

Governance Committee

Monday, 28th September,
2020

at 5.00 pm

PLEASE NOTE TIME OF MEETING

PLEASE NOTE: this will be a 'virtual meeting', a link to which will be available on Southampton City Council's website at least 24hrs before the meeting

This meeting is open to the public

Members of the Committee

Councillor Keogh
Councillor Kataria
Councillor G Galton
Councillor Harwood
Councillor Professor Margetts
Councillor White
Councillor Windle

Contacts

Service Director – Legal and Business Operations
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PUBLIC INFORMATION

Role of the Governance Committee

Information regarding the role of the Committee's is contained in Part 2 (Articles) of the Council's Constitution.

[02 Part 2 - Articles](#)

It includes at least one Councillor from each of the political groups represented on the Council, and at least one independent person, without voting rights, who is not a Councillor or an Officer of the Council.

Access – Access is available for disabled people. Please contact the Democratic Support Officer who will help to make any necessary arrangements.

Public Representations At the discretion of the Chair, members of the public may address the meeting on any report included on the agenda in which they have a relevant interest. Any member of the public wishing to address the meeting should advise the Democratic Support Officer (DSO) whose contact details are on the front sheet of the agenda

Southampton: Corporate Plan 2020-2025 sets out the four key outcomes:

- Communities, culture & homes - Celebrating the diversity of cultures within Southampton; enhancing our cultural and historical offer and using these to help transform our communities.
- Green City - Providing a sustainable, clean, healthy and safe environment for everyone. Nurturing green spaces and embracing our waterfront.
- Place shaping - Delivering a city for future generations. Using data, insight and vision to meet the current and future needs of the city.
- Wellbeing - Start well, live well, age well, die well; working with other partners and other services to make sure that customers get the right help at the right time

Smoking policy – The Council operates a no-smoking policy in all civic buildings.

Mobile Telephones:- Please switch your mobile telephones to silent whilst in the meeting

Use of Social Media:- The Council supports the video or audio recording of meetings open to the public, for either live or subsequent broadcast. However, if, in the Chair's opinion, a person filming or recording a meeting or taking photographs is interrupting proceedings or causing a disturbance, under the Council's Standing Orders the person can be ordered to stop their activity, or to leave the meeting. By entering the meeting room you are consenting to being recorded and to the use of those images and recordings for broadcasting and or/training purposes. The meeting may be recorded by the press or members of the public.

Any person or organisation filming, recording or broadcasting any meeting of the Council is responsible for any claims or other liability resulting from them doing so.

Details of the Council's Guidance on the recording of meetings is available on the Council's website.

Dates of Meetings: Municipal Year 2019/20

2020	2021
15 June	15 February
27 July	19 April
28 September	
16 November	
14 December	

CONDUCT OF MEETING

Terms of Reference

The terms of reference of the Governance Committee are contained in Part 3 of the Council's Constitution.

[03 - Part 3 - Responsibility for Functions](#)

Rules of Procedure

The meeting is governed by the Council Procedure Rules as set out in Part 4 of the Constitution.

Business to be discussed

Only those items listed on the attached agenda may be considered at this meeting.

Quorum

The minimum number of appointed Members required to be in attendance to hold the meeting is 3.

DISCLOSURE OF INTERESTS

Members are required to disclose, in accordance with the Members' Code of Conduct, **both** the existence **and** nature of any "Disclosable Pecuniary Interest" or "Other Interest" they may have in relation to matters for consideration on this Agenda.

DISCLOSABLE PECUNIARY INTERESTS

A Member must regard himself or herself as having a Disclosable Pecuniary Interest in any matter that they or their spouse, partner, a person they are living with as husband or wife, or a person with whom they are living as if they were a civil partner in relation to:

- (i) Any employment, office, trade, profession or vocation carried on for profit or gain.
- (ii) Sponsorship:

Any payment or provision of any other financial benefit (other than from Southampton City Council) made or provided within the relevant period in respect of any expense incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.

(iii) Any contract which is made between you / your spouse etc (or a body in which the you / your spouse etc has a beneficial interest) and Southampton City Council under which goods or services are to be provided or works are to be executed, and which has not been fully discharged.

(iv) Any beneficial interest in land which is within the area of Southampton.

(v) Any license (held alone or jointly with others) to occupy land in the area of Southampton for a month or longer.

(vi) Any tenancy where (to your knowledge) the landlord is Southampton City Council and the tenant is a body in which you / your spouse etc has a beneficial interests.

(vii) Any beneficial interest in securities of a body where that body (to your knowledge) has a place of business or land in the area of Southampton, and either:

- a) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body, or
- b) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you / your spouse etc has a beneficial interest that exceeds one hundredth of the total issued share capital of that class.

Other Interests

A Member must regard himself or herself as having an, 'Other Interest' in any membership of, or occupation of a position of general control or management in:

Any body to which they have been appointed or nominated by Southampton City Council

Any public authority or body exercising functions of a public nature

Any body directed to charitable purposes

Any body whose principal purpose includes the influence of public opinion or policy

Principles of Decision Making

All decisions of the Council will be made in accordance with the following principles:-

- proportionality (i.e. the action must be proportionate to the desired outcome);
- due consultation and the taking of professional advice from officers;
- respect for human rights;
- a presumption in favour of openness, accountability and transparency;
- setting out what options have been considered;
- setting out reasons for the decision; and
- clarity of aims and desired outcomes.

In exercising discretion, the decision maker must:

- understand the law that regulates the decision making power and gives effect to it. The decision-maker must direct itself properly in law;
- take into account all relevant matters (those matters which the law requires the authority as a matter of legal obligation to take into account);
- leave out of account irrelevant considerations;
- act for a proper purpose, exercising its powers for the public good;
- not reach a decision which no authority acting reasonably could reach, (also known as the "rationality" or "taking leave of your senses" principle);
- comply with the rule that local government finance is to be conducted on an annual basis. Save to the extent authorised by Parliament, 'live now, pay later' and forward funding are unlawful; and
- act with procedural propriety in accordance with the rules of fairness.

AGENDA

1 APOLOGIES

To receive any apologies.

2 DISCLOSURE OF PERSONAL AND PECUNIARY INTERESTS

In accordance with the Localism Act 2011, and the Council's Code of Conduct, Members to disclose any personal or pecuniary interests in any matter included on the agenda for this meeting.

NOTE: Members are reminded that, where applicable, they must complete the appropriate form recording details of any such interests and hand it to the Democratic Support Officer.

3 STATEMENT FROM THE CHAIR

4 MINUTES OF PREVIOUS MEETING (INCLUDING MATTERS ARISING) (Pages 1 - 2)

To approve and sign as a correct record the Minutes of the meeting held on 27th July 2020 and to deal with any matters arising.

5 ANNUAL REPORT ON MEMBERS' CODE OF CONDUCT (Pages 3 - 24)

Report of the Service Director: Legal & Business Operations detailing the Annual Report on Members' Code of Conduct

6 WORKFORCE DATA REPORT (Pages 25 - 32)

Report of the Service Director HR and OD detailing workforce data.

7 INTERNAL AUDIT PROGRESS REPORT 2020-21 (Pages 33 - 52)

Report of the Chief Internal Auditor detailing progress for the period 1st April to 14th September 2020.

8 EXCLUSION OF THE PRESS AND THE PUBLIC

Chair to move that in accordance with the Council's Constitution, specifically the Access to Information Procedure Rules contained within the Constitution, the press and public be excluded from the meeting in respect of the appendix to the following item based on Categories 7(A) of paragraph 10.4 of the Access to Information Procedure Rules.

The information contained therein is exempt as it contains information about council contracts and contractors which may be deemed to be confidential and commercially sensitive. Having applied the public interest test it is not appropriate to disclose this information.

9 STRATEGIC CONTRACTS ANNUAL REPORT (Pages 53 - 68)

Report of the Head of Supplier Management to provide an overview of the performance, governance and contractual matters relating to the council's most strategically important contracts.

Friday, 18 September 2020

Service Director, Legal & Governance

GOVERNANCE COMMITTEE
MINUTES OF THE MEETING HELD ON 27 JULY 2020

Present: Councillors Keogh, Kataria, G Galton, Harwood and Professor Margetts

Apologies: Councillors White

1. **APOLOGIES**

Apologies were received from Councillor White.

2. **ELECTION OF CHAIR AND VICE-CHAIR**

RESOLVED that Councillor Keogh be appointed as Chair and Councillor Kataria be appointed as Vice-Chair for the 2020/21 Municipal Year.

3. **MINUTES OF PREVIOUS MEETING (INCLUDING MATTERS ARISING)**

RESOLVED: that the minutes for the Committee meeting on 10th February, 2020 be approved and signed as a correct record.

4. **ANNUAL GOVERNANCE STATEMENT**

The Committee considered the report of the Executive Director Finance and Commercialisation seeking to review the draft Annual Governance Statement 2019-20 and to note the status of the 2018-19 Annual Governance Statement Action Plan.

RESOLVED that the Committee receive a comprehensive breakdown of the workforce characteristics demonstrating the value of diversity and equality across the Authority in order to support the current recruitment and retention of staff and succession planning.

5. **DRAFT STATEMENT OF ACCOUNTS 2019/20**

The Committee received and noted the report of the Executive Director Finance and Commercialisation detailing the draft Annual Governance Statement 2019-20 and the status of the 2018-19 Annual Governance Statement Action Plan.

The Committee discussed with officers how the information was produced with a request that a high level summary was produced for Members and residents alike in the future.

6. **EXTERNAL AUDIT - 2019/20 AUDIT PLAN UPDATE**

The Committee received and note the report of the External Auditor detailing the 2019/20 Audit Plan Update.

The Committee noted that there were no expected delays within the Audit Plan this year and that the report would be brought back to Committee at the September meeting.

7. **ANNUAL INTERNAL AUDIT OPINION 2019-20**

The Committee received and noted the report of the Chief Internal Auditor detailing the Annual Internal Audit Opinion 2019-20.

8. **ANNUAL INTERNAL AUDIT PLAN 2020-21**

The Committee received the Annual Internal Audit Plan 2020-21. In particular, it was noted that due to the level of resource lost during the period March 2020 to June 2020 the Audit Plan of assignments was reduced compared to the previous year to reflect the available resources, both in-house and client based as well as the Councils immediate priorities. The reduction had been conducted based on a re-evaluation of the risk level of the activity and an assessment of the requirements of the Council over the coming months.

9. **REVIEW OF PRUDENTIAL LIMITS AND TREASURY MANAGEMENT OUTTURN 2019-20**

The Committee considered and noted the report of the Director of Finance and Commercialisation (S151 Officer) detailing a review of the Prudential Limits and Treasury Management Outturn 2019-20.

10. **PROJECTS AND PROGRAMMES REVIEW**

The Committee received and noted the report of the Deputy Chief Executive outlining an update on key projects and programmes as detailed in the Corporate Plan 2020-25. In particular the Committee requested 6 monthly reviews on Bitterne Community Hub, Outdoor Sports Centre and the Mayflower Quarter.

11. **FREEDOM OF INFORMATION, DATA PROTECTION AND REGULATION OF INVESTIGATORY POWERS ACTS: ANNUAL REVIEW 2019-20**

The Committee received and noted the Freedom of Information, Data Protection and Regulation and Investigatory Powers Acts Annual Review for 2019-20. Following discussion on how the information was presented, it was agreed current figures would be made available to the Committee and future information would be reported in a clearer format for consideration.

DECISION-MAKER:	GOVERNANCE COMMITTEE		
SUBJECT:	ANNUAL REPORT ON THE MEMBERS' CODE OF CONDUCT		
DATE OF DECISION:	28 TH SEPTEMBER 2020		
REPORT OF:	SERVICE DIRECTOR: LEGAL & BUSINESS OPERATIONS AND MONITORING OFFICER		
<u>CONTACT DETAILS</u>			
Executive Director	Title	Deputy Chief Executive	
	Name:	Mike Harris	Tel: 023 8083 2882
	E-mail	Mike.harris@southampton.gov.uk	
Author:	Title	Service Director; Legal & Business Operations & Monitoring Officer	
	Name:	Richard Ivory	Tel: 023 8083 2794
	E-mail	Richard.ivory@southampton.gov.uk	
STATEMENT OF CONFIDENTIALITY			
None			
BRIEF SUMMARY			
At the time of the adoption of the current Code of Conduct for Members in 2012 the Council requested the Monitoring Officer (Service Director: Legal & Business Operations) to produce an annual report outlining the impact of the Code, a summary of the complaints received and any action taken.			
RECOMMENDATIONS:			
	(i)	The Committee is asked to note this annual report for the year 2019/20.	
REASONS FOR REPORT RECOMMENDATIONS			
1.	Unless there are any changes required to be made to either the Code or the procedures for investigation, this report is only for noting.		
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED			
2.	None.		
DETAIL (Including consultation carried out)			
3.	The Governance Committee has the following terms of reference in relation to corporate governance and the Code of Conduct issues:		
	•	To lead on the Council's duties under Chapter 7 Localism Act 2011 and to design, implement, monitor, approve and review the standards of ethics and probity of the Council, both for Councillors and employees. The Committee's powers shall include responding to consultation documents and the promulgation of Codes of Conduct but the adoption and revisions to the local Members Code of Conduct shall be reserved to the Council.	
	•	To promote a culture of openness, ready accountability and probity in order to ensure the highest standards of conduct of Councillors and employees.	

	<ul style="list-style-type: none"> • To lead on all aspects of Corporate Governance by promoting the values of putting people first, valuing public service and creating a norm of the highest standards of personal conduct. • To oversee and manage programmes of guidance, advice and training on ethics, standards and probity for Councillors and employees and on the Members Code of Conduct. • To be responsible for the Council's register of Members' interests and to receive reports from the Monitoring Officer on the operation of the register from time to time. • To be responsible for written guidance and advice on the operation of the system of declarations of Members' Interests and to receive reports from the Monitoring Officer on the operation of the system of declarations from time to time. • To establish, monitor, approve and issue advice and guidance to Councillors on a system of dispensations to speak on, or participate in, matters in which they have interests and give dispensation in appropriate cases. • To exercise the functions of the Council in relation to the ethical framework, corporate governance and standards of conduct of Joint Committees and other bodies. • To establish a Standards Sub-Committee to investigate and determine appropriate action in respect of alleged breaches of the Members Code of Conduct. • To support the Monitoring Officer and Executive Director: Finance & Commercialisation & Commercialisation in their statutory roles and the issuing of guidance on them from time to time. • To receive regular reports on the performance of the Corporate Complaints process, Local Government & Social Care Ombudsman referrals, Annual Governance Statement and Code of Corporate Governance and to recommend revisions to related policies and procedures as appropriate.
4.	The Council has a responsibility for making arrangements to receive and consider complaints against Councillors in Southampton. Stage 1 is receipt and initial consideration and, where appropriate, informal resolution by the Monitoring Officer. Where warranted, at Stage 2, the Governance Committee will determine the complaint following a detailed investigation by the Monitoring Officer or someone on his behalf.
5.	Since the adoption of the current Members' Code of Conduct, the Standards Sub-Committee has not had cause to meet to consider any allegations of breach of the Members' Code of Conduct.

<u>Complaints Received</u>	
6.	The Council adopted a revised Members' Code of Conduct consistent with the requirements of the Localism Act 2011 on 11 th July 2012.
7.	In summary, the regime remains fairly low key. All members have completed their Register of Interests, are reminded annually of the need to keep it updated (the Register is publicly accessible and viewable online) and a few complaints have been received. All issues / complaints have been resolved by the Monitoring Officer, investigated as appropriate and/or rejected and advice given to the complainant at Stage 1 of the complaints procedure, meaning that there have been no determinations or findings of a failure to comply with the relevant Code of Conduct by the Committee.
8.	The Monitoring Officer received no formal complaints about Councillors in 2019/20 which required preliminary investigation.
9.	All complaints, formal and informal, are taken seriously and investigated as appropriate. In order to be considered under the formal complaints process, complaints must be submitted in writing, must provide substantiated information and should outline what form of resolution the complainant is seeking. When a complaint does not meet these criteria and does not reveal a potential breach of the Members' Code of Conduct, it is treated as a "general enquiry". This means that the Monitoring Officer responds to the complainant in writing explaining why the matters complained of do not constitute a potential breach of the Members' Code of Conduct. Occasionally, due to capacity or other reasons that the Monitoring Officer deems appropriate, independent external assistance may be sought to assist in determining complaints.
10.	When a complaint is submitted which provides the relevant information, the Monitoring Officer will consider and decide as to whether it will be treated as a valid complaint or not. Where it is considered valid, the Monitoring Officer may deal with the matter under delegated powers unless, after consultation with the Designated Independent Person, it is considered that the breach is potentially serious enough to merit putting before the Standards Sub-Committee for determination. None met that threshold.
<u>Applications for Dispensation</u>	
11.	If a member wishes to apply for a dispensation to allow them to take part in a meeting with a disclosable pecuniary interest, they must submit a written application to the Monitoring Officer. Applications are then decided by him or by the Governance Committee.
12.	The Localism Act 2011 substantially changed the rules on interests. Regretfully, it was incomplete to order to permit members to carry out their full duties in relation to being able to vote on the budget. Annually before Full Council, all members are granted a blanket dispensation by the Monitoring Officer to allow them to take part in the decision to approve the Council's budget and set the Council Tax bands. No other dispensations have been applied for.

A proposed revised Model Code of Conduct

Background

13.	Section 27(2) of the Localism Act 2011 requires all local authorities to adopt a code dealing with the conduct that is expected of members and co-opted members of the authority where they are acting in that capacity. The Council has adopted such a code as members will be aware.
14.	Although there is currently no statutory Model Code, the Localism Act sets out the principles (based on the <i>Nolan Principles of Public Life</i>) which must underpin the code adopted by a local authority and with which it must be consistent; namely: selflessness, integrity, objectivity, accountability, openness, honesty and leadership. The local authority's code must also include provision for the registration of pecuniary and other interests, and a procedure for addressing complaints of failure to comply with the code and, again, these must be consistent with the provisions of the Localism Act.
15.	Having regard to all these matters, local authorities are able to devise their own code, or may adapt a model code issued by a national body. The adopted Code for the Council has been broadly agreed by most upper tier authorities across the county.
16.	The Ethical Standards regime across English local authorities has been the subject of criticism for some time, with the main issues surrounding inconsistency, vagueness or contents of the various Codes of Conduct which have been adopted, and the lack of real sanctions against those members who are found to have breached the code.

The Local Government Association's Model Code

17.	Members may recall that the key recommendations of a report from the Committee on Standards in Public Life (CSPL) which was published in January 2019 and previously circulated. One of the key recommendations was that the Local Government Association (LGA) should create an updated model code of conduct, in consultation with representative bodies of councillors and officers of all tiers of local government.
18.	The LGA's draft Model Code of Conduct is at Appendix 1.
19.	Whilst uniformity across the country may be considered helpful, it should be noted that a model Code can be amended, rejected or adopted in full by each local authority. So long as the seven Principles of Public Life referred to above are reflected in and upheld by its own Code, a local authority may tailor the wording to suit its own particular circumstances.

Comment on the Model Code

20.	The draft LGA Code firstly sets out the general principles of public life referred to in paragraph 15 above which should be "upheld", and then goes on to set out a number of general obligations, some of which (but not all) are also picked up as specific obligations under the model Code with further explanatory text. It is not clear why some of the obligations such as the use of public resources are expended upon later whilst acting lawfully is not.
21.	For example, a new concept of "civility" is proposed. The general obligation is to "treat all persons with civility". The specific obligation is to "commit to treating other councillors and members of the public with civility (and) treating council employees, employees, employees and representatives of partner

	organisations and those volunteering for the councils with civility and respecting the roles they play” and guidance on what this means is also set out in the model Code itself.
22.	This replaces the obligation in the Council’s Code to “treat others with respect”. There are other provisions in the LGA Code that do not appear in the Council’s code, for example, the obligation not to unlawfully discriminate given that is the law in any event. There is also no requirement in the model code to have regard to advice from the Chief Financial Officer or the Monitoring Officer, or to give reasons for decisions. Whilst this is covered elsewhere in the Council’s Constitution, it may be prudent to add to the Code in due course.
23.	Additionally, there is a proposed reference of not bringing the role of councillor or the council itself into disrepute, however, appears to limit this to being dishonest or deceitful. The Council’s Code refers to more general behaviour and promoting high standards.
24.	So far as declaration of interests are concerned, the provisions in the model Code include the provisions relating to disclosable pecuniary interests together with a requirement to register an organisation with particular purposes or functions defined in the model Code, to which a member has been appointed by the Council.
25.	Where a matter arises at a meeting which “directly relates” to a members’ financial interest or wellbeing but is not a disclosable pecuniary interest, the model Code appears to require a member to withdraw from the meeting even if the member is not affected to a greater extent than the majority of inhabitants of the ward affected by the decision (para 5 of Appendix 2 of the model Code). This aligns with the Council’s current Code.
26.	Moreover, where the member’s financial interest or wellbeing is affected more than the majority of inhabitants of the ward affected, the test as to whether the members should therefore withdraw from the room is whether “a reasonable member of the public knowing all the facts would believe it would affect your view of the wider public interest”. This contrasts with the current test which is that the member should withdraw where the “the interest is such that a reasonable person with knowledge of all the relevant facts would consider your interest so significant that it is likely to prejudice your judgement of the public interest”.
27.	In summary, the proposed changes are not profound. The Council’s adopted Code has worked well to date and, therefore, in the Monitoring Officer’s opinion does not require significant change. Any particular concerns or proposed variations from the Committee can be considered once a final model Code is provided and a further report can be presented for consideration.
<u>Supporting Members of the Council</u>	
28.	Training has previously been provided to newly elected members, and as required for new Cabinet Members and those members who sit on regulatory bodies such as Licensing Committee and the Planning & Rights of Way Panel.
29.	Importantly, the adopted Member Learning & Development Strategy has been implemented and member training via external partners, such as the LGA and

	SEE, has gradually increased. Group Leaders have committed to increasing member development at all levels of office to better support members in discharging their roles. However, with the current Covid-19 epidemic and the local elections in May cancelled the planned induction and training programme has been deferred. However, as it is likely the pandemic and subsequent different ways of working will continue for the foreseeable future officers are rethinking how ongoing training and support can best be effectively provided in order to ensure members are equipped to discharge their duties fully.
30.	In addition, the Head of Business Operations, who started in April, and the Head of Organisational Development have developed and are implementing individual and team development for Cabinet Members and then with the Executive Management Team that includes use of psychometric and 360 degree feedback tools to support them.
<u>Gifts & Hospitality</u>	
31.	The requirement for members to register any gifts or hospitality received in their capacity as an elected member is currently set at a minimum of £50. Minimal notifications have been made which probably reflects the limited quantity and value of any received. This requirement does, however, exclude anything relevant to elected members who are the Mayor or Sherriff when acting in those capacities.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
32.	None.
<u>Property/Other</u>	
33.	None
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
34.	Chapter 7 Localism Act 2011.
<u>Other Legal Implications:</u>	
35.	None
RISK MANAGEMENT IMPLICATIONS	
36.	None.
POLICY FRAMEWORK IMPLICATIONS	
37.	None.
KEY DECISION?	
	No
WARDS/COMMUNITIES AFFECTED:	
	None
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	LGA – Draft Model Code of Conduct

Documents In Members' Rooms

1.	None	
Equality Impact Assessment		
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.		No
Data Protection Impact Assessment		
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.		No
Other Background Documents		
Other Background documents available for inspection at:		
Title of Background Paper(s)		Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	None	

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Local Government Association Model Member Code of Conduct

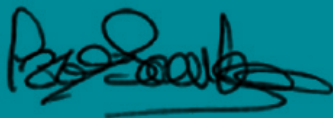
Introduction

The Local Government Association (LGA) is providing this Model Member Code of Conduct as part of its work on supporting the sector to continue to aspire to high standards of leadership and performance.

The role of councillor in all tiers of local government is a vital part of our country's system of democracy. In voting for a local councillor, the public is imbuing that person and position with their trust. As such, it is important that as councillors we can be held accountable and all adopt the behaviours and responsibilities associated with the role. The conduct of an individual councillor affects the reputation of all councillors. We want the role of councillor to be one that people aspire to and want to participate with. We want to continue to attract individuals from a range of backgrounds and circumstances who understand the responsibility they take on and are motivated to make a positive difference to their local communities.

All councils are required to have a local Member Code of Conduct. This Model Member Code of Conduct has been developed in consultation with the sector and is offered as a template for councils to adopt in whole and/or with local amendments. The LGA will undertake an annual review of the Code to ensure it continues to be fit-for-purpose, particularly with respect to advances in technology, social media and any relevant changes in legislation. The LGA can also offer support, training and mediation to councils and councillors on the application of the Code, whilst the National Association of Local Councils (NALC) and the county associations of local councils can offer advice and support to town and parish councils.

As a councillor we all represent local residents, work to develop better services and deliver local change. The public have high expectations of us and entrust us to represent everyone (in our ward/town/parish), taking decisions fairly, openly, transparently and with civility. Councillors should also be treated with civility by members of the public, other councillors and council employees. Members have both individual and collective responsibility to maintain these standards, support expected behaviour and challenge behaviour which falls below expectations. This Code, therefore, has been designed to protect our democratic role, encourage good conduct and safeguard the public's trust in local government.



Councillor Izzi Seccombe OBE
Leader, LGA Conservative Group



Councillor Nick Forbes CBE
Leader, LGA Labour Group



Councillor Howard Sykes MBE
Leader, LGA Liberal Democrats Group



Councillor Marianne Overton MBE
Leader, LGA independent Group

Purpose

The purpose of this Code of Conduct is to assist councillors in modelling the behaviour that is expected of them, to provide a personal check and balance, and to set out the type of conduct against which appropriate action may be taken. It is also to protect yourself, the public, fellow councillors, council officers and the reputation of local government. It sets out the conduct expected of all members and a minimum set of obligations relating to conduct. The overarching aim is to create and maintain public confidence in the role of member and local government.

Application of the Code

The Code of Conduct applies to you when you are acting [or claiming or giving the impression that you are acting]¹ in [public or in]² your capacity as a member or representative of your council, although you are expected to uphold high standards of conduct and show leadership at all times. The Code applies to all forms of member communication and interaction, including written, verbal, non-verbal, electronic and via social media, [including where you could be deemed to be representing your council or if there are potential implications for the council's reputation.] Model conduct and expectations is for guidance only, whereas the specific obligations set out instances where action will be taken.

The seven principles of public life

Everyone in public office at all levels – ministers, civil servants, members, council officers – all who serve the public or deliver public services should uphold the seven principles of public life. This Code has been developed in line with these seven principles of public life, which are set out in appendix A.

Model member conduct

In accordance with the public trust placed in me, on all occasions I will:

- act with integrity and honesty
- act lawfully
- treat all persons with civility; and
- lead by example and act in a way that secures public confidence in the office of councillor

In undertaking my role, I will:

- impartially exercise my responsibilities in the interests of the local community
- not improperly seek to confer an advantage, or disadvantage, on any person
- avoid conflicts of interest
- exercise reasonable care and diligence; and
- ensure that public resources are used prudently and in the public interest

Specific obligations of general conduct

This section sets out the minimum requirements of member conduct. Guidance is included to help explain the reasons for the obligations and how they should be followed. These obligations must be observed in all situations where you act [or claim or give the impression that you are acting] as a councillor [or in public], including representing your council on official business and when using social media.

Civility

- 1. Treating other councillors and members of the public with civility.**
- 2. Treating council employees, employees and representatives of partner organisations and those volunteering for the councils with civility and respecting the role that they play.**

Civility means politeness and courtesy in behaviour, speech, and in the written word. Debate and having different views are all part of a healthy democracy. As a councillor you can express, challenge, criticise and disagree with views, ideas, opinions and policies in a civil manner. You should not subject individuals, groups of people or organisations to unreasonable or excessive personal attack.

In your contact with the public you should treat them courteously. Rude and offensive behaviour lowers the public's expectations and confidence in its elected representatives.

In return you have a right to expect courtesy from the public. If members of the public are being abusive, threatening or intimidatory you are entitled to close down any conversation in person or online, refer them to the council, any social media provider or if necessary, the police. This also applies to members, where action could then be taken under the Member Code of Conduct.

Bullying and harassment

- 3. Not bullying or harassing any person.**

Bullying may be characterised as offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient. The bullying might be a regular pattern of behaviour or a one-off incident, happen face-to-face, on social media, in emails or phone calls, happen in the workplace or at work social events and not always be obvious or noticed by others.

The Equality Act 2010 defines harassment as 'unwanted conduct related to a relevant protected characteristic, which has the purpose or effect of violating an individual's dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment for that individual'. The relevant protected characteristics are age, disability, gender reassignment, race, religion or belief, sex, and sexual orientation.

Impartiality of officers of the council

- 4. Not compromising, or attempting to compromise, the impartiality of anyone who works for, or on behalf of, the council.**

Officers work for the council as a whole and must be politically neutral (unless they are political assistants). They should not be coerced or persuaded to act in a way that would undermine their neutrality. Although you can question officers in order to understand, for example, their reasons for proposing to act in a particular way, or the content of a report that they have written, you must not try and force them to act differently, change their advice, or alter the content of that report, if doing so would prejudice their professional integrity.

Confidentiality and access to information

- 5. Not disclosing information given to me in confidence or disclosing information acquired by me which I believe is of a confidential nature, unless I have received the consent of a person authorised to give it or I am required by law to do so.**
- 6. Not preventing anyone getting information that they are entitled to by law.**

Local authorities must work openly and transparently, and their proceedings and

printed materials are open to the public except in certain circumstances. You should work on this basis but there will be times when it is required by law that discussions, documents and other information relating to or held by the council are treated in a confidential manner. Examples include personal data relating to individuals or information relating to ongoing negotiations.

Disrepute

7. Not bringing my role or council into disrepute.

Behaviour that is considered dishonest and/or deceitful can bring your council into disrepute. As a member you have been entrusted to make decisions on behalf of your community and your actions and behaviour are subject to greater scrutiny than that of ordinary members of the public. You should be aware that your actions might have an adverse impact on other councillors and/or your council.

Your position

8. Not using, or attempting to use, my position improperly to the advantage or disadvantage of myself or anyone else.

Your position as a member of the council provides you with certain opportunities, responsibilities and privileges. However, you should not take advantage of these opportunities to further private interests.

Use of council resources and facilities

9. Not misusing council resources.

You may be provided with resources and facilities by the council to assist you in carrying out your duties as a councillor. Examples include office support, stationery and equipment such as phones, and computers and transport. These are given

to you to help you carry out your role as a councillor more effectively and not to benefit you personally.

Interests

10. Registering and declaring my interests.

You need to register your interests so that the public, council employees and fellow members know which of your interests might give rise to a conflict of interest. The register is a document that can be consulted when (or before) an issue arises, and so allows others to know what interests you have, and whether they might give rise to a possible conflict of interest. The register also protects you. You are responsible for deciding whether or not you should declare an interest in a meeting, but it can be helpful for you to know early on if others think that a potential conflict might arise.

It is also important that the public know about any interest that might have to be declared by you or other members, so that decision making is seen by the public as open and honest. This helps to ensure that public confidence in the integrity of local governance is maintained. Discuss the registering and declaration of interests with your Monitoring Officer/Town or Parish Clerk and more detail is set out in appendix B.

Gifts and hospitality

11. Not accepting significant gifts or hospitality from persons seeking to acquire, develop or do business with the council or from persons who may apply to the council for any permission, licence or other significant advantage.

12. Registering with the monitoring officer any gift or hospitality with an estimated value of at least £25 within 28 days of its receipt.

You should exercise caution in accepting any gifts or hospitality which are (or which you reasonably believe to be) offered to you

because you are a member. However, you do not need to register gifts and hospitality which are not related to your role as a member, such as Christmas gifts from your friends and family, or gifts which you do not accept. However, you may wish to notify your monitoring officer of any significant gifts you are offered but refuse which you think may have been offered to influence you.

Note – items in square brackets [x] refer to recommendations made by the Committee on Standards in Public Life and may be part of a future Government consultation. This includes possible future sanctions and appeals processes.

Breaches of the Code of Conduct

Most councillors conduct themselves appropriately and in accordance with these standards. Members have both individual and collective responsibility to maintain these standards, support expected behaviour and challenge behaviour which falls below expectations.

Section 27 of the Localism Act 2011 requires relevant authorities to promote and maintain high standards of conduct by members and co-opted members of the authority. Each local authority must publish a code of conduct, and it must cover the registration of pecuniary interests, the role of an 'independent person', and sanctions to be imposed on any councillors who breach the Code.

The 2011 Act also requires local authorities to have mechanisms in place to investigate allegations that a member has not complied with the Code of Conduct, and arrangements under which decisions on allegation may be made.

Failure to comply with the requirements to register or declare disclosable pecuniary interests is a criminal offence. Taking part in a meeting or voting, when prevented from doing so by a conflict caused by disclosable pecuniary interests, is also a criminal offence.

Political parties may have its own internal standards and resolution procedures in addition to the Member Code of Conduct that members should be aware of.

Example

LGA guidance and recommendations

Internal resolution procedure

Councils must have in place an internal resolution procedure to address conduct that is in breach of the Member Code of Conduct. The internal resolution process should make it clear how allegations of breaches of the Code of Conduct are to be handled, including the role of an Independent Person, the appeals process and can also include a local standards committee. The internal resolution procedure should be proportionate, allow for members to appeal allegations and decisions, and allow for an escalating scale of intervention. The procedure should be voted on by the council as a whole.

In the case of a non-criminal breach of the Code, the following escalating approach can be undertaken.

If the breach is confirmed and of a serious nature, action can be automatically escalated.

1. an informal discussion with the monitoring officer or appropriate senior officer
2. an informal opportunity to speak with the affected party/ies
3. a written apology
4. mediation
5. peer support
6. requirement to attend relevant training
7. where of a serious nature, a bar on chairing advisory or special committees for up to two months
8. where of a serious nature, a bar on attending committees for up to two months.

Where serious misconduct affects an employee, a member may be barred from contact with that individual; or if it relates to a specific responsibility of the council, barred from participating in decisions or information relating to that responsibility.

Endnotes

1. CSPL recommend that “Section 27(2) of the Localism Act 2011 should be amended to state that a local authority’s code of conduct applies to a member when they claim to act, or give the impression they are acting, in their capacity as a member or as a representative of the local authority”.
2. CSPL recommend that “councillors should be presumed to be acting in an official capacity in their public conduct, including statements on publicly accessible social media. Section 27(2) of the Localism Act 2011 should be amended to permit local authorities to presume so when deciding upon code of conduct breaches.”
3. Subject to footnotes 1 and 2 above
4. See CSPL website for further details www.gov.uk/government/news/the-principles-of-public-life-25-years
5. ACAS’s definition of bullying

Appendices

Code Appendix A

The principles are :

Selflessness

Holders of public office should act solely in terms of the public interest.

Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Honesty

Holders of public office should be truthful.

Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Code Appendix B

Registering interests

1. Within 28 days of this Code of Conduct being adopted by the council or your election or appointment to office (where that is later) you must register with the Monitoring Officer the interests which fall within the categories set out in Table 1 (Disclosable Pecuniary Interests) and Table 2 (Other Registerable Interests).
2. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest in Table 1 or 2, or of any change to a registered interest, notify the Monitoring Officer.

Declaring interests

3. Where a matter arises at a meeting which directly relates to an interest in Table 1, you must declare the interest, not participate in any discussion or vote on the matter and must not remain in the room unless granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.
4. Where a matter arises at a meeting which directly relates to an interest in Table 2, you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.

5. Where a matter arises at a meeting which directly relates to your financial interest or well-being (and is not a Disclosable Pecuniary Interest) or a financial interest or well-being of a relative or close associate, you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.
6. Where a matter arises at a meeting which affects –
 - a. your own financial interest or well-being;
 - b. a financial interest or well-being of a friend, relative, close associate; or
 - c. a body covered by table 1 below

you must disclose the interest.

7. Where the matter affects the financial interest or well-being to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.

Table 1: Disclosable Pecuniary Interests

Subject	Description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain. [Any unpaid directorship.]
Sponsorship	Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992 .
Contracts	Any contract made between the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council — (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land and Property	Any beneficial interest in land which is within the area of the council. ‘Land’ excludes an easement, servitude, interest or right in or over land which does not give the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (alone or jointly with another) a right to occupy or to receive income.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer.
Corporate tenancies	Any tenancy where (to the councillor’s knowledge)— (a) the landlord is the council; and (b) the tenant is a body that the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.
Securities	Any beneficial interest in securities* of a body where— (a) that body (to the councillor’s knowledge) has a place of business or land in the area of the council; and (b) either— (i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

*'director' includes a member of the committee of management of an industrial and provident society.

*'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

Table 2: Other Registerable Interests

Any Body of which you are a member or in a position of general control or management and to which you are appointed or nominated by the council;	
Any Body—	(a) exercising functions of a public nature;
	(b) directed to charitable purposes; or
	(c) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)
of which you are a member or in a position of general control or management.	



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We consider requests on an individual basis.

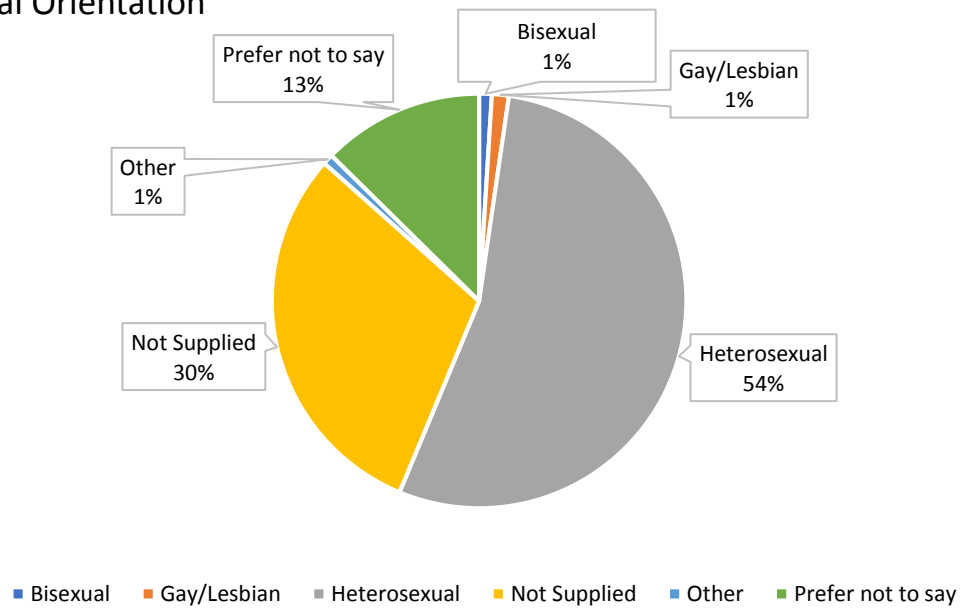
DECISION-MAKER:		GOVERNANCE COMMITTEE	
SUBJECT:		Workforce Data	
DATE OF MEETING:		28 th September 2020	
REPORT OF:		Service Director, HR and OD	
CONTACT DETAILS			
AUTHOR:	Name:	Janet King , Service Director HR & OD	Tel: 023 8083 2378
	E-mail:	Janet.king@southampton.gov.uk	
Deputy Chief Executive	Name:	Mike Harris, Deputy Chief Executive	Tel: 023 8083 2882
	E-mail:	Mike.harris@southampton.gov.uk	
STATEMENT OF CONFIDENTIALITY			
None.			
BRIEF SUMMARY			
The Governance Committee requested a council wide breakdown of the workforce characteristics demonstrating the current value of diversity and equality across the Authority. Disclosure of personal characteristics is discretionary.			
RECOMMENDATIONS:			
	(i)	To note the data as requested. (August 2020)	
REASONS FOR REPORT RECOMMENDATIONS			
1.	As requested by the Governance Committee.		
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED			
	N/A		
DETAIL (Including consultation carried out)			
2.	The workforce data relies on personal submission from staff for input to Business World employee records. An exercise to collect up to date information was completed in 2018/19 as part of the transition to the new system and switch from Resource Link to Business World. However, many staff elected to not disclose ethnicity and/or disability. This means the overall picture is an indicative snapshot only at this time.		
3.	The HR data team requested employee information in order to have a more comprehensive profile of the workforce to help inform any required actions. In terms of combined data of “not supplied” and “prefer not to say” this applies in the following characteristics: <ul style="list-style-type: none">• Sexual Orientation 43%• Gender 28%• BAME 32%• Disability 31%		

4.	Although the picture is incomplete the council is committed to diversity, equality and inclusion and will be reintroducing focus groups for staff / trade union representatives to look at protected characteristics and invite discussion on any areas of concern identified.		
5.	Recruitment to vacant posts is based on competency interviews against the published job specifications.		
RESOURCE IMPLICATIONS			
<u>Capital/Revenue</u>			
6.	None		
<u>Property/Other</u>			
7.	None		
LEGAL IMPLICATIONS			
<u>Statutory power to undertake proposals in the report:</u>			
8.	S.101 Local Government Act 1972		
<u>Other Legal Implications:</u>			
9.	None		
RISK MANAGEMENT IMPLICATIONS			
10..	None		
POLICY FRAMEWORK IMPLICATIONS			
11.	None		
KEY DECISION?		No	
WARDS/COMMUNITIES AFFECTED:		None	
<u>SUPPORTING DOCUMENTATION</u>			
Appendices			
1.	Workforce Data – Council wide and by Directorate		
Documents In Members' Rooms			
1.	None		
Equality Impact Assessment			
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.			No
Data Protection Impact Assessment			
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.			No
Other Background Documents			
Other Background documents available for inspection at:			
Title of Background Paper(s)		Relevant Paragraph of the Access to Information Procedure Rules /	

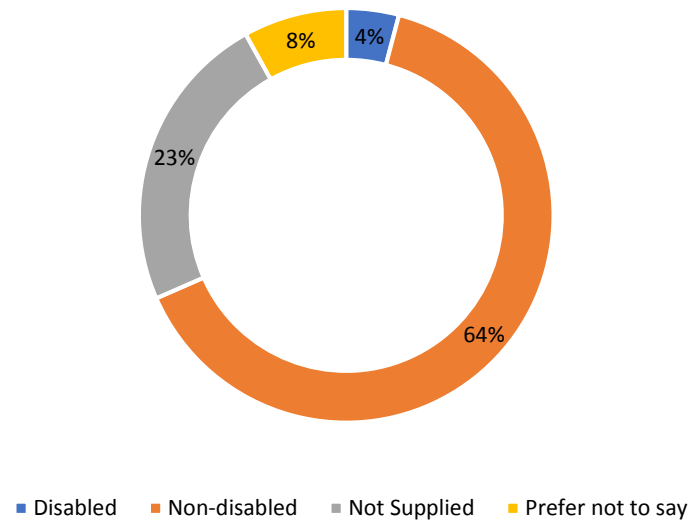
		Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	None	

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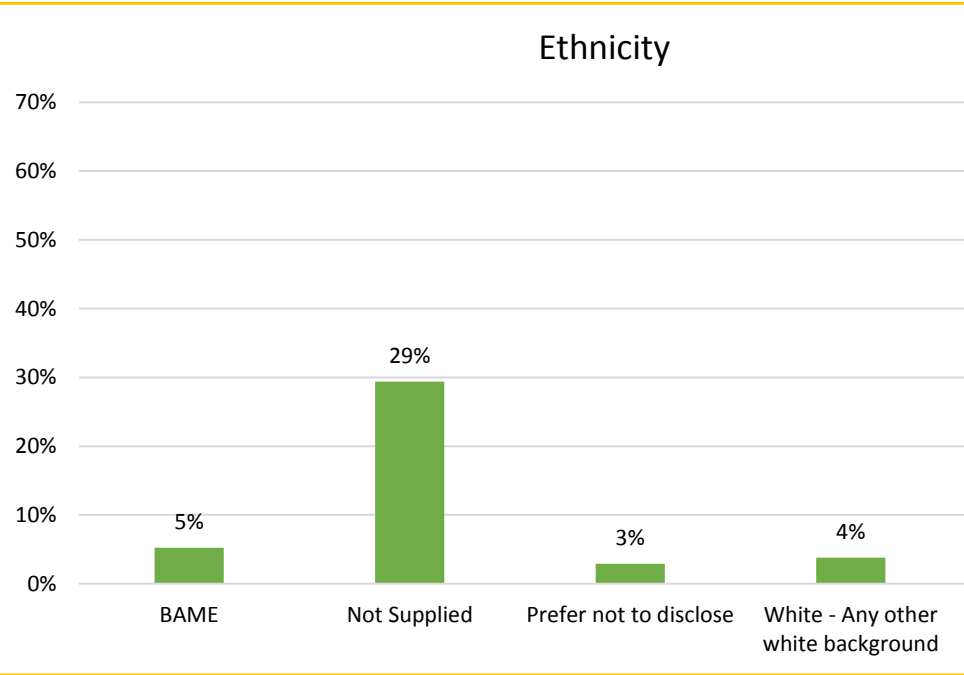
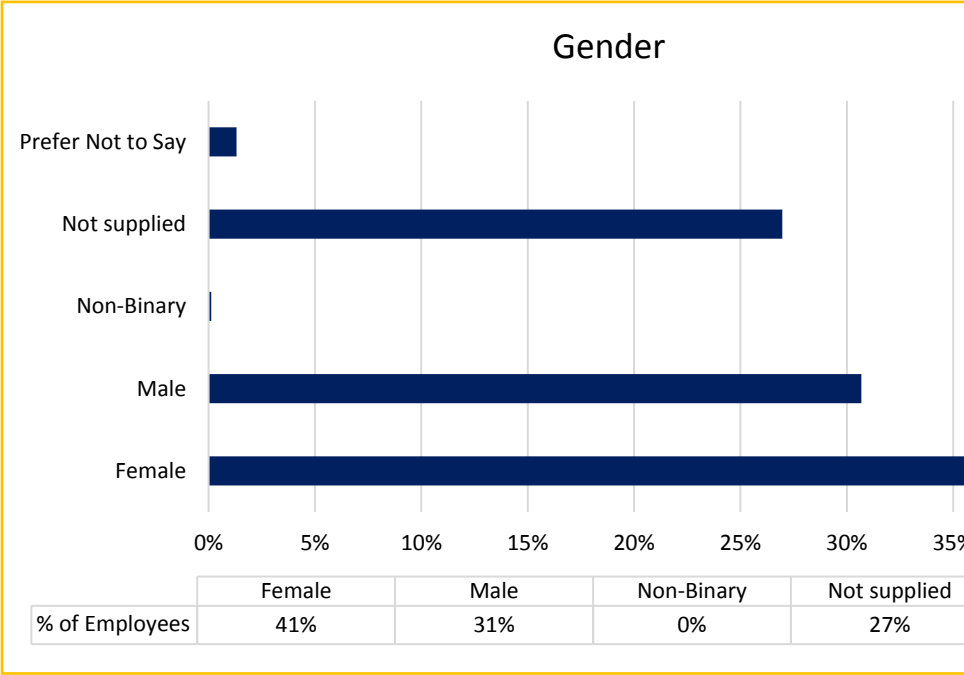
Sexual Orientation

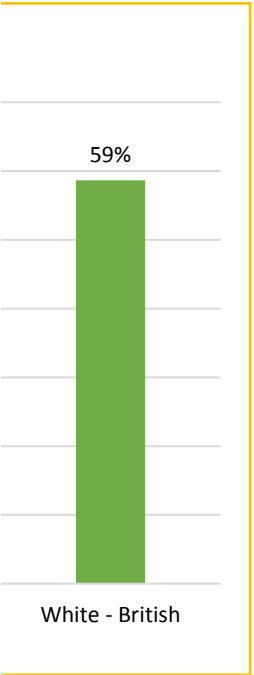
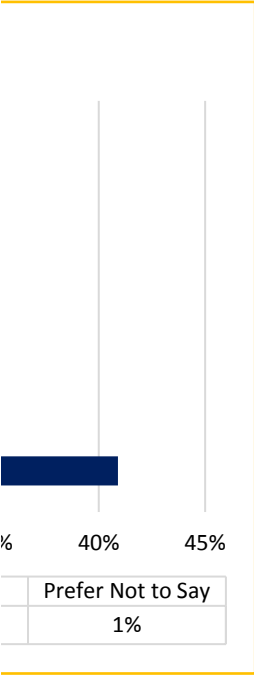


Disability



iversity Summary - SCC Overall





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DECISION-MAKER:		GOVERNANCE COMMITTEE	
SUBJECT:		INTERNAL AUDIT PROGRESS REPORT 2020-21	
DATE OF DECISION:		28th SEPTEMBER 2020	
REPORT OF:		CHIEF INTERNAL AUDITOR	
<u>CONTACT DETAILS</u>			
Executive Director	Title	FINANCE	
	Name:	John Harrison	Tel: 023 8083 4897
	E-mail:	John.Harrison@southampton.gov.uk	
Author:	Title	CHIEF INTERNAL AUDITOR	
	Name:	Elizabeth Goodwin	Tel: 023 8083 4616
	E-mail:	Elizabeth.Goodwin@southampton.gov.uk	
STATEMENT OF CONFIDENTIALITY			
N/A			
BRIEF SUMMARY			
<p>The Public Sector Internal Audit Standards 2017 (PSIAS), requires the Chief Internal Auditor (CIA) to provide periodical updates to the Governance Committee on:</p> <ul style="list-style-type: none"> • Progress made against the agreed annual audit plan. • Results of audit activities and • Management's response to risk that in the CIA's judgement maybe unacceptable to the Authority <p>All other PSIAS requirements are communicated in either the charter or annual audit opinion, which are reported separately to this committee at various times throughout the year.</p> <p>There are a total of 78 audit reviews in the revised plan for 2020/21. To date 31 (40%) of the audits have been completed or an in progress as at 14th September 2020. This represents 10 (13%) audits where the report has been finalised, 11 (14%) where the report is in draft and 10 (13%) audits currently in progress.</p> <p>Internal Audit Progress for the period 1st April to 14th September 2020 is covered in the attached Appendix 1.</p>			
RECOMMENDATIONS:			
	(i)	That the Governance Committee notes the Internal Audit Progress report for the period 1 st April to 14 th September 2020.	
REASONS FOR REPORT RECOMMENDATIONS			
1.	In accordance with the Public Sector Internal Audit Standards the Chief Internal Auditor is required to provide an update on progress against the annual audit plan to the Governance Committee for information.		
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED			
2.	None		
DETAIL (Including consultation carried out)			

3.	None	
RESOURCE IMPLICATIONS		
<u>Capital/Revenue</u>		
4.	None	
<u>Property/Other</u>		
5.	None	
LEGAL IMPLICATIONS		
<u>Statutory power to undertake proposals in the report:</u>		
6.	The Accounts and Audit (England) Regulations 2015 state 'a relevant body must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the Public Sector Internal Auditing Standards.	
<u>Other Legal Implications:</u>		
7.	None	
RISK MANAGEMENT IMPLICATIONS		
8.	The report is for note only, there is no decision to be made.	
POLICY FRAMEWORK IMPLICATIONS		
9.	None	
KEY DECISION?		No
WARDS/COMMUNITIES AFFECTED:		None
<u>SUPPORTING DOCUMENTATION</u>		
Appendices		
1.	Internal Audit Progress Report for the period 1 st April to 14 th September 2020.	
Documents In Members' Rooms		
1.	None	
Equality Impact Assessment		
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.		No
Data Protection Impact Assessment		
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.		No
Other Background Documents		
Other Background documents available for inspection at:		
Title of Background Paper(s): None		Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)



SOUTHAMPTON
CITY COUNCIL

Internal Audit Progress Report

28th September 2020

Elizabeth Goodwin, Chief Internal Auditor

1. Introduction

Internal Audit is a statutory function for all local authorities.

The requirement for an Internal Audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015 as to:

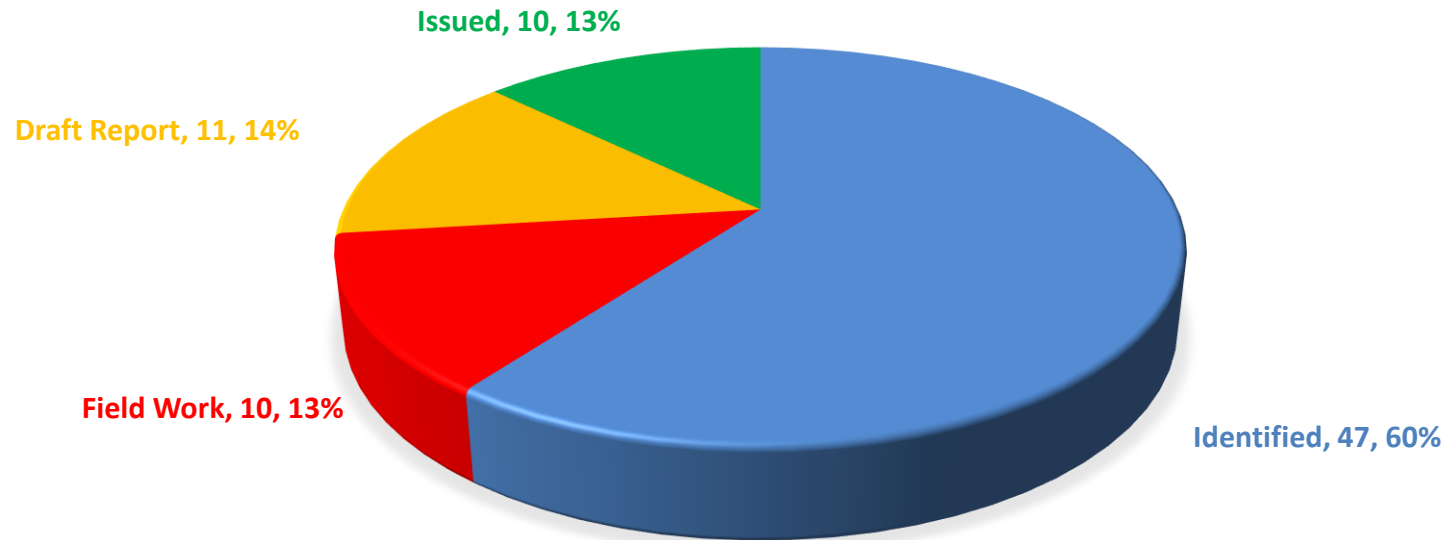
Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance

The standards for 'proper practices' are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2016].

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes

This report includes the status against the 2020/21 internal audit plan.

2. Audit Plan Progress as of 14th September 2020



There are a total of 78 reviews in the 2020/21 Audit Plan.

To date, 31 (40%) have been completed or are in progress as at 14th September 2020. This represents 10 (13%) audits where the report has been finalised, 11 (14%) where the report is in draft and 10 (13%) audits currently in progress.

Status	Audits
Identified	47
Fieldwork	10
Draft Report	11
Final Report	10
Total	78

3. Ongoing Internal Audit Involvement

Internal Audit has undertaken work or provided advice in the following areas. (For reference, advice is only recorded when the time taken to provide the advice exceeds one hour):

- Anti-Money Laundering - This includes receipt of instances of large cash payments received and onward reporting if deemed appropriate.
- National Fraud Initiative (NFI) to facilitate national data matching carried out by the Cabinet Office. There has been two additional NFI exercises in relation to COVID-19, these relate to mortality and business grants.
- COVID-19 Assurance reporting and grant verification.
- Audit Planning and Consultation - This includes periodical consultation with Directors and revision of the plan following subsequent research into individual assignments.
- Routine advice on controls and risk management.
 - Cash Office Kiosks
 - Credit Note Authorisations
- COVID-19 loss of income analysis and softer approaches to debt recovery data exercise.
- Investigations which are in various stages. A more detailed report of concluded investigations will form part of the annual fraud report which will be presented to the Governance Committee in due course.

4. Audit Plan Status/Changes

The Audit Plan will be more flexible this year to take into account the additional work in relation to the COVID-19 pandemic. Since the last reporting period the following should be noted; **Additions, removals and amendments to the 2020/21 Audit Plan:**

- Addition – Bus services revenue grant (COVID-19)
- Addition – Bus support restart grant Period 1 (COVID-19)
- Addition – Bus support restart grant Period 2 (COVID-19)
- Addition – Dedicated home to school and college transport grant (COVID-19)
- Addition – COVID-19 Income loss claim
- Addition – Capital programme review added at the request of the Executive Director, Place
- Amendment – Housing Rents and Debt Management (no longer a full audit, will follow up on previously identified issues)
- Removal – Information Governance (deferred until the 2021/22 Audit Plan)
- Removal – Waste Operations (deferred until the 2021/22 Audit Plan)

5. Areas of Concern

There are no 'no assurance' opinion audits being reported on this period, all other findings are noted below.

6. Assurance Levels

Internal Audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives for the area under review.

Assurance Level	Description / Examples
Assurance	<i>No issues or minor improvements noted within the audit but based on the testing conducted, assurance can be placed that the activity is of low risk to the Authority</i>
Reasonable Assurance	<i>Control weaknesses or risks were identified but overall the activities do not pose significant risks to the Authority</i>
Limited Assurance	<i>Control weaknesses or risks were identified which pose a more significant risk to the Authority</i>
No Assurance	<i>Major individual issues identified or collectively a number of issues raised which could significantly impact the overall objectives of the activity that was subject to the Audit</i>
NAT	<i>No areas tested</i>

Audits rated No Assurance are specifically highlighted to the Governance Committee along with any Director's comments. The Committee is able to request any director attends a meeting to discuss the issues.

7. Exception Risk Ranking

The following table outline the exceptions raised in audit reports, reported in priority order and are broadly equivalent to those previously used.

Priority Level	Description
Low Risk (Improvement)	<i>Very low risk exceptions or recommendations that are classed as improvements that are intended to help the service fine tune its control framework or improve service effectiveness and efficiency. An example of an improvement recommendation would be making changes to a filing system to improve the quality of the management trail.</i>
Medium Risk	<i>These are control weaknesses that may expose the system function or process to a key risk but the likelihood of the risk occurring is low.</i>
High Risk	<i>Action needs to be taken to address significant control weaknesses but over a reasonable timeframe rather than immediately. These issues are not 'show stopping' but are still important to ensure that controls can be relied upon for the effective performance of the service or function. If not addressed, they can, over time, become critical. An example of an important exception would be the introduction of controls to detect and prevent fraud.</i>
Critical Risk	<i>Control weakness that could have a significant impact upon not only the system function or process objectives but also the achievement of the Council's objectives in relation to: The efficient and effective use of resources, The safeguarding of assets, The preparation of reliable financial and operational information, Compliance with laws and regulations and corrective action needs to be taken immediately.</i>

Any critical exceptions found the will be reported in their entirety to the Governance Committee along with Director's comments

8. 2020/21 Audits completed to 14th September 2020

Partnership for South Hampshire (PfSH)

Exceptions Raised

Critical	High	Medium	Low
0	0	0	0

Overall Assurance Level

Assurance

Assurance Level by Scope Area

Achievement of Strategic Objectives	No Areas Tested
Compliance with Policies, Laws & Regulations	Assurance
Safeguarding of Assets	No Areas Tested
Effectiveness and Efficiency of Operations	Assurance
Reliability and Integrity of Data	Assurance

Overall based on the testing conducted, Internal Audit can give assurance that adequate financial systems and controls are in place for the administration of the PfSH accounts.

Customer Services

Exceptions Raised

Critical	High	Medium	Low
0	0	1	0

Overall Assurance Level

Reasonable

Agreed actions were scheduled to be implemented by x

Assurance Level by Scope Area

Achievement of Strategic Objectives	Assurance
Compliance with Policies, Laws & Regulations	Reasonable
Safeguarding of Assets	Assurance
Effectiveness and Efficiency of Operations	Reasonable
Reliability and Integrity of Data	NAT

The medium risk relates to 1/5 service areas telephone lines tested not matching the publicised number, it was evidenced that the publicised number is 'call forwarded' and answered by an automated message.

Schools Financial Value Standard (SFVS)

Exceptions Raised

Critical	High	Medium	Low
0	0	2	0

Overall Assurance Level

Reasonable

Agreed actions were scheduled to be implemented by September 2021

Assurance Level by Scope Area

Achievement of Strategic Objectives	No Areas Tested
Compliance with Policies, Laws & Regulations	No Areas Tested
Safeguarding of Assets	No Areas Tested
Effectiveness and Efficiency of Operations	Reasonable
Reliability and Integrity of Data	Reasonable

The first medium risk relates to 11 SFVS returns not being signed by correct parties (i.e. chair of the governing body) and 6 being delayed with 5 being due to COVID-19 related reasons. The second medium risk relates to a lack of evidence to support declarations made in the SFVS i.e. benchmarking and inventory.

Bank Account

Exceptions Raised

Critical	High	Medium	Low
0	1	1	0

Overall Assurance Level

Reasonable

Agreed actions were scheduled to be implemented by September 2021

Assurance Level by Scope Area

Achievement of Strategic Objectives	No Areas Tested
Compliance with Policies, Laws & Regulations	Reasonable
Safeguarding of Assets	Assurance
Effectiveness and Efficiency of Operations	Limited
Reliability and Integrity of Data	No Areas Tested

The high risk relates to a review of the suspense account where £630,195.23 remained uncoded. This covers 2017/18 (£56,229.72), 2018/19 (£125,654.53) and 2019/20 (£448,310.98). The medium risk relates to a lack of formal monitoring of the banking contract.

Local Authority Bus Subsidy Ring-Fenced (Revenue) Grant Determination

Grant Outcome:

Assurance

Grant Verification - Testing was able to evidence sufficient capital expenditure to allow the Chief Internal Auditor to sign the declaration confirming the grant conditions had been complied with.

9. 2019/20 Follow-up Audits completed to 14th September 2020

Port Health

Original Exceptions Raised

Critical	High	Medium	Low
0	0	1	2

Latest implementation date scheduled during the original audit was in September 2019

Original Assurance Level

Reasonable

Follow-up Assurance Level

Assurance

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
0	0	0	0	1 (Medium) 1 (Low)	1 (Low)	0	0

Follow up testing has confirmed that agreed actions relating to system access permissions, data retention and suspense account transactions have been closed. A low risk has been closed without verification, as a physical review was not possible due to COVID-19 restrictions.

Sexual Health Contract – 2nd Follow Up Report

Original Exceptions Raised

Critical	High	Medium	Low
0	1	0	1

Latest implementation date scheduled during the original audit was in June 2019

Original Assurance Level

Reasonable

Follow-up Assurance Level

Assurance

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
0	0	1 (Low)	0	1 (High)	0	0	0

Follow up testing has confirmed that the high risk exception has been closed and verified. The low risk remains in progress as although the authority has renewed its licence for Pathway Analytics uploads did not start in April 2020 due to the COVID-19 pandemic.

Right to Buy – 2nd Follow Up Report

Original Exceptions Raised

Critical	High	Medium	Low
0	1	1	0

Latest implementation date scheduled during the original audit was in December 2019

Original Assurance Level

Limited

Follow-up Assurance Level

Assurance

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
0	0	0	0	1 (High) 1 (Medium)	0	0	0

One high, one medium risk and one low risk exception were raised as a result of the initial audit. The low risk exception was closed and verified in the first follow up review. This subsequent second follow-up review has closed and verified the remaining exceptions.

Public Health (Community) Funerals – 2nd Follow Up Report

Original Exceptions Raised

Critical	High	Medium	Low
0	1	1	1

Latest implementation date scheduled during the original audit was in December 2019

Original Assurance Level

Limited

Follow-up Assurance Level

Reasonable

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
1 (Medium)	0	1 (High)	0		0	1 (Low)	0

Follow up testing identified that one high risk remains in progress as 1/8 cases with property searches tested did not contain the signed property search checklist (down from 2 noted in previous follow up). The medium risk remains open as 2/10 case balances (funds held below £500) tested, did not match that of finance records (down from 3 noted in previous follow up). New actions have been agreed for these risks and are expected to be completed immediately. The low risk exception has been closed with the Service Manager confirming they are not looking to implement a formal policy and will continue to follow legislation and departmental procedure document in place.

Care Leavers
Original Exceptions Raised

Critical	High	Medium	Low
0	1	3	1

Latest implementation date scheduled during the original audit was in December 2019

Original Assurance Level

Limited

Follow-up Assurance Level

Reasonable

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
0	0	0	1 (High) 2 (Medium)	1 (Medium) 1 (Low)	0	0	0

Follow up testing has confirmed that the high risk exception remains open as although the agreed actions have been implemented only 5/10 cases had timely 8 week supervision from senior management. 3/5 of these were interrupted due to COVID-19. Similarly two medium risks remain open, for the first medium risk only 90% of the sample had a current Health Care Plan along with a 'Health Passport' report. The second risk testing identified only 7/10 cases had a pathway plan review conducted over the statutory six month period from the previous review. New actions have been agreed for these risks and are expected to be completed by December 2020. Two risks have been closed and verified.

10. Follow-up Action Categorisation

The following table outlines the follow up categories used to describe the outcome of follow up testing completed.

Follow Up Categories	Description
Open	<i>No action has been taken on agreed action.</i>
Pending	<i>Actions cannot be taken at the current time but steps have been taken to prepare.</i>
In Progress	<i>Progress has been made on the agreed action however they have not been completed.</i>
Implemented but not Effective	<i>Agreed action implemented but not effective in mitigating the risk.</i>
Closed: Verified	<i>Agreed action implemented and risk mitigated, verified by follow up testing.</i>
Closed: Not Verified	<i>Client has stated action has been completed but unable to verify via testing.</i>
Closed: Management Accepts Risk	<i>Management has accepted the risk highlighted from the exception.</i>
Closed: No Longer Applicable	<i>Risk exposure no longer applicable.</i>

11. Audits in Draft

Audit	Directorate	Projected Reporting	Revised	Comments
Appointeeship	Wellbeing (Health & Adults) / Finance	November 2020		
Asbestos	Communities, Culture & Homes	November 2020		
Ethics	Business Services	November 2020		
IT Procurement & Disposal	Business Services	November 2020		
IT Project (Paris)	Business Services	November 2020		
Mobile Devices	Business Services	November 2020		
Procurement	Finance	November 2020		
Public Protection Notices	Wellbeing (Children & Learning)	November 2020		
Regeneration Projects	Place	November 2020		
Short Breaks	Wellbeing (Children & Learning)	November 2020		
Water Quality	Place	November 2020		

12. Audits in Progress

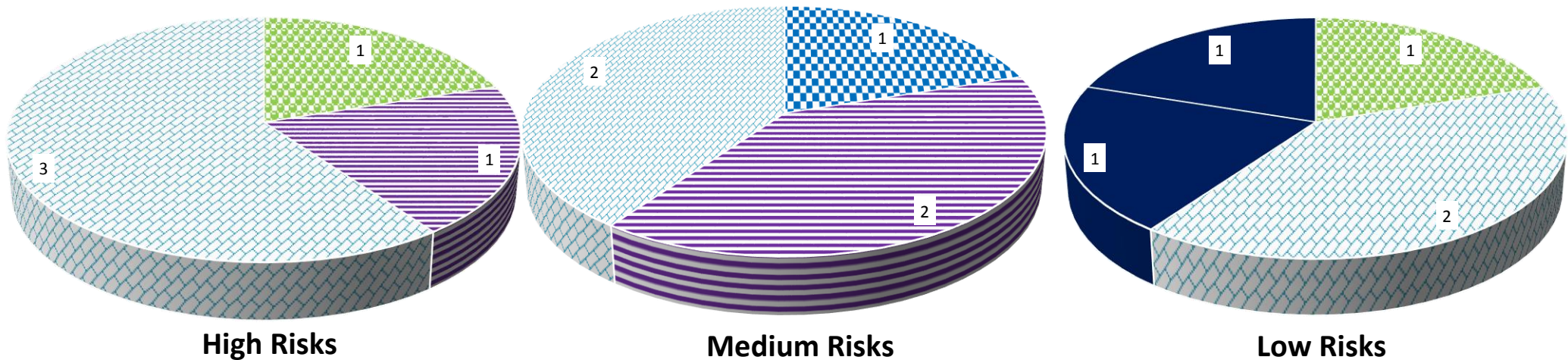
Audit	Directorate	Comments
Education Psychologists	Wellbeing (Children & Learning)	
Children in Need	Wellbeing (Children & Learning)	
Families Matters Grant	Wellbeing (Children & Learning)	
Fleet Management	Place	
Grounds Maintenance	Place	
Infection Control Grant	Finance	
Local Transport Capital Grant	Finance	
Looked After Children	Wellbeing (Children & Learning)	
Purchasing Cards	Finance	
Voids	Community, Culture & Homes / Finance	

13. Exception Analysis to Date



	Achievement of Strategic Objectives	Compliance	Effectiveness of Operations	Reliability & Integrity	Safeguarding of Assets	Total
Critical Risk						
High Risk			1			1
Medium Risk		1	2	1		4
Low Risk - Improvement						
Grand Total	0	1	3	1	0	5

14. Follow Up Analysis



Open

In Progress

Closed – Verified

Pending

Implemented but not effective

Closed – Not Verified/Accepts Risk

	Open	Pending	In Progress	Implemented but not effective	Closed – Verified	Closed – Not Verified	Closed – Management Accepts Risk	Closed – No Longer Applicable
High Risk			1	1	3			
Medium Risk	1			2	2			
Low Risk			1		2	1	1	
Grand Total	1		2	3	7	1	1	

The Internal Audit Service follows up all audits where at least 1 high risk exception has been raised. These audits are followed up in the next financial year to allow for agreed actions to be sufficiently implemented. Any critical risk exceptions are followed up within 3 months due to the potential severity of the risks identified. The overall position of the exceptions followed up currently through 2019/20 shows that **60%** have been closed by audit, however **40%** remain open and or are in progress.

15. Remaining 2019/20 Audits issued (14th September 2020)

Accounts Receivable (AR)

Exceptions Raised

Critical	High	Medium	Low
0	0	3	0

Overall Assurance Level

Reasonable

Agreed actions were scheduled to be implemented by March 2021

Assurance Level by Scope Area

Achievement of Strategic Objectives	No Areas Tested
Compliance with Policies, Laws & Regulations	Reasonable
Safeguarding of Assets	Reasonable
Effectiveness and Efficiency of Operations	Reasonable
Reliability and Integrity of Data	No Areas Tested

The first medium risk relates to testing where in 6/20 cases sampled no recovery action had been undertaken with the outstanding invoices being between 103 and 286 days old (average 195 days). Overall arrears had reduced by £773,443.20 at the end of the 2019/20 financial year when compared to 2018/19. The second medium risk relates to the lack of timely write-offs with 70 awaiting authorisation at time of testing. The final medium risk relates to 3 Business World users with AR access not requiring it as part of their roles.

Project Governance

Exceptions Raised

Critical	High	Medium	Low
0	0	5	0

Overall Assurance Level

Reasonable

Agreed actions were scheduled to be implemented by September 2021

Assurance Level by Scope Area

Achievement of Strategic Objectives	Reasonable
Compliance with Policies, Laws & Regulations	Reasonable
Safeguarding of Assets	No Areas Tested
Effectiveness and Efficiency of Operations	Reasonable
Reliability and Integrity of Data	No Areas Tested

The first medium risk relates to the change in project management approach to work under the Association for Project Management (APM) guidance not reaching all areas of the organisation. The second medium risk relates to areas within the organisation not delivering projects to the APM approach and in a way in which provides consistent corporate oversight. The third medium risk relates to the standard set of templates not being used in all instances due to them being on Sharepoint. The fourth medium risk relates to a lack of defined roles and responsibilities within projects causing officers to complete tasks outside their remit. The final medium risk relates to a lack of project completion evaluations.

Payables

Exceptions Raised

Critical	High	Medium	Low
0	2	1	0

Overall Assurance Level

Limited

Agreed actions were scheduled to be implemented by March 2021

Assurance Level by Scope Area

Achievement of Strategic Objectives	No Areas Tested
Compliance with Policies, Laws & Regulations	No Areas Tested
Safeguarding of Assets	Reasonable
Effectiveness and Efficiency of Operations	Limited
Reliability and Integrity of Data	Limited

The first medium risk relates to £1.73 million worth of outstanding transactions awaiting authorisation for over 30 days from budget holders which is a trend upwards from 2018/19 (£1.45M) and 2017/18 (£859k). If these payments are past their payment terms and they are not disputed there is a risk that the authority will have to pay statutory interest as set out in the Late Payment of Commercial Debts Act 1998. The second high risk relates to audit identifying, using IDEA Data Analysis Software, 17 duplicate suppliers from the 60 highlighted in a duplicate supplier report. The final medium risk relates to 7 Business World users with AP access not requiring it as part of their roles.

Voids

Exceptions Raised

Critical	High	Medium	Low
0	3	0	0

Overall Assurance Level

Limited

Agreed actions were scheduled to be implemented by July 2020

Assurance Level by Scope Area

Achievement of Strategic Objectives	No Areas Tested
Compliance with Policies, Laws & Regulations	Limited
Safeguarding of Assets	Limited
Effectiveness and Efficiency of Operations	Reasonable
Reliability and Integrity of Data	No Areas Tested

The first high risk relates to inadequate record keeping with 6/23 files not including a "Notice to Quit/Vacate", 21/23 did not have a Notice to Quit acceptance letter and 13/23 did not include a return key receipt. For repairs, 8/14 files did not contain evidence of the original state of the property. The second high risk relates to the cost of repairing damaged caused by tenants and clearing the property of abandoned possessions is not being reclaimed from the vacating tenant. The final high risk relates to 5/23 routine voids being over the 10 day timescale by between 12 and 86 days and 9/10 major works in relation to voids not being turned around within the 65 day timeframe. They were between 78 and 253 days.

DECISION-MAKER:		GOVERNANCE COMMITTEE			
SUBJECT:		STRATEGIC CONTRACTS ANNUAL REPORT			
DATE OF DECISION:		28 SEPTEMBER 2020			
REPORT OF:		HEAD OF SUPPLIER MANAGEMENT			
CONTACT DETAILS					
Executive Director		Title	Executive Director – Finance and Commercialism		
		Name:	John Harrison		Tel: 023 8083 4897
		E-mail:	John.Harrison@southampton.gov.uk		
Author:		Title	Head of Supplier Management		
		Name:	Paul Paskins		Tel: 023 8083 4353
		E-mail:	Paul.Paskins@southampton.gov.uk		
STATEMENT OF CONFIDENTIALITY					
Appendix 1 to this report is confidential in accordance with paragraph number 7(A) of the Council’s Access to Information Procedure Rules in Part 4 of the Council’s Constitution as it contains information about council contracts and contractors which may be deemed to be confidential and commercially sensitive.					
BRIEF SUMMARY					
This report provides the Governance Committee with an overview of the performance, governance and contractual matters relating to the council’s most strategically important contracts.					
The report is produced by the Supplier Management Service on an annual basis to cover the preceding financial year.					
RECOMMENDATIONS:					
	(i)	That the Governance Committee notes the Strategic Contracts Annual Report to the period April 2020 as attached as Appendix 1.			
REASONS FOR REPORT RECOMMENDATIONS					
1.	The report is provided for information.				
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED					
2.	N/A				
DETAIL (Including consultation carried out)					
3.	The council delivers a number of key services through contracts with third-party suppliers.				
4.	The Supplier Management Service has responsibility for the procurement, contract management and supplier performance for what are known as the ‘Strategic Contracts’. These are the contracts deemed be the most strategically important to the council.				
5.	This joined-up approach to contract management and procurement is designed to ensure that the council procures, puts in place and appropriately				

	manages contracts which meet the strategic council's objectives now and in the future and achieves value-for money-through its contracting arrangements.
6.	A separate arrangement is in place for health and care commissioning, procurement and contract management all of which are managed by the Integrated Commissioning Unit (ICU).
7.	<p>The Supplier Management Service is comprised of contract management, procurement and commercial specialists and is responsible for the central management of all aspects of the 'contract lifecycle' and performance including:-</p> <ul style="list-style-type: none"> • Relationship management; • Contract strategy; • Contract changes and negotiation; • Issue dispute resolution; • Continuous improvement; • Performance monitoring and financial deductions; • Contract compliance, benefits realisation and value-for-money monitoring activities; • Formal and informal governance; • Capital programmes; • Insurance; • Provider facilities and premises; • Finance governance; • Technical management and approvals; • Works orders; • Safety, health, environmental and quality monitoring; • Engagement activities and • Employment practices and equalities obligations.
8.	<p>The current portfolio of Strategic Contracts consists of the following:-</p> <ul style="list-style-type: none"> • Highways Services Partnership; • CCTV and Intelligent Traffic Systems (known as City Watch); • Street Lighting Private Finance Initiative; • Leisure (Sport and Recreation); • Southampton Guildhall; • Southampton Golf Course; • St Mary's Leisure Centre; • Schools Private Finance Initiative; • Waste Disposal; and • Managed Services for Temporary Agency Resources.
9.	This report looks back on the performance from 1 April 2019 to 31 March 2020 and therefore pre-dates most of the Covid-19 pandemic period. Brief details have, however, also been included on how Covid-19 has impacted on the contracts and performance.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
10.	N/A

<u>Property/Other</u>	
11.	N/A
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
12.	N/A
<u>Other Legal Implications:</u>	
13.	N/A
RISK MANAGEMENT IMPLICATIONS	
14.	N/A
POLICY FRAMEWORK IMPLICATIONS	
15.	N/A
KEY DECISION?	N/A
WARDS/COMMUNITIES AFFECTED:	Not Applicable
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Strategic Contracts Annual Report 2019_2020 – Confidential
Documents In Members' Rooms	
1.	None
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
Data Protection Impact Assessment	
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No
Other Background Documents	
Other Background documents available for inspection at: N/A	
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

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Agenda Item 9

Appendix 1

Document is Confidential

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