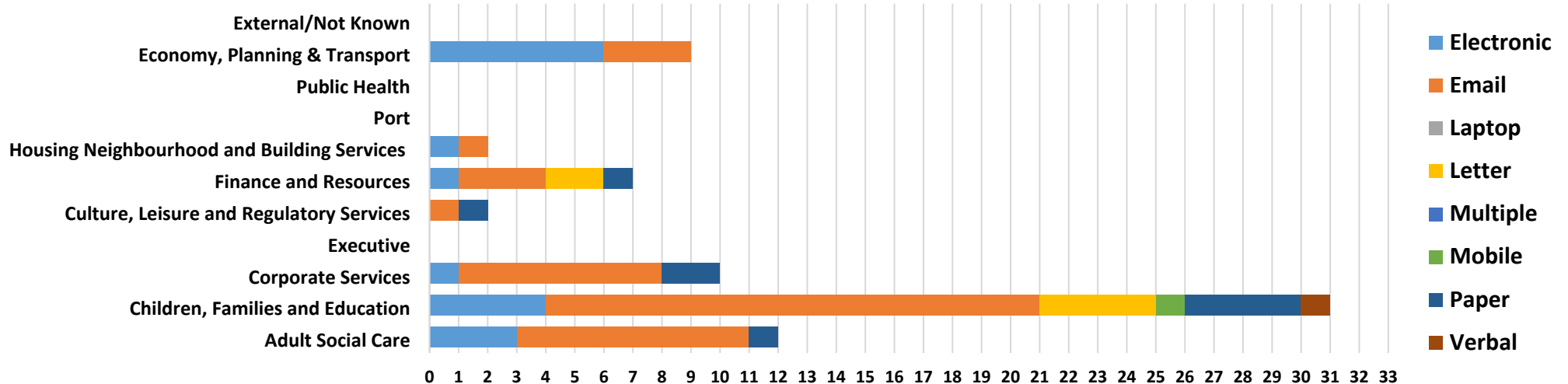


Medium

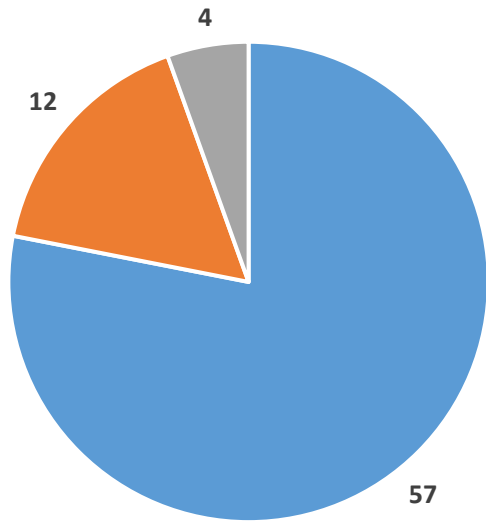


	Electronic	Email	Laptop	Letter	Multiple	Mobile	Paper	Verbal	TOTAL
Adult Social Care	3	8	0	0	0	0	1	0	12
Children, Families and Education	4	17	0	4	0	1	4	1	31
Corporate Services	1	7	0	0	0	0	2	0	10
Executive	0	0	0	0	0	0	0	0	0
Culture, Leisure and Regulatory Services	0	1	0	0	0	0	1	0	2
Finance and Resources	1	3	0	2	0	0	1	0	7
Housing Neighbourhood and Building Services	1	1	0	0	0	0	0	0	2
Port	0	0	0	0	0	0	0	0	0
Public Health	0	0	0	0	0	0	0	0	0
Economy, Planning & Transport	6	3	0	0	0	0	0	0	9
External/Not Known	0	0	0	0	0	0	0	0	0
TOTAL	16	40	0	6	0	1	9	1	73

These refer to the format in which the data breach occurred. Often data breaches can occur across multiple mediums. Where this is the case data breaches are recorded against 'multiple' on this page, with more detail provided on the detail summary, towards the back of this report.

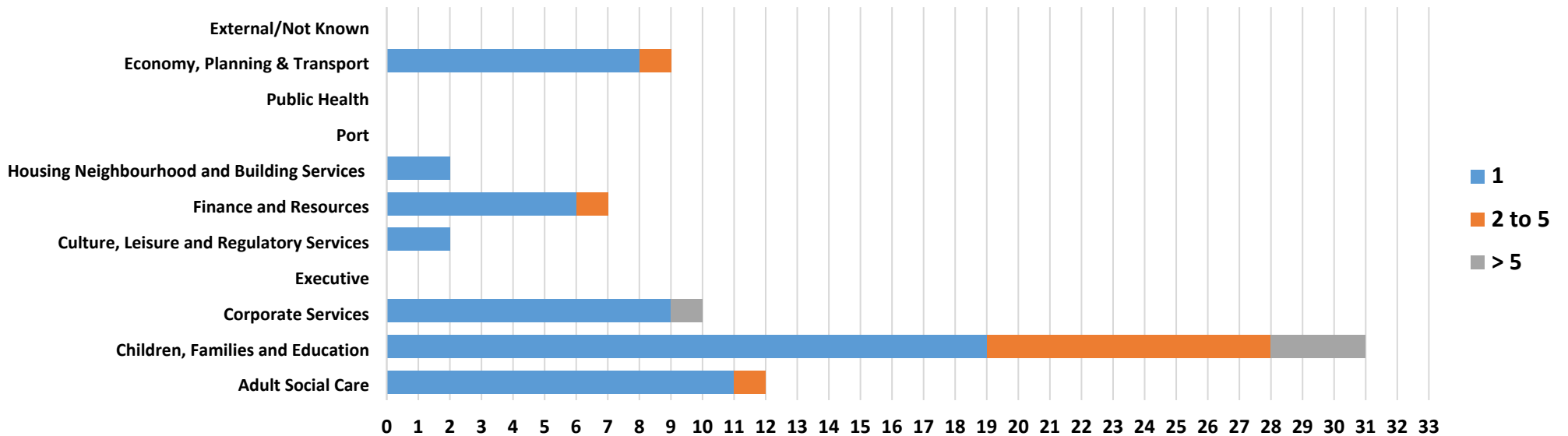


Number Impacted

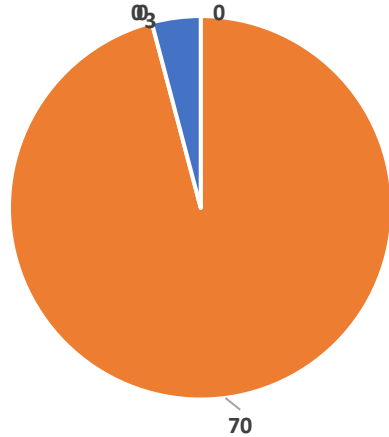


	1	2 to 5	> 5	TOTAL
Adult Social Care	11	1	0	12
Children, Families and Education	19	9	3	31
Corporate Services	9	0	1	10
Executive	0	0	0	0
Culture, Leisure and Regulatory Services	2	0	0	2
Finance and Resources	6	1	0	7
Housing Neighbourhood and Building Services	2	0	0	2
Port	0	0	0	0
Public Health	0	0	0	0
Economy, Planning & Transport	8	1	0	9
External/Not Known	0	0	0	0
TOTAL	57	12	4	73

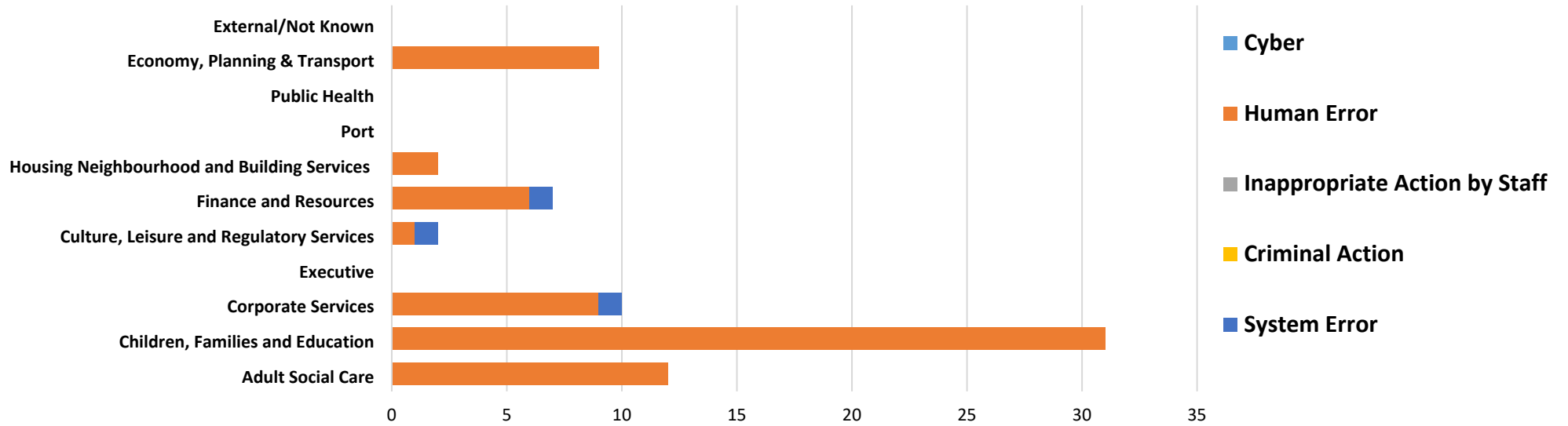
Totals refer to the number of individuals either confirmed or likely to have been impacted.



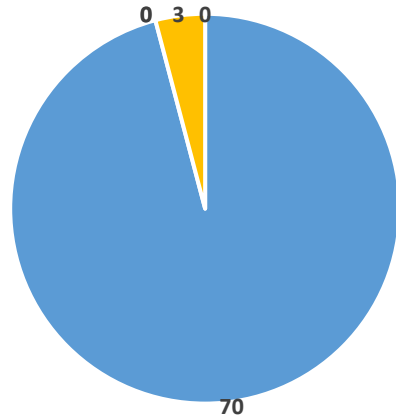
Root Cause



	Cyber	Human Error	Inappropriate Action by Staff	Criminal Action	System Error	TOTAL
Adult Social Care	0	12	0	0	0	12
Children, Families and Education	0	31	0	0	0	31
Corporate Services	0	9	0	0	1	10
Executive	0	0	0	0	0	0
Culture, Leisure and Regulatory Services	0	1	0	0	1	2
Finance and Resources	0	6	0	0	1	7
Housing Neighbourhood and Building Services	0	2	0	0	0	2
Port	0	0	0	0	0	0
Public Health	0	0	0	0	0	0
Economy, Planning & Transport	0	9	0	0	0	9
External/Not Known	0	0	0	0	0	0
TOTAL	0	70	0	0	3	73

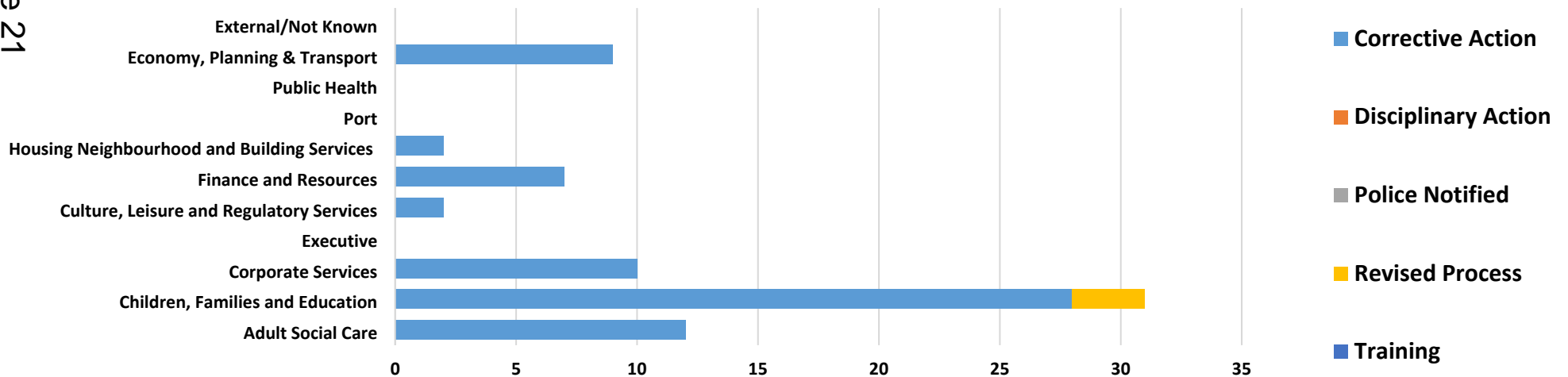


Action Taken



	Corrective Action	Disciplinary	Police Notified	Revised Process	Training	TOTAL
Adult Social Care	12	0	0	0	0	12
Children, Families and Education	28	0	0	3	0	31
Corporate Services	10	0	0	0	0	10
Executive	0	0	0	0	0	0
Culture, Leisure and Regulatory Services	2	0	0	0	0	2
Finance and Resources	7	0	0	0	0	7
Housing Neighbourhood and Building Services	2	0	0	0	0	2
Port	0	0	0	0	0	0
Public Health	0	0	0	0	0	0
Economy, Planning & Transport	9	0	0	0	0	9
External/Not Known	0	0	0	0	0	0
TOTAL	70	0	0	3	0	73

Apologies are routinely given, to data subject(s) and to others adversely impacted by data breaches.



Data Breaches Summary

Reference	Report within 72 Hrs	Directorate	Summary	Root Cause	Action Taken
DB2023089	Y	Children, Families and Education	3 Police Person Notifications sent to wrong schools as details not updated on Mosaic	Human Error	Corrective Action
DB2023090	Y	Children, Families and Education	Information in response to a LADO enquiry provided to employer about the wrong employee - individual had the same name and job title as the subject of the investigation	Human Error	Corrective Action
DB2023091	y	Corporate Services	Education Appeals paperwork sent to incorrect school	Human Error	Corrective Action
DB2023092	N	Corporate Services	Care Proceedings paperwork included paperwork relating to another child. Envelope not opened	Human Error	Corrective Action
DB2023093	Y	Regeneration	Incorrect vehicle registration mark input into system for parking PCN so incorrect details sought from DVLA	Human Error	Corrective Action
DB2023094	Y	Children, Families and Education	Details of missing young person recorded on incorrect child's record.	Human Error	Corrective Action
DB2023095	Y	Culture, Leisure and Regulatory Services	Document printed by a member of the public arrived at a printer at a different location in error	System Error	Corrective Action

DB2023096	Y	Children, Families and Education	Review form sent to officer to complete contained details of another child	Human Error	Corrective Action
DB2023097	Y	Finance and Resources	Email sent to wrong officer	Human Error	Corrective Action
DB2023098	Y	Finance and Resources	Housing Benefit overpayment letter sent to incorrect address	Human Error	Corrective Action
DB2023099	Y	Children, Families and Education	Text message sent to multiple recipients so that telephone numbers were visible to all in error	Human Error	Corrective Action
DB2023100	Y	Children, Families and Education	Court bundle in Childcare proceedings contained former foster carer's address in error	Human Error	Corrective Action
DB2023101	N	Children, Families and Education	Email sent to wrong officer in PCC with same name	Human Error	Corrective Action
DB2023102	Y	Children, Families and Education	Personal development review uploaded to wrong staff member's file in Fusion	Human Error	Corrective Action
DB2023103	Y	Children, Families and Education	Consent form sent to wrong parent	Human Error	Corrective Action
DB2023104	Y	Regeneration	Refund receipt sent to wrong person	Human Error	Corrective Action
DB2023105	Y	Children, Families and Education	School transition form sent to school, social worker & foster carer containing details of another child.	Human Error	Corrective Action
DB2023106	Y	Corporate Services	Email relating to member of staff's sickness absence sent to wrong manager	Human Error	Corrective Action

DB2023107	Y	Corporate Services	Email recipient not blind copied into email so addresses visible to all	Human Error	Corrective Action
DB2023108	Y	Children, Families and Education	Lost PCC mobile phone (PIN Protected)	Human Error	Corrective Action
DB2023109	Y	Finance and Resources	Incorrect permissions set on folders that were migrated to Sharepoint from the W Drive	System Error	Corrective Action
DB2023110	Y	Children, Families and Education	Email sent to wrong recipient	Human Error	Corrective Action
DB2023111	N	Finance and Resources	Email sent to wrong email address - name spelt incorrectly	Human Error	Corrective Action
DB2023112	Y	Corporate Services	Email recipients not blind copied into email so addresses visible to all	Human Error	Corrective Action
DB2023113	Y	Corporate Services	Tenancy Agreement for incorrect complainant sent to Housing Ombudsman Service.	Human Error	Corrective Action
DB2023114	Y	Children, Families and Education	Letter sent to referee with wrong applicants' details on	Human Error	Corrective Action
DB2023115	Y	Children, Families and Education	Court Bundle in Childcare proceedings contained former information about a different family in error	Human Error	Corrective Action
DB2023116	Y	Finance and Resources	2 letters inserted into an envelope resulting in an incorrect letter being sent to a resident.	Human Error	Corrective Action
DB2023117	Y	Children, Families and Education	Police Notice sent to wrong school as details not updated correctly on Mosaic	Human Error	Corrective Action

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DB2023118	Y	Regeneration	Email sent to officer confirming grant funding contained wrong address	Human Error	Corrective Action
DB2023119	Y	Children, Families and Education	Police Notice sent to wrong school as details not updated correctly on Mosaic	Human Error	Corrective Action
DB2023120	Y	Regeneration	Incorrect registration number entered be Civil Enforcement Officer when issuing PCN so wrong driver details received from DVLA	Human Error	Corrective Action
DB2023121	Y	Regeneration	Pre-application planning acknowledgement sent to wrong email address	Human Error	Corrective Action
DB2023122	Y	Finance and Resources	Incorrect names put on council tax demand	Human Error	Corrective Action
DB2023123	Y	Children, Families and Education	Form sent to school containing information relating to wrong pupil.	Human Error	Corrective Action
DB2023124	Y	Finance and Resources	P45 sent to wrong school	Human Error	Corrective Action
DB2023125	Y	Children, Families and Education	Allegation of information from Child Protection Meeting shared unlawfully with another related party	Human Error	Revised Process
DB2023126	Y	Children, Families and Education	Social Worker's report relating to wrong child sent to solicitor.	Human Error	Corrective Action
DB2023127	Y	Regeneration	Incorrect penalty charge notice (PCN) details sent to the DVLA	Human Error	Corrective Action
DB2023128	Y	Regeneration	Incorrect penalty charge notice (PCN) details sent to the DVLA	Human Error	Corrective Action
DB2023001	Y	Corporate Services	Job Offer emailed to the wrong person	Human Error	Corrective Action

DB2024002	Y	Children, Families and Education	Telephone number obtained from NHS record was incorrect and conversation had with wrong person	Human Error	Revised Process
DB2024003	Y	Regeneration	Incorrect registration numbers entered by Civil Enforcement Officers so DVLA provided owner details of wrong vehicles	Human Error	Corrective Action
DB2024004	Y	Children, Families and Education	Email about a child sent to wrong SENCO	Human Error	Corrective Action
DB2024005	N	Children, Families and Education	PCC Mobile Phone lost somewhere in officer's home	Human Error	Corrective Action
DB2024006	Y	Corporate Services	Email relating to maternity leave dates sent to wrong school - member of staff's secondment at another school not noted on Fusion	Human Error	Corrective Action
DB2024007	N	Children, Families and Education	Childrens Social Care Closure letter sent to wrong person as incorrectly linked on Mosaic	Human Error	Corrective Action
DB2024008	Y	Children, Families and Education	Email sent to incorrect internal distribution list within Childrens' Social Care	Human Error	Corrective Action
DB2024009	Y	Corporate Services	Error in Fusion resulted in interview invitations appearing in the wrong officer's calendar	System Error	Corrective Action
DB2024010	Y	Housing Neighbourhood and Building Services	Email sent to wrong person relating to household support fund	Human Error	Corrective Action
DB2024011	Y	Children, Families and Education	Form relating to Foster Care sent to wrong carer	Human Error	Corrective Action
DB2024012	Y	Children, Families and Education	Meeting invitation sent to wrong person - recipient had the same name as the correct recipient	Human Error	Corrective Action

DB2024013	Y	Children, Families and Education	Name of an unrelated child left on child assessment form	Human Error	Corrective Action
DB2024014	Y	Children, Families and Education	Email relating to family support plan copied in to wrong person	Human Error	Corrective Action
DB2024015	Y	Children, Families and Education	Email sent to wrong internal CSC team	Human Error	Corrective Action
DB2024016	Y	Children, Families and Education	Community Funding Application left on desk but found immediately by member of staff	Human Error	Corrective Action
DB2024017	N	Regeneration	Incorrect VRM entered into database to obtain driver details to issue parking PCN - numberplate was unclear	Human Error	Corrective Action
DB2024019	Y	Children, Families and Education	Invitation to meeting sent to incorrect school as child's information incorrect on mosaic	Human Error	Corrective Action
DB2024020	Y	Culture, Leisure and Regulatory Services	Email sent to incorrect recipient	Human Error	Corrective Action
17.10.2023	Y	Adult Social Care	Email sent to incorrect recipient	Human Error	Corrective Action
18.10.2023	Y	Adult Social Care	Staff member copied an email onto a patient record containing another service user's name	Human Error	Corrective Action
19.10.2023	Y	Adult Social Care	Social worker sent an email to Children's MASH instead of adults MASH	Human Error	Corrective Action

20.12.2023	Y	Adult Social Care	Email was sent to the wrong email address internally.	Human Error	Corrective Action
21.12.2023	Y	Adult Social Care	Social worker sent email to incorrect recipient	Human Error	Corrective Action
22.12.2023	N	Adult Social Care	Social worker sent email to incorrect recipient	Human Error	Corrective Action
23.12.2023	Y	Adult Social Care	Staff member sent email to incorrect recipient.	Human Error	Corrective Action
24.12.2023	Y	Adult Social Care	Social worker made an entry on System1 under an incorrect client	Human Error	Corrective Action
25.12.2023	Y	Adult Social Care	Social worker made an entry on System1 under an incorrect client	Human Error	Corrective Action
01.01.2024	Y	Adult Social Care	Staff member sent a populated form instead of a blank one to a voluntary organisation	Human Error	Corrective Action
02.01.2024	Y	Adult Social Care	Staff member sent an email to an incorrect recipient	Human Error	Corrective Action

Page 8

Glossary

Information Commissioner's Office (ICO)

The Information Commissioner's Office is a non-departmental public body which reports directly to the United Kingdom Parliament and is sponsored by the Department for Digital, Culture, Media and Sport. Its role is to uphold information rights in the public interest.

<https://ico.org.uk/>

Response time/Notifying the ICO of Data Breaches

The ICO needs to be notified of more serious data breaches. A self-assessment is available on the ICO's website, to identify if it needs to be notified of a data breach. This needs to be done within 72 hours, which is the key response metric monitored by the internal team.

<https://ico.org.uk/for-organisations/report-a-breach/personal-data-breach-assessment/>

Medium

This is the format of the information constituting the data breach. In the summary graph towards the beginning of the report where a breach occurs in multiple formats this is categorised as 'multiple'; more detail is provided in the comments column of the data breaches detail page within this report.

Number Impacted

This is the number of individuals whose personal information was potentially compromised through a data breach.

Root Cause

The categories of root cause are based on guidance for the NHS Security Toolkit; this is widely used across the public sector, to assess arrangements against good practice.

Action Taken

These are the primary actions taken to respond to/rectify a data breach; all breaches result in an apology to those impacted.

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Agenda Item 5



Portsmouth
CITY COUNCIL

Title of meeting: Governance and Audit and Standards Committee

Date of meeting: 28th February 2024

Subject: Corporate Performance Report - Q3 2023/24

Report by: Kelly Nash, Corporate Performance Manager

Wards affected: n/a

Key decision: No

Full Council decision: No

1. Purpose of report

- 1.1 To report significant performance issues, arising from Q3 2023-24 performance monitoring, to Governance and Audit and Standards committee (GAS) and highlight areas for further action or analysis.

2. Recommendations

- 2.1 The Governance and Audit and Standards Committee is asked to:
- 1) note the report in the revised format;
 - 2) agree if any further action is required in response to performance issues highlighted

3. Background

- 3.1 The quarterly performance reports are compiled from information across the authority relating to priority performance areas, set out in the Corporate Plan 2023-24, agreed at Cabinet in July 2023. This document refreshed the mission for the Council to work together with partners and communities to be a champion for our city and improve the lives of our residents, and to protect and enhance our environment, tackling the causes of climate change and creating a green city. In summary, the plan sets out that:

- **We will improve the lives of our residents - priorities:**
 - o support individuals and families struggling to make ends meet
 - o make sure people feel safe and supported in their homes and communities
 - o ensure people have access to the health and care services they need
 - o work with partners, including Portsmouth's schools, to improve educational attainment and opportunities for children and young people in the city

- create homes, jobs and economic opportunities in the city, including by regenerating major sites
- make sure our residents have the housing they need
- put culture at the heart of our city's success

- **We will protect and enhance our environment - priorities:**
 - reduce our own carbon emissions • help residents and business reduce their carbon emissions
 - prioritise sustainable travel and improve transport systems in the city to reduce the environmental impact and improve journey times
 - ensure that the city has a healthy and resilient natural environment
 - reduce the waste generated by the city, and make sure we dispose of our waste responsibly

- **We will be a champion for our city - priorities:**
 - ensure Portsmouth is a city equipped for the future and that residents have the skills they need
 - get the best possible deal for our residents by lobbying and leading at a regional and national level to make sure the city's voice is heard
 - be an innovative and efficient organisation that values its staff and is at the front of new developments so we are learning and delivering the best possible services.

3.4 The heart of the plan is about providing the services that residents value. The updated plan shows that our residents rely on us to:

- Ensure older people and vulnerable adults are looked after and supported to live independently
- Maintain our transport infrastructure, parks, open spaces and buildings
- Offer housing services
- Support education, early years and children with special educational needs
- Keep children safe and families together
- Improve the health and emotional wellbeing of residents
- Encourage economic development
- Provide planning services
- Support culture, museums and libraries
- Provide benefits and collect council tax and business rates
- Collect their bins and offer recycling opportunities
- Keep the city clean, tidy and safe
- Maintain support services and roles that enable the organisation to run efficiently and effectively and enable staff working on the frontline to focus on delivering services for our residents and communities.

3.5 The Corporate Plan brings all these elements together and shows how everything links up. The performance reports mirror the two key delivery-focused priorities and also include a section around corporate health, which looks at the organisation as an entity. Appendix 1 looks at issues relating to

improving people' lives, Appendix 2 considers our work on protecting and enhancing the environment and Appendix 3 looks at corporate health issues.

- 3.6 Reports provide a broad commentary on areas of interest around the priorities in respect of achievements, challenges and risks and upcoming priority activity. These commentaries are supported by a broad set of performance indicators which highlight performance and reports against key transformational priorities in support of the corporate priorities. Where possible, and to aid interpretation, performance and progress is given a RAG (red; amber; green) where:
- Green is improving; exceeding or on plan
 - Amber is no change or some degree of uncertainty about performance
 - Red is deterioration, failing to achieve plan or a high level of concern.
- 3.7 The graphs shown in the annexes all allow for a target or benchmark to be set, although in some cases this will not have been done as it may not be appropriate.
- 3.8 The report is presented in broadly the format which had been received favourably at previous meetings of GAS, but feedback on future reporting format is welcome. It should also be noted that at a previous discussion, it was noted that the indicators focus more on activity than high level outcome. In respect of quarterly monitoring, it is true that these tend to be more short-term, activity indicators to demonstrate that the organisation is undertaking the tasks that it believes needs to be done to achieve compliance with statutory responsibilities or to improve outcomes. However, at the end of the year, the annual narrative report presented alongside the statement of accounts provides a clear sense of how the activity has supported the achievement of longer term outcomes set out in the corporate plan and will consider how activity has influenced these measures to inform future planning.
4. **Key themes emerging**
- 4.1 Firstly, it is clear that in a number of demand-led services, the level of demand driven by need is remaining high. This is seen in indicators looking at children's services, adults services and housing in particular. In many cases, there are activities taking place to prevent need arising at an earlier stage or to find alternative means of support, but there will be many factors at play in driving the demand for service. All of these areas clearly present challenges around costs, impact on workforce, organisational risks and most importantly, outcomes to the residents affected, many of whom will be vulnerable.
- 4.2 It is notable that preventative practice continues strongly, and examples of these services will include safe at home visits, community connectors and independence and wellbeing services, work on neurodiversity assessments and relational practice. There are also some very positive messages emerging around practice, so in our children's services, there is positive reporting about the quality and effectiveness of plans, work around family safeguarding and return from care, support for care experienced young people; and work in our adults' services around safeguarding and risk.

4.3 The reports also highlight challenges across the organisation around workforce, in terms of recruiting and retaining the right skills to organisation, and the budget position, which continues to be challenging.

4.4 Most notably, what emerges from the report is the breadth of activity underway to deliver the vital services that our residents value, but also the work that is happening alongside this to keep on making our services more effective and more efficient. Reports also highlight the range of transformational change projects underway in the city.

5. Productivity plans

5.1 On 24th January, the Secretary of State for DLUCH announced further financial support for local government. The full announcement went on to say:

*"Looking ahead, we know that there is work to be done between national and local government to improve productivity in local government, as part of our efforts to return the sector to sustainability in the future. Whilst the new funding announced today is an important part of these efforts, alongside ongoing work in adults' and children's social care, we can go further. **That is why today, we are asking local authorities to produce productivity plans setting out how they will improve service performance and reduce wasteful expenditure to ensure every area is making best use of taxpayers' money. I encourage local authorities to consider whether expenditure on discredited equality, diversity and inclusion programmes meets this objective.**"*

5.2 Further information was provided on February 6th, in a ministerial letter that set out that productivity plans should set out how local authorities will improve service performance and reduce wasteful expenditure.

5.3 The letter confirmed that Government will monitor these plans, and funding settlements in future will be informed by performance against these plans, although no information was provided about how this will work. The letter states that plans should be short and draw on work councils have already done, identifying ways to unlock productivity improvements and setting out the key implementation milestones. Plans should be published by July 2024 before the House rises for the summer recess, and they must be agreed by Council Leaders and members and published on local authority websites, together with updates on progress.

5.4 There is an expectation that they will cover 4 main areas:

- 1) transformation of services to make better use of resources;
- 2) opportunities to take advantage of advances in technology and make better use of data to inform decision making and service design;
- 3) ways to reduce wasteful spend within systems, including specific consideration of expenditure on consultants and discredited staff Equality, Diversity and Inclusion programmes – this does not include programmes designed to promote integration and civic pride, and counter extremism; and

4) barriers preventing activity that the Government can help to reduce or remove.

5.5 We have been informed that further guidance will be issued in due course.

6. Integrated impact assessment

6.1 This report does not recommend any changes to services or policies and therefore an impact assessment has not been required. Any matters arising through performance or value for money consideration will be considered as a discrete process, and separate IIAs will be completed for these areas of work.

7. Legal implications

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

8. Director of Finance's comments

8.1 There are no financial implications to bring to Member's attention at this stage. However, it should be noted that there could be financial implications following further exploration of any of the performance issues raised in this report, and related future reports could result in financial implications. These will be flagged to Members at the appropriate time.

.....
Signed by: Paddy May, Corporate Strategy Manager

Appendices:

- Appendix One - Performance Report - Improving People's Lives
- Appendix Two - Performance Report - Protecting and Enhancing our Environment
- Appendix Three - Performance Report - Corporate Health

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:

Priority: Improve the lives of our residents

Priority summary : support individuals and families struggling to make ends meet

- **make sure people feel safe and supported in their homes and communities**
- **ensure people have access to the health and care services they need**
- **work with partners, including Portsmouth's schools, to improve educational attainment and opportunities for children and young people in the city**
- **create homes, jobs and economic opportunities in the city, including by regenerating major sites**
- **make sure our residents have the housing they need**
- **put culture at the heart of our city's success**

Achievements and positive progress:

In adult social care, there has been progress on developing the self-assessment for ASC assurance by regulator, Care Quality Commission (CQC), with a formal stakeholder session, and resident engagement sessions scheduled. The 3rd submission of the new statutory quarterly return, Client Level Data, has taken place and implementation for the next phase is underway. The annual social work professional registration cycle is complete.

In our children's services, we have achieved positive SEND partnership engagement with Ofsted and CQC, and have begun a series of Big Conversations to support our Children's Trust strategic development.

In Housing Services, a single Homeless Strategy covering statutory and non-statutory functions was approved. The work to sustain the Cost of Living work as part of the tackling poverty work progressed well. HWBB and cabinet agreed the plan in October. The tackling poverty steering group agreed to be formally part of the HWBB structure. The delivery plan for the household support fund (HSF) was agreed and the delivery team recruited. Application system set up and HSF Family Vouchers & HSF Cost of Living Payment schemes and discretionary application process launched in Dec

Good progress to self-assess and prepare the housing service against the housing charter requirements for the social housing functions. Training rolled out to housing teams (also some challenges as noted). Recruitment for a housing policy officer and complaints officer underway. Housing logo with comms and changes to website pages all initiated.

In our leisure and culture services, our libraries have been awarded Libraries of Sanctuary designation by City of Sanctuary UK, to complement the existing recognition of libraries as Warm, Welcome Places and Safe Spaces. The Libraries and Museums Services provided an extensive Christmas activities programme.

Challenges and risks:

Across the ASC service, there has been an increase in demand and activity levels. In Q3 there has been increase in: Response Team referrals and time to process (despite a reduction in contacts at the Helpdesk in September); concerns received by Safeguarding across the quarter and compared to the previous year, resulting in an increased time to triage; increase in waiting lists as a result of some vacancies and sickness, as well as a reduction in capacity when apprentices went back to university; challenges as a result of acute hospital pressures. Key risks are around the budget (increasing unit costs for commissioned care; above inflation cost pressures in areas including commissioning and community equipment; a below expected inflation increase in the Better Care Fund) and the care market (capacity in the care market resulting in reduced options and quality for care; continuing to experience capacity challenges in the care home market impacting on the cost of care; increase in the number of residents requiring care and support).

In our children's services, we continue to be challenged by the timeliness of assessments to support education, care and health plans. Recruitment and retention is a challenge across all areas of the service, and we are also experiencing the impacts of national challenges around placement sufficiency.

Housing demand (statutory duties) continues - rise in homeless applications in Q.3 and higher incidents of placement in temporary accommodation (TA), creating both a staff pressure (front end coping with the demand) and also a budget pressure. Financial impact of Cost of Living Crisis - on service delivery and customers continuing to see the impact on tenants/leaseholders with increases in levels owing across key indicators. Housing general fund will feel the brunt of the TA which were already under significant pressure pre-covid - Q.3 budget pressure continues on TA spend and will exceed budget (general fund/grant). Also seeing impacts of inflation on repairs and maintenance costs, energy cost rises and anticipating difficult HRA rent setting process. HRA R&M spend estimating at end of Q.3 overspend and Housing cabinet agreed in October (decision report) the need to reset capital programme to meet building safety needs.

Challenges and risks (cont): Contractors are continuing to report issues with retention of key trades (electricians) noted as a risk on the contractor risk register. Discussion underway to understand the issue and response. Seen some impact already on the performance of voids (empty property management) which is leading to longer end to end times in letting properties. Housing Management and Building Services working on a joint improvement plan - Q.3 positive impact felt on voids. Housing charter will require changes in how the housing service reports performance and demonstrates engagement with residents. In most cases the existing approach will be enhanced to meet the charter requirements in some areas, for example, complaints management, branding and policy work. Corporate services agreed separation complaints from April 2024 work underway to plan for the change.

Priorities for the next period: For Adult Social Care, key priorities include continuing CQC assurance work; implementation of next phase for Client Level Data; scoping the next phase of strengths-based practice and completing the business plan for 2024/25.

For children's services, the priorities are to confirm the plan for Beechside (including Ofsted monitoring), continue to progress the EHCP recovery plan, and carry out hypothesis work on attainment and standards to address a known area of challenge for the city.

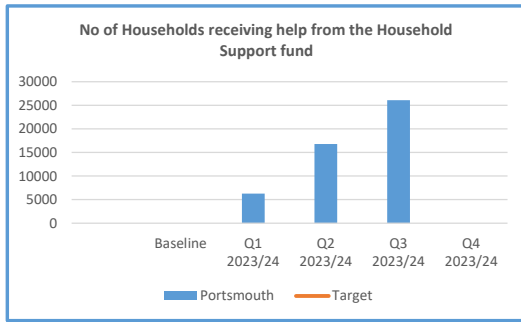
Cost of Living Crisis response - Q.3 awaiting governments announcement re future plan for HSF 2024/25.

Continuing to monitor to overall city wide support for the various asylum schemes. Appraising cabinet of the total commitment and level of support as well as working with partners to assess the capacity of the system to do more. Q.3 key challenge & priority emerging from the Government announcement to end the use of 'bridging hotels' also evicton from the interim accomodation in Portsmouth. Pressure building on rough sleeping pathway. Positive engagement with the MOD to extend the use of the MOD units of accommodation and PCC secured LAH 1 & 2 funding which will provide some move on accommodation from the MOD units also extended leases on current 18 MOD units.

The King George V Playing Field project will start to open to the public, and work will be undertaken with the operator to deliver a postive experience.

Key performance indicators

L1



RAG against target



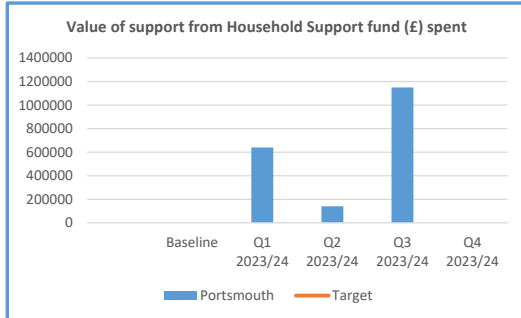
RAG against trend



COMMENTARY

Support from HSF was provided to a household 26,100 times during Q3. Although it is not possible to give an exact figure for the number of unique households, we estimate that 10,500 unique households received support from the fund during this quarter.

L2



RAG against target



RAG against trend

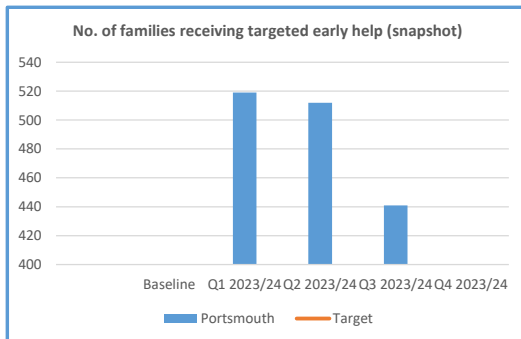


COMMENTARY

During Q3, under a range of different schemes including:

- Vouchers for low income families
- Payments to people missing out on the DWP Cost of Living payments
- Exceptional hardship payments
- Furniture for people re-settling after homelessness
- Food parcels, groceries, toiletries and prepared meals provided by the voluntary sector food support network
- Payments for DRO and Bankruptcy fees for people receiving specialist debt advice

L3



RAG against target



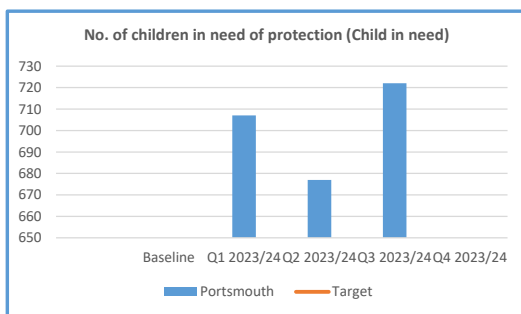
RAG against trend



COMMENTARY

We have started to see an increase in the number of children successfully stepped down to be supported by schools and other agencies at level 2 and with this a reduction in children at level 3 which is positive. This is an area of ongoing focus as we work to strengthen the partnership early help response.

L4



RAG against target



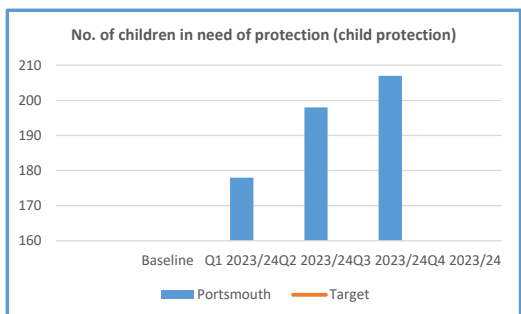
RAG against trend



COMMENTARY

Our number of children being supported as children in need has increased slightly, however we are confident in our thresholds and our caseloads are currently considered manageable. We monitor on a weekly basis and there is built-in quality assurance that is showing that purposeful interventions are being delivered.

L5



RAG against target

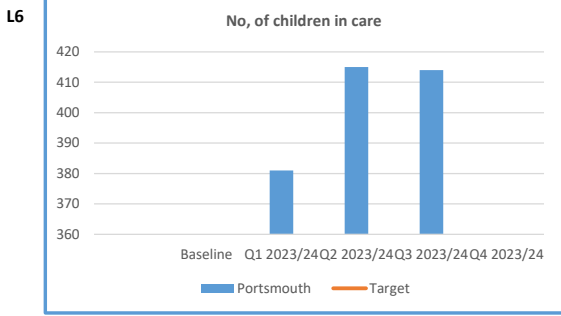


RAG against trend



COMMENTARY

This has risen slightly but is not a concern. We have a low number on plans for longer periods and we regularly review our plans to ensure they are purposeful and that the threshold is appropriate and our intervention proportionate.



RAG against target

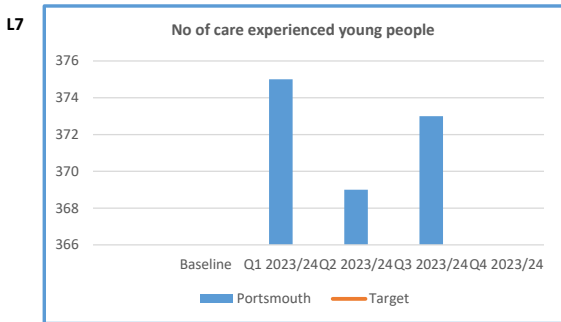
Grey box

RAG against trend

Yellow box

COMMENTARY

The number of children we care for has remained stable this quarter. We have had an increase in children seeking safety and asylum and we have referred into the national transfer scheme. All have been accepted and have transferred to other local authorities across the UK.



RAG against target

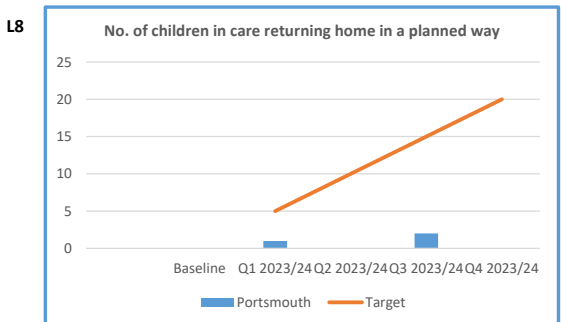
Grey box

RAG against trend

Yellow box

COMMENTARY

Our numbers have remained fairly consistent and we continue to review whether young people are wanting to be supported by us over the age of 21 so we ensure our support is proportionate and in line with the needs and wishes of the young person.



RAG against target

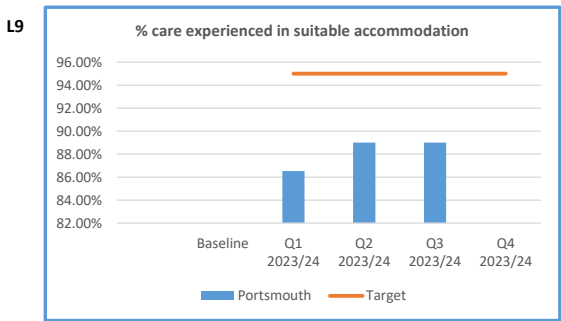
Red box

RAG against trend

Yellow box

COMMENTARY

Practice in this area has really strengthened and we are currently supporting 13 children and their families. The support provided in this area is intensive and brings together children's and adults' workers to ensure a long term plan is safe and sustainable for all.



RAG against target

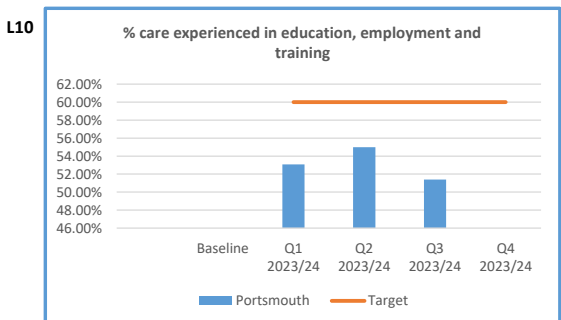
Red box

RAG against trend

Yellow box

COMMENTARY

The number has remained stable but below target of 95%. We continue to work closely with housing colleagues, both strategically and for individual young people. All young people requiring housing are reviewed within weekly meetings and we are developing an approach to placement sufficiency so that we can improve the supply of good quality accommodation in the city.



RAG against target

Red box

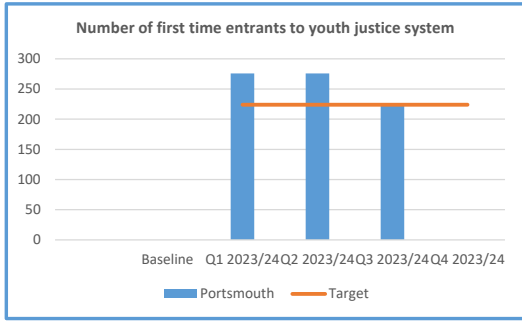
RAG against trend

Red box

COMMENTARY

We have high aspirations for our young people. Our employability academy launches on 24 January and will provide a programme of support to our young people to help them to be employment ready. It will also work with local businesses to support work experience, internships and apprenticeship opportunities. This has also been the area of focus for the CFE Scrutiny Panel and they are due to finalise their recommendations shortly.

L11

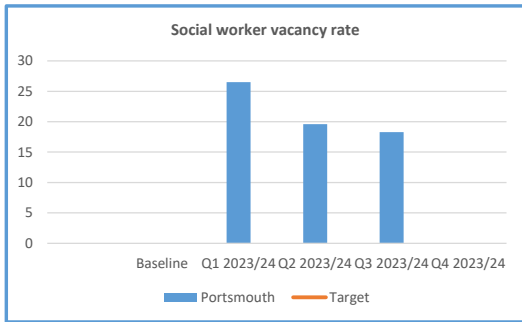


RAG against target
Yellow

RAG against trend
Yellow

COMMENTARY
This continues to be an area of focus for us across the partnership and is included within our plan. Our YJS plan sets out our partnership response to this area and we have developed Early Help/diversion services to support children on the edge of offending/exploitation. We are continually reviewing our data and our children to consider learning and any action needed.

L12

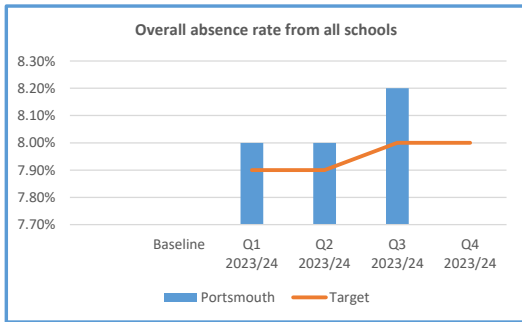


RAG against target
Grey

RAG against trend
Yellow

COMMENTARY
We continue to have a high number of locum workers in our front line social work teams, however the turnover have reduced and the quality of work strengthened. We have also had some permanent workers return. We have refreshed our PCC website (Stronger Futures) and seek to promote children's services through attending local events, universities and using social media.

L13

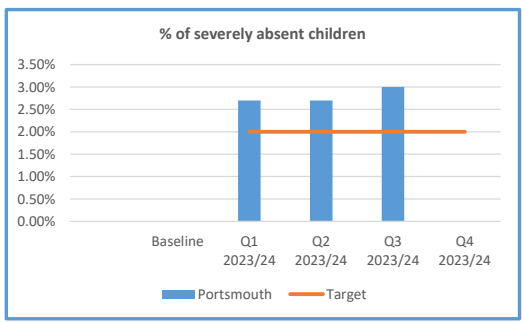


RAG against target
Yellow

RAG against trend
Red

COMMENTARY
This continues to be a top priority in Portsmouth as it is nationally. We are about to launch our revamped attendance campaign which is being modified slightly to bring it in line with the national DFE campaign.

L14

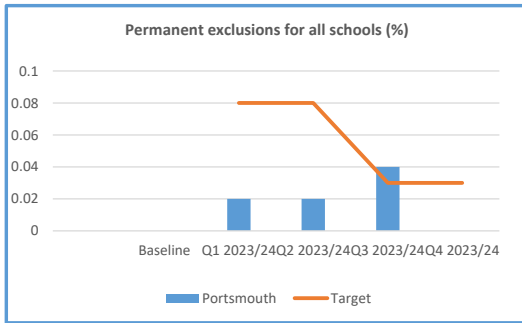


RAG against target
Red

RAG against trend
Yellow

COMMENTARY
Most recent figure is 585 children. 58% don't have a formal LA/NHS led plan but many of those have a school level plan. We have run a set of workshops with all agencies to make sure there is joined up support. We also meet with all schools to discuss these children to consider the strategic and individual child level planning.

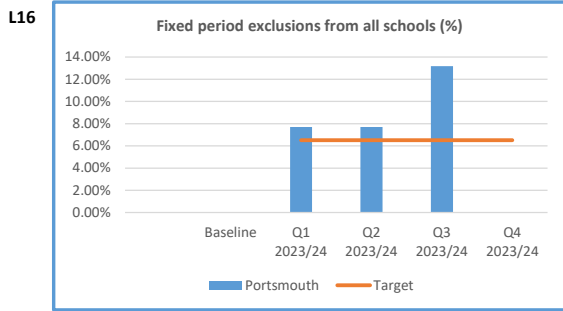
L15



RAG against target
Green

RAG against trend
Yellow

COMMENTARY
Last term's figures were slightly improved on the previous year and the impact of the Portsmouth Education Partnership and Relational Practice is evident in this performance.



RAG against target

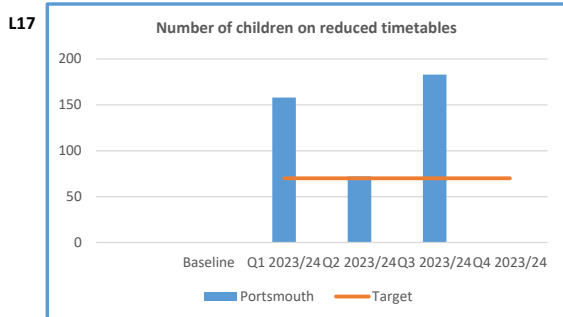
Red box

RAG against trend

Yellow box

COMMENTARY

These are higher than last year. They are focused on a very small number of schools, which we are working closely with. The majority of Portsmouth schools are suspending fewer children.



RAG against target

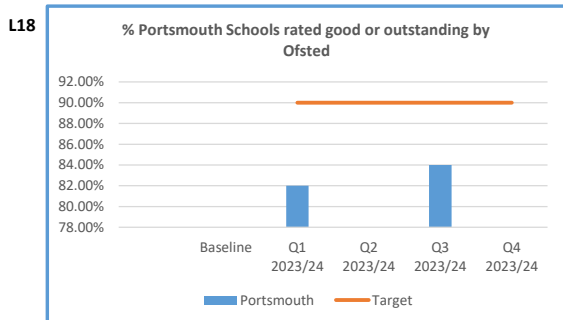
Red box

RAG against trend

Yellow box

COMMENTARY

Reduced timetables are looking roughly the same but always difficult to track as it is not compulsory reporting. We work closely to ensure that the time children spend on RT's is time limited.



RAG against target

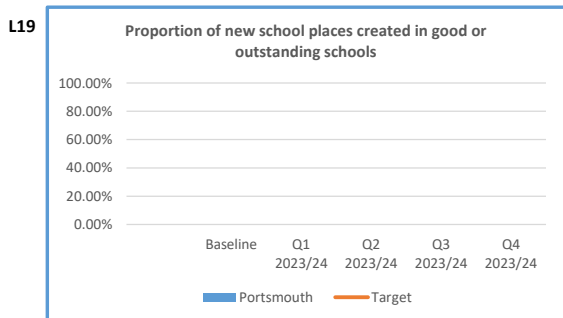
Red box

RAG against trend

Yellow box

COMMENTARY

This has increased very slightly compared to quarter 1 from 82% to 84%, but remains below target and below national averages



RAG against target

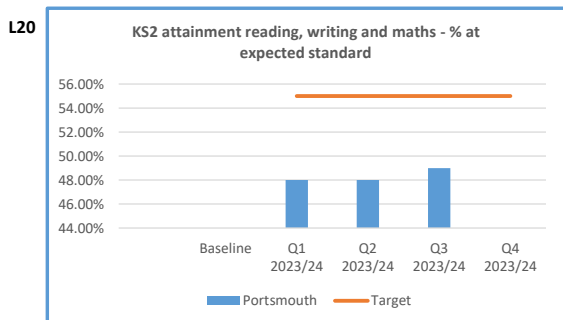
White box

RAG against trend

White box

COMMENTARY

We are proposing to create 100 permanent and 220 temporary secondary school places between September 2024 and September 2027. 100% of the permanent places, and 73% of the temporary places are being created at good and outstanding schools, including 27% at an outstanding school.



RAG against target

Red box

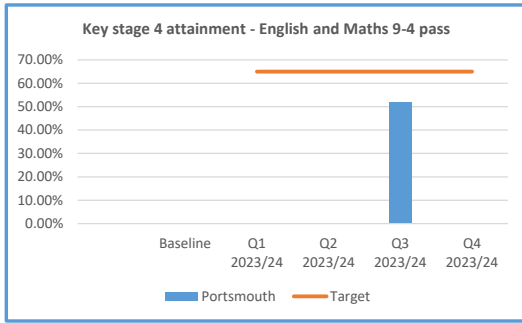
RAG against trend

Yellow box

COMMENTARY

Provisional results for 2023 have now been released. Disappointingly there has been no improvement with 49% achieving the expected standard for combined reading, writing and maths. The 10% point gap between Portsmouth and national remains as before as does the 6% point gap between Portsmouth and the average for our stat neighbours.

L21

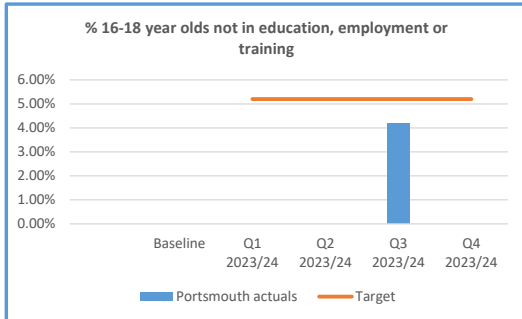


RAG against target
Yellow

RAG against trend
Yellow

COMMENTARY
Provisional results from the LA collection show a decline in performance as reflected nationally but disappointingly significantly below the results from 2019 (pre-pandemic). % achieving a standard pass in English and Maths was 52% (56% in 2019) and % achieving a strong pass in English and Maths was 31% (35% in 2019).

L22

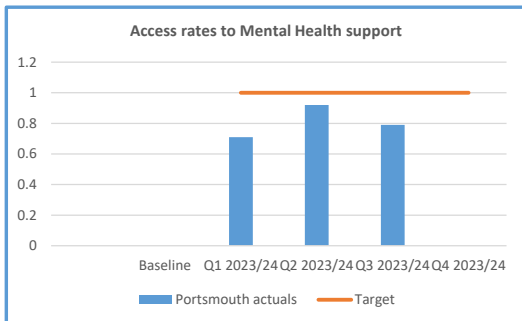


RAG against target
Yellow

RAG against trend
Yellow

COMMENTARY
Too early to comment on the NEET figures for 23/24 but we are concerned about the availability of level 1 and level 2 provision and the impact this may have on our NEET figures. A more detailed update will be available for Q3.

L23

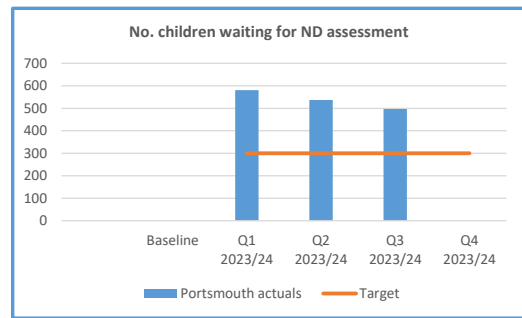


RAG against target
Green

RAG against trend
Green

COMMENTARY
Access rates remain in line with comparator LAs - still work taking place to include data from other MH services

L24

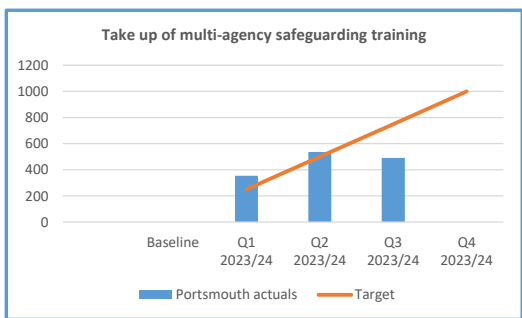


RAG against target
Red

RAG against trend
Green

COMMENTARY
The ND Multi-Disciplinary Team and Portsmouth Model remains very effective. The 'legacy' wait list of children remains too high and we are commissioning 100 external assessments to reduce numbers further.

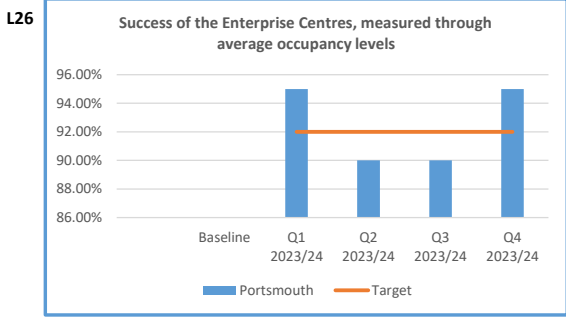
L25



RAG against target
Green

RAG against trend
Red

COMMENTARY
Take up and quality of training remains really strong. Recent additional oversight of Dyadic Developmental Psychotherapy Training has proved very helpful.



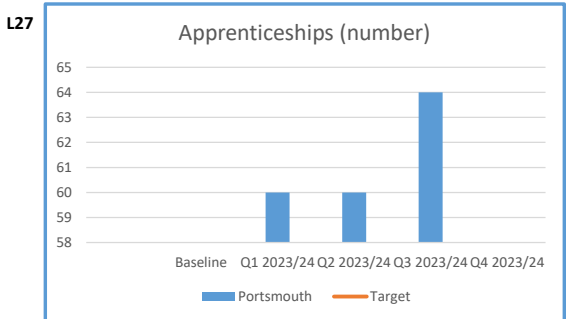
RAG against target



RAG against trend



COMMENTARY
City Buildings opened August 2023. Noted some challenges throughout year due to refurbishment work throughout year and 2 new centres preparing to open



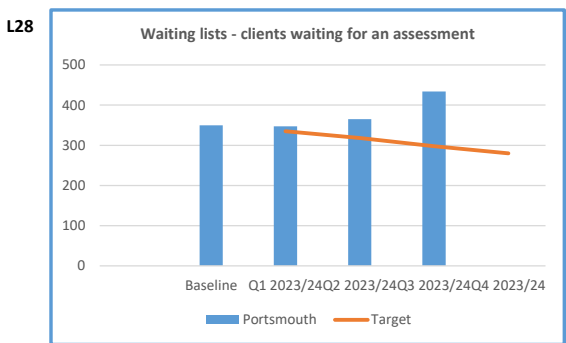
RAG against target



RAG against trend



COMMENTARY



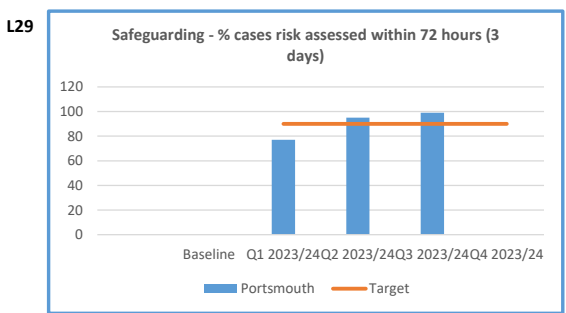
RAG against target



RAG against trend



COMMENTARY
There has been increased pressure in a number of service areas including responding to hospital discharge; increased demand in occupational therapy; increased demand for carers' assessments. However, despite demand numbers increasing, waiting times have not increased.



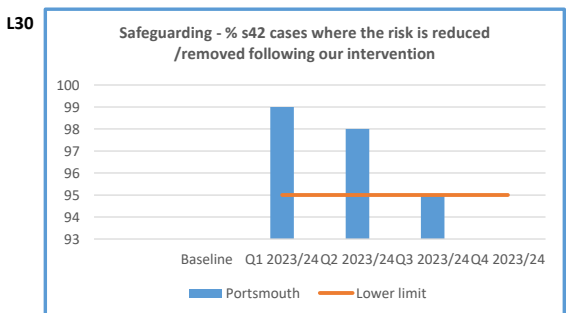
RAG against target



RAG against trend



COMMENTARY
Significant work around streamlining processes has taken place over the last quarter to ensure the risk assessment of all concerns is recorded at point of receipt. Further improvement work continues around ensuring timely safeguarding response to concerns assessed as higher risk.



RAG against target

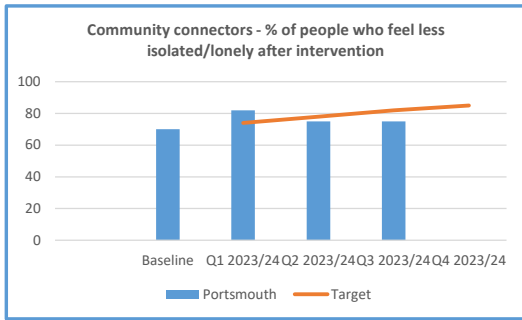


RAG against trend



COMMENTARY
Linked to commentary above.

L31

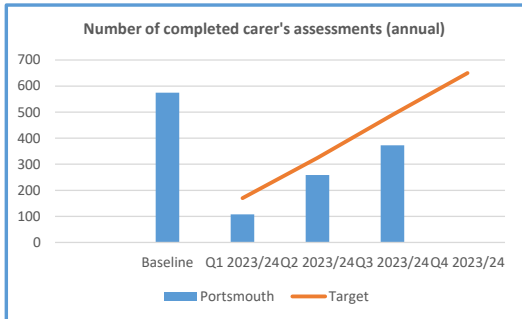


RAG against target
Yellow

RAG against trend
Yellow

COMMENTARY
Clients who have reported 'same as before' or 'no difference' after being supported by the service have shared that their ill-health has had an impact on how they felt working with the service.

L32

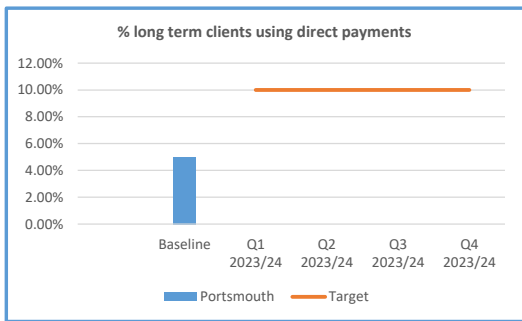


RAG against target
Yellow

RAG against trend
Green

COMMENTARY
Performance figures will improve based upon new recording methods as part of Client Level Data project.

L33

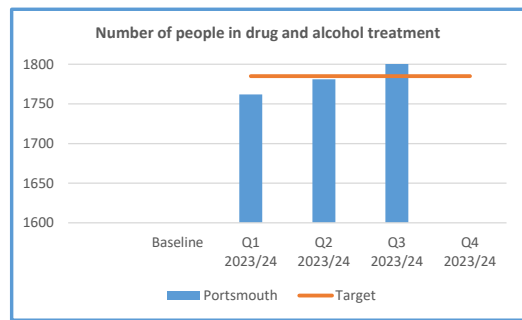


RAG against target
Grey

RAG against trend
Grey

COMMENTARY
Current project ongoing to improve recording, reporting and overall improvement of direct payments across the city.

L34

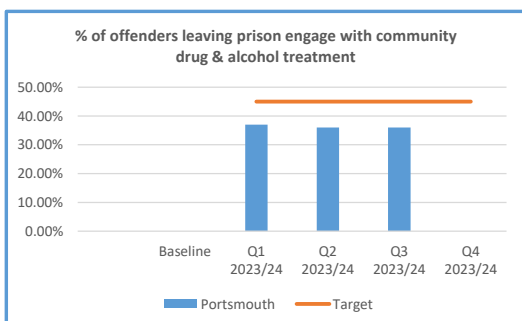


RAG against target
Green

RAG against trend
Green

COMMENTARY
Numbers in treatment continue to increase and we should achieve this target. This is on the back of a 20% increase in 22-23.

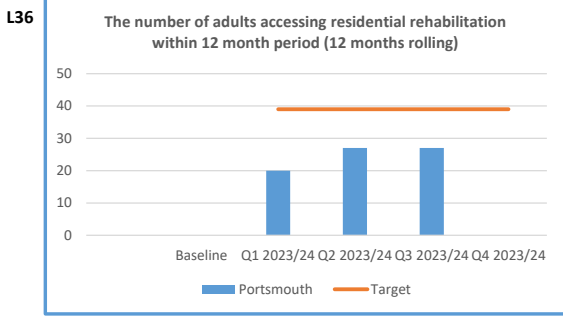
L35



RAG against target
Red

RAG against trend
Red

COMMENTARY
There has been a slight reduction in the % of prisoners engaging in treatment upon release. This compares to 41% nationally. A number of actions are underway to increase performance.



RAG against target

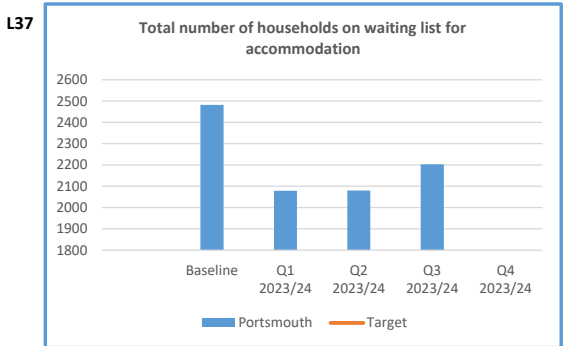
Red box

RAG against trend

Red box

COMMENTARY

Numbers have dropped significantly. Actions are underway to address this reduction and increase funding, so there should be an increase in Q2.



RAG against target

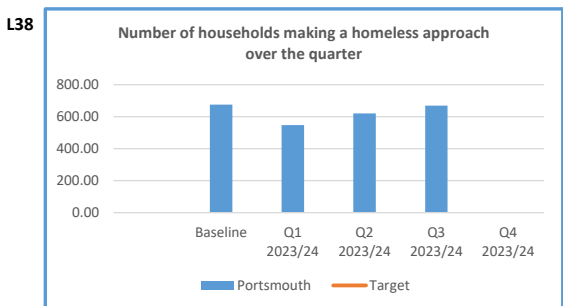
Grey box

RAG against trend

Yellow box

COMMENTARY

RAG rating based on trend not performance based and this reflects demand pressures. Large decrease is due to recent data cleansing exercise including Housing Office focus on contacting tenants with long running applications and cancelling those with changed circumstances.



RAG against target

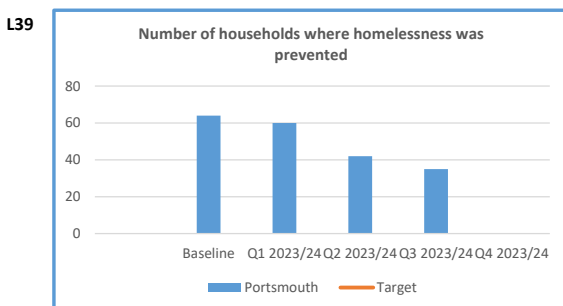
Grey box

RAG against trend

Grey box

COMMENTARY

Do not show RAG ratings - this is because these are records of approaches made and are therefore not measures; the Directorate can have no impact on these figures as they just reflect the situation in households within the Portsmouth area, the data is included for information only. The downturn in Homeless Applications we believe to be a result of a change in working practices and a clearing of backlog. The return to a higher figure this Quarter seems to support that, but is still being monitored closely.



RAG against target

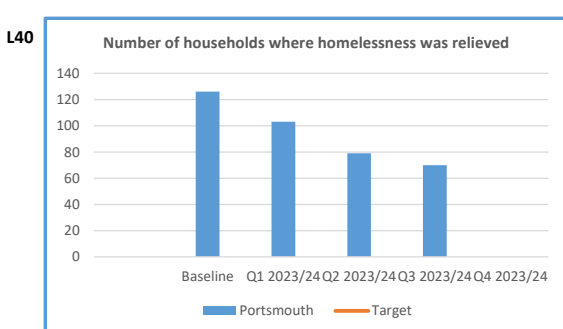
Grey box

RAG against trend

Yellow box

COMMENTARY

The decrease may be a reflection of the number of cases being processed by the team, but is also very likely due to the lack of affordable private rented accommodation available in the area.



RAG against target

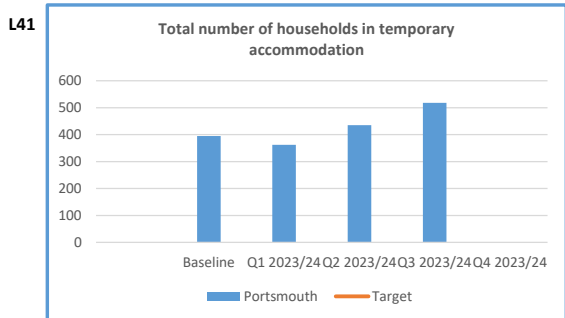
Grey box

RAG against trend

Yellow box

COMMENTARY

The decrease may be a reflection of the number of cases being processed by the team, but is also very likely due to the lack of affordable private rented accommodation available in the area.



RAG against target

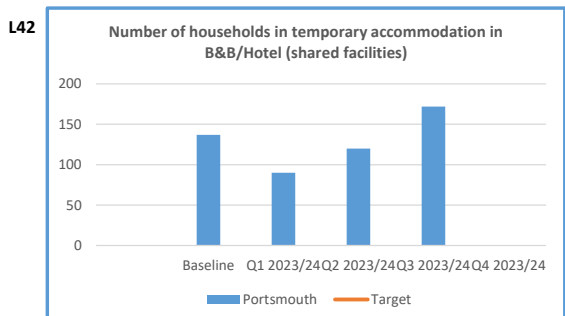
Grey box

RAG against trend

Red box

COMMENTARY

This quarter Temporary Accommodation has increased significantly again - which remains unsurprising given the increase in homeless applications taken and the reduction in Prevention and Relief options.



RAG against target

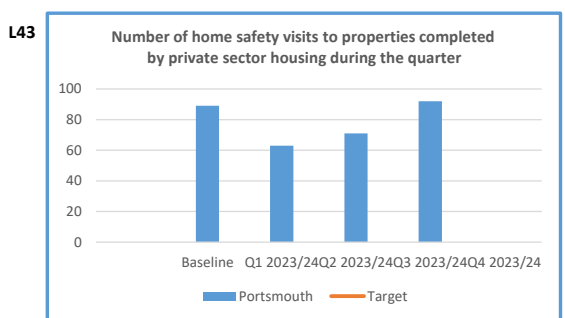
Grey box

RAG against trend

Red box

COMMENTARY

As above



RAG against target

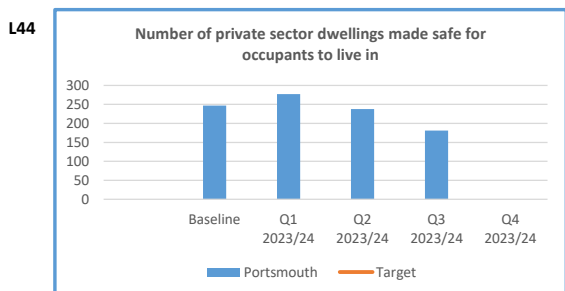
Grey box

RAG against trend

Yellow box

COMMENTARY

The number of completed home safety visits has seen an increase. This is a result of increased Sensory Impairment jobs and increasing awareness of our 'Handyperson' scheme to colleagues so we can continue to support vulnerable customers in their property to remain independent.



RAG against target

Grey box

RAG against trend

Green box

COMMENTARY

The number of inspections have remained stable. The measure for Housing Regulation solely reflects the total number of reactive complaint cases closed within that quarter and number of HHSRS inspection completed at licensed HMOs. Volume of licensed HMO inspections (mandatory licensed) is meeting the demand to inspect prior to expiry of licenses (101 in total over the 3 months - approx 34 p/m average over the quarter). Of the 152 reactive complaint cases received over the quarter 80 have been resolved and closed within the same quarter. 47 cases received regarding planning consultations, requests for information and advice, and Homes for Ukraine scheme have been disregarded from the quarterly figure.



RAG against target

Grey box

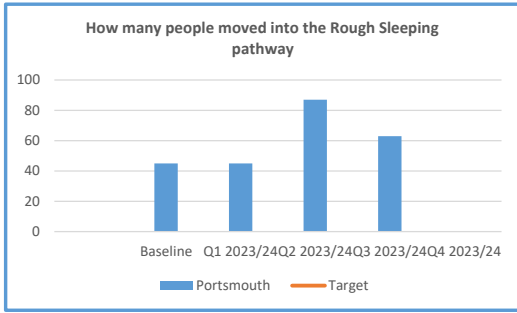
RAG against trend

Grey box

COMMENTARY

This measure shows number of repurchases year to date for current financial year.

L46

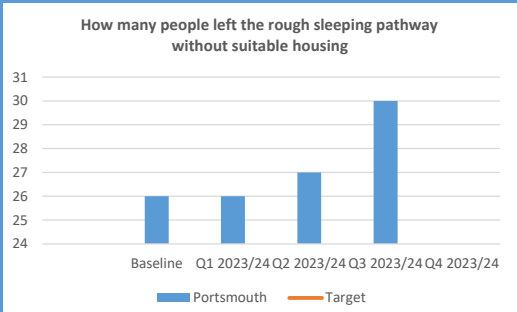


RAG against target

RAG against trend

COMMENTARY
The numbers of clients moving into the rough sleeping pathway during October and November were slightly higher than average; there has however been a significant decrease in the number moving in during December, due to a lack of available move on accommodation. This has been due to a fall in the number of rental properties available because landlords have taken them back, and as a result of the HMO regulations which have prompted some landlords to seek families to rent their properties instead. There has also been a lack of vacancies in supported housing recently, also as a result of reduced move on capacity.

L47

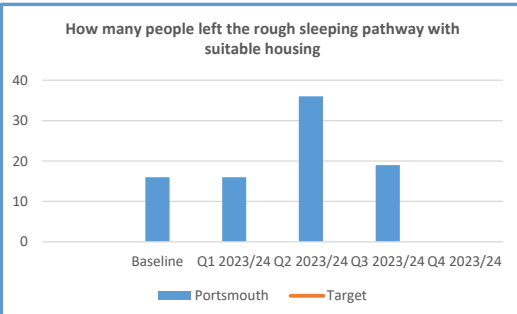


RAG against target

RAG against trend

COMMENTARY
The number of clients moving out of the rough sleeping pathway without suitable housing has remained largely stable, although the average number of abandonments has risen slightly.

L48

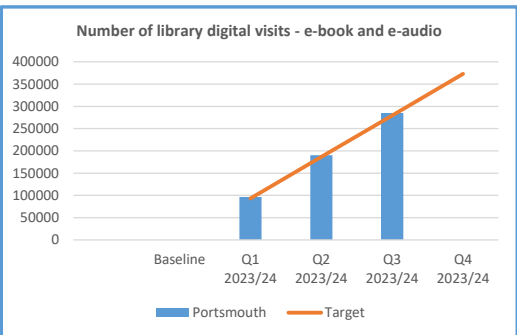


RAG against target

RAG against trend

COMMENTARY
The number of clients moving out of the rough sleeper pathway with an offer of suitable housing remained stable in October and November, but decreased significantly in December for the reasons mentioned in paragraph 1 - a lack of both PRS and SHS placements

L49

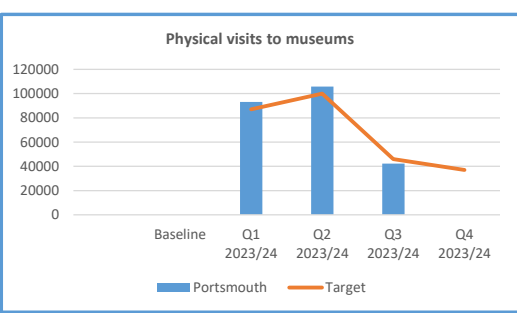


RAG against target

RAG against trend

COMMENTARY

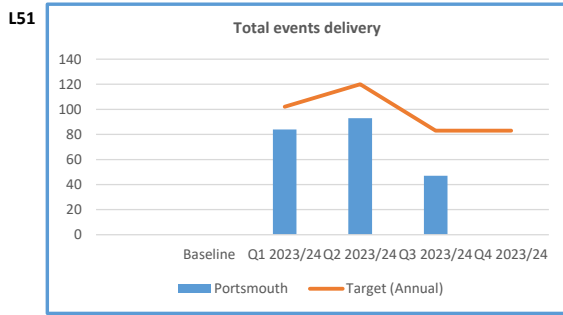
L50



RAG against target

RAG against trend

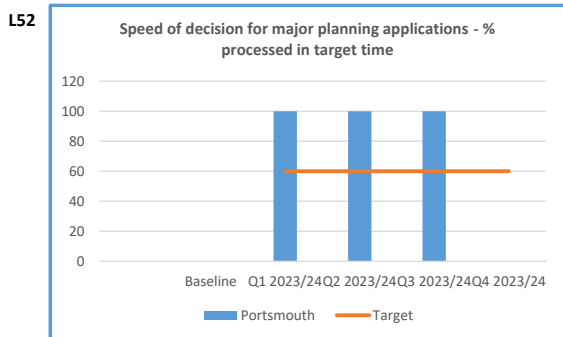
COMMENTARY



RAG against target
Yellow

RAG against trend
Yellow

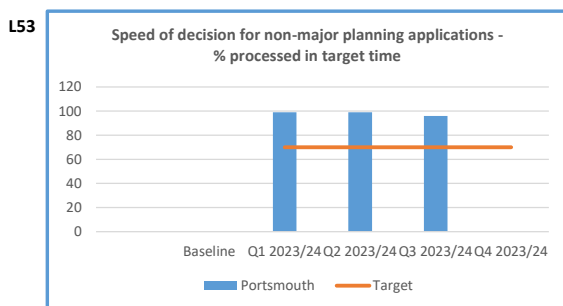
COMMENTARY



RAG against target
Green

RAG against trend
Green

COMMENTARY
Current performance is significantly above target.



RAG against target
Green

RAG against trend
Green

COMMENTARY
Current performance is significantly above target.

Significant projects

	Project description	Budget	Start date	Completion date	Summary and Progress	RAG - time	RAG - budget
L1	Effective delivery of the Priority Education Investment Area programme (PEIA)	£1.8m	01/04/2022	01/03/2024	Detailed delivery plan approved by DfE. 4 key priorities: literacy, maths, attendance and under-performing groups with a digital strand running through all four. The programme continues to be robustly managed with a high degree of engagement from Portsmouth schools and positive feedback from participants on training etc.	Green	Green
L2	SEND / AP Change Programme	£5.8m (overall prog; £1.4 for Pmouth)	01/09/2023	01/09/2025	Lead LA in the SE for the SENDAP Change Programme Partnership (CPP) working with 3 other LAs - Brighton, West and East Sussex. Involves testing some of the reforms as set out in the government's SEND and AP Improvement Plan Right Support, Right Place, Right Time. South East Steering Group established. Liaison with DfE ongoing. Recruitment to key posts underway and early stage work is going well.	Green	Green
L3	Capital programme for sufficiency of school places (secondary and specialist) and condition of LA maintained schools	£7.9m allocated for specialist school places	Ongoing	Ongoing	To ensure sufficient secondary and specialist school places. Arundel Court Inclusion Centre 'The Nest' opened in Sept. £7.5m allocated by the DfE for secondary school places - plans are being formulated involving 4 secondary schools to secure the places we need to meet significant pressure points in 25/26 and 26/27	Yellow	Yellow

L4	Implementation of the Education Management System - Synergy	£1.2m	01/09/2022	01/04/2024	To replace the Capita ONE with Synergy and make it easier for education staff to access relevant information about the children and families they are working with and to streamline administrative processes. Project has been extended with a new completion date of August 2024. BAU arrangements to support Synergy now confirmed.		
L5	EHC Assessments - Recovery Plan	£0.5m	01/04/2023	01/12/2024	To ensure that statutory timescales for the completion of EHC assessments and issuing of EHCPs can be met within the 20 week timescale. This work also extends to completion of Annual Reviews and phased transitions for children with EHCPs moving into Year 3 and Year 7 - Action plan agreed. Funding secured for 23/24. Contract now in place with Skylakes and quality of assessments is good but they are not completing assessments as quickly as planned.		
L6	Restorative and Relational Practice in Schools	£0.5m DSG	01/01/2023	01/01/2025	A whole-school approach, providing a framework for creating and sustaining a school climate where teaching and learning can take place effectively and where students and adults can thrive as they learn from each other. LA continuing the lead this work but have ended the formal arrangement with Salterns due to their other priorities (academy conversion of Mayfield, Language Hub). RP Steering Group has agreed to move away from the 'Waves'/'Programme' model and look to engage with schools 'where they are' on their lengthy journey to improving school ethos and culture to be more relational and inclusive. Continuing to develop a range of support and resources needed for schools including support from Salterns / Trafalgar, Mark Finnis, Restorative Lab, the Action Learning Sets of Heads, headteacher coaching and trainer bespoke support (PSCP training team), etc.		
L7	Social worker recruitment and retention		on-going	on-going	To have a skilled and stable workforce and a reduction in the use of agency staff. The aim is to recruit and retain newly qualified and experienced social workers This is a significant priority for the service. We need to increase our permanent workforce and reduce our reliance on interim social workers. A proposal is being finalised to consider market supplements for our social workers in teams we have struggled to recruit to and to strengthen the career pathway.		
L8	Intensive Early Help support for families of children age 0 - 5		on-going	on-going	Jointly with colleagues from Solent, to provide an effective targeted early help offer where families receive support and interventions that prevent need escalating and requiring support at tier 4. This continues to be an area that requires strengthening and in the coming quarter there will be scoping to see how we could build on the strength of the service for 5-19's to include 0-5's		
L9	Family Hubs	£3.2m	01/04/2022	01/03/2025	To launch our 5 family Hubs across the City and ensuring they provide effective support to children aged 0-19 and meet the requirements as defined by the DFE. The implementation plan is being progressed and this is overseen by the multi-agency programme board. This is progressing well and continues to be a priority for the remainder of the year		

L10	Fully embedding Family Safeguarding model (workbook and Modules)		On-going	On-going	To provide effective interventions to children and their families so that children's needs can be met within their families. To ensure consistency in practice, that is build on positive relationships. his is an area that continues to strength as we build the consistency of practice. The service leaders have all embraced this and are leading this and driving this with their services. This is progress and the routine audit activity is now part of this. This is showing where we need to further strengthen this so that practice is consistently good.		
L11	Adolescents service	Funding needed	ongoing	ongoing	To develop an effective multi-agency response across the City that reduces the risk of exploitation, and to provide effective interventions to young people and families that enables them to live together and prevents family breakdown. The practice around MET continues to strengthen following the launch of the pathway. Our current focus of improvement is around our response to children who are missing, to improve the experience of children and support they receive.		
L12	Investment to reduce care proceedings - adolescents and repeat removals	Funding needed	Ongoing	Ongoing	To develop a service where we proactively work with parents who have had a child removed from their care, so that we enable change and that necessary changes are made ahead of having another child so that they are able to successfully care for a further child and do not experience a further child being removed from their care. It was hoped that this could be progressed through use of the PH Transformation money, but this is not longer available. We continue to consider other grant money to support progression of this work.		
L13	CioC Placement Sufficiency		ongoing	ongoing	To have sufficient variety of homes so that we can identify regulated homes for all the children we care for and young people who are care experienced, and these homes are matches as appropriately meeting their needs. We continue to recruit foster carers and are working on a regional programme with other LAs. Our children in unregulated placements has reduced to the lowest point in 12 months which is positive.		
L14	Reopening Beechside		01/11/2022	01/03/2023	Beechside is a children's home that provides short breaks for children with complex needs. The home has been closed since November 2022 and we are working to open this as soon as it is possible to do so safely as this provides vital support to a number of children and families. The new registered manager is in place and we are in the process of completing plan for reopening (which will require Ofsted signoff).		
L15	Going Home Project		ongoing	ongoing	To support children that we care for to safely return to their families by effectively intervening with parents to enable sustained change. This has very positively progressed in the last quarter and we are routinely reviewing children where it is possible they can return home. We are currently actively working for 13 children to return home.		

L16	Care Leaver offer - cross council		ongoing	ongoing	To update our care leaver offer so that this is aspirational, and effectively supports our children into adulthood and independence and they have opportunities to access education, employment and housing that meets their needs. This has been drafted and further to consulting with SMT this is being finalised and will be presented to DMT in November to consider. This is part of the overall improvement plan for our care experienced young people.		
L17	Long-term sustainability of the Portsmouth Neurodiversity model	running costs £500k	ongoing	ongoing	Retaining sustainable resource for the ND Team and continuing to support national partners on the innovation - 6 month Spend plan in development. Continues to be excellent performance in terms of reducing diagnostic demand		
L18	Sustainable integrated commissioning model as ICB reduces in size				Ensuring effective joint commissioning across NHS and LA at child, service and system level - some challenges around ICB mutually agreed redundancy scheme on staffing capacity. However, Head of Children's Commissioning appointed.		
L19	Health and Care Portsmouth Section 75 for Children				Health and Care Portsmouth oversight of children's spend and outcomes - Delayed final document and financial reporting		n/a
L20	Insight Hub	£200k capital; £20k pa revenue	01/04/2022	01/03/2024	Data matching, sharing and reporting software to identify child need and progress. We continue to develop the system and it is supporting work across the service. We continue to have challenges accessing health data and this is being escalated to the ICB.		
L21	Chaucer House Youth Hub	£930k Capital; £200k revenue	01/06/2023	31/03/2025	Developing a multi-agency youth resource for support, activities and interventions. Positive conversations with The Hive about building management.		
L21	King George Playing Fields	£8.1m	2017. 13 Feb 2023 works on site.	01/01/2024	The city council submitted an expression of interest to the FA's Parklife programme. Portsmouth was invited to proceed to Stage 2 of the process and has worked with the county FA, Football Foundation and local clubs to produce a Local Football Facilities Plan. The plan sets out the priorities for future investment. King George V pavilion was damaged by arson in 2017 and the site has been identified as the preferred site for enhanced pavilion and pitch provision, subject to Football Foundation funding. The city council were awarded £36k towards initial feasibility work of £60k. Following a successful capital bid, the council has committed £2.8m towards the scheme which will be match funded 60:40 by the Football Foundation (meaning their contribution will be £4.2m) to give a project budget of £7m. PCC has submitted a formal application to the Football Foundation funding to deliver the project at King George V playing field. New scheme due to open Q4.		

L22	Leisure transformation - Bransbury Park		24/02/2020	Winter 25-26.	<p>The project (to build a new leisure centre at Bransbury Park) has now progressed to RIBA Stage 3. Design is being led by the architects GT3 with a directly appointed multi-disciplinary design team made up of 18 specialist consultants. Client side project management & quantity surveying services are provided by Mace. In July the Hampshire & IOW Integrated Care Board Primary Care Committee approved the funding for the inclusion of a GP Surgery within the new development. The borrowing required for the additional capital cost is covered by the rental income payable by the practice over a 25 year period.</p> <p>The facility mix is 25m 4 lane swimming pool, learner pool, 65 station gym, spin bike studio and group exercise studio plus GP surgery). The Stage 3 cost plan came in too high and so further value engineering and cost reduction was necessary. The programme now sees a planning application in Spring 2024, enabling works in autumn 2024, main construction starting in Spring 2025 and handover summer 26.</p>		
L23	Victoria Park		01-Dec-19	Feb-26	<p>The city council has received a £2.27m National Lottery Heritage Fund grant towards the delivery phase of the Reviving Victoria Park project. The project will deliver the planned restoration and improvement works, a range of activities that cover, share and celebrate the Park's heritage and outreach work to create a more welcoming & inclusive space. The Round 2 funding includes the cost of a project manager, community engagement officer and volunteer & training coordinator, plus a horticultural apprenticeship.</p>		
L24	Guildhall Basement project		01/10/2023	Summer 24	<p>Guildhall Renaissance is the Guildhall Trust's programme for the development of the Guildhall. A major overhaul and refurbishment of facilities which takes into account the return on investment and the priorities for the Guildhall. To upgrade several parts of the building including the concert hall, front-of-house foyers, bars and meeting rooms and to expand the cultural offer. An improved Guildhall will benefit the wider community and form part of the regeneration of the city centre.</p>		
L25	City Centre North		13/07/1905		<p>Masterplan development almost complete. Options being considered for development of Sainsbury's, Clarence Street Car Park, Tricorn and other associated properties. Highways works to Hope Street will be considered separately. Resolution to grant permission was granted in October. The project is now gearing up for a delivery procurement focus for 2024</p>		
L26	Tipner West			Programme identifying a planning submission mid-2024.	<p>Deliver a new community in the Tipner West masterplan area, including new homes, marine employment hub and the relevant infrastructure. Project overriding objective agreed as advised by Council. 5th March report to Cabinet to update on work streams ,</p>		

L27	Future High Streets	£6.9m of external funding. The future development of the Bridge Centre is additional to this.	2022		Fratton - Purchase completed and works on-going, including review and development of future phase works (redevelopment proposals) Commercial Road - public realm improvements and purchase of land for development (part of the old Tricorn site).		
L28	Information Management and Data Programme (IMD)	£150,000 phase 1	2022	2024	Improving and modernising the management of information and data within Adult Social Care including: - The use of data warehousing - Using reporting tools such as PowerBI - Implementation of Client Level Data to meet statutory reporting requirements		
L29	eResidential Programme	£100,000	2022	2024	Implementation of new technology in to PCC residential homes including: e-Care Planning (complete) e-MAR (Medical Admin Records). e-Reception (complete) Improved wifi in homes. Project broadly on track but slow speeds of wifi a continuing issue across the programme. E-MAR currently paused whilst users familiarise themselves with new functionality.		
L30	Housing and Support Programme	Subject to review	2022	tbc	Work with council colleagues to provide additional housing for: Extra Care (Edinburgh House) Learning Disability and CHC (Highgrove). Due to cost increase, there is a pause in the project. ASC are working to develop options for Extra Care to link with the Housing Economic Development Needs Assessment commissioned corporately as this will have an impact on the programme of work.		
L31	Strategic Development of ASC to support CQC Assurance requirements	No specific allocated budget	2023	2024 - followi	Broad programme of work including: -Implementation of our Quality Assurance Framework -Development of governance processes -Improved use of data insights -Policy/Procedures and 'evidence' library -Updated practice handbooks and guidance -Updated ASC Strategy, Business Plan, Service plans etc -Market Position Statement -Accommodation Strategy		
L32	JSNA programme		Apr-23	01/03/2024	Complete accessible set of JSNA web-based outputs covering key themes		
L33	Serious Violence Strategic Needs Assessment (SNA)		01/05/2023	01/11/2023	Produce an SNA of Serious Violence that meets the new Serious Violence Duty, supporting CSPs across HIOW to feed into a VRU-led SNA for the Force-wide geography		
L34	Cost of Living data and Public Health Annual Report (PHAR)		Apr-23	Nov-23	Coordinate the data and insight on the impact of Cost of Living into a Dashboard that supports decision-makers, and use this data as part of a PHAR focussed on Poverty		
L35	Health Determinants Research Collaboration (HDRC) round 2 application		01/02/2023	01/08/2023	Work in partnership with the University of Portsmouth to bid for Health Determinants Research Collaboration funding from NIHR		
L36	Sexual Health Recommissioning		Jan-23	Mar-24	Recommissioning of integrated sexual health services collaboratively with Hampshire, Southampton and IoW.		

L37	Somers Orchard Development		01/06/2021	01/11/2025	The Stage 3 update to the coordinated and technical design design freeze is due is complete and viability checks are ongoing and due to be completed by the end of October 2023. Planning submission is envisaged in Q3/4 Meanwhile use is developing on site community engagement alongside the development of the plan with the Estates Team and Community Gardener. The community panel engagement is continuing alongside a community engagement event held on 12th October - Somerstown Spooktacular.		
L38	Statutory Homelessness Strategy		01/04/2022	01/03/2023	The Homeless Strategy refresh has been completed and approved, and takes effect as of 1st January 2024.		
L39	Homes for Ukraine Scheme		14/03/2022	Funding currently due to end 31/03/2024	The Homes for Ukraine scheme was launched by the government on 14 March 2022. This scheme allows people living in the UK to sponsor a named Ukrainian national or family to come to live in the UK with them, providing they have suitable accommodation to offer. Funding currently due to end 31/03/2024, however, Ukrainians can continue to arrive with a three year visa.		
L40	ARAP scheme		01/06/2021	MOD Leases for 12 months	ARAP scheme set up originally with 9 leased MOD properties, this has now increased to 18. In Q1 the MOD agreed to extend the leases for the original 9 leased properties. All 18 properties are occupied.		
L41	New Portsmouth Local Plan			Regulation 19 approval scheduled for March 2024 with 6 week consultation and submission in Spring 2024	Prepare the new Local Plan for the period until 2038 and bring it forwards in accordance with the agreed timetable.		

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Priority: Protect and enhance our environment

Priority summary :

reduce our own carbon emissions

- help residents and business reduce their carbon emissions
- prioritise sustainable travel and improve transport systems in the city to

reduce the environmental impact and improve journey times

- ensure that the city has a healthy and resilient natural environment
- reduce the waste generated by the city, and make sure we dispose of our waste responsibly

Achievements and positive progress:

In our housing services, the additional licensing scheme went live from 1st September, with a team recruited, IT system launched and communication plan held. Cabinet also agreed to align mandatory licensing.

Waste Management team - work with the housing service to trial different communal recycling options continued with positive impact and resident feedback. Housing decision agreed in September to the changes and roll out. Decision held despite signals from Government on delays in the implementation of Environment Act changes. Depot site work going well.

Preparation & planning to bring BIFFA contract in house from April 2024 going well (update on mobilisation taken to Env Cabinet meeting in December).

Clarion

aquisition proposal taken to Cabinet and Full Council in December. Proposal agreed and deposit paid. Completion planned Mid/Late February 2024. Meet the landlord events in December went well.

Planning Development Management performance significantly increased to 99.3% for speed of determination of non-major applications, thereby exceeding DLUHC minimum standards (70%) and mitigating risk of designation threat from Secretary of State made in spring 2023.

Further recruitment drives in Property & Investment, Planning, Infrastructure & Highways and Transport. Agreement of a career-grading system that works for each professional area, which are aligned with regional grading benchmarks in each sector, to reduce reliance on MSPs. Successful Recruitment of Head of Development Management and other senior planners.

Challenges and risks:

Waste Management - fluctuations in the market impacting on the price of recycle materials. Impact of the restrictions has limited the impact of the anticipated reduction in household waste. Food waste take up remains positive but disposal costs are causing budget pressures. Portfolio reserves not available to cushion the impact.

We continue to manage the challenges associated with the Border Control Post and the situation remains under continuous review.

Challenge of retaining & recruiting experienced staff, in particular in Planning, Infrastructure & Highways and Transport. The Directorate currently has vacancy rates in some teams of 20-35%, despite repeated attempts to recruit. This is having a significant impact on ability to deliver statutory functions, deliver major projects and to secure additional funding from bespoke one-off Central Govt funding opportunities.

We are also working closely with the Environment Agency to monitor, assess and mitigate the decline in water quality.

Planning - Risk of Secretary of State designation for speed of determination of non-major applications despite current high performance, as it is historically assessed over a 2 year period.

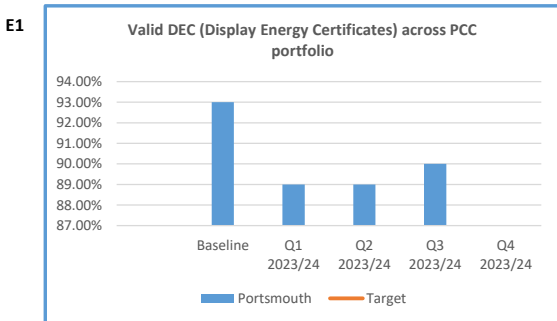
Priorities for the next period:

Completing the Asset Management strategy work to then dovetail into the Housing Revenue Account 30-year business plan software. Key element includes the decarbonisation plan for social housing stock and the calculation of depreciation. Building services team also need to communicate the changes to the capital programme for the housing stock (issue picked up at capital budget setting meeting) clear that slippages occurring and refreshed programme needs to be connected to building safety reports. Key area of focus for the new Assistant Director of Buildings. New Assistant Director has a clear view of structure changes to support the AMS work. Restructure work connected to the plan underway.

Waste Management continuing to work on bringing the waste management collection service in house from the 1st April 2024

Further recruitment drives in Property & Investment, Planning, Infrastructure & Highways and Transport. Support for recruitment of permanent Director of Economy, Planning and Transport.

Key performance indicators

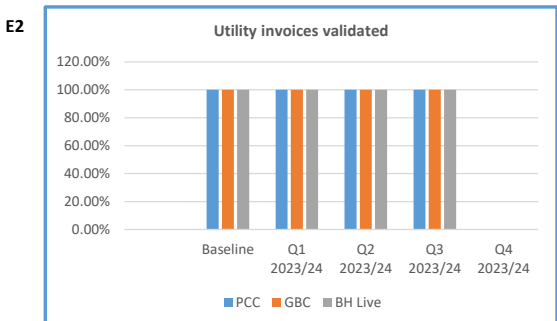


RAG against target
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RAG against trend
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COMMENTARY

•Southsea Castle: Southsea Castle has two electric meters supplying energy. Unfortunately these two electric meters are billed on opposing quarters. The DEC legislation allows 31 days (where gas is the heating fuel) and 15 days (where electricity is the heating fuel) at the start or end of the assessment period in order to allow energy data to be lined up to the same period. Any more than 31/15 days respectively and the two streams of data can't be used as they don't align.
The hope is with the new contracts signed for October 2023 to 2024 will bill these meters using the same quarterly billing period which will allow the Data to be aligned and the DEC to be completed.

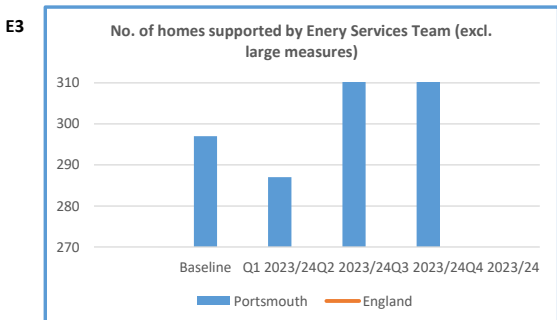


RAG against target
[White box]

RAG against trend
[Green box]

COMMENTARY

BH LIVE 30/30
As utility supplies get added/removed over the course of time under corporate contract, the total number of invoices we need to validate are subject to change each quarter but we will present how many of the existing ones have had validation. Note that invoices for the final month of each quarter are not received until the following month, e.g. Q2 September invoices we'd receive in Q3 October for PCC.
At the point of updating Qtr 2 Validation has been completed on invoices imported/received. An update will be done the following month to include PCCs elec and gas for the month of September.

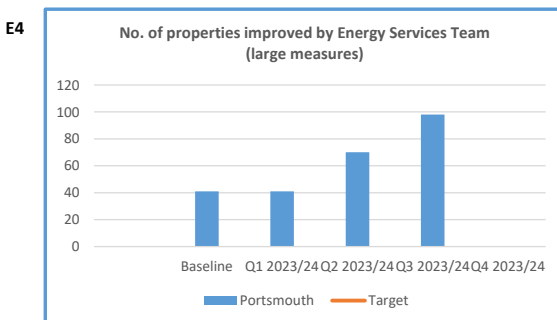


RAG against target
[White box]

RAG against trend
[Green box]

COMMENTARY

Households supported with energy efficiency advice, small efficiency measures (such as LED lightbulbs, white goods, boilers) under the LEAP scheme or via the Switched On Portsmouth Freephone Advice Line.

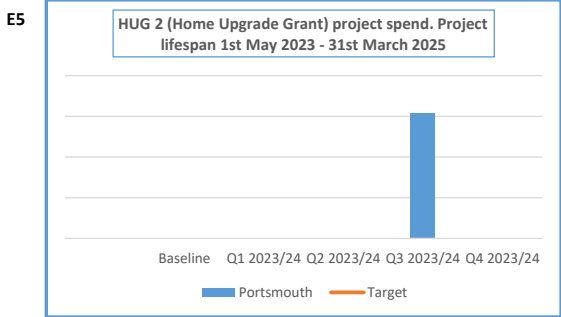


RAG against target
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RAG against trend
[Green box]

COMMENTARY

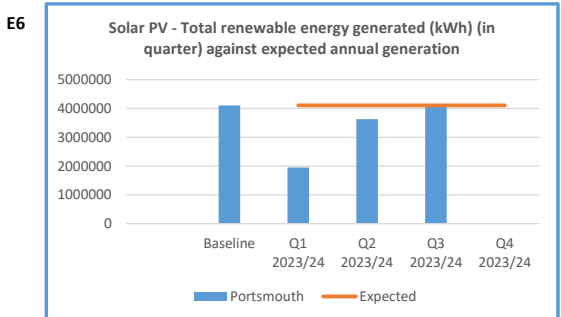
Private residential properties improved with large energy efficiency measures, such as solar PV, Insulation and Air Source Heat Pumps, completed under the LAD3 and HUG2 schemes.



RAG against target

COMMENTARY
 Delays to contract set up resulted in delayed start to scheme. Following this, the overall target was adjusted to £34.9m total spend by 31/3/2025. This is based on an average spend per property treated that was imposed by DESNZ and is ~50% higher than achieved in previous schemes. Target will shortly be adjusted again to reflect expected average spend, which is ~17% higher than achieved in previous schemes. Based on current target and expected delivery profile, spend to 31/12/23 was projected to be £3.6m. Delays due to Christmas period, customer eligibility documentation collection, and spending rules of the scheme. Having regular catch up with funders who are happy with scheme progress.

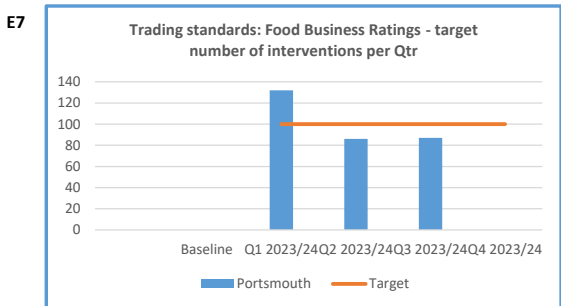
RAG against trend



RAG against target

COMMENTARY
 Baseline for Q4 based on previous years (FY) total for generated electricity. Generation to be much greater in Q1 & 2 based on solar irradiance levels. Q4 baseline contains generation figures impacted by system issues (e.g. equipment malfunction) that are rectified as quickly as possible through PCC service providers and local sub-contractors. Total generation figures impact the income to PCC through FIT (Feed-in-tariff), export agreements, PPA schemes and electricity savings. Measurables per Q show quarterly generation figures against total annual expected generation figures. All figures are subject to irradiance levels & weather.

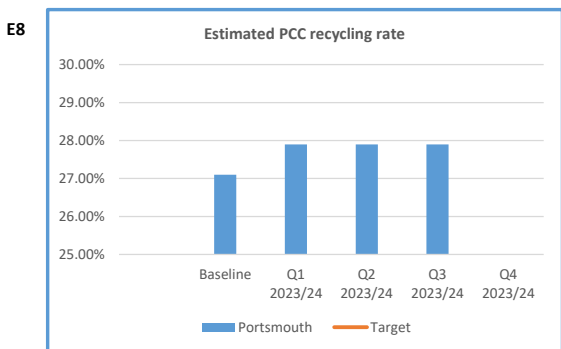
RAG against trend



RAG against target

COMMENTARY

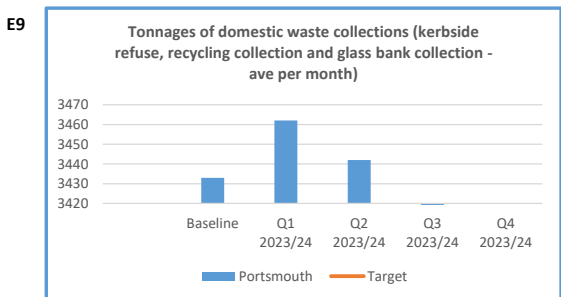
RAG against trend



RAG against target

COMMENTARY
 21/22 rate was confirmed as 27.1%, October 23 - 27.9% is 22/23 provisional - subject to Defra confirmation (usually from October onwards)

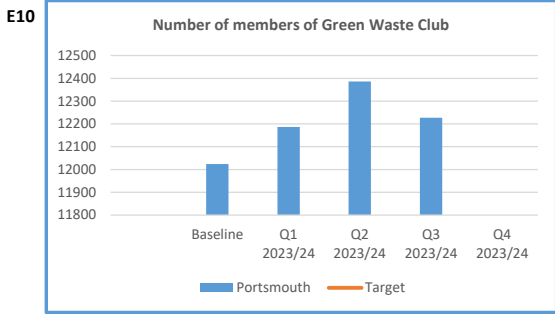
RAG against trend



RAG against target

COMMENTARY
 Q3 tonnage stable. Tonnage slightly lower than pre-pandemic levels - this is largely due to introduction of FW. Recycling tonnage has reduced in line with refuse tonnage. FW6 starting in Q1. Q2 refuse tonnage continues to reduce - recycling tonnage also reducing (linked to overall reduction)

RAG against trend



RAG against target

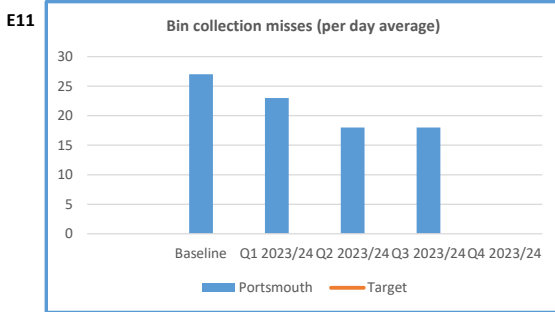
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RAG against trend

Yellow

COMMENTARY

Members of the Green Waste Club have reduced slightly from last quarter. There is fluctuation in membership as renewals come up throughout the year.



RAG against target

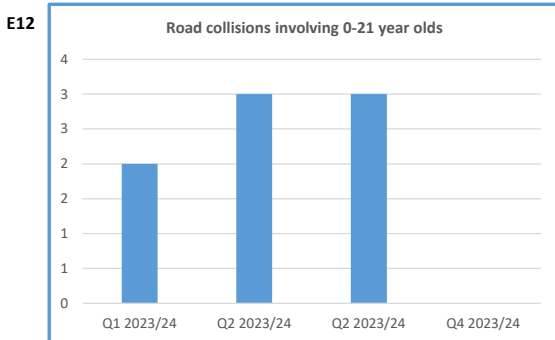
White

RAG against trend

Green

COMMENTARY

New miss process in place with crews, Q3 level is very low, new measure in place for repeat misses.



RAG against target

White

RAG against trend

Red

COMMENTARY

Data available from Hampshire Police is reorted up to 9 month retrospectively.

Total road collisions in Portsmouth involving 0-21 year olds for 2021 = 10

Total road collisions in Porstmouth involving 0-21 year olds for 2022 = 15

E13

Improvements to facilities at key junctions to improve cycle safety and

LTP 4 2023/24 funding - no funding allocated to Active Travel Improvements

East-West Active Travel Corridor - 2 locations - Bradford Junction tiger crossing and Isambard Brunel Road

LTP3 2021/22 funding - 2 locations - Elm Grove/Waverley road junction and New road/New Road East.

Additionally, early release low level cycle signals have been installed in the city over the past year, with four units being installed in Eastney Road at the junction with Bransbury Road, and four units being installed in Albert Road at the junction with Lawrence Road.

RAG against target

Green

RAG against trend

Green

COMMENTARY

East-West Active Travel Corridor Phase 2 - construction starts 23/10/23.

Elm Grove has progressed to business engagement stage.

New Road/New Road East - Final design stage to proceed to pricing for construction in Spring 2024.

E14

Delivery of local transport schemes to improve journeys

There are a number of schemes that will be delivered through the Portsmouth Transport Strategy (LTP 4). This will be monitored and reported each year through the LTP4 Annual Monitoring Report (LTP4) to the Transport Portfolio decision meeting. A summary of these shemes is available if required, however this is reported at a programme level for the purposes of this report.

RAG against target

Green

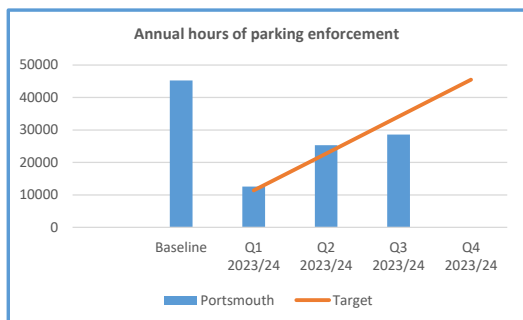
RAG against trend

Green

COMMENTARY

All schemes on target.

E15



RAG against target



RAG against trend



COMMENTARY

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Significant projects

	Project description	Budget	Start date	Completion date	Summary and Progress	RAG - time	RAG - budget
E1	Horsea Country & Ecological Reserve				Planning conditions signed off September 21 - handback of site to PCC being managed by Waste Management through the Waste Disposal Service Contract. Development of site as open space provision being explored with a focus on biodiversity and ecological benefits		
E2	Southsea Flood Defences	£156m + £17.4m awaiting HMT sign off	01-Sep-20	End of year 2028	Construction of new flood defences protecting 10,000 homes and 700 businesses extending 2.5 miles along the Southsea seafront from old Portsmouth to Eastney		
E3	North Portsea Flood Defences	£67m	01/04/2016	01/12/2026	Construction of new flood defences protecting 4,200 homes and 500 businesses extending 5.2 miles from the Mountbatten Centre, clockwise to Milton Common. Programme has been extended by 1 year. Awaiting contractor costs for phase 5 to inform final financial outturn.		
E4	Carbon Action Plan development	n/a	01/04/2023	01/10/2023	Report to Cabinet in Sept/Oct 2023; next cycle under production		
E5	Innovate UK - net zero bid	n/a	01/06/2023	08/09/2023	Awarded £150,000 - schemes now in development		
E6	Development of waste management infrastructure		01/01/2018	End of 2023	To offer services which deliver waste reduction, and enable a wider range of opportunities for re-use and recycling.		
E7	City wide food waste roll out		ep 19 - FW1 Sep 20 - FW2 Sept 21 - FW3 Oct 21 - FW4		<p>Food waste 1 trial successfully implemented. Approx. 11,000 residents</p> <p>Second trial rolled out on 28 Sept 2020 following Cabinet decision in Feb.</p> <p>Total of approx. 25,000 properties now included in trials.</p> <p>FW1 - 61% participation, and 19% of black bag waste diverted to recycling</p> <p>FW2 - 42% participation, and 16% of black bag waste diverted to recycling</p>		

E8	AD Plant			2024	EIA scoping submission June 23 - required for ES/outline planning application. July 23 - engaging with Historic England as part of Pre-application prep. Ecological surveys underway.		
E9	Bringing Waste Collection Services in-house			1st April 2024	Project underway to bring waste collection service in house including TUPE staff, vehicle/R&M procurement, IT system procurement, health & safety, fuel and tyre procurement. etc. May 23 - Out to procurement on new RCV fleet and associated R&M contract - tender returns, evaluation and contract award - June 2023, contract awarded June 23 - - ordered placed July 23 Depot extension and refurbishment - contracts for lease and underlease for extension to be signed in June 23, exchange subject to planning expected in Dec 23. Buildings Team underway with site designs. IT system procurement out to tender in July 2023. October 2023 - vehicle order placed, it procurement at standstill period, TUPE prep underway		
E10	Additional housing licensing		23/05/2022	tbc	Statutory Public Consultation commenced on 23rd May 2022. Decision report went to Cabinet 22 Nov 22. Scheme has been agreed to start from 01.09.2023 Scheme has started on 1st September 2023 with grace period for applications until 1st December 2023.		
E11	Clarion Housing stock acquisition		01/02/2023	26/02/2024	Acquisition of 819 properties from Clarion Housing Group. Targeted capital investment to improve the stock lifecycle and financial viability of the work.		
E12	Port Health Border Control Post		01/10/2019	Unknown - potentially 2025	The reduction of funding from the government has required resources to be targeted so to ensure that the budget available will not be overspent. Balancing the budget and balancing the needs of the port in relation to port health responsibilities remains a concern. Expect further clarity from govt in Q3 on funding support - this is likely until 30/4/24 after which we will need to commence full cost recovery. Additional financial support likely to be available on application only until 31/7/24 after which all govt support will cease - all TBC in Q3.		

E13	School and Play Streets	School Streets - £80,000. No allocated reveue budget for Play Streets.	01/09/2021	Ongoing - dependent on resources	A seven-week School Streets trial is being introduced in Portsmouth from September 2021. Public Health is supporting the walking and cycling charity Sustrans, who manage the scheme. School Streets limit the amount of non-essential traffic from entering the roads near schools during drop-off and pick-up times. Parents, children, school staff and visitors will be encouraged to walk or cycle to school, resulting in a safer, healthier environment which develops cleaner air and reduces traffic congestion in residential areas. Research has shown that pupils who walk and cycle to school are more alert and ready to start the day than those who travel by car. The trial, which will temporarily limit most motorised traffic around two schools will create a safer route to school and allow the local community to enjoy a safer place to live, study, work and travel. Bramble Infant and Nursery School and St Jude's Church of England Primary School are the first schools to take part in the trial.		
E14	Local Cycling and Walking Infrastructure Plan		2022	Ongoing	To set the strategic direction and delivery plan for walking and cycling in Portsmouth. This was adopted in 2022 at Transport Cabinet meeting. Delivery has commenced on schemes funded through the TCF and further funding has been bid for through the Active Travel Fund 4, Capability Fund and Sustrans.		
E15	Local Transport Plan Strategy		2021	Ongoing	To set the strategic direction for transport in the city. Delivering against PCC's statutory duties to produce a Local Transport Plan under the Transport Act 2008. LTP4 has been adopted by PCC November 2021 by Full Council. Transport are now working towards the delivery of the 3 year implementation plan, and the first year progress will be reported to Transport Cabinet Meeting in August 2023 as part of the LTP4 Annual Monitoring Report. Budget is allocated towards the LTP4 year on year through the capital bidding process.		
E16	South East Hampshire Rapid Transit (SEHRT) project Tranche 2 (formerly known as Transforming Cities Fund)	£56m	01/04/2020	31/03/2024	Strategic Outline Business Case (SOBC) for submission to DfT by 28th November 2019 deadline. Business case was submitted and awarded £56m funding for Portsmouth City Council, Hampshire County Council and Isle of Wight Council to deliver SEHRT through this funding. All councils are now in the delivery phases of this programme by March 2024. Some projects at HCC and PCC have been descoped due to inflationary costs. These have been reported to the DfT via change control. DfT have agreed to these changes which will still be delivered to budget.		
E17	The Hard Bus apron replacement	£4.9m	autumn 2023	Spring 23 - this is dependent on what closure option is agreed with Transport and bus stakeholders	Design and build a new pavement to sit on the current jetty structure (to replace current defective apron).		

E18	Tipner Transport Hub	£780k	2021	Reserved matters to be submitted no later than June 2025.	Delivery of a multi modal Transport Hub at the Tipner Park & Ride site (expansion of upto an additional 2000 spaces delivered in phases triggered by demand/ need). Promoting sustainable transport options to support clean air initiatives and economic growth across the City inclusive of Tipner East/ West, City Centre and the Port. A strategic site included within the Local Plan and LTP4 deliverables.	Reserved matters and detailed design cannot start due to insufficient funding.	On budget for individual workstreams. Cannot progress due funding constraints.
E19	PFI Expiry	tbc	01/04/2023	30/03/1930	Resourcing and affordability around the last years of the PFI and preparations for "Life after Colas"		

Our corporate health: These indicators provide a reference point as to the authority's corporate health from a governance and compliance perspective or that are indicators of organisational effectiveness and efficiency. They provide an overview of key risk areas and provide a set of indicators as to the effectiveness of management of risks that cut across all services as opposed to service specific/statutory service risks

Summary

Achievements and positive progress:

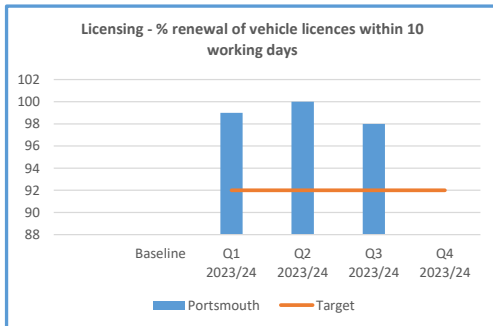
The organisation is up to date with recovery process re Council Tax proceedings following court closures during Covid. The DWP note good performance by PCC regarding benefits. The facility for ebilling re council tax is now available on the website. The hybrid working model is now well embedded across corporate services.

Challenges and risks : Areas of high pressure; Loss of key skills; Senior management changes; Demand vs resources/capacity; Impact of budget pressures across services; External audit delays.

Priorities for the next period : Promotion of council tax ebilling. Planned recruitment of senior management posts; Budget planning and monitoring; 2024/5 budget preparation

Key performance indicators

C1



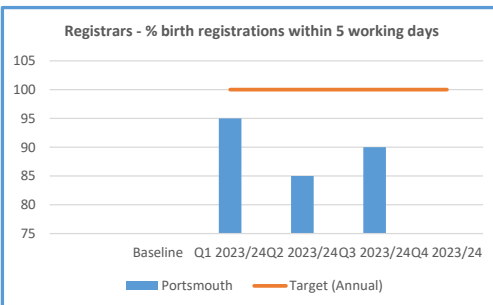
RAG against target

RAG against trend

COMMENTARY

Strong performance maintained.

C2



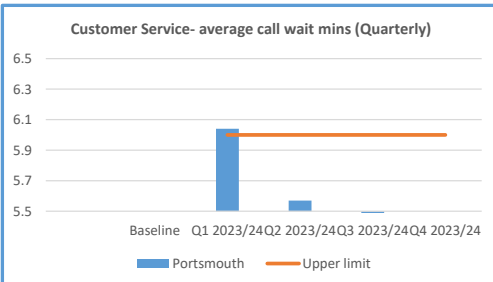
RAG against target

RAG against trend

COMMENTARY

Birth Registrations must be made within 6 weeks of birth. This figure is currently at 85% due to delays with registrations made by Hampshire on behalf of the City. Hampshire take declarations on behalf of PCC for residents who have their baby at QA hospital but reside in the surrounding area and would prefer to register their baby at their local Register Office. There are currently 6 outstanding registrations in the city, the team are chasing the mother and have referred the cases to the GRO.

C3



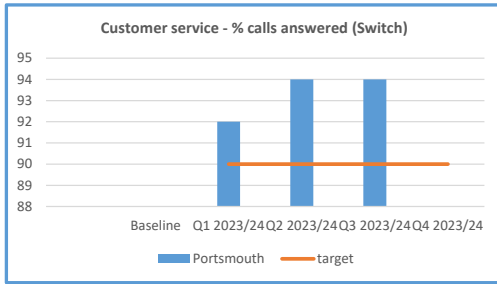
RAG against target

RAG against trend

COMMENTARY

Performance has improved significantly since implementation of the new contact centre with call wait times down from the previous two quarters.

C4

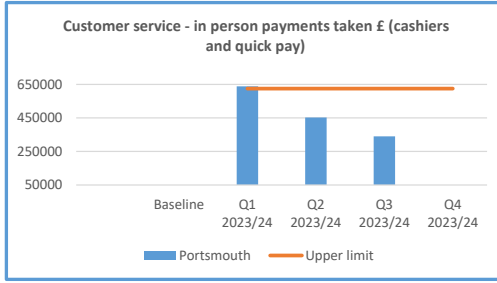


RAG against target

RAG against trend

COMMENTARY
 Performance is exceeding target resulting in better customer service.

C5

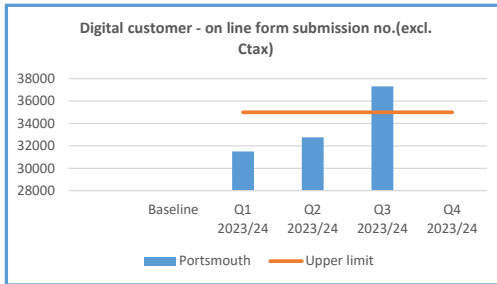


RAG against target

RAG against trend

COMMENTARY
 The lower the number the better. In person payments are very costly to administer. Reduced in person payments frees up customer service staff for the most vulnerable customers

C6

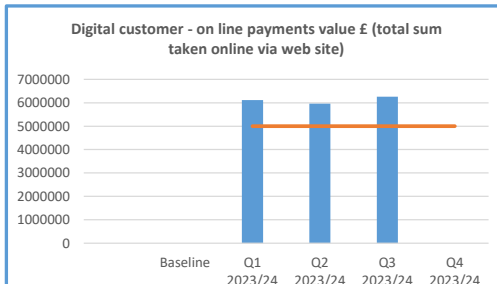


RAG against target

RAG against trend

COMMENTARY
 The higher the number the better. Services that can be accessed digitally enable customers to engage more efficiently and when is most convenient to them and not reliant on council opening hours

C7

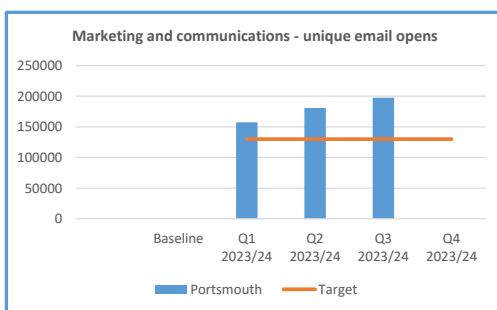


RAG against target

RAG against trend

COMMENTARY
 The higher the number the better. Greater efficiency for PCC. Customers able to make payments on line reduces costs and enables 24/7 access for customers. Current trend suggests target will be exceeded by end of Q4

C8

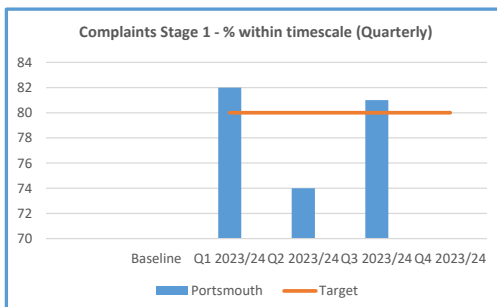


RAG against target

RAG against trend

COMMENTARY
 The higher the number the better. More residents signing up to receive emails from PCC means more residents are informed about council activities and services. Current trend already exceeding annual target, showing more residents are engaging with PCC through digital channels

C9

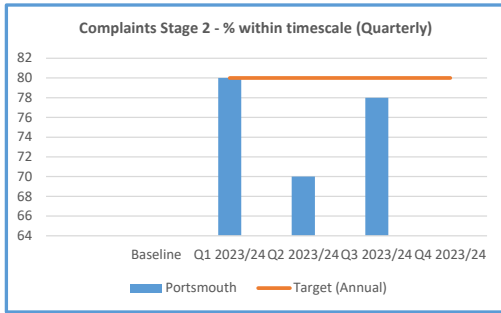


RAG against target

RAG against trend

COMMENTARY
 For context, the number of stage one complaints in Q3 was 130.

C10

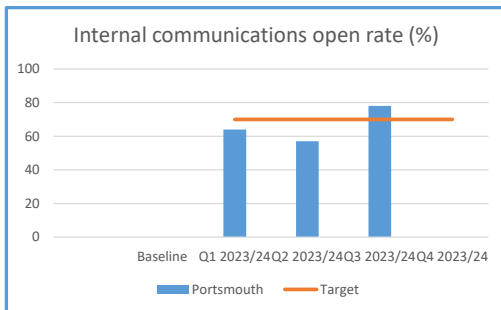


RAG against target
Green

RAG against trend
Yellow

COMMENTARY
For context, there were 21 stage two complaints in Q2. Complaints performance also reported to GaAS as a separate regular item.

C11

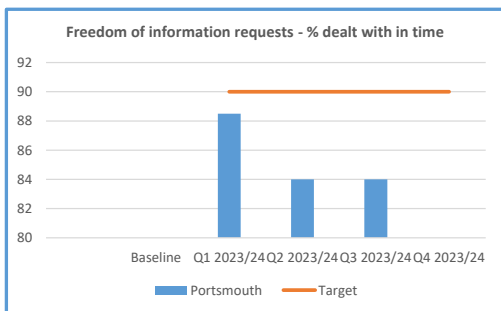


RAG against target
Yellow

RAG against trend
Yellow

COMMENTARY
Key factor in staff wellbeing, productivity and engagement levels. Performance is above target - previous figures were inaccurate due to issues with the all user list in Outlook which are being addressed.

C12

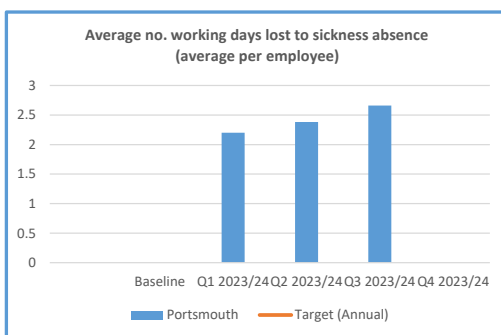


RAG against target
Yellow

RAG against trend
White

COMMENTARY
Performance below target due to increased demand. All services are engaged through corporate information governance panel to address timeliness and good practice. If demand continues at current levels there is a risk that FOI responses will continue to be below target.

C13

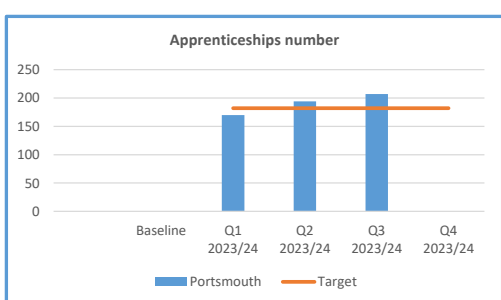


RAG against target
Green

RAG against trend
Yellow

COMMENTARY
Slight increase in sickness absence levels reflects the time of year when more viruses are prevalent. Levels continue to be low following a change in approach however the trend is showing a steady - if small - increase which is being monitored/tracked to ensure there isn't anything other than seasonal factors at play. Detailed analysis is reported bi-annually to Employment Committee

C14

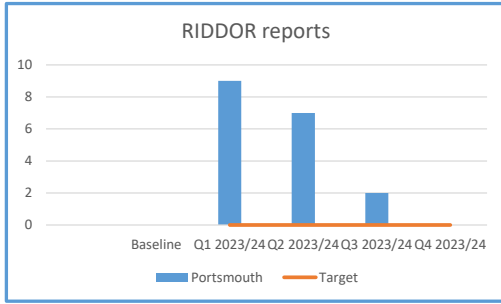


RAG against target
Yellow

RAG against trend
Green

COMMENTARY
A slight increase this quarter, this is due to the new Health and Social care apprentices programme going live (a shared programme with NHS) working across the health and social care system

C15

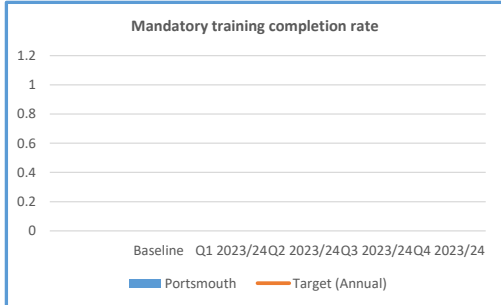


RAG against target

RAG against trend

COMMENTARY
 New metric and work in progress. Benchmarking will identify an appropriate target. Current reporting is manual and work is underway to improve reporting therefore a strong likelihood of an increasing trend in RIDDOR reports before the situation stabilises

C16

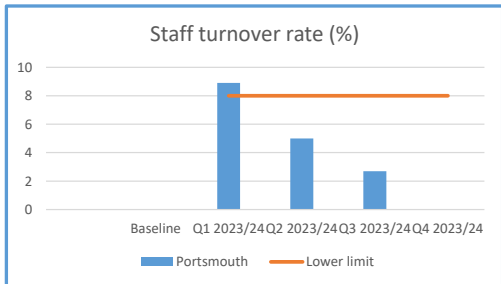


RAG against target

RAG against trend

COMMENTARY
 Pending implementation of learning information system

C17

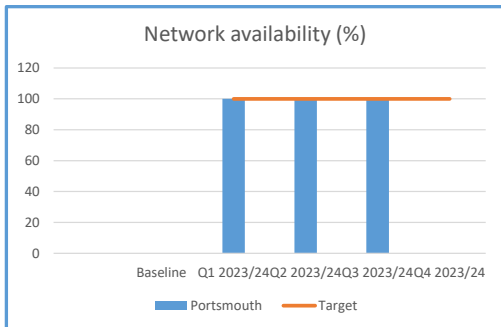


RAG against target

RAG against trend

COMMENTARY
 Staff turnover will vary from service to service. This lower rate reflects less leavers but does not take account of vacancy rates and inability to recruit in key areas. The data should be considered as a trend over time and consciously consider the granular data at a service level which could be masked when aggregated to an organisation wide data set. Work is underway to address our recruitment and retention challenges. Work is also underway to provide better data at a more granular level in services.

C18

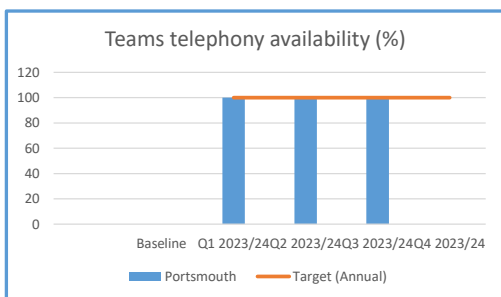


RAG against target

RAG against trend

COMMENTARY

C19

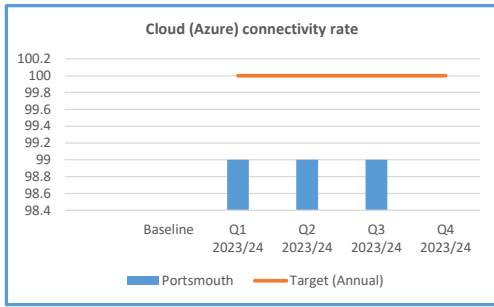


RAG against target

RAG against trend

COMMENTARY
 Performing on target. telephony available for all incoming and outgoing calls - except contact centre/switchboard and lines not supported by IT services.

C20

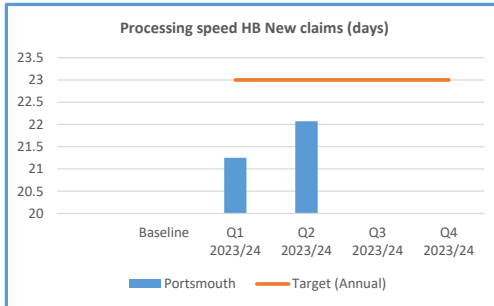


RAG against target
Yellow

RAG against trend
Green

COMMENTARY
Performing on target. On target operation of cloud based applications and line of business systems, providing resilience and security of data,

C21

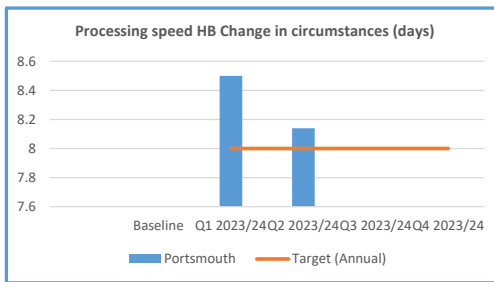


RAG against target
Green

RAG against trend
Green

COMMENTARY
DWP relationship Manager continues to express the department's satisfaction with performance levels, which continues to be as planned.

C22

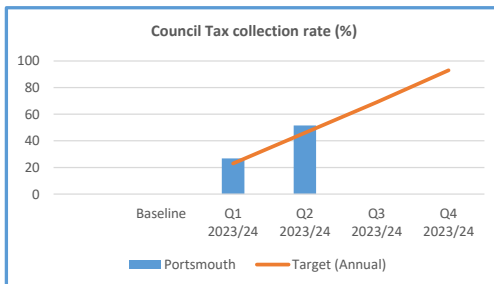


RAG against target
Green

RAG against trend
Green

COMMENTARY
DWP relationship Manager continues to express the department's satisfaction with performance levels, which continues to be as planned

C23

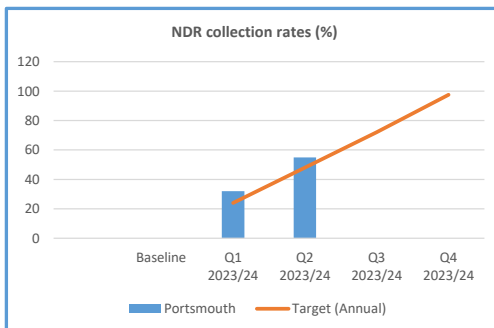


RAG against target
Green

RAG against trend
Green

COMMENTARY
Collection of local taxes was significantly impacted by HM Magistrates Court being unable to convene for liability order hearings throughout the period of the pandemic. Throughout 22/23 and into Q1 23/24 the Council has brought recovery routines up to date, and this is attributed to maintenance of performance so far in 23/24 despite the impact of the cost of living crisis. In year collection is expected to increase this year, but there continues to be some growth needed to return to pre-pandemic levels of collection

C24

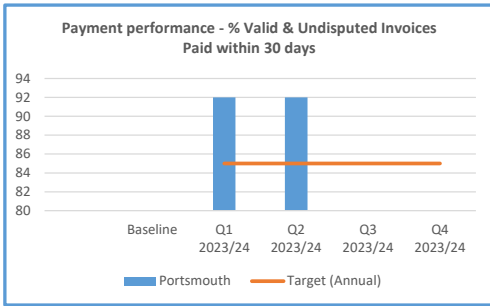


RAG against target
Green

RAG against trend
Green

COMMENTARY
Collection of local taxes was significantly impacted by HM Magistrates Court being unable to convene for liability order hearings throughout the period of the pandemic. Throughout 22/23 and into Q1 23/24 the Council has brought recovery routines up to date, and this is attributed to maintenance of performance so far in 23/24 despite the impact of the cost of living crisis. In year collection is expected to increase this year, but there continues to be some growth needed to return to pre-pandemic levels of collection. Greater efficiency for PCC. Customers able to make payments on line reduces costs and enables 24/7 access for customers

C25

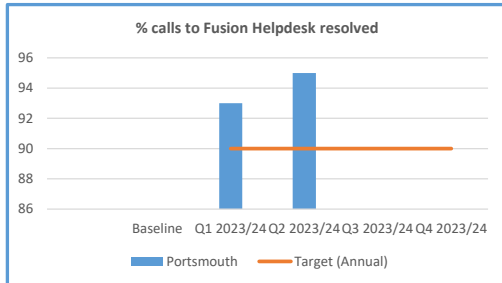


RAG against target
Green

RAG against trend
Green

COMMENTARY

C26



RAG against target
Green

RAG against trend
Green

COMMENTARY

C27

Unqualified audit opinion
No opinion received

RAG against target
Yellow

RAG against trend
Yellow

COMMENTARY
Opinion on 2021/22 still outstanding. Audit for 2022/23 not yet started

C28

Adequacy of reserves
Target of £21.5m

RAG against target
Green

RAG against trend
Green

COMMENTARY
Budget set February 2023

C29

Treasury Management code
Target compliance

RAG against target
Green

RAG against trend
Green

COMMENTARY
Compliance achieved

C30

Closure of accounts
Requirement to meet statutory deadline

RAG against target
Green

RAG against trend
Green

COMMENTARY
Deadline achieved

C31

Annual accounts publication
Target to publcih 31/05/2023; publication achieved 31/07/23

RAG against target

RAG against trend

COMMENTARY
External audit delays on previous years accounts

Significant projects

	Project description	Budget	Start date	Completion date	Summary and Progress	RAG - time	RAG - budget
C1	Civic Office Regeneration	tbc	underway		Capital bid put forward for next phase of work		
C2	M365 phase 2 -Sharepoint on line, security	£1.2k	Underway	Q4 23/24	Nearing completion		
C3	Contact Centre Replacement	£80k	underway	Q3 23/24	Now complete		
C4	Recruitment Operating model and supporting systems	tbc	Q3 23/24	Q3 24/25	Underway		
C5	Windows 11 upgrade	£246k			Not yet commenced		
C6	Wireless Access Network Refresh				Not yet commenced		
C7	Cloud migration phase 2 and 3				Not yet commenced		
C8	Values & Behaviour framework	£0	01/01/2023	01/01/2024	Underway		
C9	LFFN phse 2	£5m			Underway		
C10	Spinnaker Sponsorship	£100k	01-Dec-22	Jun-23	Completed		
C11	Learning Management System	£60k	01/04/2023	Dec-23			
C12	Citizens Access Portal	£166k	01/09/2022	Jul-23	The Citizen Access Portal is the next step in an ongoing programme of works to make the hardware and software supporting the Revenues & Benefits function fit for purpose. It follows the rationalisation of systems and a strategic alignment with a market leading supplier. This latest phase's core objective is to deliver improved self-serve opportunities via the website for engagement with our Revenues & Benefit services, as well as delivering e:billing for Council Tax and Business Rates, and e:notifications for Housing Benefits. The project continues to deliver to plan and on budget.		

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Title of meeting: Governance & Audit & Standards Committee

Date of meeting: 28 February 2024

Subject: Internal Audit Plan 2024/25

Report by: Chief Internal Auditor

Wards affected: All

Key decision: No

Full Council decision: No

1. Summary

- 1.1 This is an Internal Audit Plan for 2024/25, drafted in compliance with the Public Sector Internal Audit Standards and the Local Government Act. Appendix A includes details of the proposed Internal Audit Plan for 2024/25.

2. Purpose of report

- 2.1 This report is to present the proposed Internal Audit Plan for 2024/25 to the committee for approval, as set out in Appendix A.

3. Recommendations

- 3.1 That members approve the proposed Internal Audit Plan for 2024/25.

4. Background

- 4.1 The Annual Audit Plan for 2024/25 has been drawn up in accordance with the agreed Audit Strategy following consultation with the Chief Executive, Directors and relevant parties. The Plan will be 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 Plan 2024/25

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

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

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

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

.....
Signed by:

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- Official -



Portsmouth
CITY COUNCIL

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2024/25 Internal Audit Plan

Elizabeth Goodwin, Chief Internal Auditor

Executive Summary

This document sets out Internal Audit's programme of work for 2024/25, to provide Audit Committee with the opportunity to comment on the proposed coverage.

The Plan is informed by:

- The risk exposure of the council and is aligned to the strategic risk register.
- Legal requirements, specifically including grant sign offs by Internal Audit.
- Industry good practice and sector trends.
- Outcomes of prior Internal Audit reviews, for example all 2023/24 higher risk expectations will be followed up during 2024/25.
- Consultation with the Council's senior management, including the Chief Executive, Section 151 Officer and Directors.

Primarily the Plan is risk based, although a number of fundamental areas, for example key financial processes such as Payroll, Accounts Payable and Receivable, are reviewed frequently due to their nature.

Detail regarding the standards applicable to Internal Audit are set out in the Public Sector Internal Audit Standards:

<http://www.cipfa.org/policy-and-guidance/standards/public-sector-internal-audit-standards>

Proposed Audits

Audits	Type	Audit Sponsors	Strategic Risks	Corporate Priorities
Adult Social Care				
Quality Assurance (1 st follow-up)	Follow-up	Andy Biddle (Director Adult Social Care)	RISK02, RISK04, RISK06	PCC01, PCC03
Contract Management	Full	Andy Biddle (Director Adult Social Care)	RISK01, RISK02, RISK04, RISK06, RISK12	PCC01, PCC03
Care Home Placements (potential 2 nd follow-up, awaiting 23-24 results)	Follow-up	Andy Biddle (Director Adult Social Care)	RISK01, RISK02, RISK04, RISK06, RISK12	PCC01, PCC03
System One (1 st follow-up)	Follow-up	Andy Biddle (Director Adult Social Care)	RISK01, RISK02, RISK10, RISK11	PCC01, PCC03
Better Care Fund/ Continuing Health Care s75	Full	Andy Biddle (Director Adult Social Care)	RISK01, RISK02, RISK04, RISK06, RISK08, RISK12	PCC01, PCC03
Partnership Risk	Full	Andy Biddle (Director Adult Social Care)	RISK01, RISK02, RISK04, RISK06, RISK08, RISK12	PCC01, PCC03
Children, Families and Education				
Prevention & Early Intervention (potential 1 st follow-up, awaiting 23-24 results)	Follow-up	Sarah Daly (Director of Children Services and Education)	RISK03, RISK08, RISK12	PCC01, PCC03
Special Education Needs & Disability	Full	Sarah Daly (Director of Children Services and Education)	RISK03, RISK08, RISK12	PCC01, PCC03
Short Breaks	Full	Sarah Daly (Director of Children Services and Education)	RISK03, RISK08, RISK12	PCC01, PCC03

Looked after children's Funds & Payments	Full	Sarah Daly (Director of Children Services and Education)	RISK03, RISK08, RISK12	PCC01, PCC03
Adoptions	Full	Sarah Daly (Director of Children Services and Education)	RISK01, RISK03, RISK08, RISK12	PCC01, PCC03
Through Care Team (0-25) (potential 1 st follow up awaiting 23-24 results)	Follow-up	Sarah Daly (Director of Children Services and Education)	RISK03, RISK08, RISK12	PCC01, PCC03
WhatsApp Usage (2 nd Follow Up)	Follow-up	Sarah Daly (Director of Children Services and Education)	RISK03, RISK10, RISK11	PCC03
Families Grant	Grant	Sarah Daly (Director of Children Services and Education)	RISK03, RISK08, RISK12	PCC01, PCC03
Family Hub & Start for Life Grant	Grant	Sarah Daly (Director of Children Services and Education)	RISK03, RISK08, RISK12	PCC01, PCC03
Direct Payments (Verification)	Follow-up	Sarah Daly (Director of Children Services and Education)	RISK03, RISK08, RISK12	PCC01, PCC03
Manor Infants (1 st follow up)	Follow-up	Sarah Daly (Director of Children Services and Education)	RISK03, RISK12	PCC01, PCC03
Commissioning of placements (Contract)	Full	Sarah Daly (Director of Children Services and Education)	RISK01, RISK03, RISK08, RISK12	PCC01, PCC03
Corporate Services				
IT Procurement, inventory & disposal	Full	Natasha Edmunds (Director of Corporate Services)	RISK01, RISK10, RISK11, RISK12	PCC01, PCC03
Application Support Management	Full	Natasha Edmunds (Director of Corporate Services)	RISK01, RISK10, RISK11, RISK12	PCC01, PCC03
Corporate Health & Safety (2 nd Follow Up)	Follow-up	Natasha Edmunds (Director of Corporate Services)	RISK09, RISK12, RISK13, RISK14	ALL

Fusion & HR General Controls	Follow-up	Natasha Edmunds (Director of Corporate Services)	ALL	ALL
Helpdesk & Desktop Management	Full	Natasha Edmunds (Director of Corporate Services)	RISK01, RISK10, RISK12	ALL
Cashiers	Full	Natasha Edmunds (Director of Corporate Services)	ALL	ALL
Executive				
Covert Surveillance (potential 1 st follow up awaiting 23-24 results)	Follow-up	Natalie Brahma-Pearl (Chief Executive)	RISK08, RISK11	PCC01
Project (project to be determined)	Full	Natalie Brahma-Pearl (Chief Executive)	RISK01, RISK07, RISK08, RISK09, RISK12	
Governance Review	Full	Natalie Brahma-Pearl (Chief Executive)	ALL	ALL
Shareholder Governance Companies	Consultancy	Natalie Brahma-Pearl (Chief Executive)	RISK01, RISK08, RISK12,	ALL
IT Governance Board	Consultancy	Natalie Brahma-Pearl (Chief Executive)	RISK01, RISK08, RISK10, RISK12	ALL
Project Governance Board	Consultancy	Natalie Brahma-Pearl (Chief Executive)	RISK01, RISK07, RISK08, RISK09, RISK12	ALL
Culture, Leisure and Regulatory Services				
Food, Health & Safety (1 st follow up)	Follow-up	Stephen Baily (Director of Culture Leisure and Regulatory Services)	RISK09, RISK10	PCC01, PCC02
Organised Events	Full	Stephen Baily (Director of Culture Leisure and Regulatory Services)	RISK09, RISK12	PCC03
Licensing & Enforcement	Full	Stephen Baily (Director of Culture Leisure and Regulatory Services)	RISK08, RISK09, RISK12	PCC01, PCC03, PCC04, PCC05

Pest Control	Full	Stephen Baily (Director of Culture Leisure and Regulatory Services)	RISK07, RISK09, RISK12	PCC01, PCC02
Finance and Resources				
Accounts Payable	Full	Chris Ward (Director of Finance and Resources)	ALL	ALL
Accounts Receivable	Full	Chris Ward (Director of Finance and Resources)	ALL	PCC01, PCC03
Payroll/Pension	Full	Chris Ward (Director of Finance and Resources)	ALL	ALL
Banking & Reconciliations	Full	Chris Ward (Director of Finance and Resources)	ALL	ALL
Debt Recovery (External) (1 st follow up)	Follow-up	Chris Ward (Director of Finance and Resources)	ALL	PCC01, PCC03
Capital Schemes	Full	Chris Ward (Director of Finance and Resources)	ALL	ALL
Budget Monitoring & Delegations	Full	Chris Ward (Director of Finance and Resources)	ALL	ALL
Fusion Change Management (1 st follow up)	Follow-up	Chris Ward (Director of Finance and Resources)	ALL	PCC03
Key Controls	Full	Chris Ward (Director of Finance and Resources)	ALL	ALL
Housing Neighbourhood and Building Services				
Rental Income	Full	James Hill (Director of Housing Neighbourhoods and Building Services)	RISK01, RISK05, RISK12	PCC01
Plant (Lifts & Mechanical) (1 st follow up)	Follow-up	James Hill (Director of Housing Neighbourhoods and Building Services)	RISK05, RISK09, RISK12	PCC01, PCC03
Reactive Maintenance (potential 1 st follow up awaiting 23-24 results)	Follow-up	James Hill (Director of Housing Neighbourhoods and Building Services)	RISK05, RISK09, RISK12	PCC01, PCC03
Damp & Mould (1 st follow up)	Follow-up	James Hill (Director of Housing Neighbourhoods and Building Services)	RISK02, RISK03, RISK05, RISK08, RISK09, RISK12	PCC01, PCC03

Homelessness/ Rough Sleeping	Full	James Hill (Director of Housing Neighbourhoods and Building Services)	RISK02, RISK05, RISK08, RISK12	PCC01
Asbestos (potential 1 st follow up awaiting 23-24 results)	Follow-up	James Hill (Director of Housing Neighbourhoods and Building Services)	RISK02, RISK05, RISK09, RISK12	ALL
Gas Services	Full	James Hill (Director of Housing Neighbourhoods and Building Services)	RISK05, RISK09	PCC01, PCC03
Disabled Facilities Grant	Grant	James Hill (Director of Housing Neighbourhoods and Building Services)	RISK02, RISK05, RISK08, RISK12	PCC01
Disabled Facilities Grant Process	Full	James Hill (Director of Housing Neighbourhoods and Building Services)	RISK02, RISK05, RISK08, RISK12	PCC01
Purchase/ Repurchase of Housing	Full	James Hill (Director of Housing Neighbourhoods and Building Services)	RISK05, RISK08, RISK12	PCC01, PCC03
Water Quality	Full	James Hill (Director of Housing Neighbourhoods and Building Services)	RISK02, RISK05, RISK09	PCC01, PCC03
Green & Clean	Full	James Hill (Director of Housing Neighbourhoods and Building Services)	RISK05, RISK07, RISK09, RISK12	PCC01, PCC03
Area Housing Offices	Full	James Hill (Director of Housing Neighbourhoods and Building Services)	RISK05, RISK08, RISK12	PCC01, PCC03
Port				
Marine M (application)	Full	Mike Sellers (Port Director)	RISK10, RISK 11	PCC02, PCC03
Pilotage Staffing	Full	Mike Sellers (Port Director)	RISK12, RISK14	PCC03
Capital Repairs/Projects (potential 1 st follow up awaiting 23-24 results)	Follow-up	Mike Sellers (Port Director)	RISK01, RISK07, RISK09, RISK12	PCC02, PCC03
ZEFEE Grant Shore Charging	Grant	Mike Sellers (Port Director)	RISK01, RISK07, RISK08, RISK12	PCC02, PCC03
Public Health				

Local Health Resilience Planning (potential 1 st follow up awaiting 23-24 results)	Follow-up	Helen Atkinson (Director of Public Health)	RISK09, RISK12, RISK13	PCC01, PCC03
Contract (contract to be determined)	Full	Helen Atkinson (Director of Public Health)	RISK01, RISK02, RISK06, RISK08, RISK12	PCC01, PCC03
Regeneration				
CIL (Community Infrastructure Levy) - (potential 2 nd follow up awaiting 23-24 results)	Follow-up	(Director of Regeneration)	RISK01, RISK07, RISK12	ALL
PFI Contract (Claims) (potential 1 st follow up awaiting 23-24 results)	Follow-up	(Director of Regeneration)	RISK01, RISK07, RISK12	PCC02
Planning & Enforcement	Full	(Director of Regeneration)	RISK01, RISK07, RISK09	PCC02, PCC03, PCC05
Commercial Rents & Leases (2 nd Follow Up)	Follow-up	(Director of Regeneration)	RISK01, RISK08, RISK12	ALL
Enterprise Centres (potential 1 st follow up awaiting 23-24 results)	Follow-up	(Director of Regeneration)	RISK01, RISK08, RISK12	PCC01
Local Transport Capital Grant	Grant	(Director of Regeneration)	RISK01, RISK07, RISK08, RISK12	PCC02
Home to School Transport	Full	(Director of Regeneration)	RISK01, RISK03, RISK07, RISK08, RISK12	PCC01, PCC02
Hire Cars	Full	(Director of Regeneration)	RISK01, RISK07, RISK08, RISK12	PCC01, PCC02
Transforming City Fund	Grant	(Director of Regeneration)	RISK01, RISK07, RISK08, RISK12	ALL

Lakeside (potential 1 st follow up awaiting 23-24 results)	Follow-up	(Director of Regeneration)	RISK01, RISK08, RISK12	ALL
Bus Subsidy Grant	Grant	(Director of Regeneration)	RISK01, RISK07, RISK08, RISK12	PCC02

Risks

Ref	Risk
RISK01	Failure to deliver strategic improvements for the city, due to wider factors.
RISK02	Reduction in services for vulnerable people, such as domestic violence and substance misuse service, lead to poorer outcomes and increased demand for other services.
RISK03	Pressures in children's services lead to increased caseloads and therefore increased waiting times for assessment and support - risks of poorer outcomes, for example: - Increased vulnerability within families - Impacted ability to regain independence or avoid hospital admissions - Increased risk of harm through abuse/neglect.
RISK04	Significant changes in the social care sphere place new duties and responsibilities on the authority and are likely to create some turbulence in the local market.
RISK05	Key responsibilities in the social housing space creating significant demand in wider system, for example supporting wider resettlement programmes and providing temporary accommodation.
RISK06	NHS reorganisation - risks to local resourcing, planning and delivery.
RISK07	Failure to protect the city environment, including in relation to air quality, flood defence and natural and heritage assets.
RISK08	Exposure to national level political and legislative change including impact on scope of duties, powers, responsibilities and service demand.
RISK09	Failure to fulfil health, safety and wellbeing responsibilities, including in respect of operational and heritage buildings and open spaces.
RISK10	Exposure to system failure, including support expiry, single points of failure, cyber-security and system recovery.
RISK11	Failure to ensure the City Council's information is held and protected in line with Information Governance policies and procedures.
RISK12	Addressing underlying budget pressures and delivering effective and sustainable services, particularly in children's and adults' services.
RISK13	Major incident or service disruption (including serious health protection threats) leading to delivery failure that significantly impairs or prevents the Council's ability to deliver key services and/or statutory functions.
RISK14	Challenges in recruiting and retaining key staff and skills into the city, meaning that key services are compromised, and organisational capacity is limited.

Objectives

Ref	Priorities
PCC01	Improve the lives of our residents - priorities: <ul style="list-style-type: none"> • support individuals and families struggling to make ends meet • make sure people feel safe and supported in their homes and communities • ensure people have access to the health and care services they need • work with partners, including Portsmouth's schools, to improve educational attainment and opportunities for children and young people in the city • create homes, jobs and economic opportunities in the city, including by regenerating major sites • make sure our residents have the housing they need • put culture at the heart of our city's success
PCC02	Protect and enhance our environment - priorities: <ul style="list-style-type: none"> • reduce our own carbon emissions • help residents and business reduce their carbon emissions • prioritise sustainable travel and improve transport systems in the city to reduce the environmental impact and improve journey times • ensure that the city has a healthy and resilient natural environment • reduce the waste generated by the city, and make sure we dispose of our waste responsibly
PCC03	Champion for our city - priorities: <ul style="list-style-type: none"> • ensure Portsmouth is a city equipped for the future and that residents have the skills they need • get the best possible deal for our residents by lobbying and leading at a regional and national level to make sure the city's voice is heard • be an innovative and efficient organisation that values its staff and is at the front of new developments so we are learning and delivering the best possible services

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Agenda Item 7



Title of meeting:	Governance and Audit and Standards Committee Cabinet City Council
Date of meeting:	28 February 2024 (Governance and Audit and Standards Committee) 05 March 2024 (Cabinet) 19 March 2024 (City Council)
Subject:	Treasury Management Policy 2024/25
Report by:	Chris Ward, Director of Finance and Resources (Section 151 Officer)
Cabinet Member:	Councillor Steve Pitt
Wards affected:	All
Key decision:	Yes
Full Council decision:	Yes

1. Executive Summary of the Treasury Management Policy Statement

1.1 Treasury Management Policy

The attached Treasury Management Policy sets out the Council's policies on borrowing and investing temporary surplus cash for 2024/25.

The Prudential Code produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) requires the City Council to approve a Capital Strategy (reported elsewhere on the Cabinet Agenda for 05 March 2024) providing an overview of the Council's plans for capital expenditure, its borrowing, and its investments.

The Treasury Management Policy also sets several treasury management indicators that will establish the boundaries within which treasury management activities will be undertaken. These are contained in section 4.6 and Appendix 5.1 of the Treasury Management Policy attached.

1.2 Annual Investment Strategy

The Treasury Management Policy includes the strategy for the investment of temporary surplus funds, known as the Annual Investment Strategy, which establishes the types of investment, investment counter parties and investment

durations that the Council will operate within and is set out in Appendix 5.2 and 5.3 of the Treasury Management Policy attached.

2 Purpose of report

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

3. Recommendations

- 3.1 That the upper limit for principal sums invested for longer than 365 days contained in section 4.6 of the attached Treasury Management Policy Statement be approved.
- 3.2 That the upper and lower limits on the maturity structure of borrowing contained in appendix 5.1 of the attached Treasury Management Policy Statement be approved.
- 3.3 That the attached Treasury Management Policy Statement including the Treasury Management Strategy and Annual Investment Strategy for 2024/25 be approved.
- 3.4 Note that there are no significant changes to the Treasury Management Policy for 2024/25 compared to 2023/24.
- 3.5 As set out in section 1.5 of the Treasury Management Policy Statement, the Director of Finance and Resources (Section 151 Officer) and officers nominated by him have delegated authority to:
- (i) invest surplus funds in accordance with the approved Annual Investment Strategy
 - (ii) borrow to finance short term cash deficits and capital payments from any reputable source within the authorised limit for external debt of £1,110m to be approved by the City Council on 13th February 2024
 - (iii) reschedule debt to even the maturity profile or to achieve revenue savings; and
 - (iv) to buy and sell foreign currency, and to purchase hedging instruments including forward purchases, forward options, and foreign exchange rate swaps to mitigate the foreign exchange risks associated with some contracts that are either priced in foreign currencies or where the price is indexed against foreign currency exchange rates.
- 3.6 That the Director of Finance and Resources (Section 151 Officer) has the power to delegate treasury management operations to relevant staff.



- 3.7 That the Chief Executive, the Leader of the City Council and the Chair of the Governance and Audit and Standards Committee be informed of any material variances from the Treasury Management Policy when they become apparent, and that the Leader of the City Council be consulted on remedial action (paragraph 1.2.3 of Treasury Management Policy Statement).

4. Background

- 4.1 The Council's treasury management operations cover the following:

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

- 4.2 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 more than those for which the Council has budgeted
- Exchange rate risk - the risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately
- Inflation risk, i.e. the chance that cash flows from an investment will not be worth as much in future because of changes in purchasing power due to inflation
- 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 - i.e. that a treasury process, human or otherwise, will fail and planned actions are not carried out through fraud, error, or corruption.

- 4.3 The total borrowings of the Council on 1 April 2024 are estimated to be £734m. The Council's investments on 1 April 2024 are estimated to be £145m. The cost



of the Council's borrowings and the income derived from the Council's short-term treasury investments (i.e. excluding commercial property investments) are included within the Council's treasury management budget of £23.7m per annum. The Council's treasury management activities account for a sizeable proportion of the Council's overall budget. Therefore, the Council's Treasury Management Policy aims to manage risk while optimising costs and returns. The Council will monitor and measure its treasury management position against the indicators contained in the Treasury Management Policy.

- 4.4 The City Council has adopted CIPFA's Treasury Management in the Public Services Code of Practice. The Code of Practice requires the City Council to approve a Treasury Management Strategy before the start of the financial year.
- 4.5 In addition, the Government has issued statutory guidance that requires the Council to approve an Annual Investment Strategy before the start of the financial year.
- 4.6 The Treasury Management Strategy, and the Annual Investment Strategy are all contained within the attached Treasury Management Policy Statement.

5. Reasons for recommendations

- 5.1 The recommendations provide assurance that the Council's attached Treasury Management Policy Statement reflects CIPFA's Treasury Management Code of Practice and has regard to statutory guidance issued by the Government. These are designed to:
 - Enable the Council to borrow funds as part of managing its cash flow or to fund capital expenditure in a way that minimises risk and costs.
 - Provide for the repayment of borrowing.
 - Ensure that the Council's investments are secure.
 - Ensure that the Council maintains sufficient liquidity.
 - Maximise the yield on investments in a way that is commensurate with maintaining the security and liquidity of the investment portfolio.
- 5.2 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Authority's reserves, balances and cash flow has been used as a temporary measure. This is a continuation of the 2023/24 Treasury Management Strategy.
- 5.3 The Council does not have to borrow externally as soon as capital expenditure is financed from borrowing, as it is currently holding cash forming its general balances and earmarked reserves. This internal borrowing gives the Council the

ability to fund capital expenditure from its cash balances in the short term. This is known as internal borrowing. Whilst interest rates are still high, it is likely to be beneficial to delay undertaking external borrowing. Delaying external borrowing until the Council needs the cash also eliminates the risk of a "cost of carry" in the short term. This is where the returns on the Council's investments are less than the cost of borrowing. However, delaying borrowing externally does carry the risk that interest rates may increase resulting in a higher long-term cost of borrowing. The Director of Finance and Resources will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

6. Integrated impact assessment

6.1 The contents of this report do not significantly impact Portsmouth's communities (other than through the finances of the City Council), or equality and diversity.

7. Legal implications

7.1 The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2011 to ensure that the Council's budgeting, financial management, and accounting practices meet the relevant statutory and professional requirements. Members must have regard to and be aware of the wider duties placed on the Council by various statutes governing the conduct of its financial affairs.

8. Director of Finance's comments

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

.....
Signed by:

Appendices: Treasury Management Policy Statement 2024/25

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
Information pertaining to the Treasury Management Strategy	Financial Services

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

.....
Signed by:

TREASURY MANAGEMENT POLICY STATEMENT FOR 2024/25 INCLUDING:

- **TREASURY MANAGEMENT STRATEGY**
- **ANNUAL INVESTMENT STRATEGY**

**Portsmouth City Council
Director of Finance and Resources (Section 151
Officer)**

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1. INTRODUCTION

1.1 Background

- 1.1.1 The Council is required to operate a balanced budget, which broadly means that income raised during the year will meet expenditure. Part of the treasury management operation is to ensure that cash flow is adequately planned, with cash being available when it is needed. Temporary surplus funds are invested in low-risk counterparties or instruments commensurate with the Council's risk appetite, providing adequate liquidity, before considering investment return.
- 1.1.2 The second main function of the treasury management activity is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses (usually from Reserves or Balances that are not required immediately but are earmarked for future use). On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 1.1.3 The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity for the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as any loss of principal will result in a loss to the General Fund and therefore put spending plans at risk.
- 1.1.4 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as:
- "The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*
- 1.1.5 Whilst any commercial initiatives or loans to third parties will affect the treasury function, these activities are classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.

1.2 Reporting requirements

1.2.1 Treasury Management reporting

The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals. The three reports are:

- i) **Treasury Indicators and Treasury Strategy** (this report) - The first, and most important report is forward looking and covers:
 - the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
 - an investment strategy, (the parameters on how investments are to be managed).
- ii) **A Mid-year Treasury Management report** – This is primarily a progress report and will update members on the treasury management position, amending prudential and treasury management indicators as necessary, and revising any policies if required. In addition, the Governance and Audit and Standards Committee will receive quarterly update reports.
- iii) **An Annual Treasury report** – This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

1.2.2 Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Governance and Audit and Standards Committee.

In addition, the Governance and Audit and Standards Committee receives quarterly treasury management monitoring reports.

The Chief Executive, the Leader of the City Council and the Chair of the Governance and Audit and Standards Committee will be informed of any material variances from the Treasury Management Policy when they become apparent, and the Leader of the City Council will be consulted on remedial action.

1.3 Treasury Management Strategy for 2024/25

1.3.1. The strategy for 2024/25 covers:

- The current treasury position.
- Treasury indicators which limit the treasury risk and activities of the council.
- Prospects for interest rates.
- The borrowing strategy including the risk appetite.
- Policy on borrowing in advance of need.

- Debt rescheduling.
 - The investment strategy including the risk appetite.
 - Creditworthiness policy.
 - The policy on use of external service providers.
- 1.3.2. These elements cover the requirements of the Local Government Act 2003, Department of Levelling Up, Housing and Communities (DLUHC) Investment Guidance, DLUHC Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

1.4 Training

- 1.4.1 The CIPFA Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.
- 1.4.2 A formal record of the training received by officers central to the Treasury function will be maintained by the Deputy Director of Finance (Deputy Section 151 Officer). Similarly, a formal record of the treasury management/capital finance training received by members will also be maintained by the Deputy Director of (Deputy Section 151 Officer).

1.5 Treasury Management Staff

- 1.5.1 The treasury management function is undertaken by the Director of Finance and Resources (Section 151 Officer). This includes:
- (i) Investing surplus funds in accordance with the approved Annual Investment Strategy
 - (ii) Borrowing to finance short term cash deficits and capital payments from any reputable source within the authorised limit for external debt
 - (iii) Rescheduling debt to even the maturity profile or to achieve revenue savings and
 - (iv) To buy and sell foreign currency and hedge against currency movements to fulfil contracts priced in or indexed against foreign currencies.

The Director of Finance and Resources will have the power to delegate authority to undertake these functions to relevant officers including the Deputy Director of Finance and Section 151 Officer, Finance Managers, the Treasury Manager and various back up cash dealers drawn from the Finance Directorate. The Director of Finance and Resources (Section 151 Officer), the Deputy Director of Finance and Section 151 Officer, and the Finance Manager (Technical and Financial Planning) are all qualified Accountants.

1.6 Treasury Management Consultants

- 1.6.1 The Council employs professional consultants to:

- Provide interest rate forecasts to inform the Council's borrowing and investment decisions
 - Information on creditworthiness to inform investment decisions, and
 - Benchmark the Council's investment performance against other local authorities.
- 1.6.2 The Council currently retains "Link Asset Services, Treasury Solutions" as its external treasury management advisors. The contract will be re-let through a competitive process in accordance with the Council's procurement rules.
- 1.6.3 The Council also uses information from other sources such as the Building Societies Association and Homes England.
- 1.6.4 The Council recognises that responsibility for treasury management decisions always remains with the organisation and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including from, but not solely, our treasury advisers.
- 1.6.5 It also recognises that there is value in employing external providers of treasury management services to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.
- 1.6.6 The scope of investments within the Council's operations now includes both conventional treasury investments, (the placing of residual cash from the Council's functions), and more commercial type investments, such as investment properties, which are outside the scope of the Treasury Management Strategy. The commercial type investments require specialist advisers, and the Council uses Avison Young in relation to this activity.

2. THE CAPITAL PRUDENTIAL INDICATORS 2023/24 - 2028/29

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

2.1 Capital Expenditure

The capital programme approved by the City Council on 13 February 2024 can be summarised in table A as follows:

Capital Programme - Feb 2024 Approval							
Table A	2022/23 Actual £m	2023/24 Revised Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
General Fund	123	214	265	140	51	30	3
Housing Revenue Account (HRA)	65	128	44	95	91	40	40
Total	188	342	309	235	142	70	43
Element financed from Borrowing	37	124	93	134	74	5	3

2.2 The Council's Borrowing Need (The Capital Financing Requirement)

- 2.2.1 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is a measure of the Council's indebtedness and therefore its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital funding resource, will increase the CFR.
- 2.2.2 The CFR does not increase indefinitely and is reduced by the minimum revenue provision (MRP) which is a statutory annual revenue charge that reduces the indebtedness broadly in line with each asset's life, thus the economic consumption of capital assets as they are used is charged to the Council's Revenue Budget.
- 2.2.3 The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of schemes include a borrowing facility by the PFI provider, or lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has £39m of such schemes within the CFR.

The projected CFR is shown below:

Capital Financing Requirement (CFR)							
Table B	2022/23 Actual £m	2023/24 Revised Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
Investment Properties	173	173	183	183	183	183	183
Other General Fund	455	481	538	596	599	581	561
Sub-Total	628	654	721	779	782	764	744
Housing Revenue Account (HRA)	254	343	356	419	476	480	484
Total CFR	882	997	1,077	1,198	1,258	1,244	1,228

2.2.4 A key aspect of the regulatory and professional guidance is that elected members are aware of the size and scope of any commercial activity (i.e. Investment Properties) in relation to the authority's overall financial position. The details above demonstrate the scope of this activity and, by approving these sums; consider the scale proportionate to the Authority's remaining activity.

2.3 Liability Benchmark

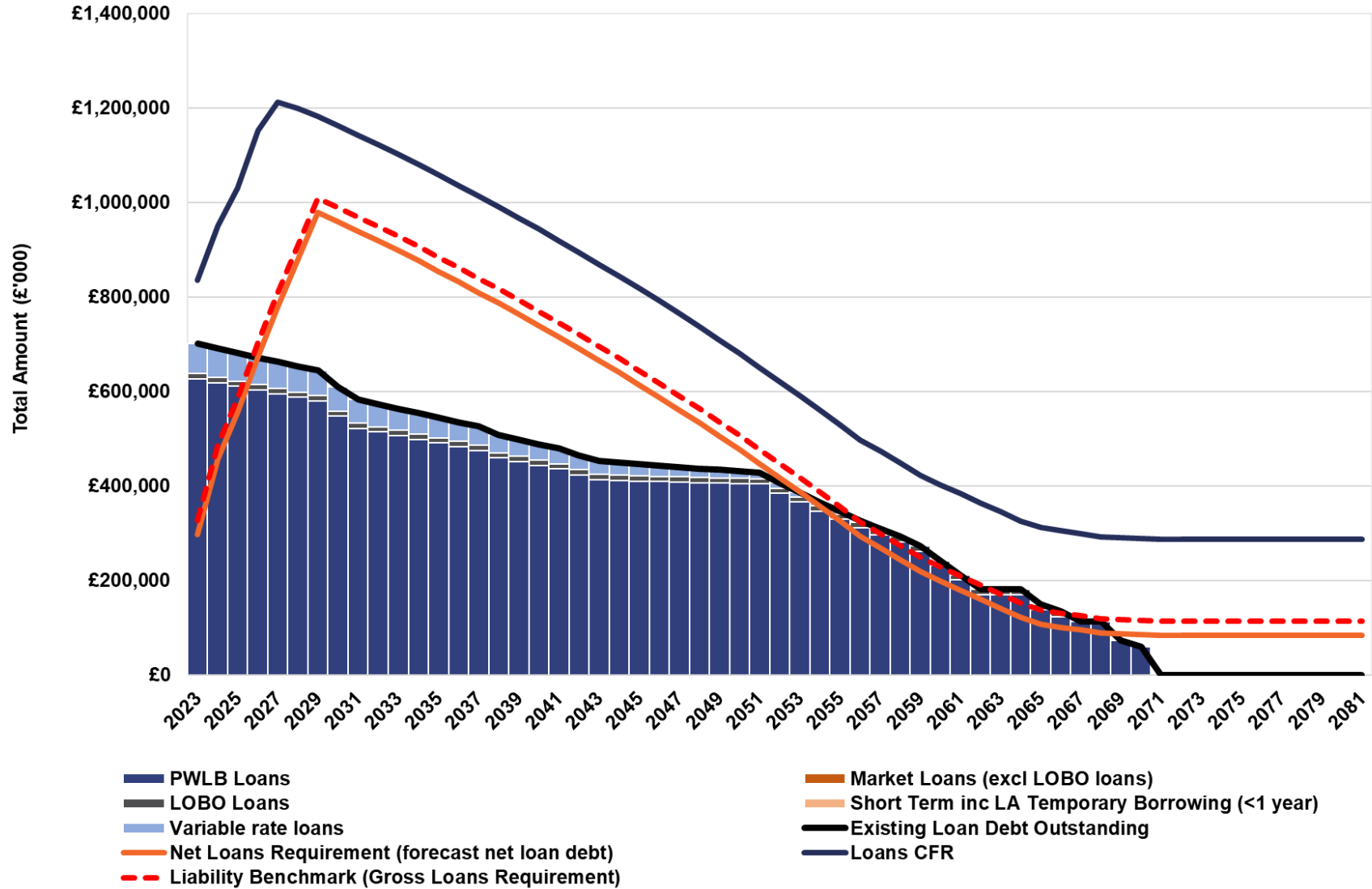
2.3.1 In 2023-24 the Liability Benchmark (LB) was introduced. The LB provides a measure of how well the existing loans portfolio matches planned borrowing needs. The Authority is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the LB:

1. **Existing loan debt outstanding** (shown as a bar chart below): the Authority's existing loans that are still outstanding in future years.
2. **Loans CFR** (the top line in the graph below): this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. **Net loans requirement** (the dashed line in the graph below): this shows the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Liability benchmark** (or gross loans requirement) (the middle line in the graph below): this equals net loans requirement plus short-term liquidity allowance.

The short-term liquidity allowance is an adequate (but not excessive) allowance for a level of excess cash to be invested short-term to provide access to liquidity if needed (due to short-term cash flow variations, for example).

Liability Benchmark



2.3.2 The Council's current borrowing exceeds its liability benchmark. This has resulted in excess cash requiring investment. However, between 2025/26 and 2055/56 the Council's actual loans are less than the liability benchmark indicating a future borrowing requirement.

2.4 Core Funds and Expected Investment Balances

2.4.1 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

Year End Resources							
Table C	2022/23 Actual £m	2023/24 Revised Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
Fund balances / reserves	254	191	180	179	179	179	179
Capital Grants Unapplied	41	48	48	48	48	48	48
Capital Receipts	26	18	18	18	18	18	18
Provisions	7	15	15	15	15	15	15
Other	158	167	180	193	207	226	245
Total Core Funds	486	439	441	453	467	486	505
Working Capital *	52	68	60	65	65	65	65
Over / (Under) borrowing - see below	(135)	(263)	(356)	(447)	(446)	(448)	(448)
Expected Investments	403	244	145	71	86	103	122

*Working capital balances shown are estimated year-end; these may be higher mid-year

3 BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities.

3.1 Current Borrowing Position

3.1.1 The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

Table D	2022/23 Actual £m	2023/24 Revised Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
Debt on 1st April	711	701	691	682	716	783	774
Expected Change in Debt	(10)	(10)	(9)	34	67	(9)	(9)
Other long-term liabilities (OLTL) on 1st April	51	46	43	39	35	29	22
Expected Change in OLTL	(5)	(3)	(4)	(4)	(6)	(7)	(7)
Actual gross debt on 31st March	747	734	721	751	812	796	780
The Capital Financing Requirement	882	997	1,077	1,198	1,258	1,244	1,228
Over / (Under) Borrowing	(135)	(263)	(356)	(447)	(446)	(448)	(448)

Within the above figures the level of debt relating to commercial activities / non-financial investment is:

External Debt for Investment Properties							
Table E	2022/23 Actual £m	2023/24 Revised Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
Actual Debt on 31st March	173	173	183	183	183	183	183
Percentage of total external Debt	23%	24%	25%	24%	23%	23%	23%

3.1.2 Within the range of prudential indicators, there are several key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2024/25 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

3.1.3 The Director of Finance and Resources (Section 151 Officer) reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view considers current commitments, existing plans, and proposals in the budget.

3.2 Treasury Indicators: Limits to Borrowing Activity

3.2.1 **The Operational Boundary.** This is the limit, set as part of the capital programme, beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and of other cash resources (as described in Table C.

Operational Boundary						
Table F	2023/24 Revised Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
Commercial activities / non-financial investments	173	183	183	183	183	183
Other Debt	781	855	980	1,046	1,039	1,030
Other long-term liabilities	43	39	35	29	22	15
Total	997	1,077	1,198	1,258	1,244	1,228

3.2.2 **The authorised limit for external debt.** This is a key prudential indicator, set as part of the capital programme, and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded on a short-term basis.

Authorised Limit						
Table G	2023/24 Revised Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
Commercial activities / non-financial investments	173	183	183	183	183	183
Other Debt	813	888	1,014	1,080	1,074	1,066
Other long-term liabilities	43	39	35	29	22	15
Total	1,029	1,110	1,232	1,292	1,279	1,264

3.3 Prospects for Interest Rates

3.3.1 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. Link provided the following forecasts on 5th February 2024. These are forecasts for certainty rates, gilt yields plus 0.80%.

Link Group Interest Rate View	05.02.24												
	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	4.80	4.30	3.80	3.30	3.00	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.20	5.10	4.60	4.10	3.70	3.30	3.10	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.00	4.90	4.40	3.90	3.60	3.20	3.10	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB	4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB	4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB	5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB	5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

3.3.2 The forecasts above reflect the view that the MPC will further demonstrate its anti-inflation credentials by keeping the Bank Rate at 5.25% until at least halfway through 2024. Rate cuts are expected to begin once CPI inflation, wages and employment data support such a change, however, international events may also influence decisions due to factors such as potential supply shortages putting pressure on inflation data.

3.3.3 In the medium term, it is anticipated that the Bank of England will be keen to loosen monetary policy, but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged. The table above shows the Bank Rate reaching 3.00% by September 2025, the long-term (beyond 10-year) forecast is for the Bank Rate to remain steady at this rate of 3.00%.

3.3.4 The consumer price index, CPI, 12-month rate, started 2023 at 10.1%. Since then, rates have declined, and the last two months published data (December 2023 and January 2024) have each reported a rate of 4.0%. Despite the decline, the rate is still higher than the Bank's target of 2.0% and is anticipated to remain higher than 2.0% for much of the next 3 years.

3.4 Bond Yields / Public Works Loans Board (PWLB) Rates.

3.4.1 Gilt yields and hence PWLB rates began to move downwards towards the end of 2023 but have moved back up slightly at the start of 2024, thereby building in the expectation that central banks will not move too quickly to cut rates. At present PWLB 5 to 50 years certainty rates are, generally, in the range of 4.71% to 5.16%.

3.5 Investment and Borrowing Rates

3.5.1 **Investment Returns.** With the higher base rate prevailing in 2023/24, new investments made in the year have had higher returns, and this has resulted in the overall rate of return on the Council's investments increasing. This is expected to continue into the start of 2024/25, although rates for short-term investments (up to 6 months) are mostly higher than investments for beyond this period.

3.5.2 **Borrowing for Capital expenditure.** Link's long-term (beyond 10 years), forecast for Bank Rate is 3.0%. As all PWLB certainty rates are currently above this level, our borrowing strategy will need to be reviewed in that context. Better value can generally be obtained at the shorter end of the curve and short-dated fixed monies will be considered. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive whilst the market waits for inflation, and therein gilt yields, to drop back later in 2024.

3.6 Borrowing Strategy and Risk Appetite

3.6.1 The Authority is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Authority's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy.

3.6.2 Against this background and the risks within the economic forecast, caution will be adopted with the 2024/25 treasury operations. The Director of Finance and Resources will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed until rates fall.*
- *if it was felt that there was a significant risk of a much sharper and sustained RISE in borrowing rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

3.6.3 Any decisions will be reported to the appropriate decision-making body at the next available opportunity.

3.7 Policy on Borrowing in Advance of Need

3.7.1 Section 12 of the Local Government Act 2003 gives a local authority the power to invest for "any purpose relevant to its functions under any enactment or for the prudent management of its financial affairs". While the speculative procedure of borrowing purely to invest at a profit is clearly unlawful, there is no legal obstacle to the temporary investment of funds borrowed for the purpose of funding capital expenditure incurred in the reasonably near future.

3.7.2 Borrowing in advance of need may enable the City Council to obtain cheaper loans than those available at the time when expenditure is incurred, although the consequent investment of funds borrowed in advance of need does expose the City Council to credit risk. The interest payable on funds borrowed in advance of need may exceed the interest earned on the investment of those funds. The Council may determine to borrow in advance of need in circumstances where it is reasonably expected that the total cost of borrowing over the whole life of the loan in present value terms is lower by borrowing in advance of need.

3.8 Debt Rescheduling

3.8.1 Rescheduling of current borrowing in the debt portfolio is unlikely to occur as there is a large difference between premature redemption rates and the PWLB's new borrowing rates.

3.8.2 If rescheduling was done, it will be reported to the Cabinet / Council, at the earliest meeting following its action.

3.9 Approved Sources of Long and Short Term Borrowing

	Fixed	Variable
PWLB	●	●
Municipal bond agency	●	●
Local authorities	●	●
Banks	●	●
Pension funds	●	●
Insurance companies	●	●
UK Infrastructure Bank	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)		●
Local Bonds	●	
Local authority bills	●	●
Overdraft		●
Internal (capital receipts & revenue balances)	n/a	n/a
Finance leases	●	●

3.10 Apportionment of Borrowing Costs to the Housing Revenue Account (HRA)

3.10.1 The Council operates two loans pools for the purposes of apportioning borrowing costs to the HRA.

3.10.2 The first loans pool consists of all the Council's loans taken out prior to 2020/21 for both General Fund and HRA purposes. The Council will continue to operate this loans pool and apportion costs according to locally established principles. The principles upon which the apportionment of borrowing costs should be based are as follows:

- The apportionment is broadly equitable between the HRA and the General Fund, and is detrimental to neither.
- The loans portfolio is managed in the best interests of the whole authority.

3.10.3 The second loans pool consists of the three £20m loans that were taken from the PWLB at the HRA Certainty Rate which was 1.0% below the PWLB General

Fund Certainty Rate at the time. The borrowing costs on these loans will be charged to the HRA in their entirety.

- 3.10.4 Any future borrowing costs will be managed and apportioned to the HRA through the appropriate loans pool, depending upon the borrowing rates available at the time.

4. ANNUAL INVESTMENT STRATEGY

4.1 Investment Policy – Management of Risk

4.1.1 The Department of Levelling Up, Housing and Communities (DLUHC - this was formerly the Ministry of Housing, Communities and Local Government (MHCLG)) and CIPFA extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report).

4.1.2 Investing is all about "appropriateness" and is impacted by both internal and external factors, such as cashflows, risk appetite and interest rate outlook. The Council's investment policy has regard to the following:

- DLUHC's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code")
- CIPFA Treasury Management Guidance Notes 2021

4.1.3 The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite.

4.1.4 The above guidance from the DLUHC and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk that is measured by the following means:

1. **Minimum acceptable credit criteria** are applied to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings including outlooks and credit watches.
2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.
3. **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector to establish the most robust scrutiny process on the suitability of potential investment counterparties.
4. This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in appendix 5.2 under the categories of 'specified' and 'non-specified' investments.

- **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.
 - **Non-specified investments** are those with less high credit quality, may be for periods more than one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. Once an investment is classed as non-specified, it remains non-specified all the way through to maturity i.e. an 18-month deposit would still be non-specified even if it has only 11 months left until maturity.
- 4.1.5 **Non-specified investments limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments to £200m, (see paragraph 4.3).
- 4.1.6 **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 4.2 (Table H).
- 4.1.7 This authority will set a limit for its investments that are invested for **longer than 365 days**, (see paragraph 4.6).
- 4.1.8 Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (see paragraph 4.3).
- 4.1.9 This authority places **sector and geographical limits** on its investment portfolio to avoid the concentration of risk, (Appendix 5.3).
- 4.1.1 Because of the change in accounting standards for 2020/21 under IFRS 9, this authority will consider the implications of investment instruments, which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the Ministry of Housing, Communities and Local Government, (MHCLG), concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31 March 2023. A further extension to the over-ride to 31 March 2025 has been agreed by the Government.

4.2 Creditworthiness Policy

- 4.2.1 The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:
- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
 - It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

- 4.2.2 The Director of Finance and Resources (Section 151 Officer) will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval, as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality that the Council may use, rather than defining what types of investment instruments are to be used.
- 4.2.3 Credit rating information is supplied by Link Group, our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of the longer-term bias outside the central rating view) are provided to officers almost immediately after they occur, and this information is considered before dealing. For instance, a negative rating Watch applying to a counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed considering market conditions.
- 4.2.4 The criteria for providing a pool of high-quality investment counterparties, (both specified and non-specified investments) is:
- Banks 1 - good credit quality – the Council will only use banks which:
 - i. are UK banks; and/or
 - ii. are non-UK and domiciled in a country which has a double A sovereign Long-Term rating
 and have, as a minimum, the following Fitch, Moody's, and Standard & Poor's credit ratings (where rated):
 - i. Short Term - F1, P-2, or A-2
 - ii. Long Term – A-
 - Banks 2 – The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time invested.
 - Banks 3 - Secured lending to banks partly owned by the City Council.
 - Building societies. The Council will use all societies which:
 - i. Meet the ratings for Banks 1 outlined above or
 - ii. Have assets more than £350m
 or meet both criteria.
 - Money Market Funds (MMFs)
 - UK Government (including gilts, Treasury Bills and the DMADF)
 - Local authorities
 - Housing associations. In addition to ratings from the credit agencies, housing associations will only receive investments if they have a viability rating of V1 and a governance rating of G1 from Homes England.
 - Supranational institutions that meet the ratings for banks outlined above

- Corporate Bonds. The Council will invest in corporate bonds which:
 - i. Meet the ratings for Banks 1 outlined above or
 - ii. Have a credit rating of BBB+ or
 - iii. Have a credit rating of BBB- but form part of a portfolio managed by professional fund managers
- Universities that meet the ratings for Banks 1 outlined above
- Pooled investment vehicles including equity funds, property funds, corporate bond funds and multi asset funds
- Subsidiary companies of the City Council

A limit of £200m will be applied to the use of non-specified investments

4.2.5 Use of Additional Information other than Credit Ratings. Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria rely primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, rating Watches/Outlooks) will be applied to compare the relative security of differing investment opportunities.

4.2.6 Time limits are applied to most investment categories to limit credit risk as the longer the duration of an investment is, the more time there is for the credit quality of the counter party to deteriorate. There are no time limits applied to corporate bonds managed by a professional fund manager, pooled investment vehicles, and subsidiary companies of the Council. Corporate bonds can be sold if there is a need to disinvest and a professional fund manager will have more resources to assess credit quality. Investments in pooled investment vehicles often do not have a predetermined maturity; the Council would withdraw its investment at the appropriate time. The Council controls its subsidiary companies and therefore can have a considerable influence on their credit quality.

4.2.7 Time and monetary limits applying to investments. The time and monetary limits for institutions on the Council's counterparty list are summarised below (these will cover both specified and non-specified investments):

Table H	Fitch Long term Rating (or equivalent)	Money Limit	Time Limit
Banks and Building Societies 1 highest quality	AA-	£26m	6yrs
Banks and Building Societies 1 higher quality	A+	£20m	6yrs
Banks and Building Societies 1 medium quality	A	£15m	6yrs
Banks 1 lower quality	A-	£10m	6yrs
Banks 2 the Council's own banker if the criteria for Banks 1 is not met	-	Minimised	Minimised
Banks 3 partly owned by the Council	-	£1m	2yrs
Building Societies with assets of more than £350m	-	£6m	2yrs
UK Government including DMADF and institutions guaranteed by the UK Government	UK sovereign rating	unlimited	6yrs
Local authorities	N/A	£30m	6yrs
Housing associations higher quality	AA-	£30m	10yrs
Housing associations lower quality	A-	£20m	10yrs
Corporate bonds purchased by City Council but not meeting criteria for Banks 1 above	BBB+	£7m	365 days
Corporate bonds managed by a professional fund manager	BBB-	£0.32m per bond up to a limit of £8m	Unlimited
Pooled investment vehicles	-	£50m	Unlimited
Subsidiary companies of the Council	-	£30m	Unlimited
	Fund rating	Money Limit	Time Limit
Money Market Funds	AAA	£26m	liquid
Enhanced Money Market Funds	AA	£20m	liquid

* Building Societies with assets of more than £350m was omitted from the above summary in the 2022/23 Treasury Management Strategy.

- 4.2.8 The proposed criteria for specified and non-specified investments are shown in Appendix 5.2 for approval.
- 4.2.9 **Creditworthiness.** Significant levels of downgrades to short- and long-term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. However, as economies are beginning to reopen, there have been some instances of previous lowering of Outlooks being reversed.
- 4.2.10 Although bank CDS prices, (these are market indicators of credit risk), spiked upwards in the autumn, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the Authority has access to this information via its Link-provided Passport portal.

4.3 Other limits

Due care will be taken to consider the exposure of the Council's total investment portfolio to non-specified investments, countries, groups, and sectors.

- a) **Non-specified investment limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments to £200m.
- b) **Country limit.** The Council has determined that it will only use approved counterparties from the UK and from countries with a **minimum sovereign credit rating of AA-** from Fitch or equivalent.
- c) **Other limits.** In addition:
 - limits in place above will apply to a group of companies.
 - sector and geographic limits will be monitored regularly for appropriateness.

4.4 Environmental, Social and Governance (ESG) Factors

- 4.4.1 The Council will seek to move towards investments that improve the environment, bring wider social benefits, and are with organisations with good governance.
- 4.4.2 The Council will avoid investments in fossil fuel extraction unless they are making substantial investment into renewable energy technologies as part of a strategy to move to becoming a clean energy supplier.
- 4.4.3 The Council will give weight to the environmental, social and governance ratings in making investment decisions, provided that the overall risk profile of the investment portfolio (including liquidity risk) is not compromised, and that decisions remain consistent with responsible financial management and stewardship.

- 4.4.4 ESG ratings focus on non-financial performance indicators that address a counterparty's approach towards responsible investment, sustainability, its impact on society and the environment, as well as other ethical and corporate governance considerations. Due to the volume of counterparties with which the Council transacts, the speed of such transactions and the depth of due diligence required to investigate and understand the ESG credentials, an ESG screening service is used using industry produced indicators.
- 4.4.5 Treasury Management investment transactions are limited to institutions with ESG ratings of "Leaders" or "Average". Institutions with an ESG rating of "Laggards" are declined.
- 4.4.6 An ESG Key Issue hierarchy is used to measure an institution's ESG rating and is based on three pillars, ten themes and thirty-five key issues as follows:

3 Pillars	10 Themes	35 ESG Key Issues	
Environment	Climate Change	Carbon Emissions	Financing Environmental Impact
		Product Carbon Footprint	Climate Change Vulnerability
	Natural Capital	Water Stress	Raw Material Sourcing
		Biodiversity & Land Use	
Pollution & Waste	Toxic Emissions & Waste	Electronic Waste	
	Packaging Material & Waste		
Environmental Opportunities	Opportunities in Clean Tech	Opportunities in Renewable Energy	
	Opportunities in Green Building		
Social	Human Capital	Labor Management	Human Capital Development
		Health & Safety	Supply Chain Labor Standards
	Product Liability	Product Safety & Quality	Privacy & Data Security
		Chemical Safety	Responsible Investment
Stakeholder Opposition	Consumer Financial Protection	Health & Demographic Risk	
	Controversial Sourcing		
Social Opportunities	Community Relations		
	Access to Communications	Access to Health Care	
Access to Finance	Access to Finance	Opportunities in Nutrition & Health	
Governance	Corporate Governance	Ownership & Control	Pay
		Board	Accounting
Corporate Behavior	Business Ethics		
	Tax Transparency		

4.4.7 The ESG ratings model seeks to answer four key questions about institutions:

- i. What are the most significant ESG risks and opportunities facing an institution, company, or industry?
- ii. How exposed is the institution or company to those key risks and/or opportunities?
- iii. How well is the institution or company managing key risks and opportunities?
- iv. What is the overall assessment of how the institution or company is managing ESG risks and opportunities and how does it compare to its global industry peers?

4.4.8 The key issue scores and weights are combined and normalised per industry to offer an overall ESG score (0-10) and rating (AAA-CCC) as follows:



4.4.9 The overall ESG Rating measures the ability of an institution to manage key medium- to long-term risks and opportunities arising from environmental, social and governance issues. The ESG Rating is provided on a AAA-CCC scale, with AAA and CCC being the respective highest and lowest fund ratings.

- i. Institutions or companies with a "Leader" rating tend to show strong and/or improving management of relevant environmental, social and governance issues. These institutions may be more resilient to disruptions arising from ESG events
- ii. Institutions or companies with an "Average" rating tend to show average management of ESG issues
- iii. Institutions or companies with a "Laggard" rating do not demonstrate adequate management of the ESG risks that they face or show worsening management of these issues. These institutions may be more vulnerable to disruptions arising from ESG events.

4.4.10 It should be noted that ESG credentials relate to counterparties, as distinct from the country in which the counterparty is domiciled. However, where state institutions own 50% or more of the equity and can exert significant influence over the counterparty through their shareholdings, the Council will avoid investments in such institutions where the state institution has a poor human rights record.

4.5 Investment Strategy and Risk Appetite Statement

4.5.1 All the investment guidance available, both statutory and from the Chartered Institute of Public Finance and Accountancy (CIPFA), makes it clear that all investing must follow SLY principles - Security, Liquidity, Yield. In accordance with the guidance issued, the Council's priority in investing is security, followed by liquidity. After these priorities are met, the Council will seek to maximise yields. The Council will consider the environmental and social implications of its investments once SLY principles have been met.

4.5.2 The Council's objectives in relation to investment can accordingly be stated as follows:

Sums are invested with a diversified range of counter parties using the maximum range of financial instruments consistent with a low risk of the capital sum being diminished through movements in market prices.*

* Financial instruments include term deposits, certificates of deposits, corporate bonds, money market funds, structured notes, and shares in pooled investment funds

4.5.3 This means that the Council is not totally risk averse. Treasury management staff have the capability to actively manage treasury risks within the scope of the Council's treasury management policy and strategy.

4.5.4 When investing temporary surplus funds, the Council will not necessarily limit itself to making deposits with the UK Government and Local Authorities but may invest in other bodies including unrated Building Societies, Registered Social Landlords (RSLs), and Corporate Bonds. The Council may invest surplus funds through tradable instruments such as treasury bills, gilts, certificates of deposit, corporate bonds, covered bonds and repos / reverse repos.

4.5.5 The Council will invest its temporary surplus funds to provide sufficient liquidity to meet its cash flow needs but is mindful that the value of its investments will fall in real terms unless investment returns are at least equal to inflation.

4.5.6 The Council may invest in lower risk structured investment products that follow the developed equity and other market indices where movements in prices may diminish the capital sum invested. These investments, and indeed any other investment, could also be diminished if the counter party defaults. Although the Council only invests in counter parties offering good credit quality, the credit quality of an investment counter party can decline during the life of the investment. This is particularly the case with long-term investments.

4.5.7 The Council may invest in externally managed pooled investment vehicles such as corporate bond funds, equity funds, property funds and multi asset funds, if the Council has cash for a term that is sufficient to cover cyclical movements in prices.

4.5.8 Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed:

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall, consideration will be given to locking in higher rates currently obtainable, for longer periods.

4.6 Investment treasury indicator and limit - total principal funds invested for greater than 365 days.

4.6.1 These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year-end.

4.6.2 The Council is asked to approve the following treasury indicator and limit:

Table I - Upper limit for principal sums invested for longer than 365 days			
	2025	2026	2027
	£m	£m	£m
Current investments as of 31 March more than 1 year maturing in each year	130	50	50

4.7 End of year investment report

4.7.1 At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

5 APPENDICES

5.1 Maturity structure of borrowing

5.2 Credit and counterparty risk management

5.3 Sector and Geographic Investment Limits

APPENDIX 5.1

Maturity Structure of Borrowing

Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large sums falling due for refinancing and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

Table J		
Maturity structure of fixed interest rate borrowing		
	Lower	Upper
Under 12 months	0%	10%
12 months to 2 years	0%	10%
2 years to 5 years	0%	10%
5 years to 10 years	0%	20%
10 years to 20 years	0%	30%
20 years to 30 years	0%	40%
30 years to 40 years	0%	40%
40 years to 50 years	0%	40%
Maturity structure of variable interest rate borrowing		
	Lower	Upper
Under 12 months	0%	10%
12 months to 2 years	0%	10%
2 years to 5 years	0%	20%
5 years to 10 years	0%	20%
10 years to 20 years	0%	30%
20 years to 30 years	0%	40%
30 years to 40 years	0%	40%
40 years to 50 years	0%	40%

CREDIT AND COUNTERPARTY RISK MANAGEMENT

The MHCLG issued Investment Guidance in 2018, and this forms the structure of the Council's policy below.

The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. To facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council has adopted the Code and will apply its principles to all investment activity. In accordance with the Code, the Director of Finance and Resources (Section 151 Officer) has produced its treasury management practices (TMPs).

Annual Investment Strategy - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Council is:

Strategy Guidelines – The main strategy guidelines are contained in the body of the Treasury Strategy Statement.

Specified Investments – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments that would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Office deposit facility, UK treasury bills or a gilt with less than one year to maturity).
2. Bonds issued by supranational banks of less than one year's duration.
3. A local authority, housing association.
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. This covers pooled

investment vehicles, such as money market funds, rated AA by Standard and Poor's, Moody's and / or Fitch rating agencies.

5. A body that is considered of a high credit quality (such as a bank or building society) with a minimum Short-Term rating of A-2 / P-2 / F1 as rated by Standard and Poor's, Moody's and / or Fitch rating agencies.

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. These criteria are contained in Table H.

Non-specified Investments – are any other type of investment (i.e. not defined as specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non-specified investments would include any investments with:

	Non-Specified Investment Category	Limit £
a.	<p>Supranational bonds greater than 1 year to maturity</p> <p>(a) Multilateral development bank bonds with a AAA long-term rating - These are bonds defined as an international financial institution having as one of its objects economic developments, either generally or in any region of the world (e.g. European Reconstruction and Development Bank etc.). However, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p> <p>(b) A financial institution that is guaranteed by the United Kingdom Government (e.g. National Rail)</p> <p>The security of interest and principal on maturity is on a par with the Government and so very secure. These bonds usually provide returns above equivalent gilt-edged securities. Like category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>	<p>£26m for up to 6 years</p> <p>£26m for up to 6 years</p>
b.	<p>Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Like category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>	<p>Unlimited investments for up to 6 years</p>
c.	<p>The Council's own banker if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.</p>	<p>£10m for up to 1 day</p>
d.	<p>Building societies not meeting the basic security requirements under the specified investments. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Council may use such building societies that have a minimum asset size of £350m.</p>	<p>£6m for up to 2 years</p>
e.	<p>All banks and building societies that have a minimum long-term credit rating of A-, for deposits with a maturity of greater than one year (including forward deals more than one year from inception to repayment).</p>	<p>Up to £26m (depending on credit quality) for up to 6 years</p>

	Non-Specified Investment Category	Limit £
f.	Loan capital in a body corporate with a credit rating of at least BBB+. This will enable investments to be made in large commercial companies such as British Telecom. A short-term investment in a BBB+ rated counterparty may be less likely to default than a long-term investment with an A- rated counterparty.	£7m for 365 days
g.	Corporate bonds bought on the Council's behalf by professional fund managers who will target an average credit rating of at least BBB+ for the corporate bond fund. The average credit rating of the corporate bond fund may fall to BBB if there was a downgrade to a single issue or a broad downgrade. We would not want the fund manager to be a forced seller in this situation. If this situation arises, a strategy will be agreed with the fund manager to return the average rating of the portfolio to BBB+.	£8m for an unlimited duration
h.	Pooled investment vehicles including equity funds, property funds and multi asset funds with the potential to generate returns more than inflation and thus maintain the value of the principal invested in real terms.	£50m for an unlimited duration
i.	Subsidiary companies of the Council. Funds could be invested to facilitate the establishment of a subsidiary company to develop housing in the greater Portsmouth area on a commercial basis.	£30m for an unlimited duration
j.	Banks partly owned by the City Council. The Council is an equity shareholder in HCB Holding (HCB) which owns 100% of the shares in Hampshire Community Bnk. Purchasing bonds or offering loans to HCB would contribute to the regeneration of Hampshire. Investing in HCB carries greater risk than the other approved investments contained in the Council's Annual Investment Strategy, as HCB is a new entity that is in the process of developing its business, and currently has neither a banking license nor a credit rating. However, HCB will be able to offer assets as security to cover a bond or loan. Bonds or loans would be secured on the onward loans made to the small and medium enterprise (SME) sector. The loan assets offered as security would pass to the Council in the event of HCB defaulting.	£1m for 2 years

The monitoring of investment counterparties - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Link Asset Services as and when ratings change, and counterparties are checked. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately.

SECTOR AND GEOGRAPHIC INVESTMENT LIMITS

Sector Investment Limits

AA money market funds offer security and same day access. By aggregating investments, they can also invest in financial institutions that may not be interested in the relatively small sums that the Council can invest. Although AA money market funds are well diversified in their investments, there is a risk that more than one fund could have investments with the same bank or that the Council may also have invested funds in the same bank as a money market fund. Therefore, it is proposed that the Council should aim to have no more than £80m invested in money market funds.

Most building society lending is secured against residential properties. If property prices fall there may be inadequate security to support building societies lending giving rise to a systemic risk.

As RSL's offer one principal service and their assets principally consist of residential properties, excessive investments in RSLs would also expose the Council to a systemic risk.

Excessive investments in investment products tracking equity, property or other markets could also expose the Council to a systemic risk.

To minimise systemic credit risk in any sector the following limits will be applied:

Money market funds	£80m
Building societies	£155m
Registered Social Landlords	£80m
Investments tracking the equity, property, or other markets	£70m

Geographic Investment Limits

To minimise systemic credit risk in any region, the following limits will be applied to the geographic areas where investments can be made in foreign countries.

Asia & Australia	£80m
Americas	£80m
Eurozone	£60m
Continental Europe outside the Eurozone	£60m

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Agenda Item 9

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Portsmouth
CITY COUNCIL

Title of meeting:	Governance & Audit & Standards Committee
Subject:	Procurement Management Information
Date of meeting:	28 th February 2024
Report by:	Richard Lock - Assistant Director, Procurement
Wards affected:	N/A

1. Requested by

Governance & Audit & Standards Committee.

2. Purpose

To provide procurement performance reports and supporting evidence to the committee in order that the committee may assess the council's performance in procuring contracts for goods, works and services on 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 - Transparency
- Direct Awards of High Value Contracts
- Contract Management Performance Monitoring - KPIs

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

- EXEMPT - G&A&S - Procurement Mi - App 1 Spend Compliance Q3 Oct-Dec 23
- EXEMPT - G&A&S - Procurement MI - App 2 HV Direct Awards Q3 Oct-Dec 23
- EXEMPT - G&A&S - Procurement MI - App 3 Contract KPIs Q3 Oct-Dec 23

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Performance Comparison

This report provides performance information for the time period covered under Q3 of 23/24 / 01.10.23 - 31.12.23. Where possible a comparison has been made to the performance information taken in the previous September report which covered Q1 23/24 / 01.04.23 - 30.06.23. However, due to the incremental improvements made to the performance reporting processes comparisons will not always be exact.

Reporting Developments, Context & Impacts of Forthcoming Procurement Reform

As detailed under each section of this report there have been developments in respect of each of the individual reports which are summarised below:

- Section 1 - Spend & Transparency Compliance

As previously reported to Committee only spend processed via Oracle FUSION is subject to full automated controls. These controls, which consist of data feeds between Oracle FUSION and the Council's e-sourcing system In-tend, link financial transactions with a value of over £5k to contract entries openly published on the In-tend system. This helps ensure that the council meets its transparency obligations in respect of its contracting activity.

Since the last Committee processes have been put in place to link spend processed via other systems such as CONTROCC, SystemsLink, Scala, etc. can also be linked to In-tend contract entries, and where this is not the case allow for corrective action to be undertaken. The report also now covers spend processed through CHAPS which includes for the Council's high value long term Highways PFI contract with Ensign.

Both of these developments will aid the Council in meeting its current transparency requirements as well as the future increased transparency requirements which the council will be legally obliged to meet under the forthcoming major procurement reforms. These reforms are set to be legally activated in Autumn 2024 following Royal Assent of the Procurement Bill on 26th October 2023.

The new transparency obligations include for a requirement on public bodies that spend more than £100M per annum on externally sourced goods, works and services to maintain a published pipeline of forthcoming contracting opportunities that have an individual lifetime value of over £2M.

Ensuring that the Council has processes in place for the timely and accurate publication of contract information and is able to quickly compile pipeline reports will place the Council in strong position to meet the new increased transparency requirements.

- Section 2 - High Value Contract Direct Awards

This section of the report has been renamed following the implementation of the new Contract procedure Rules (CPRs) on 1st July 2023 following endorsement from the Committee on 25th January 2023 and subsequent approval at Full Council on 14th February 2023.

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The new CPRs provide the Council with significant additional flexibilities for the award of contracts, whilst still ensuring compliance with the wider statutory procurement regulations. A significant change implemented under the new rules is that contracts may now be let via direct award where the contract value either falls below the relevant statutory threshold, or if above threshold, are legally permissible within the exemptions set out within the regulations.

This means that in many cases contracts can now be direct awarded without having to raise a waiver to seek approval for departure from the Council's own rules. However direct awards are still subject to a strict scrutiny and approval regime as part of the Council's procurement governance processes. This includes for the reporting of such awards to the Committee under this section of the report.

On-going pro-active scrutiny of direct award proposals will help ensure that the Council is able to demonstrate that is acting rationally & compliantly in meeting its Best Value obligations. This is particularly important when significant contracts have been awarded without application of competition and without any form of open advertising.

Ensuring that governance and reporting processes are adhered to and continually developed will also help the Council to meet the additional transparency obligations that the Council will need to adhere to as part of the procurement reform. These obligations will include for open pro-active publication of planned awards which exceed the relevant statutory threshold for regulatory and market scrutiny, irrespective of whether a valid exemption argument can be made or not.

Failure to abide by the future requirements could place the Council at risk of costly legal challenge from the market and potential sanctions from regulatory bodies.

- Section 3 - Contract Management Key Performance Indicators

Further implementation of the new contract management KPI reporting model has been piloted and tested. Progressing implementation of the system along with wider contract management training & support will help the Council to realise benefits of effective delivery, financial efficiencies and market innovation.

Focusing upon contract management practice, process and system development now will also position the Council well to implement the new legal obligations for publication of KPI performance information for higher value (over £2M) contacts.

Failure to effectively apply KPIs could put the Council at risk in the future of failing to meet its transparency or, even more importantly, risk legal challenge from suppliers who feel that published information in respect of their performance has been applied inconsistently and inaccurately.

Under the reforms the Council will also be required to publish notices where a contract has been terminated due to poor performance. The Council will not be able to exercise discretion in respect of this requirement. This adds to the importance of ensuring that its contract management processes and legal positions are reliably robust as it is likely that suppliers who have contracts terminated may be more inclined to challenge the Council in the future.

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Exempt Information

Where further 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 & TRANSPARENCY COMPLIANCE

Introduction

The table on the following page provides a comparison of spend compliance from the last report taken to Committee in September 23 which covered Q1 spend (01.04.23 - 30.06.23) to Q3 spend (01.10.23 - 31.12.23).

Context & Current Process

The Local Government Transparency Code (2015) requires that all contracts with a lifetime value that exceeds £5,000 are published to an area of the council's website which is freely accessible to the public.

The Council monitors and ensures compliance by requiring every purchase order raised through Oracle FUSION 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 In-tend systems publicly accessible contracts register.

Further to the Code requirements, the Council is also required under Public Contracts Regulations (2015) to publish summary information on awarded contracts to the national Contracts Finder system for all contracts with a lifetime value of £30,000 or more.

Spend compliance is measured by reporting on spend which has been directly linked to an In-tend contract entry in the case of spend processed entirely via Oracle FUSION. Compliance for spend processed via other systems is measured through manually cross-referencing transactions against entries on the In-tend contracts register where possible.

It should be noted that 'compliance' in respect of this section of the report is concerned only with meeting the requirements of the Local Government Transparency Code (2015) and the performance of the financial controls put in place by the council. Performance in respect of broader compliance with wider procurement legislation and the council's own Contract Procedure Rules is covered within Section 2 of this report.

Report Development Status & Future Development Proposals

Since the last report taken to Committee - where Committee requested that work to ensure higher levels of compliance for spend processed via other systems should be progressed - processes have been developed and piloted which have significantly increased levels of compliance and associated transparency of the Council's contracting activities.



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This work has been focused upon development of compliance tracking for transactions processed via the Council's CONTROCC system. This system is used by Adult Social Care and is used to process a significantly high volume and value of transactions every month. The compliance figures for spend processed via other systems is detailed within the report below which also shows the significant improvements which have made since the last report taken to Committee.

Whilst further investigation will be required there is a good level of confidence that the protocols established for tracking compliance in CONTROCC could be incorporated into other systems such as the MOSAIC system used by Children's Social Care.

It should be noted that controls that are being developed for tracking compliance on spend processed via other systems are not currently automated. Further work will be required to develop and implement processes which will ensure that contract entries are always raised promptly at commencement of contract rather than at point of check.

Expanding the use of automated processes will require an investment of officer time and is likely to require system developments which will come at additional cost. The time and cost required will need to be considered against other priorities, in particular those imposed upon the Council through the forthcoming procurement reforms.

The report also now includes for transactions processed via CHAPS which includes for the high value long term Highways PFI contract the Council has in place with Ensign which was not covered under previous reports.

Spend via purchasing cards is still not included within the report. This will be further investigated and, if possible, included for within the next bi-annual report taken to Committee.

However, as highlighted within previous reports, it is unlikely that this will impact significantly upon the Council's compliance and transparency position as purchasing cards are used typically for lower value transactions as per Council policy. As such it is unlikely that individual transactions processed via purchasing cards will be above £5k, unless in exceptional circumstances

Whilst full automated compliance reporting cannot be achieved across all systems, there is not considered to be a high risk that after further analysis there will be many instances of higher value / risk non-compliance with procurement regulations as:

- Procurement can provide assurance that all utilities contracts which SystemsLink transactions relate have been compliantly procured
- 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 at the time of the first quarter applied to all contracts with a lifetime value of over £100,000 (*on 1st July 2023 the council launched its new Contract Procedure Rules which has increased this threshold to £150,000*)

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- Payments made to builders for works undertaken for private sector residents for disabled facilities grants, warm homes funding, etc. are generally not covered within the scope of the procurement regulations
- Funding transfers in respect of health and education requirements, for instance, to other public sector contracting authorities are not generally covered within the scope of the procurement regulations, and where they are generally would be of low risk due to a lack of practical supply options

The report still includes for transactions associated with grants, educational placements, S78 funding transfers which fall out side of the scope of the procurement regulations, the Council's Contract Procedure Rules and are not covered within the scope of the Procurement Information which the Council is required to publish under the Local Government Transparency Code (2015).

It is proposed that for the next report taken to Committee that transaction groups above which have been thoroughly investigated and can be simply identified are removed from the report in order to provide a more accurate performance position.

Q3 (Oct-Dec 23) Analysis

The detailed report taken from Oracle FUSION is included as exempt appendix - 'EXEMPT - G&A&S - Procurement Mi - App 1 Spend Compliance Q3 Oct-Dec 23'. 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 entirely via Oracle has been set previously by the Committee.

Performance can be summarised as follows:

- Total in and out of scope spend via all systems for Q3 Oct - Dec 23 for financial transactions which exceed £5k equated to £92,097,612.49.
- Of this spend financial transactions equating to £87,645,397.30 / 95.17% can be traced back to a corresponding contract entry on the In-tend system or can be confidently removed from the analysis as an out of scope transaction.
- This is a significant improvement upon performance last reported to Committee in September 2023 which equated to 81.6%, which was at the time a significant improvement upon the figures reported at the March 2023 Committee which equated to 76.7%
- Of the total Q3 spend £58,959,462.01 / 64% was processed entirely via Oracle FUSION and therefore subject to the automated controls implemented by the council
- £58,078,439.90 / 98.51% of transactions processed entirely via Oracle FUSION were linked to corresponding In-tend contract entries. This is slightly lower than the

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figure of taken to Committee in March 2023 for Q1 which equated to 99.4% but is still significantly above the agreed 95% target.

- When spend is broken down on a directorate by directorate basis the figure for every directorate other than Children, Families & Education exceed the 95% target.

Spend Compliance Comparison - Q1 Apr - Jun 23 vs Q3

1. Spend Processed Entirely Via Oracle FUSION

Key

- *NC - Non-compliant*
- *C - Compliant*

Directorate	Q1 Apr - Jun 23			Q3 Oct - Dec 23		
	Total £	NC £	C %	Total £	NC £	C %
Adult Services	£1,786,603.43	£2,009.55	99.9%	£1,472,676.03	£0.00	100%
Children Families & Education	£2,455,153.54	£1,442.34	99.9%	£4,678,978.10	£649,724.44	86.11%
Corporate Services	£2,265,236.24	£2,727.50	99.9%	£2,542,853.07	£8,991.38	99.65%
Culture Leisure & Regulatory Services	£1,083,428.78	£856.93	99.9%	£1,578,367.23	£8,547.98	99.46%
Executive	£525,178.81	£4,839.74	99.1%	£317,912.54	£15,680.05	95.07%
Finance	£6,346,133.83	£28,500.00	99.6%	£5,698,551.68	£3,150.00	99.94%
Housing Neighbourhood & Building Services	£8,694,672.77	£6,033.07	99.9%	£13,232,453.91	£100,198.64	99.24%
Public Health	£1,291,633.42	£1,115.40	99.9%	£1,819,574.83	£1,467.60	99.92%
Economy, Transport & Planning	£14,219,448.85	£200,552.43	98.6%	£13,809,047.31	£46,631.01	99.66%
TOTAL	£38,668,346.60	£248,076.96	99.4%	£58,959,462.01	£881,022.11	98.51%

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2. In Scope Spend Processed Entirely or Partly through Other Systems

Systems / Payments	Q1 Apr - Jun 23			Q3 Oct - Dec 23		
	Total £	NC £	C %	Total £	NC £	C %
MOSAIC - Children's Social Care Finance System	£1,525,491.70	£1,525,491.70	0%	£1,621,248.40	£1,621,248.40	0%
CONTROCC - Adult's Social Care Finance System	£11,039,423.49	£5,605,761.41	49.2%	£11,928,360.52	£1,949,944.68	83.65%
SCALA - Port Finance System	£4,860,141.79	£3,527,119.60	27.4%	£2,226,216.79	£0.00	100%
SystemsLink - Utilities Payments	£2,622,482.53	£2,622,482.53	0%	£2,136,071.32	£0.00	100%
Locally Commissioned Services Payments - Transfers of funds to pharmacies & other organisations	£44,528.20	£0.00	100%	£42,547.87	£0.00	100%
PFI Payments - Victory Support Services	£239,044.01	£0.00	100%	£237,908.34	£0.00	100%
*CHAPS - Highways PFI & Future Transport Zone				£6,105,659.91	£0.00	100%
TOTAL	£20,331,111.72	£13,280,855.24	34.7%	£24,298,013.15	£3,571,193.08	85.3%

*As stated earlier in the report CHAPS payments have not been previously reported on but will form part of the standard report for all future analysis.

3. Out of Scope Spend

As the transaction types set out below have been investigated and confirmed as falling outside of the scope of the procurement regulations, Council rules and procurement transparency requirements no further analysis has been undertaken for this report. It is also proposed that these transaction types are removed altogether from future reports.

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Systems / Payments	£
Academy & Education Payments - Education Funding Transfers	£4,137,307.53
Business Rates & Property Transactions	£65,277.00
Children's Finance - Funding Transfers	£18,350.00
Early Year Payments - Children & Families Funding Transfers	£528,150.26
Energy Services - Warm Homes Grant Transfers	£2,771,062.02
Pre-Paid Cards	£41,025.10
Private Sector Housing - Disabled Facilities Grant Transfers	£768,453.35
VAT only Invoices & Adjustments - Finance Transfers	£491,488.07
Youth Offending - Funding Transfers	£19,024.00
TOTAL	£8,840,137.33

4. Summary Analysis

The data set from which the tables above have been calculated from can be found within exempt appendix - 'EXEMPT - G&A&S - Procurement Mi - App 1 Spend Compliance Q3 Oct-Dec 23'.

Oracle FUSION - Non-Compliant Transactions

In summary, the analysis shows that in respect of spend processed entirely via Oracle FUSION, there are no financial transactions with an overall distribution value in excess of £150k (above which contracts were classed as high value under the council's CPRs and subject to a formal procurement process) that cannot be traced back to a compliant contract, or are otherwise exempt from regulations, Council rules and procurement transparency requirements.

All transactions with a distribution amount of £150k are all either out of scope or due to an admin error the transaction has not been linked to the corresponding In-tend contract entry. or more they a significant number of the non-compliant transactions, including for all with a distribution value in excess of £100k, there are contract entries on In-tend but due to administrative errors the transactions were not linked.

Only one transaction with a value in excess of £30k requires a contract entry to be raised on In-tend. A further 15 transactions which cannot be linked to a contract entry and which are of a value below £30k but above £5k also require contract entries to be raised.

All of the Childrens, Families & Education transactions relate to out of scope education finding transfers. This in effect means that CFE are actually 100% compliant for Q3 when these transactions are removed.

Whilst work is required to ensure that contract entries are raised and published on In-tend the Council is not in a position of significant legal risk for failing to publish summary information for the contracts which are above the £5k transparency code threshold

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MOSAIC - Children's Social Care Finance System

Whilst work is required to cross reference transactions against In-tend contract entries, the 0% compliance figure reflects that this is yet to be undertaken rather than denoting that there are no contract entries already published on the In-tend system in respect of the transactions detailed within the exempt appendix.

Initial investigation of the MOSAIC system and processes give a level of confidence that the cross referencing processes that are being implemented for other systems can be adapted and used effectively to track transactions processed via MOSAIC as well. Procurement will seek to work with CFE Finance to develop and pilot an efficient cross referring process in time for the next bi-annual report to the Committee.

As per the last report initial analysis shows that the vast majority of the transactions are in relation to placement packages. Whilst such packages fall under the scope of procurement regulations and transparency requirements it is not considered that there is a high risk of challenge as there is often scarcity of supply and limited choice due to specific end user requirements.

CONTROCC - Adult Social Care Finance System

Significant work has been undertaken since the last Committee report to develop and implement an efficient cross-referencing process for matching transactions to In-tend contract entries. This is reflected in the significantly higher % of transactions which can be tracked to In-tend contract entries (83.65%) when compared to the report taken to the committee in September (49.2%).

Procurement will continue to work with ASC Contracting & Finance to develop and further implement the cross-referencing system in order to further increase the compliance % reported.

SECTION 2 - HIGH VALUE CONTRACT DIRECT AWARDS

The tables below show a comparison of contracts let via direct award with a value of over £100,000 during Q1 (Apr - Jun 23) with contracts let via direct awards with a value of over £150,000 during Q3 (Oct - Dec 23).

The reason for the difference in value threshold between the reporting periods is due to the introduction of the Council's new Contract Procedure Rules which came into force on 1st July 2023. The new rules increased the threshold at which input must be sought from Procurement & Legal for the award of contracts from £100,000 to £150,000.

Under the previous CPRs which were in place during Q1 direct awards of contracts via waiver could be approved by:

- Director including for Assistant Directors given delegated authority by the Director - up to £100k
- Assistant Director, Procurement - up to £1M (delegated to procurement seniors as well)

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- Procurement Gateway Board - above £1M

Under the new CPRs which were in place during Q3 direct awards of contracts could be approved by:

- Director including for Assistant Directors given delegated authority by the Director - up to £150k
- Assistant Director, Procurement & City Solicitor- up to £5M (delegated to other members of the Procurement Senior Management Team up to value of £1M, delegated by the City Solicitor to senior members of the Procurement, Contracts & Commercial Team)
- Procurement Gateway Board - above £5M (lower value awards deemed high risk can also be referred to the Board)

High Value Contracts Awarded via Direct Award - Reporting Period Comparison

Risk Profile	Q1 Apr - Jun 23			Q3 Oct - Dec 23		
	No.	Value	Cumulative Value	No.	Value	Cumulative Value
HIGH	0	£0	£0.00	0	£0	£0.00
MEDIUM	5	£4,806,854.34	£16,912,707.34	*2	£85,568,167.95	£242,620,357.71
LOW	10	£988,230.28	£2,212,176.19	5	£1,396,361.95	£2,098,551.71
TOTAL	15	£5,795,084.62	£19,124,883.53	7	£86,896,361.95	£244,098,551.71

Summary information regarding the waivers including for service area, contract name, supplier, value, term, etc. and risk analysis rationale can be found within the exempt appendix - 'EXEMPT - G&A&S - Procurement MI - App 2 HV Direct Awards Q3 Oct-Dec 23'.

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 direct award meets Council CPR requirements

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- LOW RISK - No breach of statutory procurement regulations, low probability of market challenge, mitigation strategies in place, rationale for direct award meets Council CPR requirements

The number of contact direct award subject to formal sign off under the Council's Procurement governance processes has reduced from the 15 reported from Q1 to 7 in Q3. Whilst the number of awards can fluctuate significantly across time periods the reduction is also likely due to the approval threshold increasing from £100k to £150k when the new Contract Procedure Rules came into force on 1st July 2023.

The value of direct awards has increased significantly compared to Q1. However, this has been significantly impacted by one particular medium risk direct award waiver with a cumulative value of £242M which was taken to Gateway Board for 'Residential and Nursing Spot Purchase Placements'. The approval concerned spend with 270 suppliers across a time period covering from 1st April 2019 to 31st March 2026.

As detailed within the summary analysis included for within exempt appendix 2 the direct awards are not considered to be high risk as the spend is concerned with spot purchases for packages of care which individually are generally of low value. The packages must be sourced dynamically and with a key focus on end user needs.

Very few of the spot purchased packages exceed the Light Touch Regime statutory threshold of £663,540 which applies to 'services to the person' contracts under the Public Contracts Regulations (2015). These higher value awards are usually the result of the end user having complex needs which often limit choice of supplier, are of significantly higher cost and due to the disruption that be caused to the end user, make changing the care provider problematic.

The approach taken to procuring these services has been benchmarked with other local authorities who all apply similar methods. Risk is not considered to be high as the purchasing strategy follows market norms and the Council is open to taking on new suppliers if and when approached, or if required to due to end user choice considerations.

In order to ensure compliance and mitigate any risk of market challenge the Council will issue a formal advertising notice on its In-tend e-sourcing portal, national Contracts Finder portal and cross border Find a Tender Service system. The notice will direct interested market suppliers to an on-line application process and standard contract terms of appointment. This will effectively discharge the Council's legal obligation under the procurement regulations in respect of transparency, fairness and equality of opportunity principles that apply to Light Touch Regime contracts.

Only one other medium risk direct award has been reported for Q3. This contract is with EC Roberts Centre which provides temporary accommodation and support to looked after young people. The contract has increased in terms of both duration, scope and associated value with the result that it is now slightly above the statutory threshold value for light touch regime services. A procurement process is underway to tender this contract which once complete will bring this spend into compliance.



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The remaining direct awards are all considered to be low risk as they are all either below threshold and awarded in accordance with the Council's Contract Procedure Rules, or, if above threshold, are considered to fall within the exemptions allowed for 'Use of the Negotiated Procedure without prior publication' (direct award) as set out within Regulation 32 of the Public Contracts Regulations (2015).

Summary information regarding each direct award reported for Q3 including for risk analysis rationale and mitigation measures can be found within exempt appendix - 'EXEMPT - G&A&S - Procurement MI - App 2 HV Direct Awards Q3 Oct-Dec 23'.

SECTION 3 - CONTRACT MANAGEMENT PERFORMANCE MONITORING - KPIs

Implementation of New KPI Model

Following the disbanding of the previous KPI reporting model - which was overly complicated, inconsistently applied - the new simplified KPI model has been further implemented within the performance reporting processes for Council contracts.

The single KPI model requires the Council's contract managers to assess performance of the supplier appointed to deliver the contract requirements on a consistent 0-5 basis, as set out 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 multiple areas.

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. The new model also requires contract managers to provide a summary rationale for the score they have allocated which will significantly improve upon previous reporting mechanisms.

This revised model has now been implemented across 110 contracts which include for the council's highest value strategic contracts and medium value works call off contracts let via the council's £100M Primary Contractor Framework. This is an increase from the previous report taken to Committee in September when the number of contracts which were subject to reporting under the new KPI model stood at 72.

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Whilst the number of contracts that the KPI model has been successfully piloted against still represents a fraction of the contracts that are registered on the In-tend system they represent a high proportion of the Council's spend. The contracts which are subject to KPI reporting have a collective lifetime value of £1,485,064,485 equating to 49.27% of the £3,013,970,121 total lifetime value of all of the contracts registered on In-tend.

Roll out of the new KPI model has been impacted by staff vacancies within the Procurement departments contract management and admin functions. These vacancies have now been addressed which should allow for roll out to move from the initial piloting phase it is still in to phased full implementation over the coming year.

Whilst the piloting phase has been largely successful with far higher rates of KPI completion by contract managers it has highlighted areas for improvement. The main area for improvement is in respect of running reports on performance data from the In-tend system. This currently requires a number of reports to be run and exported into Excel in order to produce a single comprehensive report. This takes considerable time and will be addressed with the In-tend system provider before as part of the next stage of the roll out programme.

Another area for improvement is in respect of the level of narrative justification that contract managers complete in order to support the score they have allocated. The levels of detail provided, even when taking account of the broad variety of contracts covered, vary significantly. Further guidance be developed and issued to contract managers over the coming months in order to address this issue.

Over the coming months Procurement will work with services to roll out the KPI model with a target of all contracts with a lifetime value of £1M or more being subject to reporting. This will put the Council in an improved position from which to implement the increased contract management reporting requirements imposed by the forthcoming procurement reforms. These reforms will go live in Autumn 2024 and will require the Council to publish KPI assessments for all contracts with a lifetime value of £2M or more.

KPI Performance Analysis Q1 Apr-Jun 23 vs Q3 Oct-Dec 23

The following table sets out a comparison of the number of contracts which were due KPI reporting across each quarter, the number / % of KPIs that were completed and the scores allocated.

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Performance Element	Q1 - Apr-Jun 23		Q3 - Oct-Dec 23	
	No.	%	No.	%
Total number of contracts with KPI reporting due	14	0.84%	44	2.51%
Total number of KPIs completed due in quarter	14	100.00%	44	100.00%
Total lifetime value of contracts due reporting in quarter	£1,221,475,809	41.48%	£1,243,887,664	83.76%
Total number of contracts that scored 0 (unacceptable) or 1 (poor)	0	0.00%	0	0.00%
Total lifetime value of contracts that scored 0 (unacceptable) or 1 (poor)	£0.00	0.00%	£0.00	0.00%
Total number of contracts that scored 2 (fair) or 3 (satisfactory)	6	42.86%	32	72.73%
Total lifetime value of contracts that scored 2 (fair) or 3 (satisfactory)	£113,765,485	9.31%	£826,525,383	66.45%
Total number of contracts that scored 4 (good) or 5 (excellent)	8	57.14%	12	27.27%
Total lifetime value of contracts that scored 4 (good) or 5 (excellent)	£1,103,720,400	90.36%	£417,362,281	33.55%

Again all KPIs / 100% due have been completed which is a very significant improvement compared to completion rates for the old KPI model which when last reported to Committee before being disbanded equated to only a 23% completion rate.

The number of contracts due KPI scores in Q3 has increased significantly from Q1. This is due to a large number of the contracts that had the KPI model applied to them in Q1 not being subject to reporting until the following quarter.

The scores for every contract subject to KPI reporting in Q1 is included within exempt appendix 'EXEMPT - G&A&S - Procurement MI - App 3 Contract KPIs Q3 Oct-Dec 23'. The supporting narrative justifications provided by the contract managers has not been included within the appendix as many of them are very detailed and cannot be easily presented in a single spreadsheet. However the narratives can be quickly retrieved from the In-tend system and provided to the Committee where further detail in respect of a particular contract is required.

.....
 Signed by Richard Lock - Assistant Director, Procurement

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