

GOVERNANCE & AUDIT & STANDARDS COMMITTEE

MINUTES OF THE MEETING of the Governance & Audit & Standards Committee held on Friday, 20 September 2019 at 4.00 pm in the Executive Meeting Room - Third Floor, The Guildhall

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

Present

Councillor Leo Madden (in the chair)
Councillor John Ferrett
Councillor Hugh Mason
Councillor Judith Smyth
Councillor Donna Jones (Standing Deputy)
Councillor Terry Norton (Standing Deputy)

Officers

Peter Baulf, City Solicitor and Monitoring Officer
Elizabeth Goodwin, Chief Internal Auditor
Greg Povey, Assistant Director Contracts, Procurement, Commercial
Paul Somerset, Deputy Chief Internal Auditor
Tristan Samuels, Director of Regeneration

Ian Fitchett, Electoral Services Manager
Michelle Love, Safer Travel Manager
James Roberts, Transport Operations Manager,
Charlotte Smith, Assistant Director, Communications
Stephen Williams, Director of Portico

Stewart Agland, Local Democracy Manager

External Auditors

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

43. Apologies for Absence (AI 1)

The Chair welcomed everyone to the meeting and read out the evacuation procedure. He advised that he intended to vary the order of items on the agenda. For ease of reference, the minutes will be kept in the original order.

Apologies for absence were received on behalf of Councillors Simon Boshier and Neill Young, who were being represented by Councillors Donna Jones and Terry Norton respectively.

44. Declarations of Members' Interests (AI 2)

None.

Deputation

Councillor Hugh Mason read out a deputation from Jerry Brown about agenda item 5 as he was unable to attend in person. Mr Brown's comments will be noted during discussion on the item.

45. Minutes of Previous Meeting - 26 July 2019 (AI 3)

RESOLVED that the minutes of the meeting held on 26 July 2019 be approved as a correct record.

There were some matters arising from the minutes:

Minute 18 - Regarding the issue of the £30,000 procurement limit and Portico, Stephen Williams explained that a crane worth £3m needed a replacement motor at a cost of around £20,000. The port operates 24/7 and is competing with Southampton so cannot afford for equipment to be left idle. The replacement had to be ordered straightaway. Elizabeth Goodwin said it is for Portico and their Board of Directors to manage high-level risks as long as there is transparency and compensatory controls are satisfactory. Members accepted the explanation and thanked Mr Williams for attending the meeting.

Mr Williams left the meeting at 4.10 pm.

The Chair agreed that Home to School Transport and Hire Cars (agenda item 6 and also a matter arising) should be considered next.

Minute 31 - Home to School Transport (HTS) and Hire Cars

Tristan Samuels, Director of Regeneration, and Michelle Love, Safer Travel Manager, introduced the item. Mr Samuels read out some background information from Mike Stoneman (Deputy Director, Education), who had sent his apologies.

The Home to School Transport Service (HTS) carries out on average 209,000 pupil journeys per year through the allocation of bus passes and the provision of Portsmouth City Council (PCC) owned and contracted out minibus and taxi services.

In the academic year 2018/19 there was one complaint relating to the safeguarding of a child. After investigation the complaint was withdrawn. There have been three other complaints relating to safeguarding which have been logged and resolved since 2014.

The current system of assurance is rely on the fact that to obtain a private hire drivers licence with PCC; a driver must provide evidence of an enhanced DBS

check including the Adult and Children's barred list that is less than three months old.

For drivers that are licensed with Hampshire County Council confirmation that their licensing team has seen a copy of the enhanced DBS is obtained by PCC's HTS Team. In addition to this there are 105 PCC employed Passenger Assistants who accompany children under the age of 11 and those over 11 with the greatest additional needs. These members of staff are also subject to an enhanced DBS check and ensure that there is no need for the pupil to have direct contact with the driver. The Passenger Assistant can also report any incidences that appear to be out of the ordinary and make the decision not to use the transport if they believe there is a risk to the child.

The lists of drivers that Internal Audit require cannot be obtained in an acceptable format to Internal Audit because the majority of the operators have stated that the information is not available to them ie they do not take individual DBS checks from a driver; they take the taxi plate as confirmation that the licensing authority has carried out its statutory duty to check. The HTS Team would carry out an annual reconciliation of driver records as per the audit recommendation. On balance Education is satisfied with this level of assurance.

In response to questions from members, officers explained that

Since July up-to-date DBS checks have been confirmed for all drivers and PTAs. Confirmation has also been received from Hampshire County Council (HCC) who licence Pete's Airlink and AMK minibus drivers. HCC's Licensing Team provides lists of their drivers who have sent them a copy of their enhanced DBS check.

Some records of insurance had not been kept up to date due to staff changes but now all insurance documents have been received except one. If the provider does not supply evidence of insurance that provider will not be used and the route will be re-tendered. HTS are satisfied children are being transported by people who have had the relevant checks. Minibus companies and drivers are covered by PCC's insurance.

Although taxi companies are not contractually obliged to provide information in a format that can feed into an electronic system they provide lists of drivers which HTS cross-checks against PCC's and HCC's Licensing lists. If drivers are not on the lists companies are informed and the drivers are not used. Multiple drivers can use one vehicle which is why lists are reconciled.

There is no statutory date when drivers or passenger assistants have to re-apply for a DBS check but HTS check all PCC employed staff every three years. All drivers applying for a Private Hire Licence have to produce a DBS check no less than three months old for either their one or three year renewal. Depending on the governance of the taxi operator, the operator will provide public liability insurance or it is the responsibility of the individual driver. Aqua have their own public liability insurance. HTS uses the private hire drivers' licence as assurance that all necessary standards have been met.

Licensing provide a monthly updated report of their database of licensed drivers.

Members considered that a more dynamic monitoring system was needed to prevent drivers driving under a generic plate. They were very concerned that the current system is not watertight enough in providing assurance that only checked drivers are transporting children. They suggested having another DBS aware adult in the car to protect children from harm and staff against parents and children with communication difficulties.

Officers are aware the current system is labour intensive and there are route planners and databases that could be used. HTS can work with Education, who control the budget, to suggest implementing a more dynamic system. This would require a "root and branch" review as at the moment the only contractual requirement is that HTS provide "a safe and expeditious" journey. The terms of the contract would have to be changed for HTS to have details on individual drivers.

Officers acknowledged members' concerns about risks and the limitations of the current system. They are working with Children's Services to examine who is on lists and better ways to provide the service. Re-procurement will probably be considered and after review the matter may be presented again to the Committee.

Ms Goodwin said Internal Audit had carried out a follow-up review but it was incomplete as not all evidence that gives assurance had been received; there are still a few outstanding areas. Once the remaining evidence has been received Internal Audit can close the matter. Internal Audit would like to see the remaining evidence at the next meeting.

RESOLVED that a report showing all evidence has been received is brought to the next meeting on 26 November 2019.

Ms Love left the meeting at 4.30 pm.

Minute 32 - Annual Governance Statement

In response to Jerry Brown's deputation on officers' salaries Peter Baulf, City Solicitor and Monitoring Officer, advised that a list all staff with salaries over £50,000 is publicly available; PCC is more than fulfilling the statutory requirement which is to publish staff salaries over £100,000. In addition, the council's constitution has been updated.

Councillor Mason said that Julian Pike had responded to Mr Brown's questions; although they did not assuage all Mr Brown's concerns he thanked officers.

Minute 33 - Annual Statement of Accounts

Paragraph 3, line 2 - "from" should be "concerning."

46. Overview of Portsmouth City Council complaints, including Local Government and Social Care Ombudsman Complaints (AI 4)

(TAKE IN REPORT)

Charlotte Smith, Assistant Director, Corporate Services, presented the report and in response to members' questions clarified that

Meeting the 10-day turnaround to respond to stage 1 complaints can be challenging but if complaints can be resolved at this stage it avoids escalation to stages 2 and 3. With regard to Local Government and Social Care Ombudsman Complaints (LGSCO), the council's performance is comparable to other councils.

Members considered that it would be helpful to have more details in the annual report concerning complaints that went to the LGSCO, for example, how the council failed to redress the original complaint, where matters went wrong, if complaints originate from some areas more than others, and how failings are being addressed. Ms Smith said future reports could contain this type of information. Members also considered that it would be helpful to have this information retrospectively on LGSCO complaints in the current report.

With regard to the case mentioned in paragraph 5.6, the LGSCO upheld the complaint but the council had already implemented the action the Ombudsman would have recommended.

RESOLVED that the report be noted and

- 1. That the annual overview of complaints include more detailed information as noted above.**
- 2. That more detailed information on the LGSCO complaints in the current report be provided at a future meeting.**

Ms Smith and Mr Samuels left the meeting at 4.45 pm.

47. Review of polling districts and polling places (AI 5)

(TAKE IN REPORT)

Ian Fitchett, Electoral Services Manager, presented the report and summarised the Returning Officer's proposals and the recommendations resulting from a consultation.

Councillor Payter-Harris' representation to return to Northern Parade School is being taken forward as the school can now be used again for KA and KB districts. This replaces the proposed polling district changes in Hilsea ward. His representation to use the Phoenix public house for district KE while St Nicholas Church is being renovated will also be taken forward.

Councillor Tom Wood's representation for district AA will be taken forward.

An amendment circulated at the meeting noted that the Oasis Centre is no longer available so the back-up option of St Faith's Church will be used (paragraph 5.9f).

With regard to Jerry Brown's deputation about a portakabin being used as a polling station in Blakemere Crescent, Mr Fitchett visited it during the May 2019 elections and although he agreed it is not ideal the review was concerned with the designation of polling districts and polling places rather than facilities within. Merging the district with the nearby Hillside & Wymering Centre had been considered but it was decided to keep two separate polling places so residents have one close at hand. However, Electoral Services will look to improve the facilities provided including the addition of some "home comforts." Mr Fitchett said the staff had chosen to work there.

As well as being publicised via the council's website the consultation had been sent to a wide range of organisations, for example, Portsmouth Disability Forum, Age UK, councillors, Independence & Wellbeing Team, Shared Lives and libraries.

In response to concerns about disabled access at the Salvation Army a temporary ramp was provided to facilitate wheelchair access. Scaffolding and building works had also impeded access. Electoral Services have now negotiated the use of a step-free room with the Salvation Army.

RESOLVED that the following recommendations are made to Full Council:

- 3. That the changes to the current scheme recommended in paragraphs 5.2 to 5.10 of the attached revised report (which incorporates the amendments agreed by the Committee in respect of paragraph 5.9 (f) and appendix F be approved and implemented on publication of the 2020 Register of Electors.**
- 4. That it be reconfirmed that the Returning Officer has delegated authority to make such variations to polling places as may be necessary for use at a particular election.**

Mr Fitchett left the meeting at 4.50 pm

48. Audit review of Home to School Transport and Hire Care (AI 6)

Please note that this agenda item was dealt with under the matters arising (minute 45).

49. Updates to Portsmouth City Council's Contract Procedure Rules (AI 7)

(TAKE IN REPORT)

Greg Povey, Assistant Director, Contracts, Procurement, Commercial, presented the report containing the proposed revised Contract Procedure Rules (CPR).

In response to concerns that the wording in paragraph 19 (Consultants) was not sufficiently robust regarding declarations of interest when former officers are re-employed. Mr Povey explained that the CPRs used to refer to the HR Director as being responsible for the re-hiring of former staff. It is now the responsibility of the new Director of Corporate Services. Mr Baulf recommended that applicants should be asked about interests and previous employment at the council at the beginning of the recruitment process. Ms Goodwin advised that for the sake of protection and clarity the wording should include relationships and close friendships as part of declarations of interest when appointments were being considered to avoid bias and not just being a former employee. Mr Povey noted that Directors can make appointments of consultants to posts with forecasted spend up to £100,000 and suggested members may want any checks and balances to be applied to low value consultant contracts as well.

A member thought Social Value Duty in the list of definitions should include a requirement to reduce carbon emissions. Mr Povey confirmed the role of procurement is to work with commissioners to help them procure and this covered both social value and carbon reduction but stressed the key point is the duty is to ensure commissioners consider these outcomes in their service design.

With regard to the Price Increase Control and Approval process and that the CPI (Consumer Price Index) be used instead of the RPI (Retail Price Index) members felt the recommendation was a positive change as it would reduce bureaucracy and protect the council against price increases. They recommended that the difference between CPI and RPI be made clear in documentation.

Mr Povey said it is recognised that improvements are needed to the CPRs which is why a working group is looking at wider aspects and will report back in six months. As an example, corporate tax evasion and reducing carbon emissions are matters that could be discussed by the working group. In the meantime the recommendation to accept the Price Increase Control and Approval process could be made to Full Council and then recommendations on the remainder of the revised CPRs made after the working group have completed their review in six months' time. Members asked if they could be involved in discussions on the revised CPRs as it is a very important area of work.

Members queried whether Full Council or the executive were ultimately responsible for ownership of contracts. Mr Baulf advised that accountability lies with the incumbent administration. Mr Povey explained that portfolio holders can attend meetings of the Strategic Contract Management Board (SCMB) where contracts concern their portfolio. Members recommended having cross-party involvement on the SCMB. Officers thought member involvement would be beneficial for continuity of decision making which in turn benefits the council. The suggestion will be discussed at the next SCMB.

RESOLVED that the following recommendation is made to Full Council:

1. That the recommendations in section 4 of the revised attached report be approved.

50. Portsmouth City Council Annual Audit Letter 2018-19 (AI 8)

(TAKE IN AUDIT LETTER)

David White, Manager, Assurance - Government and Public Sector, Ernst & Young presented the report. It was noted that it is now standard practice to publish the main audit results report, and that the Annual Audit Letter (AAL) reflects the same findings as that report, in a summary form. The audit was completed by the 31.07.2019 deadline. The council's Whole of Government Accounts had been submitted by the 13.09.2019 deadline and no issues have arisen from this work. Therefore, the Audit Certificate, formal confirmation of closure of the audit for 2018/2019, was issued on 12.09.2019.

There were two main findings in the AAL: one difference in Property, Plant & Equipment which was above the reporting threshold and was adjusted, and one in Pensions below the material level but that was judgemental in nature and was not adjusted.

In response to members' questions Mr White clarified that

The application of new IFRS 16 accounting standards for local authorities is a statutory requirement. The standards will be adopted for public sector bodies and is expected to apply from 2020/21 onwards (they have already been deferred for a year). The council will have to recognise operating leases on its balance sheet as there will no longer be any differentiation with finance leases in that regard. Officers have already started work on identifying leases to support the implementation of IFRS 16.

Minimum Revenue Provision (MRP) is complex and Ernst & Young used a specialist for this area of work. Several other unitary local authorities have amended their approach to MRP and moved to an annuity method in the last few years. At the point in time that the council changed its approach, it was permissible to calculate a historic overprovision arising from adoption of the annuity method and use this to offset future MRP, provided this was done on a prudent basis (eg to allow measures to be implemented to improve the underlying financial strength of an authority). The figures concerned are in millions.

RESOLVED that the Audit Letter be noted.

51. Audit Performance Status Report to 4 September 2019 (AI 9)

(TAKE IN REPORT)

Elizabeth Goodwin, Chief Internal Auditor, presented her report, noting that Home to Transport and Hire Cars will be considered at the next meeting. In response to members' questions Ms Goodwin clarified that

Preliminary research determines whether an item is to be deferred any longer. For example, if another inspections such as Ofsted is due then the item can be removed to prevent duplication. However, Internal Audit will proceed with audits if required.

Two out of three areas in Mental Health have been completed but the remaining one (health visitors) will be re-considered pending the results of a "deep dive."

A change of director has led to a clear change in culture in an area which had previously refused to co-operate with Internal Audit. There had been passive resistance and denial of audit results.

Delays in audit are caused by not getting the necessary information and this is where the Committee can help as it has been very supportive where services have been uncooperative. Mr Baulf confirmed that staff are contractually obliged to assist with audit.

Internal Audit have met the director responsible for twinning. Discussions had been delayed due to a change in portfolio holder but matters have now improved. In other areas where progress has stalled Internal Audit are having more open conversations with directors to find out what is happening. Directors are also keen to progress matters.

In PCMI there has been positive change at all levels, particularly at the operational level.

Members agreed the new format of the report presented information more transparently. Progress updates can be brought to Committee meetings and in areas with "no assurance" then a full report could be submitted.

RESOLVED that the report be noted.

52. Scrutiny call in arrangements (AI 10)

(TAKE IN REPORT)

Stewart Agland, Local Democracy Manager, presented the report.

RESOLVED that the following recommendations are made to Full Council:

- 1. That changes to the scrutiny call in process as detailed in paragraph 4 of the report be approved, together with the associated constitutional revisions incorporated as track changes to section 15 Call in (as detailed in Appendix A to the report).**

53. Dates of future meetings (AI 14)

Members agreed that future meeting should be held on Tuesdays at 4 pm as this suited the majority of the Committee. The next meetings will therefore be at 4 pm on Tuesday 26 November 2019 and Tuesday 3 March 2020.

The meeting concluded at 6 pm.

Councillor Leo Madden
Chair