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# Blackpool Council

20 July 2018

To: Councillors Cox, Elmes, Galley, Hobson, Hunter, Matthews, Mitchell, Roberts and L Taylor

Ms Yvonne Russell, Independent Member

The above members are requested to attend the:

## AUDIT COMMITTEE

Monday, 30 July 2018 at 6.00 pm  
in Committee Room A, Town Hall, Blackpool

## A G E N D A

**2 MINUTES OF THE LAST MEETING HELD ON 21 JUNE 2018** (Pages 1 - 6)

To agree the minutes of the last meeting of the Audit Committee held on 21 June 2018 as a true and correct record.

**Venue information:**

First floor meeting room (lift available), accessible toilets (ground floor), no-smoking building.

**Other information:**

For queries regarding this agenda please contact Chris Williams, Democratic Governance Adviser, Tel: 01253 477153, e-mail [chris.williams@blackpool.gov.uk](mailto:chris.williams@blackpool.gov.uk)

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### **Present:**

Councillor Galley (in the Chair)

Councillors

Elmes                      Hunter                      L Taylor  
Hobson

Ms Yvonne Russell, Independent Member

### **In Attendance:**

Mrs Diane Booth, Director of Children's Services  
Mrs Tracy Greenhalgh, Head of Audit and Risk  
Ms Karen Smith, Director of Adult Services  
Mr Steve Thompson, Director of Resources  
Mr Mark Towers, Director of Governance and Partnerships  
Mr Chris Williams, Democratic Services Adviser

### **1 DECLARATIONS OF INTEREST**

There were no declarations of interest on this occasion.

### **2 MINUTES OF THE LAST MEETING HELD ON 3 MAY 2018**

The Committee agreed that the minutes of the meeting held on 3 May 2018 be signed by the Chairman as a true and correct record.

### **3 STRATEGIC RISK REGISTER - INADEQUATE CHANGE MANAGEMENT**

The Committee considered the controls being implemented to manage the strategic risk related to change management.

#### **Unfunded new burdens**

Consideration was given first to the associated risk of unfunded new burdens. Ms Karen Smith, Director of Adult Services reported that in terms of mitigation, in addition to more general measures such as analysis of previous patterns and trends, the Transforming Care agenda was the primary tool designed to address adult complex needs and provide better outcomes at reduced cost to the Authority and partners. Through local steering groups and regional meetings, it was hoped that positive changes would continue to be made to the care system and result in needs being met in the community rather than relying on distant

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and expensive placements. The Committee noted that work was ongoing with partners to collectively meet unfunded needs, though it was acknowledged that any form of care provision involved an element of uncertainty.

With regards to implementing change, members of the Committee suggested that possibly a programme of championing change managers could be beneficial as a means of driving changes. Following a question about how pilot programmes were evaluated in terms of their effectiveness and future suitability, Ms Smith advised that formal evaluation exercises were undertaken which would involve in-house evaluation along with those carried out by some academic institutions. From these evaluations, impact statements were often produced as a summary of how successful any given pilot programme had been.

Mrs Diane Booth, Director of Children's Services reported that in order to address unfunded burdens within her department, a piece of work entitled 'journey of the child' had begun with the primary aim of reducing the numbers of young people entering care and providing better support to those leaving care. The plan centred round reducing demand for services, increasing the quality of existing provision, changing cultures and assessing sufficiency. A review of the current care cohort was underway and a complete review of sufficiency was expected to be completed this year.

Demand management was cited as a key element of the work and Mrs Booth suggested that partners also had a key role to play in supporting this. One of the challenges was the need for a gradual cultural shift to allow for greater flexibility and staff resilience which it was hoped would ultimately improve service delivery and affordability.

In response to further more general questions from the Committee regarding additional mitigation measures, Mrs Booth advised that less use of agency staff, better levels of management oversight and more in depth auditing of case work would all help to improve service effectiveness. In addition, it was reported that better working relationships with partners, use of external consultants and receipt of help and advice from regional neighbours would further help to ensure key risks continued to be mitigated. With reference to the results of the Dartington research designed to inform future service provision, it was noted that a tool had been developed to aid in forecasting the impact of strategic changes based on a variety of factors.

### **Unpredictability of Legal Rulings**

Mr Mark Towers, Director of Governance and Partnerships reported to the Committee on the controls being implemented to manage the risks related to the unpredictability of legal rulings. In terms of what was being done in Blackpool on how to minimise similar risks, he explained that there was a weekly review of legal cases which were reported to the wider legal services and clients as appropriate. The Public Protection and Legal teams within the Council which continued to work proactively to pre-empt potential risks and develop measures designed to offset future threats.

**Insurance claims**

Mr Steve Thompson, Director of Resources, reported on the controls being implemented with regard to insurance coverage and the financial risk exposure arising due to sensitive claims. He explained that the landscape of insurance changed regularly and the challenge was to keep ahead of those changes and to minimise the potential for claims. Elements had been added to bolster the Council's insurance coverage that included sections on cyber-security threats and medical malpractice. The Director of Resources explained that through various networks, use of advisors, systematic internal audit work and an accumulation of reserves, it was anticipated that any emerging insurance risks would be adequately prepared for.

**Looked after Children (LAC) numbers and Child Protection Plans**

The Director of Children's Services reported on the controls with regard to the number of looked after children and child protection cases. It was explained as an example that the issue of care leavers represented a substantial challenge in terms of appropriate provision and levels of cost. When questioned about those issues across the UK more generally, Mrs Booth advised that the situation was similar in most parts of the country with children's services departments overspending in many local authorities. So despite some successes in terms of reducing demand and developing a comprehensive sufficiency strategy, there remained room for further improvement.

Members questioned the significant costs associated with child placements, particularly those outside of the Borough and what could be done to address the issue. Mrs Booth reassured the Committee that despite the costs, local placements were always utilised first with all other options exhausted before the decision to use external placements was taken. It was reported that Blackpool was also on the membership of a national forum designed to tackle the issue of excessive placement costs. It was reported that additional work to promote foster parenting was being explored which could lead to further reductions in the use of external placements.

**Devolution of services and partnership working**

Mr Mark Towers, Director of Governance and Partnerships reported on the controls with regard to the devolution of services and partnership working. He explained that following a recent audit, work was being progressed to create a corporate framework, to provide a consistent approach, particularly as the momentum of the shared service agenda increased. Through the Good Governance Group, various networks and through periodic auditing, the situation would be monitored. A draft framework had been prepared which was due to be considered by the Good Governance Group in due course.

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### 4 RISK SERVICES QUARTER FOUR REPORT - 2017/2018

The Committee considered the findings from the Risk Services Quarterly report.

In terms of service developments, Mrs Tracy Greenhalgh, Head of Audit and Risk reported that numerous internal audits were underway in quarter 4 2017/ 2018 which included, and were not limited to Public Protection, Council Tax collection, the Pupil Welfare Unit and Housing Benefit risk based verification. Details of the scope and final outcome of those reviews would be contained in the Risk Services quarterly report once the draft report had been agreed.

The Committee was informed that the corporate fraud team had been involved in a number of reactive fraud investigations during the quarter which had impacted on their capacity to focus on proactive work. The Fraud Prevention Charter had been formally signed off by the Corporate Leadership Team and it was intended that the document would allow the allocation of proactive work across agreed timescales. Following a question about Council Tax single person discount and how fraudulent claims were identified and dealt with, Mr Thompson reported that a national fraud initiative was in place to help with such matters in addition to the Council writing out to residents to request they notify the authority of any changes to their domestic situation. It was acknowledged that there was still an element of reliance on residents reporting instances of suspected Council Tax fraud. Following questions about how far back investigations of fraud by individuals covered, it was confirmed that usually the three previous years would be looked at and penalties would be issued to those individuals who failed to inform the authority of changes in circumstances.

With reference to risk services performance indicators, the Committee questioned the percentage of risk registers revised and up to date at the end of the quarter which had slipped from 100% in Quarter 3 to an 89% completion rate in Quarter 4. Mrs Greenhalgh advised that changes to the organisational structure had largely led to the drop. Those outstanding risk registers included Adult services commissioning team, building cleansing, parking services, CCTV and security.

In response to a question about the completion of Ipool modules being included in Annual Individual Performance Appraisals (IPA's) for staff, Mrs Greenhalgh indicated that Line Managers were held to account for this. In addition, Chief Officers were held to account for the rates of Ipool module completion within their directorates. Mr Towers added that the registering of interests among Council officers had greatly improved.

The Committee discussed emergency response volunteer workers and what incentives existed to increase retention of those individuals. Members were informed of the potential to operate a reward scheme and to involve Council owned companies more in recruitment and retention of volunteers.

Following consideration of the various internal audits outlined in the report, it was agreed that in addition to the inclusion of three tier level priority recommendations and management response information, in future it would be desirable to invite various Heads of Service to future meetings to discuss specific priority areas requiring improvement and

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what plans were in place to address deficiencies.

With regard to issues identified in the audit of transition from children to adult services, Mrs Booth advised that a systematic issue had been dealt with and the referrals process had now been clarified. The issue of a lack of contracts raised during the audit of Headstart was discussed and the Committee notified that the priority one area of concern would be resolved in the very near future.

The Committee was informed that a follow-up audit of business planning and performance management for 2018/2019 had been arranged and would be reported to a future Committee meeting. A full scale review would be undertaken to further investigate various elements of data recording and processes for claims handling. Employee liability claims were deliberated and when questions were asked about year on year increases in claims and payouts from 2014/2015 onwards, Mrs Greenhalgh reported that such claims were very difficult to anticipate and plan for accordingly but offered to provide detailed feedback on the issue to Members outside of the meeting.

The internal audit of events risk management was discussed and the Committee noted the concerns about the late submission of relevant paperwork by third parties and external providers which could have a detrimental impact on events, and work soon being undertaken to improve this. In response, Members were informed that the audit report would be submitted to the Safety Advisory Group for further consideration and it was anticipated that any recommendation would help to reduce associated risks.

The estates management and investment portfolio was discussed and the Committee expressed concerns about the completion rate of rent reviews and the potential financial risk of failing to adequately recover any monies owed from outstanding reviews. Members requested that further information be submitted on the issue and invited the relevant Head of Service to attend the next meeting to discuss the issue in greater detail.

### **The Committee agreed:**

1. To invite the Head of Property Services to the next meeting to discuss the Estate Management and Investment Portfolio internal audit.
2. To invite relevant Heads of Service to future meetings as and when required to discuss detailed responses to priority areas identified within internal audits.
3. That the Head of Audit and Risk circulate the Annual Audit Opinion 2017/2018 to the Committee to assist in identifying audit areas to review in more detail at future meetings.

### **5 DATE OF NEXT MEETING**

The date and time of the next meeting of the Committee was noted as 30 July 2018 at 6pm in Committee Room A, Town Hall, Blackpool.

**MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 21 JUNE 2018**

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**Chairman**

(The meeting ended at 7.30 pm)

Any queries regarding these minutes, please contact:  
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