

GOVERNANCE & AUDIT & STANDARDS COMMITTEE

MINUTES OF THE MEETING of the Governance & Audit & Standards Committee held on Wednesday, 28 February 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

Officers

Peter Baulf, City Solicitor
Abigail Clements, Contract Management Business Partner
Elizabeth Goodwin, Chief Internal Auditor
Helen Klemm, Finance Manager (Technical & Financial Planning)
Richard Lock, Assistant Director (Procurement)
Helen Magri, Corporate Information Governance & Data Protection Officer
Paddy May, Corporate Strategy Manager
Richard Webb, Deputy Director of Finance

11. Apologies for Absence (AI 1)

There were no apologies for absence.

12. Declarations of Members' Interests (AI 2)

There were no declarations of interest.

13. Minutes of the meeting held on 24 January 2024 (AI 3)

The minutes of the meeting held on 24 January 2024 were confirmed and signed as a correct record.

14. Data Security Breaches Report (AI 4)

(TAKE IN REPORT)

Helen Magri, Corporate Information Governance & Data Protection Officer, introduced the report which informed the Committee of Data Security Breaches that had occurred since September 2023.

She explained that there was nothing significant to report and advised that trends in respect of breaches had remained similar to previous reporting periods. No breaches had reached the threshold for them to be reported to the Information Commissioner's Office (ICO).

The committee noted that almost all breaches had been down to human error and enquired as to how such breaches could be mitigated against in the future.

In reply, the Corporate Information Governance & Data Protection Officer explained that staff training was important and that IT solutions had been introduced to assist. This included 'mail tips' which flagged up a message when an email was sent to somebody outside of the council as a reminder to check that the correct information was being sent to the correct person and the use of file sharing within SharePoint to share files, rather than attach files to emails.

In respect of a specific case highlighted by the committee involving incorrect pupil details being sent to a school, this had occurred due to the two pupils having the same name. This case had not reached the ICO threshold as the school was a 'trusted partner', the mistake had been identified immediately and mitigated by the school deleting the email.

RESOLVED that the committee NOTED the breaches that had arisen.

15. Corporate Performance Report - Q3 2023/24 (AI 5)

(TAKE IN REPORT)

Paddy May, Corporate Strategy Manager, introduced the report which detailed any significant performance issues arising from Q3 2023-24 performance monitoring.

One of the key themes which the report highlighted was demand led services and in particular the high demand in adults and children's social care and housing. These were reflective of national trends and presented challenges around costs, the workforce, risks and outcomes. The council was undertaking strong work on preventative practices, which in time was predicted to reduce workload on demand led services.

Other key themes were recruitment and retention issues in the workforce and the Productivity Plans recently announced by the Secretary of State for DLUC on 24 January 2024.

The council had until July 2024 to publish its plans, the focus around how the council will improve service performance and reduce wasteful expenditure to ensure every area is making best use of taxpayers' money.

On 6 February a further announcement clarified the four areas expected to be covered by the plans:

- 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.

In response to a question, the Corporate Strategy Manager confirmed that the further guidance on Productivity Plans referred to in the report was still awaited.

In response to further questions the Corporate Strategy Manager:

- Confirmed that the 'Homes for Ukraine' scheme had been extended, albeit in a slightly reduced form with a lower level visa, but this confirmation had not been received prior to the drafting of the report;
- Explained that the recycling rate figure for October 2023 detailed within the report was provisional, pending confirmation from DEFRA;
- Advised that the new KPI structure was discussed at directors board meetings and that year end would provide an ideal opportunity for their appropriateness and robustness to be reviewed with directors to inform the KPI's to be used in the coming year.

To ensure that members are fully informed, the Chair encouraged directors to provide commentary on each KPI item in future reports.

RESOLVED that the committee NOTED the report.

16. Internal Audit Plan 2024/25 (AI 6)

(TAKE IN REPORT)

Elizabeth Goodwin, Chief Internal Auditor, introduced the report which presented the proposed Internal Audit Plan for 2024/25 to the committee for approval.

RESOLVED that the proposed Internal Audit Plan for 2024/25 be APPROVED.

17. Treasury Management Policy for 2024/25 (AI 7)

(TAKE IN REPORT)

Helen Klemm, Finance Manager (Technical & Financial Planning) introduced the report which contained the updated Treasury Management Policy Statement which included the Annual Investment Strategy.

It was confirmed that there were no proposed changes from the previous year's Treasury Management Policy and it was confirmed that training around the topic would be provided to members in the coming municipal year.

In response to questions about short term investments, the Finance Manager explained that outside advisors were used to provide the credit rating and the council had a strict framework and limits on how much could be invested. Investments were monitored and reviewed in respect of their continued credit worthiness and compliance with the councils adopted Treasury Management Policy.

RESOLVED that the committee NOTED the recommendations in section 3 of the report which would go on to Full Council for approval.

18. 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:

- 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 not passed, as the committee did not have any questions specific on them.

19. Procurement Management Information (AI 9)

(TAKE IN REPORT)

Richard Lock, Assistant Director, Procurement, 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 Procurement Bill which received Royal assent in October 2023 and the associated secondary legislation which was due to come out by April 2024. Following this there would be a six-month implementation period and he offered to explain this further as part of the next bi-annual update.

In terms of spend transparency via Fusion, he advised the committee that the council was above the 95% target at 98% and whilst Children, Families and

Education was below 95%, it was 100% when non relevant education funding transfers were removed from the statistics.

Spend processed via the CONTROCC system used by Adult Social Care had increased from 49% to 83% compliance and it was predicted that this would be fully compliant at the time of the next report. Spend via SCALA, the finance system used by the port, was 100% compliant.

The next focus for procurement was the MOSAIC system used by Children's Social Care, although these transactions were relatively low risk.

In respect of direct awards, the committee was advised that new contract procedure rules were in place. These had increased the delegated authority of directors to £150k from £100k and a large amount of self-imposed procedures had been removed in respect of direct awards for grants where regulations gave justification for making such awards.

The number of direct awards being reported had halved and he advised that there were no high-risk awards to report.

One medium risk was 'spot purchasing' by Adult Social Care, however this was the nature of contracts awarded by this service due to its reactive nature and the requirement to quickly address the needs of clients. A simple mitigation was in place of publishing an advert to allow contractors to input into the process. This approach was not unusual.

In respect of Contract Management KPI's, the target was to roll out to all contracts over £1m and this would equate to 80-90% of actual spend. This would become even more important, as under the Procurement Bill, all new contract KPI's over £5m, apart from those which were exempted, would need to be published.

In response to questions, the committee was advised that:

- In respect of KPI's, the previous report had focussed on a smaller number of higher value contracts and this was the reason why the number of contracts reported on in this period was much higher, but with a similar total value; and
- In respect of the 0% compliance figure provided for transactions under the MOSAIC system, this reflected the fact that there were no entries on the Indeed contract monitoring system and did not mean that contracts had not been lawfully awarded.

RESOLVED that the committee NOTED the update report.

The meeting concluded at 10.57 am.

Councillor Ian Holder
Chair (appointed May 2024)