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GOVERNANCE & AUDIT & STANDARDS COMMITTEE

MINUTES OF THE MEETING of the Governance & Audit & Standards Committee held on Friday, 5 November 2021 at 2.00 pm at the Council Chamber - 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 Stuart Brown
Councillor Charlotte Gerada
Councillor Lee Hunt
Councillor John Smith

Officers

Peter Baulf, City Solicitor
Elizabeth Goodwin, Chief Internal Auditor
Michael Lloyd, Finance Manager (Technical & Financial Planning)
Richard Lock, procurement Manager
Julian Pike, Deputy Director of Finance & S151 Officer

44. Apologies for Absence (AI 1)

Apologies for lateness were received from Cllr Daniel Wemyss.

45. Declarations of Members' Interests (AI 2)

There were no declarations of members' interests.

46. Minutes of Meeting held on 24 September 2021 (AI 3)

RESOLVED that the minutes of the meeting held on 24 September 2021 be approved and signed by the Chair as a correct record.

47. Proposed Changes to the Scheme of Delegation in respect of Planning Committee (AI 4)

(TAKE IN REPORT)

Ian Maguire, Assistant Director Planning & Economic Growth, introduced the item which sought the committee's views on the following recommendation that would be considered by the Cabinet Member for Planning Policy & City Development:

(i) the amendment of paragraph 57 of the Scheme of Delegation to raise the threshold for the number of adverse representations needed to require committee consideration from 1 (one) to 3 (three) and remove the requirement for objectors to also request to attend the meeting as a deputation.

(ii) the amendment of paragraph 50, 54 and 57 of the Scheme of Delegation to include the exception for applications for certificates of lawfulness or applications for Prior Notifications or Approvals.

These recommendations had originally been part of a report considered by the Cabinet member for Planning Policy & City Development on 16 September 2021 but were referred to the Governance & Audit & Standards Committee for discussion and comment following concerns made during deputations from Councillors that the recommendations represented a constitutional change that removed rights from residents.

During the discussion the committee was advised by the Assistant Director of Planning & Economic Growth that the only substantive change related to the number of objectors required for an application to be considered by the Planning Committee, with the proposal that this be increased from one objector to three. This was anticipated to reduce the number of items requiring determination by the Planning Committee, thereby improving throughput and efficiency.

Whilst the ability would be removed for a sole objector to require committee determination of an application if they wished to attend committee to make a deputation, the requirement to attend committee to make a deputation would be removed by the proposal if there were three or more objectors. Some may view these changes as a disadvantage, whilst others may see them as a positive.

In response to questions, it was confirmed that the right of a Councillor to require committee determination of an application would remain unaltered and there was a significant minority of applications included on Planning Committee agendas which only had objector. These applications took on average four weeks longer to process.

The committee learnt that no objections to the proposals had been raised by members of the Planning Committee when it had been briefed on the matter and Cllr Gerada confirmed that she had briefed the Labour members on the proposal and they were supportive.

The committee noted the delays in the approval of planning applications and that one element was the volume of applications requiring a Planning Committee Decision.

Having considered the matter, the committee raised no objections to the proposal.

RESOLVED that the Governance & Audit & Standards Committee raised no objections to the proposal and the matters raised during the debate be recorded in the minutes.

48. Internal Audit Performance Status Report to 18th October 2021 (AI 5)

(TAKE IN REPORT)

Elizabeth Goodwin, Chief Internal Auditor, introduced the report which updated the committee on the Internal Audit Performance for 2021/22 to 18th October 2021 against the Annual Audit Plan.

The committee was advised that there were no new areas of significant concern to highlight for this reporting period and the expectation was that all reviews identified at the beginning of the year would be cleared. A few areas had been removed due to staff sickness in the audit team and would be reassessed at Quarter 4 for inclusion in the 22/23 Audit Plan.

The committee raised a concern in respect of the high-risk exception in relation to annual gas servicing.

In reply the Chief Internal Auditor confirmed that the statistics related to Council tenants and the reason for the high exception was due to an average delay of 16.9 days for an annual gas service within the sample selected. She confirmed that emergency works had not been delayed.

In respect of concerns that the Hive strategic objectives were not being met she confirmed that there were good arrangements in place and a number of actions had commenced and were being implemented to resolve the issues.

In response to a question about the high-risk exception in respect of rent income it was confirmed that there would have been cash credits, however there should have been clear explanatory notes on file. This affected a reasonably small amount of refunds and she was satisfied that there were good arrangements in place to resolve the issue.

RESOLVED that the Governance & Audit & Standards Committee noted:

- (i) the Audit Performance for 2021-22 to 18th October 2021; and**
- (ii) the highlighted areas of concern in relation to audits completed from the 2021/22 Audit Plan, including follow up work performed.**

49. Treasury Management Mid-Year Review 2021/22 (AI 6)

(TAKE IN REPORT)

Michael Lloyd, Finance Manager (Technical and Financial Planning), introduced the report which informed the Committee of the Council's Treasury

Management position, ie. its borrowing and cash investments at 30 September 2021 and of the risks attached to that position.

In response to a question Mr Lloyd confirmed that loans from the Public Works Loan Board were generally competitive and represented value for money at the time they were taken out.

RESOLVED that the Governance & Audit & Standards Committee NOTED

- (1) That the Council's Treasury Management activities have remained within the Treasury Management Policy 2020/21 in the period up to 30 September 2021; and**
- (2) The actual Treasury Management indicators as at 30th September 2021 set out in Appendix A of the report.**

50. Decision to Opt into the National Scheme for Auditor Appointments Managed by Public Sector Audit Appointments (PSAA) as the Appointing Person (AI 7)

(TAKE IN REPORT)

Michael Lloyd, Finance Manager (Technical and Financial Planning), introduced the report which set out proposals for appointing the external auditor to the Council for the accounts for the five-year period from 2023/24.

In response to a question about the financial competitiveness of the Public Sector Audit Appointments offer, Mr Lloyd explained that this could only be found out retrospectively. The vast majority of local authorities used the Public Sector Audit Appointments for their external audit arrangements, and it was likely to represent better value due to the lower tendering costs involved.

RESOLVED that the Governance & Audit & Standards Committee Recommended:

that Full Council accepts Public Sector Audit Appointments' (PSAA) invitation to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for five financial years from 01 April 2023.

51. Compliance with Gifts & Hospitality Register (AI 8)

(TAKE IN REPORT)

Peter Baulf, City Solicitor, introduced the report which updated the committee on any issues regarding compliance with the Gifts & Hospitality protocol and to advise on remedies.

The City Solicitor confirmed that a high level of compliance had been demonstrated and no concerns had been raised.

He highlighted that seven Councillors had taken advantage of hospitality for the Victorious Festival and in doing so he had advised them that in accepting and declaring this hospitality it was likely that this would constitute either a personal and/or prejudicial interest that may preclude the member from taking part in a decision in relation to that particular organisation.

RESOLVED that

(1) The Committee considered whether or not to make any recommendations for change and

(2) In the absence of any changes, noted the report.

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

(TAKE IN REPORT)

Peter Baulf, City Solicitor, introduced the report which asked the committee to consider whether it wished to disapply the political balance rules in respect of its Sub-Committees and the Initial Filtering Panels which considered complaints against Members.

The committee had no questions in respect of this item.

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

53. Procurement Management Information (AI 11)

(TAKE IN REPORT)

Richard Lock, Procurement Manager, introduced the report which provided evidence to allow the committee to evaluate the extent that Portsmouth City Council was producing contracts for goods, works and services in a legally compliant value for money basis.

He detailed the three key areas that the report focused on which were spend compliance, waiver exemptions and contract management.

Spend Compliance

91% of purchase orders were now linked to contracts as opposed to 71% in 2020. This was largely a result of the migration to the Oracle Fusion software.

All services were above 95% apart from Corporate Services which was 70%. There were however no specific concerns in respect of Corporate Services.

Contract Award via Waiver

No significant concerns were raised, and the figure had fallen quite significantly in the past year with far less in respect of the Covid-19 pandemic and Brexit. Currently at £4m

Contract Management Performance Monitoring

This was an area for improvement and more visibility was needed. This would be a focus for the remainder of the financial year.

There was one red indicator for the collection and disposal of hygiene waste at the Port and work had been put in place with the provider to address this matter. There were two amber status contracts at the port for the provision of building cleaning and security. An improvement plan had however been put in place and the situation would continue to be monitored.

The remaining amber scores had been misclassified due to incorrect scoring and should have been classified as either green or gold status with the exception of apprenticeship training in accountancy at level 2 and 4. It should be noted that whilst amber, they were performing to contract specification.

Additional training in respect of the KPI scoring system was needed to avoid future misclassifications.

In response to a question, it was confirmed that one third of contracts currently had no KPI scheduled which meant that their performance could not be measured. Quite a few contracts had been put on Fusion quickly to enable financial transactions to proceed. Officers would be working hard to remedy these lack of KPI's during the remainder of the financial year, however it should be noted that there were quite a few expired contracts within this number that would not require a KPI.

RESOLVED that the committee NOTED the update report.

The meeting concluded at 2.51 pm.

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Councillor Leo Madden
Chair