

GOVERNANCE & AUDIT & STANDARDS COMMITTEE

MINUTES OF THE MEETING of the Governance & Audit & Standards Committee held on Wednesday, 23 November 2022 at 2.00 pm at the Council Chamber - The Guildhall, Portsmouth

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

Present

Councillor Leo Madden (in the chair)

Councillor Dave Ashmore
Councillor Stuart Brown
Councillor Judith Smyth
Councillor Robert New

Officers

Peter Baulf, City Solicitor
Elizabeth Goodwin, Chief Internal Auditor
Richard Lock, Procurement Manager
Kelly Nash, Corporate Performance Manager
Julian Pike, Deputy Director of Finance & S151 Officer

45. Apologies for Absence (AI 1)

Apologies for absence were received from Councillor Benedict Swann and Councillor Daniel Wemyss

Councillor Scott Payter-Harris was in attendance as a Standing Deputy for Councillor Swann and Councillor Robert New was present as a Standing Deputy for Councillor Wemyss.

The Chair highlighted that Councillor Robert New was not a formally appointed Standing Deputy for the committee. As the meeting was not making any formal decisions, the City Solicitor confirmed that on balance he was happy for Councillor New to participate in the meeting.

46. Declarations of Members' Interests (AI 2)

There were no declarations of interest.

47. Minutes of the meeting held on 29 September 2022 and the special meeting held on 27 October 2022 (AI 3)

The minutes of the meeting held on 29 September 2022 and the special meeting held on 27 October 2022 were confirmed and signed as correct records.

48. Health & Wellbeing Board Constitution (AI 4)

(TAKE IN REPORT)

Kelly Nash, Corporate Performance Manager, introduced the report which sought approval for proposed changes to the constitution for the Health and Wellbeing Board

The Health & Wellbeing Board had requested the changes to its constitution, for support by Governance, Audit and Standards Committee and approval by Full Council, to improve its effectiveness as it fulfilled its leadership role across the health and wellbeing system locally.

The Corporate Performance Manager explained that a report seeking further amendments to the Health & Wellbeing Board Constitution would be considered in the near future now that the wider governance arrangements were known.

In response to comments made by the committee the Corporate Governance Manager confirmed that the use of the terms 'Chair' and 'Chairman' would be amended and regularised to 'Chair' in paragraph 3.1 of the Terms of Reference.

A member of the committee referred to the 'Aims' section and suggested it be amended to detail overarching strategic aims such as 'To improve the health and wellbeing of people in Portsmouth' rather than solely comprising a list of tasks.

The Corporate Governance Manager agreed to refer the comments made about the 'Aims' section under paragraph 1 of the document back to the Health and Wellbeing Board for consideration at the next review.

RESOLVED that the Governance & Audit & Standards Committee supported the changes to the constitution for the Health and Wellbeing Board set out within the report and recommend these changes to Council.

49. Treasury Management Mid-Year Review 2022/23 (AI 5)

(TAKE IN REPORT)

Julian Pike, Deputy Director of Finance & S151 Officer, introduced the report which informed members of the Council's Treasury Management position, namely its borrowing and cash investments at 30 September 2022 and of the risks attached to that position.

He confirmed that the council's treasury management activities had remained in line with the Treasury Management Policy and that at Quarter 2, higher than forecast cash balance and increases in interest rates had realised a £2.5m improvement from the original budget forecast position.

He also provided an overview of the urgent report considered by Cabinet on 22 November 2022 titled 'Treasury Management Investments - Environmental, Social & Governance Considerations'. The checks performed on financial institutions prior to investing included four which related to 'human capital' and were applied to the financial institution itself, rather than the state in which the institution was domicile.

An additional process would be included in the 2023/24 Treasury Management Policy to identify institutions which had significant influence or control by the state in which it was domicile. Investments would not be made if that state had a poor human rights record.

The committee thanked the Deputy Director of Finance & S151 Officer for the update and commended the approach going forward in respect of the additional check to ensure that investments made by the council were ethical.

RESOLVED that the Governance & Audit & Standards Committee NOTED

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

50. Internal Audit Performance Status Report to 8 November 2022 (AI 6)

(TAKE IN REPORT)

Elizabeth Goodwin, Chief Internal Auditor, introduced the report which updated the committee on the Internal Audit Performance for 2022/23 to 8 November 2022 against the Annual Audit Plan, highlighted areas of concern and areas where assurance could be given on the internal control framework

In response to questions it was confirmed that:

- Further detail would be requested from the service in respect of the extension of the current gas service contract which had been listed as an amendment to the Audit Plan;
- In respect of the amount of retained CIL funds, it was acknowledged that this was partly due to the pandemic. Whilst a risk, it was something which was being monitored; and
- The medium risk exception detailed in respect of Disabled Facilities Grants related to a local land charge not being applied against a property. This anomaly had been picked up as part of the process review.

RESOLVED that the Governance & Audit & Standards Committee noted:

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

51. Compliance with Gifts & Hospitality Protocol (AI 7)

(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.

During the discussion the committee raised two concerns, that of the value of the Fortnum and Mason hamper received by the Leader not being known and whether the invite to the Director of Portsmouth International Port to attend a cricket match at The Oval had been made to him in his capacity of Director of Portsmouth International Port or as Managing Director of Portico. The committee felt that the latter needed to be known for it to scrutinise such gifts effectively.

The committee believed that donating gifts to the Lord Mayor's Charity where their refusal would cause embarrassment was appropriate and suggested that gift value limits be increased in line with inflation.

In respect of the Fortnum and Mason hamper that had been gifted to the Leader, the Chairman confirmed that he would write to the Leader on behalf of the committee to convey its disappointment that the estimated value had not been disclosed.

RESOLVED that the report be NOTED.

52. Exclusion of Press and Public (AI 8)

The Chair advised that proceedings would be kept open until such time that the committee wished to discuss the exempt appendices to the following report:

- (i) Procurement Management Information**

At the conclusion of the consideration of the non-exempt report, the resolution to move into exempt session to consider the exempt appendices was passed and the committee entered exempt session. The committee had one question in respect of the exempt appendices which is detailed in the exempt minute.

53. Procurement Management Information (AI 9)

(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 advised the committee that compliance was above the 95% target across services and of the non-compliant transactions there were no concerns. In respect of contract awards via waiver there had been no high-risk waivers and there had been a significant reductions in medium and low risk waivers. In addition he advised that the KPI process was being overhauled as the current model needed to be made simpler.

The committee thanked the Procurement Manager for the much improved report layout, but raised a concern that 40% of contracts recorded on the InTend system did not have KPI reporting requirements applied to them.

RESOLVED that the committee NOTED the update report.

The meeting concluded at 3.33 pm.

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Councillor Leo Madden
Chair