

# Blackpool Council

17 June 2014

To: Councillors Benson, Callow, I Coleman, Galley, Hunter, O'Hara and Smith (membership subject to approval at the Council meeting on the 25<sup>th</sup> June 2014)

The above members are requested to attend the:

## **FINANCE AND AUDIT COMMITTEE**

Thursday, 26 June 2014 at 6.00 pm  
in Committee Room A, Town Hall, Blackpool FY1 1GB

### **A G E N D A**

#### **1 DECLARATIONS OF INTEREST**

Members are asked to declare any interests in the items under consideration and in doing so state:

- (1) the type of interest concerned; and
- (2) the nature of the interest concerned

If any member requires advice on declarations of interests, they are advised to contact the Head of Democratic Services in advance of the meeting.

#### **2 MINUTES OF THE LAST MEETING HELD ON 24TH APRIL 2014** (Pages 1 - 4)

To agree the minutes of the last meeting held on 24<sup>th</sup> April 2014 as a true and correct record.

#### **3 STRATEGIC RISK REGISTER** (Pages 5 - 10)

To consider a progress report on individual risks identified in the Council's Strategic Risk Register.

#### **4 ANNUAL AUDIT FEE 2014/2015** (Pages 11 - 20)

To consider the external auditor's Annual Audit Fee Letter 2014/2015.

**5 FINANCE AND AUDIT COMMITTEE TRAINING PROGRAMME (Pages 21 - 24)**

To consider the proposed Finance and Audit Committee training programme for 2014/2015.

**6 ANNUAL GOVERNANCE STATEMENT (Pages 25 - 42)**

To consider the Annual Governance Statement for 2013/14.

**7 ENGAGEMENT OF CONSULTANTS MONITORING REPORT (Pages 43 - 48)**

The Committee to consider the appointment of consultants exceeding £25,000 for the period 1<sup>st</sup> February 2014 to 30<sup>th</sup> April 2014.

**8 PROVISIONAL OUTTURN 2013/2014 (Pages 49 - 76)**

To consider the report of the Treasurer to the Executive at its meeting on 16<sup>th</sup> June on the Provisional Revenue Outturn for 2013/2014 compared with the approved budget and the capital expenditure in the year ended 31<sup>st</sup> March 2014 with sources of funding.

**9 TREASURY MANAGEMENT OUTTURN 2013/2014 (Pages 77 - 94)**

To consider the Treasury Management Outturn Report for 2013/2014.

**10 ANNUAL REPORT OF THE CHIEF INTERNAL AUDITOR 2013/2014 (Pages 95 - 120)**

The Committee to consider the Annual Report of the Chief Internal Auditor for 2013/14.

**11 INTERIM AUDIT LETTER 2013/14 - MANAGEMENT RESPONSE (Pages 121 - 124)**

To provide Members with the management response to the summary of findings contained within the interim audit 2013/14 letter, as requested at the last meeting of the Finance and Audit committee.

**12 DATE OF NEXT MEETING**

To note the date of the next meeting of the Committee as Thursday 18<sup>th</sup> September 2014 at 6.00 p.m. in Committee Room A at the Town Hall and the proposed items as:

Statement of Accounts

ISA260

Financial Monitoring

Risk Services Report – Quarter 1

Strategic Risk Register – Inability to continue funding the illuminations

**Venue information:**

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

**Other information:**

For queries regarding this agenda please contact Bernadette Jarvis, Democratic Services Advisor, Tel: (01253) 477157, e-mail [bernadette.jarvis@blackpool.gov.uk](mailto:bernadette.jarvis@blackpool.gov.uk)

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## MINUTES OF FINANCE AND AUDIT COMMITTEE MEETING - 24TH APRIL 2014

### Present:

Councillor Callow (in the Chair)

Councillors

Coleman      Mrs Haynes    Hunter      Smith

### In attendance:

Mr N Jack, Chief Executive  
Dr A Rajpura, Assistant Chief Executive, Public Health  
Mr S Thompson, Assistant Chief Executive, Treasurer Services  
Mr S Boydell, Senior Public Health Analyst  
Ms L Petch, Public Health Specialist  
Mrs T Greenhalgh, Chief Internal Auditor  
Mr S Singh, Assistant Manager, KPMG  
Mrs B Jarvis, Senior Democratic Services Adviser

### Apologies:

Apologies had been received from Councillor Galley who was engaged elsewhere on Council business.

### 1. ACKNOWLEDGEMENT

The Chairman, on behalf of the Committee, acknowledged the significant length of time that Councillor Mrs Haynes had been a Member of the Finance and Audit Committee. He thanked her for her hard work and commitment to the Committee during that time and wished her well for the future.

### 2. DECLARATIONS OF INTEREST

There were no declarations of interest on this occasion.

### 3. MINUTES OF THE LAST MEETING HELD ON 13TH MARCH 2014

The Committee agreed that the minutes of the meeting held on 13th March 2014 be signed by the Chairman as a correct record.

### 4. STRATEGIC RISK REGISTER - PUBLIC HEALTH DATA

Dr Rajpura, Assistant Chief Executive, Public Health, provided the Committee with an update on the risks identified on the Strategic Risk Register in relation to Public Health data.

## **MINUTES OF FINANCE AND AUDIT COMMITTEE MEETING - 24TH APRIL 2014**

He advised Members that the issue around Public Health data had arisen due to the transfer of responsibility for Public Health to Local Authorities. He confirmed that it was an issue for all Local Authorities since the transfer due to the necessity for movement of health and social care data from the NHS to the Council. He advised the Committee of the limited circumstances in which Public Health was legally permitted to access personal health and social care data, namely where consent had been given by the client or for health protection purposes.

Dr Rajpura informed the Committee that the Council was currently in the process of completing an NHS Information Governance Toolkit for submission to the Department of Health to gain compliance to enable data transfer from NHS to the Local Authority. This would allow the Local Authority to access pseudo-anonymised health service data and information on births and deaths for analysis purposes. It would also allow for anonymised information on NHS patients' treatments to ensure appropriate payment to the service provider and re-charges to other areas for out of borough patients.

In response to questions from the Committee, Dr Rajpura confirmed that members of the public could opt out of having their NHS data shared although the percentage of people currently opted out was low. However, legal protection was in place to allow access to information, even if opted out, if there was a risk to the general public.

Mr Jack, Chief Executive, responded to a concern raised relating to the risk of hacking of the Council's computer systems by reassuring Members of the robust controls already in place to protect against this threat. Dr Rajpura confirmed that a secure internet connection to prevent hacking was required to be gain Information Governance compliance.

In response to Members' concerns, Dr Rajpura confirmed that there was a process in place to identify where patients were not Blackpool residents to enable charges to be allocated to the relevant Clinical Commissioning Group.

In conclusion, Dr Rajpura confirmed the expectation that the issues around the accessibility of Public Health data would be resolved within the next few months.

The Committee agreed to note the plans to control and mitigate the risks identified in the Council's Strategic Risk Register in relation to Public Health data.

Background papers: None

### **5. INTERIM AUDIT LETTER 2013/2014 - SUMMARY OF FINDINGS**

Mr S Singh, Assistant Manager, KPMG, presented the findings from the 2013/2014 Interim Audit.

Mr Singh confirmed that Management had accepted the recommendation to ensure all bank account reconciliations were reviewed within one month of their preparation. He informed Members that this would be followed up during the 2014/2015 Audit to check compliance.

## **MINUTES OF FINANCE AND AUDIT COMMITTEE MEETING - 24TH APRIL 2014**

Mr Singh referred to the 2013/2014 follow up action that had been undertaken that had confirmed that the recommendation from the 2012/2013 Interim Management Letter Issues had been fully implemented with no further action needing to be taken.

The Committee agreed to note the report and to request a further report on the Management response to the recommendation from the 2013/2014 Interim Management Letter to be presented at a future meeting.

Background papers: None

### **6. INCOME BY PAYMENT METHOD**

Mr Thompson, Assistant Chief Executive, Treasurer Services, reminded the Committee that at its last meeting it had requested a breakdown of income by payment method in relation to the £170million income referred to in the Income and Debt Recovery Strategy 2014-2017.

Members were advised of the values, volumes and percentage shares for each payment method. Mr Thompson reported that the highest payment method in terms of value was by standing order, whilst the highest payment method in terms of number and percentage was payment by direct debit. He advised the Committee that payment by direct debit was encouraged due to the speed of payment and lower cost of collection.

The Committee agreed to note the report.

Background papers: None

### **7. FINANCIAL MONITORING AS AT MONTH 9 2013 / 2014**

The Committee considered the financial performance monitoring reports as at month 9 for the period April 2013 - December 2013.

Mr Thompson reported that the working balances were forecast at £5.2million against a target of £6million. He advised that funding of a third of a million pounds had recently been returned from Central Government to the Local Authority and that this would improve the working balances.

The Committee was advised that a report on the Provisional Revenue Outturn would be presented to Committee at its meeting in June 2014.

The Committee agreed to note the report.

Background papers: None

### **8. BUSINESS CONTINUITY MANAGEMENT FRAMEWORK 2014/2017**

Mrs T Greenhalgh, Chief Internal Auditor, presented the Business Continuity Management Framework 2014/2017. She advised the Committee that the Framework had been recently updated in line with ISO standards. She reported that the Framework

## **MINUTES OF FINANCE AND AUDIT COMMITTEE MEETING - 24TH APRIL 2014**

was intended to be more flexible to allow services to combine plans to reflect changes in the Council's structure.

Mrs Greenhalgh advised that, once approved, the framework would be rolled out across the Council. She advised on a further piece of work that would be undertaken to reflect the Council's responsibility to external organisations.

The Committee agreed to approve the Business Continuity Management Framework 2014/2017.

Background papers: None

### **9. RISK MANAGEMENT FRAMEWORK 2014/2017**

Mrs T Greenhalgh, Chief Internal Auditor, presented the Risk Management Framework 2014/2017 to the Committee.

Mrs Greenhalgh advised Members that the recently revised framework sets out the Council's approach to risk management. She reported that on the key areas of the Framework which included the Risk Management objectives and the required roles and responsibilities for staff. It also provided terms of reference for various Risk Management Groups that had been set up to focus on specific areas of risk.

The Committee agreed to approve the Risk Management Framework 2017/2017.

Background papers: None

### **10. DATE OF NEXT MEETING**

The Committee noted the items for the next meeting as being:

1. Risk Services Report - Quarter 4
2. Strategic Risk Register - Tendering of Drug and Alcohol Treatment Services
3. Finance and Audit Committee Training Programme
4. Annual Governance Statement
5. Update on the Implementation of the Local Government Pension Scheme.
6. Provisional Revenue Outturn 2013/2014

The Committee agreed to note the date of the next meeting as 6pm on 19th June 2014 in the Town Hall, Blackpool, subject to approval at Annual Council.

### **Chairman**

(The meeting ended at 6:38 pm)

Any queries regarding these minutes, please contact:  
Bernadette Jarvis, Senior Democratic Services Adviser  
Tel: 01253 477157

E-mail: [bernadette.jarvis@blackpool.gov.uk](mailto:bernadette.jarvis@blackpool.gov.uk)



<b>Report to:</b>	<b>FINANCE AND AUDIT COMMITTEE</b>
<b>Item number</b>	<b>3</b>
<b>Relevant Officer:</b>	Arif Rajpura, Assistant Chief Executive for Public Health
<b>Date of Meeting</b>	26 <sup>th</sup> June 2014

## STRATEGIC RISK REGISTER

### 1.0 Purpose of the report:

1.1 The Committee to consider a progress report on individual risks identified in the Council's Strategic Risk Register.

### 2.0 Recommendation(s):

2.1 Members will have the opportunity to question the Assistant Chief Executive for Public Health in relation to the identified risks on the Strategic Risk Register with regards to Public Health Data.

### 3.0 Reasons for recommendation(s):

3.1 To enable the Finance and Audit Committee to consider an update and progress report in relation to an individual risk identified on the Strategic Risk Register.

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council's approved budget? Yes

### 3.3 Other alternative options to be considered:

To not receive an update report, however this would prevent the Committee from monitoring and asking relevant questions of Strategic Risk Owner in relation to significant risks identified on the Strategic Risk Register.

**4.0 Council Priority:**

4.1 The relevant Council Priorities are:

- Safeguard and protect the most vulnerable
- Improve health and well-being especially for the most disadvantaged

**5.0 Background Information**

5.1 At the March 2014 meeting, the Finance and Audit Committee agreed to continue to invite Strategic Risk Owners to attend future meetings to provide updates and progress reports in relation to the individual risks identified on the Strategic Risk Register.

5.2 Priority is being given to those risks which have been assessed as a high risk and once these have been effectively covered attention will then focus on medium and low risks.

Does the information submitted include any exempt information?

No

**List of Appendices:**

Appendix 3(a) - Excerpt from Strategic Risk Register

**6.0 Legal considerations:**

6.1 None

**7.0 Human Resources considerations:**

7.1 None

**8.0 Equalities considerations:**

8.1 None

**9.0 Financial considerations:**

9.1 None

**10.0 Risk management considerations:**

10.1 None

**11.0 Internal/ External Consultation undertaken:**

11.1 None

**12.0 Background papers:**

12.1 None

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No.	Risk Category	Impacts / Consequences	Opportunity	Gross Risk Score			Existing Controls	Net Risk Score			New / Developing Controls	Corporate Priority	Risk Owner / Risk Manager	Target Date	Date Presented at Finance and Audit Committee
				I	L	NS		I	L	NS					
5	Local - Tendering of the Drug and Alcohol treatment Services	1) Loss of Service Delivery due to vacancies and difficulties to recruit due to contracts coming to an end	1) Opportunity for positive change	5	3	15	1) Contract Variations issued to extend contracts to the 31 August 2014 to support the recruitment of staff.	5	3	15	1) Maintain good working relationship and open communication with current providers	4,9	Owner: CLT	Jun-14	
		2) Destabilisation of the prescribing service 3) Delays in the tendering process due to the decisions around the	2) New direction for service. 3) Potential cost saving.	2) Prescribing service encouraged to employ clinic staff 3) Paper going to CLT recommending a PIN prior to the tendering				2) Commissioning Review of Drug and Alcohol treatment services requested by CLT							

	HUB and WISH being tendered or not			process to test the market and check value for money  4) Service Specification for Young People being merged into one service  5) Commissioning Review requested by CLT prior to a decision being made								
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<b>Report to:</b>	<b>FINANCE AND AUDIT COMMITTEE</b>
<b>Item number</b>	<b>4</b>
<b>Relevant Officer:</b>	Sukhsimran Singh, Assistant Manager, KPMG
<b>Date of Meeting</b>	26 <sup>th</sup> June 2014

## **ANNUAL AUDIT FEE 2014/2015**

### **1.0 Purpose of the report:**

1.1 To consider the external auditor's Annual Audit Fee Letter 2014/2015.

### **2.0 Recommendation(s):**

2.1 To consider the content of the letter, asking questions and making any recommendations as considered appropriate.

### **3.0 Reasons for recommendation(s):**

3.1 To enable the Finance and Audit Committee to consider the proposed Audit fees for 2014-15 and to make appropriate recommendations.

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council's approved budget? Yes

3.3 Other alternative options to be considered:

To not receive the report but this would prevent the effective monitoring and review of the Council's audit fees by the Committee.

**4.0 Council Priority:**

4.1 The relevant Council Priority is:

- Deliver quality services through a professional, well-rewarded and motivated workforce

**5.0 Background Information**

5.1 The Annual Audit Fee letter, outlining the proposed Audit Fee for 2014/2015 is attached at Appendix 4(a).

5.2 This letter was received by the Assistant Chief Executive, Treasurer Services in May 2014.

5.3 The proposal for the 2014/2015 year is based on the risk based approach to audit planning as set out in the Code of Audit Practice and work mandated by the Audit Commission.

5.4 Does the information submitted include any exempt information? No

**5.5 List of Appendices:**

Appendix 4(a): Annual Audit Fee Letter 2014-2015.

**6.0 Legal considerations:**

6.1 None

**7.0 Human Resources considerations:**

7.1 None

**8.0 Equalities considerations:**

8.1 None

**9.0 Financial considerations:**

9.1 None



**10.0 Risk management considerations:**

10.1 None

**11.0 Internal/ External Consultation undertaken:**

11.1 None

**12.0 Background papers:**

12.1 None





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 Treasurer  
 Blackpool Council  
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 Corporation Street  
 Blackpool  
 FY1 1AD

Our ref JT/016let766  
 Contact Julie Talbot  
 0113 231 3516

15 May 2014

Dear Steve

**Annual audit fee 2014/15**

I am writing to confirm the audit work and fee that we propose for the 2014/15 financial year at Blackpool Council. Our proposals are based on the risk-based approach to audit planning as set out in the Code of Audit Practice and work mandated by the Audit Commission.

As we have not yet completed our audit for 2013/14 the audit planning process for 2014/15, including the risk assessment will continue as the year progresses and fees will be reviewed and updated as necessary. We will naturally keep you informed.

The proposed indicative audit and certification fees for 2014/15 are shown below, along with a comparison to the prior year's audit. All fees are exclusive of VAT.

Audit area	Planned fee 2014/15	Planned fee 2013/14
Code of Audit Practice audit fee	145,800	145,800
Certification of grant claims & returns	18,210	19,615

The audit fee is unchanged from the planned fee for 2013/14 and is in line with the scale fee recommended by the Audit Commission.

We are currently awaiting final confirmation from the Audit Commission in relation to the proposed grant certification fee for 2014/15. Once this has been agreed, I will communicate this to you and provide more details on our certification work.

DCLG and HM Treasury are working with grant-paying bodies to develop assurance arrangements for certifying claims and returns following the closure of the Commission. Subject

to confirmation, we expect these new arrangements to apply to 2014/15 claims and returns and therefore the following schemes to fall outside the Commission's arrangements:

- Pooling of housing capital receipts (CFB06);
- Teachers' pensions return (PEN05);

The Department for Work and Pensions (DWP) has asked the Audit Commission to prepare auditor guidance for the certification of housing benefit subsidy for 2014/15. We will therefore continue to certify the housing benefit subsidy claim under the Audit Commission's arrangements. It is expected that arrangements for 2015/16 onwards will be made on the same basis by an independent private company to be set up by the Local Government Association, which will take on transitional responsibility for the management of the Audit Commission's audit contracts following its closure in March 2015.

The indicative fees are based on a number of assumptions, including that you will provide us with complete and materially accurate financial statements, with good quality supporting working papers, within agreed timeframes. It is imperative that you achieve this. If this is not the case and we have to complete more work than was envisaged, we will need to charge additional fees for this work. Our assumptions are set out in more detail in Appendix 1 to this letter.

In setting the fee at this level, we have assumed that the general level of risk in relation to the audit of the financial statements and certification work is not significantly different from that identified for the current year's audit. A more detailed audit plan will be issued later this year. This will detail the risks identified, planned audit procedures and (if required) any changes in fee. If we need to make any significant amendments to the audit fee during the course of the audit, I will first discuss this with you and then prepare a report for the Finance and Audit Committee, outlining the reasons why the fee needs to change.

We expect to issue a number of reports relating to our work over the course of the audit. These are listed at Appendix 2.

The proposed fee excludes any additional work we may agree to undertake at the request of Blackpool Council. Any such piece of work will be separately discussed and a detailed project specification agreed with you.

The key members of our audit team for the 2014/15 audit are:

Name	Role	Contact details
Trevor Rees	Partner	Trevor.rees@kpmg.co.uk 0161 246 4063
Julie Talbot	Manager	Julie.talbot@kpmg.co.uk 0113 231 3516

Sukhsimran Singh	Assistant Manager	Sukhsimran.singh@kpmg.co.uk 0161 246 4668
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We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me.

If we are unable to satisfy your concerns, you have the right to make a formal complaint to the Audit Commission. The complaints procedure is set out in the leaflet '*Something to Complain About*', which is available from the Commission's website ([www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)) or on request.

Yours sincerely



Trevor Rees  
Partner

## Appendix 1 – Audit fee assumptions

In setting the fee, I have assumed that:

- the level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2013/14;
- you will inform us of significant developments impacting on our audit;
- internal audit meets the appropriate professional standards;
- you will identify and implement any changes required under the CIPFA IFRS-based Code of Practice on local Authority Accounting within your 2014/15 financial statements;
- your financial statements will be made available for audit in line with the timetable we agree with you;
- good quality working papers and records will be provided to support the financial statements in line with our *prepared by client* request and by the date we agree with you;
- requested information will be provided within agreed timescales;
- prompt responses will be provided to draft reports;
- complete and accurate claims and returns are provided for certification, with supporting working papers, within agreed timeframes; and
- additional work will not be required to address questions or objections raised by local government electors or for special investigations such as those arising from disclosures under the Public Interest Disclosure Act 1998.

Improvements to the above factors may allow reductions to the audit fee in future years. Where these assumptions are not met, we will be required to undertake additional work and charge an increased audit fee. The fee for the audit of the financial statements will be re-visited when we issue the detailed audit plan.

Any changes to our audit plan and fee will be agreed with you. Changes may be required if:

- new residual audit risks emerge;
- additional work is required by the Audit Commission, KPMG or other regulators; or
- additional work is required as a result of changes in legislation, professional standards or as a result of changes in financial reporting.

## **Appendix 2: Planned outputs**

Our reports will be discussed and agreed with the appropriate officers before being issued to the Finance and Audit Committee.

<b>Planned output</b>	<b>Indicative date</b>
External audit plan	February 2015
Report to those charged with governance (ISA260 report)	September 2015
Auditor's report giving the opinion on the financial statements, value for money conclusion and audit certificate	September 2015
Opinion on Whole of Government Accounts return	September 2015
Annual audit letter	November 2015
Certification of grant claims and returns report	February 2016

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<b>Report to:</b>	<b>FINANCE AND AUDIT COMMITTEE</b>
<b>Item number</b>	<b>5</b>
<b>Relevant Officer:</b>	Tracy Greenhalgh, Chief Internal Auditor
<b>Date of Meeting</b>	26 <sup>th</sup> June 2014

## FINANCE AND AUDIT COMMITTEE TRAINING PROGRAMME

### 1.0 Purpose of the report:

1.1 To consider the proposed Finance and Audit Committee training programme for 2014/2015.

### 2.0 Recommendation(s):

2.1 To approve the Finance and Audit Committee training programme for 2014/2015.

### 3.0 Reasons for recommendation(s):

3.1 To enable Members to agree a training programme for the Committee for 2014/2015.

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council's approved budget? Yes

3.3 Other alternative options to be considered:

None, as the Finance and Audit Committee needs to agree its training programme for the forthcoming year.

#### 4.0 Council Priority:

4.1 The relevant Council Priority is

- Deliver quality services through a professional, well-rewarded and motivated workforce

#### 5.0 Background Information

5.1 To follow is the proposed timetable for the training programme, including the date, subject and the officer undertaking the training:

Date	Subject	Trainer / Speaker	Time	Length of Session
18 <sup>th</sup> September 2014	Statement of Accounts	Phil Redmond	4.45pm to 5.45pm	1 hour
23 <sup>rd</sup> October 2014	CIPFA Audit Committee Guidance	Mark Towers	5pm to 5.45pm	45 minutes
27 <sup>th</sup> November 2014	Best Practice for Audit Committees	Julie Talbot	5pm to 5.30pm	30 minutes
	Internal / External Audit Liaison with Finance and Audit Committee	Julie Talbot / Tracy Greenhalgh	5.30pm to 5.45pm	15 minutes
29 <sup>th</sup> January 2015	Business Continuity Management	Steve Faulkner	5pm to 5.45pm	45 minutes
5 <sup>th</sup> March 2015	Internal Audit Planning	Tracy Greenhalgh	5pm to 5.30pm	30 minutes
	Internal / External Audit Liaison with Finance and Audit Committee	Julie Talbot / Tracy Greenhalgh	5.30pm to 5.45pm	15 minutes

23 <sup>rd</sup> April 2015	Understanding Financial Monitoring Reports	Phil Redmond	5pm to 5.45pm	45 minutes
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Should members have any specific questions or suggestions in terms of what it would be useful to cover in each of the training sessions then these can be fed through to Tracy Greenhalgh.

Does the information submitted include any exempt information?

No

**List of Appendices:**

None

**6.0 Legal considerations:**

6.1 None

**7.0 Human Resources considerations:**

7.1 None

**8.0 Equalities considerations:**

8.1 None

**9.0 Financial considerations:**

9.1 None

**10.0 Risk management considerations:**

10.1 None

**11.0 Internal/ External Consultation undertaken:**

11.1 None

**12.0 Background papers:**

12.1 None

<b>Report to:</b>	<b>FINANCE AND AUDIT COMMITTEE</b>
<b>Item number:</b>	<b>6</b>
<b>Relevant Officer:</b>	Tracy Greenhalgh, Chief Internal Auditor Steve Thompson – Section 151 Officer
<b>Date of Meeting</b>	26 <sup>th</sup> June 2014

## **ANNUAL GOVERNANCE STATEMENT 2013-2014**

### **1.0 Purpose of the report:**

1.1 To consider the Annual Governance Statement for 2013/2014.

### **2.0 Recommendation(s):**

2.1 To approve the Annual Governance Statement for 2013/2014.

### **3.0 Reasons for recommendation(s):**

3.1 To enable the Committee to consider and approve the Annual Governance Statement for 2013/2014.

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council's approved budget? Yes

3.3 Other alternative options to be considered:

None

#### **4.0 Council Priority:**

4.1 The relevant Council Priority is

- Deliver quality services through a professional, well-rewarded and motivated workforce

#### **5.0 Background Information**

5.1 Since 2005 the Council has been required to report on the controls operating each financial year and their effectiveness, formerly in a Statement of Internal Control and more recently in an Annual Governance Statement.

5.2 The governance framework comprises the system and processes for the direction and control of the authority and its activities through which it accounts to, engages with and leads the community. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of Blackpool Council's policies, aims and objectives,
- evaluate the likelihood of those risks being realised and the impact should they be realised, and
- manage them efficiently, effectively and economically.

5.3 Following changes to the rules relating to local authority finance the Annual Governance Statement is no longer combined with the draft or audited accounts and is submitted to members as a standalone document.

5.4 Does the information submitted include any exempt information? No

#### **5.5 List of Appendices:**

Appendix 6(a): Annual Governance Statement

#### **6.0 Legal considerations:**

6.1 None

**7.0 Human Resources considerations:**

7.1 None

**8.0 Equalities considerations:**

8.1 None

**9.0 Financial considerations:**

9.1 None

**10.0 Risk management considerations:**

10.1 None

**11.0 Internal/ External Consultation undertaken:**

11.1 None

**12.0 Background papers:**

12.1 None

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# Blackpool Council

## Annual Governance Statement – 2013/2014

### **Scope of responsibility**

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Blackpool Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. Blackpool Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Blackpool Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and which includes arrangements for the management of risk.

Blackpool Council strives to operate in a manner consistent with the principles of the CIPFA / SOLACE *Framework Delivering Good Governance in Local Government*. This statement explains how Blackpool Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4 (3), which requires all relevant bodies to prepare an Annual Governance Statement.

### **The purpose of the governance framework**

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The governance framework comprises the system and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Blackpool Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Blackpool Council for the year ended 31<sup>st</sup> March 2014 and up to the date of the approval of the statement of accounts for that year.

### **The governance framework**

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The key elements of the systems and processes that comprise Blackpool Council's governance arrangements are summarised below.

### ***The Council's Vision, Values and Priorities***

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The Council Plan describes our priorities, values and ambitions for 2013-15 and explains clearly what the Council will do to help improve the lives of local people and how the Council will measure our progress. The extract of these from the Council Plan is shown in the following boxes:

#### **Our vision and priorities**

Our vision sets out an image of the future in Blackpool that the Council wishes to create over the long term:

***We will build a Blackpool where aspiration and ambition are encouraged and supported. We will seek to narrow the gap between the richest members of our society and the poorest and deliver a sustainable and fairer community, of which our communities will be proud.***

We believe that it is by working together that we make a difference to the lives and prospects of people who live, work and learn in Blackpool. The Council has nine priorities for how we will focus our efforts and resources to make a positive difference to the borough of Blackpool. Eight of these concentrate on the needs of our community and fit under three main themes:

1. We will raise aspiration by:
  - Tackling child poverty, raising aspirations and improving educational achievement
  - Safeguarding and protecting the most vulnerable
2. We will become a more prosperous town by:
  - Expanding and promoting our tourism, arts, heritage and cultural offer
  - Attracting sustainable investment and creating quality jobs
  - Encouraging responsible entrepreneurship for the benefit of our communities
3. We will create healthy communities by:
  - Improving health and wellbeing especially for the most disadvantaged
  - Improving housing standards and the environment we live in by using housing investment to create stable communities
  - Creating safer communities and reducing crime and anti-social behaviour

Our ninth priority - to deliver quality services through a professional, well-rewarded and motivated workforce - ensures we have staff who are capable of delivering these priorities. Blackpool Council's vision and values set out a high level vision of how the Council will address the nine priorities of the Council.

Blackpool Councils Value's are:

- We are accountable for delivering on the promises we make and take responsibility for our actions and the outcomes achieved
- We are committed to being fair to people and treat everyone we meet with dignity and respect
- We take pride in delivering quality services that are community focused and are based on listening carefully to what people need
- We act with integrity and we are trustworthy in all our dealings with people and we are open about the decisions we make and the services we offer
- We are compassionate, caring, hard-working and committed to delivering the best services that we can with a positive and collaborative attitude

The Council Plan seeks to address the big issues and policy drivers facing local government. The Council priorities feed into departmental business plans and are a key tool for managers to use when developing business plans for the coming year. The strong golden thread from community aspirations continues through to individual performance appraisals as they are developed based on Council's vision, values and priorities.

### ***Performance Management***

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There has been a reduced inspection regime on some Council services due to changes in Central Government. To help mitigate the risk of the impact of the reduced inspection regime the Council is starting to participate in more peer reviews drawing on experience from other Local Authorities and the private sector.

The Council has a performance management system in place with high level performance issues being reported to the Scrutiny Committee and local performance indicators being managed through the business planning framework.

Performance has been reported against the Council's nine priorities throughout 2013/14 on a quarterly basis. These reports have included progress made against actions, performance indicators, contextual information and progress against issues raised at Scrutiny Committee in the previous quarter.

The performance management framework will be strengthened in 2014/2015 by introducing an annual programme of business plan challenge sessions. These meetings will be chaired by the Leader of the Council and the Chief Executive and will seek to undertake a progress review of the business plans from each department on a rolling programme throughout the year. The lead officer and Cabinet Member for each department will be invited to attend the meeting to answer questions or provide further information for the review.

The purpose of the review process is to establish whether:

- Actions are linked to the Council's themes and priorities and key actions from the Council Plan are reflected in departmental business plans;
- Progress against business plan actions is monitored and areas of concern are addressed;
- The impact of business plan actions is evaluated and understood;

- Performance is managed effectively and priorities for improvement are identified; and
- There is evidence of cross departmental working to achieve priorities.

### ***Roles and Responsibilities***

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Responsibilities and functions are in place for each of the Council's Committees, including Licensing, Planning, Standards, Scrutiny and the Finance and Audit Committees. These are reviewed annually with any changes made at the Council's Annual Meeting, to ensure they are fit for purpose. The Executive has also agreed a set of criteria relating to levels of decision making, which provide clarity and consistency for decision makers.

All Council Officers, including the Corporate Leadership Team, have a job description which sets out their roles and responsibilities. Individual objectives for each officer are then part of the Individual Performance Appraisal process.

The Council's Constitution, including the Scheme of Delegation sets out the arrangements and protocols which are in place to enable effective communication within the authority and they also identify arrangements for working with partnerships.

### ***Behaviour and Conduct***

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An elected member/ officer protocol is incorporated in the Council's Constitution and there is also a Planning Committee protocol. Training is provided to officers and members to enable them to better understand the roles of each other.

There are registers of interests and hospitality for both elected members and officers. Members must register and declare interests on appropriate occasions, supported by appropriate professional advice at any time, where this is required.

The Council's Standards Framework has specific regard to probity and high standards of ethical conduct. This is supported by the Monitoring Officer and Deputy Monitoring Officer and together with 3 independent persons appointed by Council, deal as appropriate, with any complaints referred, as part of the process.

Any development needs in terms of conduct are identified through officer Individual Performance Appraisal or member self-assessment as appropriate, a regular programme of training is also provided.

Employees abide by the terms of the Council's officer Code of Conduct. Where appropriate staff are expected to comply with the Constitution and Financial Regulations, these are both updated regularly and appropriate training offered on changes.

### ***Decision Making Framework***

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The Constitution sets out the functions and responsibilities of the Council, the Executive and committees. Included in this are the delegation arrangements adopted by the Council and the Executive.

All Executive decisions contain all relevant policy implications including financial, risk management, human resource issues including equality analysis and legal considerations.

Records of decisions and supporting materials are maintained, with public disclosure of decisions on the Council's internet site. The Monitoring Officer or a designated representative, receive all decisions before they are processed and therefore are able to check the robustness of data quality prior to a decision being submitted for formal approval.

The Constitution is reviewed and updated on an ongoing basis.

### ***Risk Management***

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The Corporate Risk Management Group meets quarterly to co-ordinate and promote risk management activity, and the Council Leader is provided with all papers relating to the agenda and minutes. It is supported by departmental and thematic risk management groups. All departments have nominated risk champions to promote best practice in their areas and risk registers are maintained for major projects and partnerships.

The Strategic Risk Register is reviewed by the Corporate Leadership Team every six months and considered by the Finance and Audit Committee annually. Responsible officers identified in the Strategic Risk Register are required to attend Finance and Audit Committee to explain how the risks are being managed and what further mitigating controls may be required.

### ***Counter Fraud and Anti-Corruption Arrangements***

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The Council has an Anti-Fraud and Corruption Statement in place and this is approved by the Finance and Audit Committee on an annual basis. Any suspected instances of fraud and corruption are reported to the Chief Internal Auditor so that an appropriate investigation into the matter can be undertaken.

An Investigations Team is in place which investigates instances of welfare benefit fraud in line with the relevant legislation and guidance.

The Council has appropriate procedures in place to deal with the risk of money laundering and also to raise awareness of the Bribery Act and ensure that appropriate controls are in place to reduce the risk.

The Council participates in the National Fraud Initiative and progress against this is monitored on a regular basis.

### ***Management of Change and Transformation***

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The Council is committed to ensuring that it delivers value for money. Significant changes have been made to the Council structure and working practices to ensure the delivery of significant budget cuts as a result of the Comprehensive Spending Review. The Council continually considers ways in which further efficiency can be made to reduce costs whilst maintaining the delivery of a quality service and also considers how to effectively manage change.

### ***Financial Management Arrangements***

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The Council has a designated Chief Financial Officer who holds Section 151 responsibilities with appropriate qualifications and experience and a deputy has also been appointed. The

Chief Financial Officer has arrangements in place for financial management, financial reporting and value for money which are assessed as satisfactory by the Council's external auditors.

Monthly financial reporting summaries are made available to the Corporate Leadership Team, the Executive and the Finance and Audit Committee.

The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

The 2012/2013 ISA260 report provided by external audit has not identified any significant issues in the Council's financial management arrangements.

### ***Assurance Arrangements***

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The Council prepares an annual Audit Plan which is approved by the Corporate Leadership Team and the Finance and Audit Committee each year. This includes a balance of risk and compliance work. The assurance statement for each audit is reported quarterly to the Finance and Audit Committee and contributes to the Chief Internal Auditor's annual opinion. The opinion of the Chief Internal Auditor was presented to Finance and Audit Committee on the 26<sup>th</sup> June 2014.

An element of contingency is built into the Audit Plan to enable the Internal Audit Team to proactively respond to any issues which may arise throughout the year.

The Council's assurance arrangements broadly conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and this is reviewed annually.

### ***Monitoring Officer***

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The Council has designated a Monitoring Officer with appropriate qualifications and experience and a deputy has also been appointed. The Monitoring Officer has the specific duty to ensure that the Council, its officers and its elected members maintain the highest standards in all they do and is responsible to Blackpool Council for ensuring that governance procedures are followed and all applicable statutes and regulations are complied with.

### ***Head of Paid Service***

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The Council has in place effective arrangements to discharge the Head of Paid Service function and this role is undertaken by the Chief Executive.

### ***Finance and Audit Committee***

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The Council has a Finance and Audit Committee which meets on a regular basis. This is independent of the scrutiny framework, and as a full committee of the Council is able to discharge all the core functions of a Finance and Audit Committee identified in *CIPFA's Audit Committee: Practical Guidance for Local Authorities* including approval of the annual Statement of Accounts.

An ongoing programme of training on finance, audit and corporate governance topics is in place to ensure members have all the skills required to undertake their role.

### ***Compliance with Laws, Regulations, Internal Policies and Procedures***

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The Council has an internal control framework in place which helps ensure compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful.

All managers are expected to adhere to the Council's Constitution and Financial Regulations. Non-compliance with such procedures may result in disciplinary action.

An internal audit function is in place to provide assurance that controls are being adhered to. The Finance and Audit Committee receives copies of all audit assurance statements and has the ability to challenge officers where issues of non-compliance have been identified.

The Council's Monitoring Officer has a role in ensuring that the Council acts within the remit of relevant law and regulations and that a robust democratic process is maintained.

### ***Whistleblowing and Complaints***

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A whistleblowing procedure is in place. All complaints received under this procedure are investigated by appropriate officers. A corporate complaints procedure also operated during the period to ensure that any issues raised by members of the public were fully investigated. A pilot process has been implemented to deal with complaints which reach Stage Three of the complaints process where an independent panel of officers review and investigate the complaint before a response is provided to the complainant. This is chaired by the Deputy Chief Executive and attended by the Monitoring Officer, Chief Internal Auditor and Chief Accountant.

### ***Training and Development***

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A Member Development Programme is in place which helps deliver training to elected members to help them fulfil their role.

Elected members have personal development plans in place which are used to help identify training needs and the members training budget comprises of a core budget and a further budget that is split proportionally between the political groups, to ensure that appropriate training can be delivered to all members.

A recent skills audit was undertaken, completed by 39 out of 42 councillors and where appropriate this has been shared with the Group Leaders to assist in identifying development needs. A range of training and development opportunities are available for officers and this is informed through the Individual Performance Appraisal process which is mandatory for all officers across the Council.

A training programme is in place for senior officers to help enhance leadership skills.

## ***Consultation***

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The Council consults and engages with a diverse cross-section of the community to help ensure that their views are considered, such as Area Forums.

Public speaking is available at many meetings such as Executive, Scrutiny and the full Council meeting.

The Council produces a quarterly newsletter *Your Blackpool* which is distributed to every household in the Borough. Blackpool Council has recently invested in updating its website to help improve access to information and uses social media daily to engage with residents and visitors alike.

Healthwatch Blackpool has been set up to help people who use services to have a powerful influence in how services are planned and run as well as to help people to make informed choices about the health and social care options open to them.

The Blackpool Fairness Commission was launched in September 2012 as an independent body of people from across the Public, Private, Voluntary and Community Sectors.

In the last year, the Fairness Commission has appointed 120 Fairness Commissioners, a Steering Panel of 16 people from across the Public, Private, Voluntary and Community Sectors, held a number of Steering Group Meetings and Open Public Meetings, and formed five task and finish groups around issues such as child poverty, welfare reform, the night time economy, consultation and engagement, and early action.

The Fairness Commission has now reached a level of maturity. Widely recognised across sectors, with a steering group in place, it is passionate about and committed to making Blackpool a fairer place to live, work and learn.

## ***Partnerships and Joint Working***

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The Council has reviewed the governance arrangements with its wholly owned companies and has now a Companies Governance Code of Practice in place. This has led to the Articles of Association for each company being reviewed and the development of a Memorandum of Understanding between the Council and each company, to help define working arrangements.

## ***Review of effectiveness***

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Blackpool Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of executive managers within Blackpool Council, who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report and also by comments made by the external auditors and other review agencies and inspectorates.

A number of steps have been taken to review the effectiveness of governance arrangements in 2013/2014 and these include:



- Risk Champions have completed a control self-assessment on the internal control framework within their departments.
- A governance workshop was held with selected elected members representing the Standards, Scrutiny and Finance and Audit Committees and the Deputy Leader of the Council, to assess the Council's performance against the key principles of the CIPFA / SOLACE governance framework.
- Key officers, charged with governance responsibilities, including the Monitoring Officer, Deputy Monitoring Officer, Section 151 Officer, Chief Internal Auditor and Head of Corporate Development, Engagement and Communication were involved in the review.
- The Corporate Leadership Team has had the opportunity to comment on the governance framework and statement.

The implications of the results of the effectiveness of the governance framework have been identified by the Finance and Audit Committee and these state that arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

### **Significant Governance Issues**

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As part of the review of significant governance issues highlighted in 2012/2013 it has been deemed appropriate to remove some of the actions as these have now been effectively addressed included in this are:

<b>Governance Issues Addressed in 2013/2014</b>		
<b>Issues</b>	<b>Action to be taken</b>	<b>Responsible Officer</b>
Collection Fund	Monitoring and management of the Collection Fund to assess the impact of the introduction of the Localisation of Business Rates and the Council Tax Reduction Scheme.	Treasurer
Member Involvement	A skills audit to be undertaken with elected members.	Head of Democratic Services
Risk Management	The Property Risk Management Group's terms of reference and representation should be reviewed to ensure that it is working effectively.	Treasurer
Welfare Reform	Manage the transition to Universal Credit.  Ensure that the Council has the resource available to investigate corporate fraud after the introduction of the	Treasurer

	Single Fraud Investigation Service.	
Member Protocols / Decision Making	Ensure that officers are aware of the decision making process and that this is adhered to.	Head of Democratic Services
Complaints and requests for information.	Deliver the new corporate complaints process across the Council.  Ensure that Freedom of Information, Subject Access and Environmental Information requests are dealt with in a timely manner.	Deputy Chief Executive

There are a number of governance issues which it would be prudent to carry forward as further work is required to fully address the issues. Additional actions have been identified as part of the 2013/2014 review of the effectiveness of the governance framework and these are captured in the following table. It should be noted that some of the issues identified are not deemed as significant but have been included to aid openness and transparency.

<b>Governance Issues to be Addressed in 2014/2015</b>		
<b>Issues</b>	<b>Action to be taken</b>	<b>Responsible Officer</b>
Delivery of corporate savings programme combined with significant demand pressures.	Departments to adhere to agreed savings targets, identifying alternative savings or income generation where pressures develop.  Progress on achieving savings monitored from month 0.  Delivery of core services including appraisal of internal controls within available resource.	Chief Executive
Project management	Undertake an advisory role to ensure effective project management leads to successful project outcomes across all Council projects.  Ensure effective project management leads to successful project outcomes within sphere of influence.	Chief Executive

	Ensure adequate project management resource is available to deliver key projects.	
Facilities management	<p>Deliver Council's accommodation strategy and reduce desk footprint by delivery of the Central Business District project.</p> <p>Ensure that the Council's property estate is operated to maximise rental income or disposal values as appropriate.</p> <p>Improve asset management planning, including business continuity arrangements.</p>	Treasurer
Procurement	<p>Ensure all services comply with Contract Procedure Rules.</p> <p>Completion of e-procurement and e-invoicing rollout.</p> <p>Ensure adequate time is committed to procurement activity.</p> <p>Development of integrated commissioning frameworks with economies of scale.</p> <p>Delivery of Personalisation agenda.</p>	<p>Treasurer</p> <p>Assistant Chief Executive Children's Services / Assistant Chief Executive Adult Services</p>
Staff development	<p>Ensure that all staff complete mandatory training requirements.</p> <p>Ensure that senior managers complete the Working with Members training programme.</p> <p>Ensure that staff appraisals are carried out across the</p>	Deputy Chief Executive

	<p>Council and that these are uploaded to the Vision HR system.</p> <p>Ensure that effective workforce development planning is in place.</p> <p>Ensure that all Individual Performance Appraisals are completed.</p>	
Protect vulnerable adults and children.	<p>Ensure that adequate controls are put in place to safeguard vulnerable adults and children.</p> <p>Ensure that steps are taken to address the control failings identified in the recent inspection reports.</p>	<p>Assistant Chief Executive Adults</p> <p>Assistant Chief Executive Children's Services</p>
Risk management	<p>Ensure that all services have in place up-to-date and fit-for-purpose business continuity plans which have been tested.</p> <p>Ensure that all departments have in place an effective Departmental Risk Management Group.</p> <p>Look at the potential of delivering mandatory fraud awareness training.</p>	Treasurer
Performance management	<p>A review of the revised performance monitoring arrangements should be undertaken to ensure that it is effective.</p> <p>Strengthen the integrity of reporting performance data to residents.</p> <p>Review how the Council consults with the community to ensure that it is transparent and robust.</p> <p>A piece of work should be undertaken to identify the</p>	<p>Deputy Chief Executive</p> <p>Corporate Leadership Team / Executive</p>

	Council's core business going forward.	
Scrutiny	<p>Deliver a module based training programme to members of the Scrutiny Committee.</p> <p>Review examples of effective scrutiny reviews to assess how recommendations could be strengthened.</p> <p>Officers should ensure that they respond to members enquires on a timely basis.</p>	Head of Democratic Services

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed: \_\_\_\_\_ (Leader of the Council)

Signed: \_\_\_\_\_ (Chief Executive)

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<b>Report to:</b>	<b>FINANCE AND AUDIT COMMITTEE</b>
<b>Item number:</b>	<b>7</b>
<b>Relevant Officer:</b>	Steve Thompson, Assistant Chief Executive, Treasurer Services
<b>Date of Meeting</b>	26 <sup>th</sup> June 2014

## ENGAGEMENT OF CONSULTANTS MONITORING REPORT

### 1.0 Purpose of the report:

1.1 The Committee to consider the appointment of consultants exceeding £25,000 for the period 1<sup>st</sup> February 2014 to 30<sup>th</sup> April 2014.

### 2.0 Recommendation(s):

2.1 To note the report and make any recommendations as considered appropriate.

### 3.0 Reasons for recommendation(s):

3.1 To enable Members to monitor the appointment of consultants exceeding £25,000 for the period 1<sup>st</sup> February 2014 to 30<sup>th</sup> April 2014 and make recommendations if appropriate.

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council's approved budget? Yes

3.3 Other alternative options to be considered:

To not receive the report but this would prevent the Committee from effective monitoring of the appointment of consultants in excess of £25,000.

#### **4.0 Council Priority:**

4.1 The relevant Council Priority is

- Deliver quality services through a professional, well-rewarded and motivated workforce

#### **5.0 Background Information**

5.1 Following a review by the Finance and Audit Committee of the Council's arrangements for the appointment and use of consultants, the Executive at its meeting on 23<sup>rd</sup> June 2010 approved a number of recommendations which are intended to improve the control and monitoring of the use of external consultants and to help the Council to achieve a number of goals outlined in the Community Strategy, including the achievement of value for money.

5.2 The Finance and Audit Committee has requested regular reports in order to monitor all consultancy commissions for compliance with these recommendations:

- all proposed appointments of consultants exceeding £25,000 be reported to the Cabinet Member by the Assistant Chief Executive detailing the nature and business case relating to the appointment in line with corporate priorities.
- in the case of 'long term' projects, progress reports to be submitted to the Finance and Audit Committee at six monthly intervals by the relevant Assistant Chief Executive for monitoring against corporate priorities and business cases and to enable post project evaluation.
- The Head of Procurement and Development to co-ordinate the submission of reports based upon information provided by the relevant officers;

#### **5.3 Report**

The Committee is asked to note that all Service Directors have been contacted for information. Children's Social Care and Built Environment have both submitted returns for the appointment of consultants during the period of 1st February 2014 to 30th April 2014 and these returns have been attached at Appendix 7(a). All other departments have reported a nil return.

The previous report to the Committee did not identify any 'long-term appointments' so there is nothing to report for monitoring in this respect.

A further report will be submitted to Finance and Audit Committee (only if any



appointments have been made) on 18<sup>th</sup> September 2014 to include a list of any appointments (if applicable) made between 1<sup>st</sup> May 2014 and 31st July 2014.

5.4 Does the information submitted include any exempt information? No

5.5 **List of Appendices:**

Appendix 7(a): Appointment of Consultants over £25,000.

6.0 **Legal considerations:**

6.1 None

7.0 **Human Resources considerations:**

7.1 None

8.0 **Equalities considerations:**

8.1 None

9.0 **Financial considerations:**

9.1 As outlined in the Report.

10.0 **Risk management considerations:**

10.1 None

11.0 **Internal/ External Consultation undertaken:**

11.1 None

**12.0 Background papers:**

12.1 None

**Appointment of Consultants over £25k**

<u>Item</u>	<u>Directorate/Heads of Service</u>	<u>Consultant</u>	<u>Outline of work</u>	<u>Value (£,000)</u>	<u>Cabinet Member approved</u> Y/N	<u>Long Term - future reports needed</u> Y/N
1	Children's Social Care – Hilary Shaw	N Meehan	Service manager cover and Improvement manager for the social care teams, in essence an agency worker but the provider is not on HAY system. This post has been invaluable in preparing for and conducting a mock inspection, covering key managerial roles in social work services and implementing the Blackpool MASH in the absence of the post holder due to HR issues	£500.00 per day, employed 5 days per week	N	The length of stay is to be determined by the HR issues affecting the service. It would not be envisaged that these would continue for many more weeks as the investigation is well under way
2	Built Environment - John Blackledge/Peter Cross	Halcrow	Yeadon Way design support service	Circa £60,000.00	Y	N
3	Built Environment – Steve Matthews	URS Infrastructure and Environment UK Ltd	Planning consultancy fees: 1)Local Viability Study for Local Plan (paid 25/3/14) 2)Kensington Development Appeal hearing (1st invoice) (paid 25/3/14) 3)Kensington Development Appeal Hearing (2nd invoice) (not paid yet)	£11088.00 £10151.50 £20456.30	N N N	N N N

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<b>Report to:</b>	<b>FINANCE AND AUDIT COMMITTEE</b>
<b>Item number</b>	<b>8</b>
<b>Relevant Officer:</b>	Steve Thompson, Assistant Chief Executive Treasurer Services
<b>Date of Meeting:</b>	26 <sup>th</sup> June 2014

## PROVISIONAL OUTTURN 2013/2014

### 1.0 Purpose of the report:

- 1.1 To consider the report of the Treasurer to the Executive at its meeting on 16<sup>th</sup> June on the Provisional Revenue Outturn for 2013/2014 compared with the approved budget and the capital expenditure in the year ended 31<sup>st</sup> March 2014 with sources of funding.

### 2.0 Recommendation(s):

- 2.1 To note the content of the report.

### 3.0 Reasons for recommendation(s):

- 3.1 To bring the Provisional Revenue and Capital outturn figures to Members' attention at the earliest opportunity in accordance with good financial practice.

- 3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? **No**

- 3.2b Is the recommendation in accordance with the Council's approved budget? **Yes**

### 3.3 Other alternative options to be considered:

None, the report is a position statement as at 31<sup>st</sup> March 2014.

**4.0 Council Priority:**

4.1 The relevant Council Priority is:

- Deliver quality services through a professional, well-rewarded and motivated workforce

**5.0 Background Information**

5.1 The main report to the Executive outlines the Provisional Revenue Outturn for 2013/2014 compared with the approved budget and the capital expenditure in the year ended 31<sup>st</sup> March 2014 with sources of funding.

Does the information submitted include any exempt information?

No

**5.2 List of Appendices:**

Appendix 8a- Report of the Treasurer

Appendices 8b to 8m- Outturn Summaries all departments

Appendix 8n- Capital outturn statement

**6.0 Legal considerations:**

6.1 None

**7.0 Human Resources considerations:**

7.1 None

**8.0 Equalities considerations:**

8.1 None.

**9.0 Financial considerations:**

9.1 As outlined in the report.

**10.0 Risk management considerations:**

10.1 Impact of financial performance on Council reserves and balances.

**11.0 Internal/ External Consultation undertaken:**

11.1 None

**12.0 Background papers:**

12.1 None

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**BLACKPOOL COUNCIL**  
**REPORT**  
of the  
**TREASURER**  
to the  
**EXECUTIVE**  
on  
**16<sup>TH</sup> JUNE 2014**

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**PROVISIONAL OUTTURN 2013/2014**

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**1. Introduction**

- 1.1 The purposes of this report are to show i) a comparison of General Fund Revenue Account expenditure in the year ended 31<sup>st</sup> March 2014 with the approved budget and ii) a statement of Capital Expenditure in the year ended 31<sup>st</sup> March 2014 with sources of funding. The figures are provisional in that they are subject to external audit and any final accounting adjustments. The final figures will be incorporated in the Statement of Accounts for 2013/2014, which is the subject of a separate report to the Finance and Audit Committee on 18<sup>th</sup> September 2014 in order to comply with the statutory deadline required by the Accounts and Audit (England) Regulations 2011.

**2. Provisional Revenue Outturn 2013/2014**

- 2.1 The Provisional Revenue Outturn for 2013/2014 (before allowing for changes to working balances) is £150,120,000 compared with the approved budget of £150,254,000 – a net underspend of £134,000. The summary figures are shown at Appendix 8b.
- 2.2 The year-end variance position for each department is set out in Appendices 8c to 8l and is summarised as follows:-

<b>Department</b>	<b>2013/2014 Variance £000</b>	<b>Reference Appendix</b>
Chief Executive	(95)	2a
Human Resources, Communication and Engagement	(1)	2b
Democratic Services	(48)	2c
Treasurer Services	(314)	2d
Built Environment	(6)	2e
Regeneration, Tourism and Culture	280	2f
Strategic Leisure Assets	2,765	2f

Leisure and Operational Services	(4)	2g
Adult Services	81	2h
Children's Services	1,420	2i
Public Health	-	2j
<b>Sub-total</b>	<b>4,078</b>	
Area Forum and Ward Budgets	(639)	2c
<b>Total</b>	<b>3,439</b>	

2.3 The main reasons for this net service overspend are:-

<b>Service</b>	<b>Reasons</b>	<b>£000</b>
Regeneration, Tourism and Culture – Strategic Leisure Assets	A cumulative adverse variance of £2,765k exists as a result of poorer trading conditions than originally expected. There are a number of facets to the variance, including vacant units at the Golden Mile. Financial performance is currently ahead of that anticipated in the Strategic Leisure Assets Recovery plan.	2,765
Children's Services	Children's Social Care over spent by £2.8m due to the higher than expected numbers and associated cost of Looked After Children (LAC). One-off savings relating to staffing vacancies and flexible use of grant funding reduced this to £1.42m.	1,420
Regeneration, Tourism and Culture	The adverse variance relates to Marketing Blackpool; a recovery plan is in place to address this position.	280
Adult Services	A shortfall of £2.5m against the 13-14 Priority Led Budgeting target was identified early in the financial year, however, this was offset by implementing a one-off correction in the accounting treatment for deferred charges on property (£1.3m), the brought forward underspend from 2012-13 (£0.7m) and staffing vacancies (£0.5m).	81
Chief Executive / Human Resources, Communication and Engagement / Democratic Services / Treasurer Services / Built Environment / Leisure and Operational Services	The majority of these underspends relate to staff savings, increased efficiency savings and good housekeeping.	(468)
Area Forum and Ward Budgets	Scheme commitments of £264k are being carried forward to 2014/15 which reduces the true surplus on budget to £375k.	(639)
<b>Total</b>		<b>3,439</b>

The 2013/2014 figures include overspendings of £214,000 brought forward from the previous financial year. After allowing for these sums, the provisional outturn shows that departmental budgets overspent in-year by £3,225,000.

- 2.4 The financial outturn for budgets 'outside the cash limit' is detailed at Appendix 8m and shows an aggregate underspending of £971,000. The main reasons for this are:-

<b>Service</b>	<b>Reasons</b>	<b>£000</b>
Parking Services	The closure of a significant number of car parks due to large scale redevelopment schemes across the town, coupled with the extremely challenging income target faced by the service have led to this overspend.	966
Concessionary Fares	This overspend is due to the popularity of the new improved tram services, and a large uptake by those eligible for concessionary fares.	956
Investment Portfolio	The majority of the overspend relates to a delay in the demolition of the former Syndicate nightclub due to legal issues. Costs have continued to be incurred and forecast parking income has not been realised.	95
Council Tax and NNDR Cost of Collection	Reduction in costs recovered.	30
Housing Benefits	-	(5)
Land Charges	-	(12)
Grants, Donations and Subscriptions	Reduction in Local Government Association Subscription	(15)
Subsidiary Companies	Primarily the good performance of the Blackpool Operating Company, which manages and operates the Sandcastle Waterpark, has led to a reduced subsidy requirement.	(146)
Treasury Management	The use of temporary borrowing and internal financing in lieu of long-term borrowing and the passporting of reduced interest by Lancashire County Council on the Local Government Reorganisation debt achieved significant savings in interest payable. Higher cash balances during the year resulted in increased temporary investment income, albeit at continuing low interest rates.	(2,840)
<b>Total</b>		<b>(971)</b>

### 3. Treatment of Revenue Budget Variances

- 3.1 As part of the year-end process, an analysis of budget variances is undertaken in order to determine the treatment of under/overspendings on service

budgets. The conventional Cash Limited Budgeting approach provides that:-

- underspendings are carried forward in full and are then available to supplement the following year's service budget;
- overspendings are similarly carried forward but must as far as possible be recovered in the following financial year (where an extended period is required, this must be on the basis of a recovery plan with a timetable not exceeding 3 years and approved by the Executive); and
- any windfall gains, as determined by the Treasurer and arising from events outside the control of the service, are added to the Council's general working balances.

3.2 Having considered the Provisional Revenue Outturn 2013/2014 in detail and the financial outlook, it is recommended that:-

- the planned overspending of £2,765,000 on the Strategic Leisure Assets, in accordance with the original decision for this scheme of the Executive on 7<sup>th</sup> February 2011, is carried forward to 2014/2015 in full;
- the following service overspending is to be written off:

<b>Department</b>	<b>£000</b>
Children's Services	1,420.0

This will allow Children's Services to enter the new financial year in a balanced position and give the Department a realistic chance in meeting its budget savings targets for that year.

- the underspending of £639,000 on Area Forum and Ward Budgets is carried forward to 2014/2015 in full;
- the following service underspendings are carried forward at 100% and covered by earmarked reserve in order not to adversely impact upon working balances if and when spent;

<b>Department</b>	<b>£000</b>
Chief Executive	95.0
Human Resources, Communication and Engagement	1.0
Democratic Services	48.0
Treasurer Services	314.0
Built Environment	6.0
Leisure and Operational Services	4.0
<b>Total</b>	<b>468.0</b>

- the following service overspendings are to be carried forward to 2014/2015 in full:

<b>Department</b>	<b>£000</b>
Regeneration, Tourism and Culture	280.0
Adult Services	81.0
<b>Total</b>	<b>361.0</b>

#### 4. Provisional Capital Outturn 2013/2014

- 4.1. This section sets out the level of expenditure incurred by the Council on its 2013/2014 Capital Programme. It provides a breakdown of expenditure by service in addition to providing a proposal on how the Capital Programme for 2013/2014 should be financed.
- 4.2. The total capital expenditure for the year was £82,432,988. This is summarised as follows with an analysis of spend by individual scheme available at Appendix 8n:-

Department	£	£
Children's Services		17,984,130
Adult Services		2,666,286
Human Resources and IT		2,385,951
Leisure & Operational Services		2,508,381
Built Environment - Housing Revenue (HRA)	11,337,501	
- Private Sector Housing	4,459,347	
- Transport	16,045,832	31,842,680
Regeneration, Tourism & Culture		1,929,541
Treasurer Services		23,116,019
<b>Total</b>		<b>82,432,988</b>

- 4.3 CIPFA's Prudential Code of Practice requires the Council to set a range of indicators each year, one of which is to separately account for non-Housing Revenue Account and Housing Revenue Account expenditure incurred in the financial year. Total capital spend in 2013/2014 of £82.4m is split between non-Housing Revenue Account of £71.1m and Housing Revenue Account of £11.3m.
- 4.4 The original Capital Programme for 2013/2014 was set at £38.5m whilst the amount actually spent in-year was 114% more than this. This does not mean that Blackpool Council has overspent on its programme, it reflects additional grants and other funding which have been confirmed and approved during the year and also brought forward unspent capital budget from 2012/2013 due to slippage.
- 4.5 It is recommended that this expenditure is funded from the following sources:-

Source	£
Loans (Supported Capital Expenditure)	0
Prudential Borrowing	39,683,298
Capital Receipts	303,923
Government and Other Grants	33,761,938
Other Sources:	
- Reserves – Public Health	200,000
- Housing Major Repairs Allowance	4,219,541
- Other Revenue Contributions	3,800,887
- NHS	731,445
- Lancashire County Council	(2,384,107)
- Lancashire County Council	1,800,000
- Other External Contributions	316,063
<b>Total</b>	<b>82,432,988</b>

The Council has maximised all capital resources available to it during 2013/2014 and arrangements have been made to ensure that funding for re-profiled schemes is carried forward into 2014/2015.

## **5. Collection Rates**

### **5.1 Council Tax (CT)**

At the end of month 12 the collection rate for Council Tax is 93.1%. This compares to 95.5% at the same point in 2012/13.

In the light of the reductions in discount and the introduction of the Local Council Tax Reduction Scheme, the target collection rate is 98%.

The level of Council Tax income is also affected by movements in the actual Council Tax Base compared to that used for the purposes of the 2013/14 Budget. Unlike previous years the base is affected by the Council Tax Reduction Scheme which is effectively applied as a discount and therefore subsequently reduces the tax base. Movements in the Council Tax Reduction Scheme impact on the income due.

As at 31 March 2014, the level of arrears has increased to £10.5m (compared to £8.1m in 2012/13) and the provision for bad debts has increased to £4.1m (compared to £3.3 in 2012/13). These reflect the current economic climate and the introduction of the Council Tax Reduction Scheme. If the actual collection rate is higher than 98% then the excess will be available to reduce the Council Tax in future years. If it is lower than 98% then an increase in Council Tax will be required in future years to cover the shortfall. This would be in addition to any changes arising from the actual collection rates in previous years.

### **5.2 Council Tax Reduction Scheme (CTRS)**

The Council Tax Reduction Scheme (CTRS) was introduced on 1 April 2013. The scheme ensures that pensioners' support continues at existing levels. Working Age claimants are means tested to establish entitlement and a percentage reduction (currently 27.11%) is applied at the end of the assessment to establish the level of support provided.

The impact of changes in the numbers and ratios between Older Age claimants and Working Age Claimants during the year compared with the original estimates shows the volatility of the data used in projections.

At the end of month 12 the collection rate for those who have to pay CTRS at 27.11% either for the first time or in addition to a proportion of their Council Tax is 69.5%. There is no comparative data for 2012/13.

The likely impact for 2014/15 is that the underlying rate of collection of CTRS will be lower than 2013/14 due to accumulated arrears.

### **5.3 National Non-Domestic Rate (NNDR)**

Prior to 1 April 2013 National Non-Domestic Rate income was collected by billing authorities on behalf of central government and then redistributed among all local authorities and police authorities as part of Formula Grant. From 1 April 2013 the income relating to Blackpool is shared between central government (50%), the Council (49%) and the Fire Authority (1%).

Consequential adjustments were made to the Formula Grant.

At the end of month 12 the collection rate for National Non-Domestic Rates is 94.9%. This compares to 94.3% at the same point in 2012/13.

The latest estimated deficit for 2013/14 is £5.3m. The Council's share of this is £2.6m (49%) and provision for this has been included in the 2013/14 revenue out-turn. The main factors causing the level of deficit are write-off of bad debts (£1.1m), provisions for bad debts (£1.6m) and appeals (£4.1m). Prior to 2013/14 these provisions were not required by central government, however they are now required to be reflected in the council's statutory accounts. The Council's share is 49%.

The level of write-offs and the provisions for bad debts and appeals reflect the current economic climate and the volatility of these areas and supports the level of earmarked reserves held by the authority. The Valuation Office Agency is committed to resolve 95% of appeals cases outstanding as at 30 September 2013 by July 2015. This increases the impact of appeal decisions on both the on-going value of the rating list and income due to backdating over a number of years.

The impact of the above is reflected in the Collection Fund for 2013/14 but will not fully impact on the Council until 2015/16 due to the methodology employed by central government to collect the data required to calculate the shares of Non Domestic Rate income for use in 2014/15 budgets.

## 6. Reserves and Provisions

6.1 In accordance with Local Authority Accounting Panel (LAAP) Bulletin No. 77 the Council's reserves and provisions are continuously reviewed for relevance, appropriateness and materiality. The establishment, use and closure of reserves and provisions require the specific authorisation of the Treasurer and auditable records are maintained to that effect. Members are asked to note that:-

- The level of ear marked reserves has increased from £44m to £48.9m with those reserves in excess of £5m shown in the table below:-

<b><u>Earmarked Reserves</u></b>	<b>2013/2014</b>	<b>2012/2013</b>
Reserves over £5m:	<b>£000</b>	<b>£000</b>
Potential Pay Liabilities	6,901	8,409
PFI Schemes	12,732	11,963
Collection Fund Deficit Reserve (Council Tax and NNDR)	9,722	6,972
Other Reserves	19,582	16,635
<b>Total Earmarked Reserves</b>	<b>48,937</b>	<b>43,979</b>

- Leisure and Operational Services' trading activities were able to make their budgeted contribution of £100,000 to the General Fund in 2013/2014;
- the financial performance of the Housing Revenue Account (HRA) has been better than originally forecast for 2013/2014 by £1,193,000 with year-end balances of £4,187,000, which will be required in part to support the

Queens Park redevelopment scheme which is now underway; and

- maintained schools' balances (which lie outside the control of the Council) decreased by £1.2m in 2013/2014 to £4.23m, a £1.56m reduction was due to academy conversions with the remaining maintained schools adding £339k to their reserves.

## **7. General Fund Working Balances**

- 7.1 The Council's Revenue Budget for 2013/2014 set a target level of General Fund working balances of around £6m. It is deemed appropriate to maintain this target level of £6m for working balances.

## **8. Conclusion and Recommendations**

- 8.1 The Provisional Outturn for 2013/2014 represents a solid financial performance with the Council's General Fund working balances only slightly below target at £5,869,000. As the Council continues to manage the financial constraints placed upon it, the measures proposed within this report will provide some cushion to the risks that lie ahead in the next Government Spending Review.

- 8.2 The Executive is asked to:

- approve the provisional revenue outturn for 2013/2014 and in so doing to note that the figures are subject to external audit and final accounting adjustments (ref. paragraph 2.1);
- approve the recommendations regarding the treatment of specific service under / overspends as outlined (ref. paragraph 3.2);
- approve the provisional capital outturn for 2013/2014 and methods of scheme funding as outlined (ref. paragraphs 4.2 and 4.5);
- note the Prudential Indicator (ref. paragraph 4.3); and
- note the levels of the earmarked reserves including those for the Housing Revenue Account and maintained schools (ref. paragraph 6.1).

Steve Thompson  
Treasurer



## BLACKPOOL COUNCIL

## GENERAL FUND PROVISIONAL OUTTURN YEAR ENDING 31 MARCH 2014

## TOTAL SUMMARY

App. Ref	GENERAL FUND NET REQUIREMENTS	2013/2014 ADJUSTED CASH LIMIT £ '000	2013/2014 ACTUALS £ '000	2013/2014 VARIATION £ '000
	<b><u>CASH LIMITED BOTTOM LINE BUDGETS</u></b>			
2a	CHIEF EXECUTIVE	484	389	(95)
2b	HUMAN RESOURCES, COMMUNICATION & ENGAGEMENT	(73)	(74)	(1)
2c	DEMOCRATIC SERVICES	2,360	2,312	(48)
2c	AREA FORUM & WARD BUDGETS	1,323	684	(639)
2d	TREASURER SERVICES	3,826	3,512	(314)
2e	BUILT ENVIRONMENT	26,928	26,922	(6)
2f	REGENERATION, TOURISM & CULTURE	9,421	9,701	280
2f	STRATEGIC LEISURE ASSETS	(623)	2,142	2,765
2g	LEISURE & OPERATIONAL SERVICES	24,663	24,659	(4)
2h	ADULT SERVICES	48,236	48,317	81
2i	CHILDREN'S SERVICES	39,959	41,379	1,420
2j	PUBLIC HEALTH	-	-	-
2k	BUDGETS OUTSIDE THE CASH LIMIT	19,343	18,372	(971)
	CAPITAL CHARGES	(28,333)	(28,333)	-
	<b>SUB TOTAL - NET COST OF SERVICES</b>	<b>147,514</b>	<b>149,982</b>	<b>2,468</b>
	<b><u>CONTRIBUTIONS AND CONTINGENCIES</u></b>			
	CONTRIBUTIONS TO/FROM RESERVES	214	(200)	(414)
	CONTINGENCIES	2,282	273	(2,009)
	<b>SUB TOTAL - CONTRIBUTIONS &amp; CONTINGENCIES</b>	<b>2,496</b>	<b>73</b>	<b>(2,423)</b>
	<b><u>LEVIES</u></b>			
	NORTH WEST REGIONAL FLOOD DEFENCE COMMITTEE	65	65	-
	<b>SUB TOTAL - LEVIES</b>	<b>65</b>	<b>65</b>	<b>0</b>
	<b>TOTAL NET EXPENDITURE TO BE MET FROM PUBLIC FUNDS</b>	<b>150,075</b>	<b>150,120</b>	<b>45</b>
	<b>LESS: AMOUNT (TAKEN FROM)/ADDED TO WORKING BALANCES</b>	<b>179</b>	<b>134</b>	<b>(45)</b>
	<b>NET REQUIREMENT AFTER WORKING BALANCES</b>	<b>150,254</b>	<b>150,254</b>	<b>0</b>

Balance at 1st April  
Movement in Balances  
General Balances at 31 March

5,735  
134  


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5,869

## CHIEF EXECUTIVE

## GENERAL FUND OUTTURN YEAR ENDING 31 MARCH 2014

## CHIEF EXECUTIVE SUMMARY

	2013/2014 ADJUSTED CASH LIMIT £ '000	2013/2014 ACTUALS £ '000	2013/2014 VARIATION £ '000
<b>SUBJECTIVE ANALYSIS</b>			
<b><u>EXPENDITURE</u></b>			
EMPLOYEES	337	323	(14)
PREMISES	-	1	1
TRANSPORT	2	3	1
SUPPLIES AND SERVICES	35	9	(26)
THIRD PARTY PAYMENTS	-	-	-
TRANSFER PAYMENTS	-	-	-
SUPPORT SERVICES (NOT INCLUDED BELOW)	84	26	(58)
CAPITAL CHARGES (NOT INCLUDED BELOW)	-	-	-
<b>TOTAL EXPENDITURE</b>	<b>458</b>	<b>362</b>	<b>(96)</b>
<b><u>INCOME</u></b>			
CUSTOMER & CLIENT RECEIPTS	-	-	-
GOVERNMENT GRANTS	-	-	-
RECHARGES	-	-	-
OTHER GRANTS, REIMBURSEMENTS & CONTRIBUTIONS	13	13	()
<b>TOTAL INCOME</b>	<b>13</b>	<b>13</b>	<b>()</b>
<b>CONTROLLABLE NET EXPENDITURE</b>	<b>445</b>	<b>349</b>	<b>(96)</b>
CDS	26	27	1
CAPITAL CHARGES	13	13	-
RECHARGES (CDS INCOME)	-	-	-
<b>TOTAL NON CONTROLLABLE EXPENDITURE</b>	<b>39</b>	<b>40</b>	<b>1</b>
<b>TOTAL NET EXPENDITURE</b>	<b>484</b>	<b>389</b>	<b>(95)</b>

## HR, COMMUNICATION &amp; ENGAGEMENT

GENERAL FUND OUTTURN YEAR ENDING 31 MARCH 2014

## TOTAL SUMMARY

	SUBJECTIVE ANALYSIS	2013/2014 ADJUSTED CASH LIMIT £ '000	2013/2014 ACTUALS £ '000	2013/2014 VARIATION £ '000
	DIRECTORATE SUPPORT	(2,281)	(2,281)	-
	HEALTH & SAFETY	218	218	-
	HR & ORGANISATIONAL DEVELOPMENT	1,819	1,819	-
	PAY, EQUALITY & DIVERSITY	280	280	-
	CORPORATE DEVELOPMENT, ENGAGEMENT AND COMMUNICATION	(138)	(138)	-
	ICT SERVICES	29	28	(1)
	<b>NET COST OF SERVICES</b>	<b>(73)</b>	<b>(74)</b>	<b>(1)</b>

	SUBJECTIVE ANALYSIS	2013/2014 ADJUSTED CASH LIMIT £ '000	2013/2014 ACTUALS £ '000	2013/2014 VARIATION £ '000
	<b><u>EXPENDITURE</u></b>			
	EMPLOYEES	4,765	4,859	94
	PREMISES	16	12	(4)
	TRANSPORT	37	47	10
	SUPPLIES AND SERVICES	2,462	3,183	721
	THIRD PARTY PAYMENTS	8	6	(2)
	TRANSFER PAYMENTS	-	-	-
	SUPPORT SERVICES	602	601	(1)
	CAPITAL CHARGES	254	254	-
	<b>TOTAL EXPENDITURE</b>	<b>8,144</b>	<b>8,962</b>	<b>818</b>
	<b><u>INCOME</u></b>			
	CUSTOMER & CLIENT RECEIPTS	274	586	(312)
	GOVERNMENT GRANTS	-	35	(35)
	RECHARGES	7,416	7,357	59
	OTHER GRANTS, REIMBURSEMENTS & CONTRIBUTIONS	527	1,058	(531)
	<b>TOTAL INCOME</b>	<b>8,217</b>	<b>9,036</b>	<b>(819)</b>
	<b>NET COST OF SERVICES</b>	<b>(73)</b>	<b>(74)</b>	<b>(1)</b>

## DEMOCRATIC SERVICES

## GENERAL FUND OUTTURN YEAR ENDING 31 MARCH 2014

## TOTAL SUMMARY

	SUBJECTIVE ANALYSIS	2013/2014 ADJUSTED CASH LIMIT £ '000	2013/2014 ACTUALS £ '000	2013/2014 VARIATION £ '000
	AREA FORUMS AND WARDS	1,323	684	(639)
	CORPORATE & MEMBER SERVICES	1,250	1,192	(58)
	DEMOCRATIC SERVICES	681	664	(17)
	ELECTORAL SERVICES	150	159	9
	REGISTRARS	22	45	23
	CORONERS	127	134	7
	MORTUARY	130	118	(12)
		2,360	2,312	(48)
	<b>NET COST OF SERVICES</b>	<b>3,683</b>	<b>2,996</b>	<b>(687)</b>

	SUBJECTIVE ANALYSIS	2013/2014 ADJUSTED CASH LIMIT £ '000	2013/2014 ACTUALS £ '000	2013/2014 VARIATION £ '000
	<b><u>EXPENDITURE</u></b>			
	EMPLOYEES	1,641	1,638	(3)
	PREMISES	1	4	3
	TRANSPORT	27	24	(3)
	SUPPLIES AND SERVICES	1,851	1,198	(653)
	THIRD PARTY PAYMENTS	148	141	(7)
	TRANSFER PAYMENTS	-	-	-
	SUPPORT SERVICES	662	667	5
	CAPITAL CHARGES	2	2	-
	<b>TOTAL EXPENDITURE</b>	<b>4,332</b>	<b>3,674</b>	<b>(658)</b>
	<b><u>INCOME</u></b>			
	CUSTOMER & CLIENT RECEIPTS	313	310	3
	GOVERNMENT GRANTS	-	-	-
	RECHARGES	-	-	-
	OTHER GRANTS, REIMBURSEMENTS &	336	368	(32)
	<b>TOTAL INCOME</b>	<b>649</b>	<b>678</b>	<b>(29)</b>
	<b>NET COST OF SERVICES</b>	<b>3,683</b>	<b>2,996</b>	<b>(687)</b>

## TREASURER SERVICES

GENERAL FUND OUTTURN YEAR ENDING 31 MARCH 2014

## TOTAL SUMMARY

	SUBJECTIVE ANALYSIS	2013/2014 ADJUSTED CASH LIMIT £ '000	2013/2014 ACTUALS £ '000	2013/2014 VARIATION £ '000
	PROCUREMENT & DEVELOPMENT	(67)	(163)	(96)
	REVENUES, BENEFITS & TRANSACTIONAL SERVICES	245	(106)	(351)
	LEGAL	40	31	(9)
	LOCAL WELFARE ASSISTANCE SCHEME	(213)	(66)	147
	PROPERTY AND ASSET MANAGEMENT	4,112	4,267	155
	CUSTOMER FIRST	(351)	(451)	(100)
	ACCOUNTANCY	(10)	(43)	(33)
	EMERGENCY PLANNING	60	43	(17)
	RISK SERVICES	10	-	(10)
	<b>NET COST OF SERVICES</b>	<b>3,826</b>	<b>3,512</b>	<b>(314)</b>

	SUBJECTIVE ANALYSIS	2013/2014 ADJUSTED CASH LIMIT £ '000	2013/2014 ACTUALS £ '000	2013/2014 VARIATION £ '000
	<b><u>EXPENDITURE</u></b>			
	EMPLOYEES	11,222	11,581	359
	PREMISES	3,779	4,870	1,091
	TRANSPORT	96	103	7
	SUPPLIES AND SERVICES	2,469	3,596	1,127
	THIRD PARTY PAYMENTS	6	3,756	3,750
	TRANSFER PAYMENTS	1,093	187	(906)
	SUPPORT SERVICES	3,683	3,525	(158)
	CAPITAL CHARGES	869	903	34
	<b>TOTAL EXPENDITURE</b>	<b>23,217</b>	<b>28,521</b>	<b>5,304</b>
	<b><u>INCOME</u></b>			
	CUSTOMER & CLIENT RECEIPTS	619	719	(100)
	GOVERNMENT GRANTS	2,002	5,147	(3,145)
	RECHARGES	15,869	15,703	166
	OTHER GRANTS, REIMBURSEMENTS & CONTRIBUTIONS	901	3,440	(2,539)
	<b>TOTAL INCOME</b>	<b>19,391</b>	<b>25,009</b>	<b>(5,618)</b>
	<b>NET COST OF SERVICES</b>	<b>3,826</b>	<b>3,512</b>	<b>(314)</b>

## BUILT ENVIRONMENT

GENERAL FUND OUTTURN YEAR ENDING 31 MARCH 2014

## TOTAL SUMMARY

	SUBJECTIVE ANALYSIS	2013/2014 ADJUSTED CASH LIMIT £ '000	2013/2014 ACTUALS £ '000	2013/2014 VARIATION £ '000
	PUBLIC PROTECTION	1,492	1,436	(56)
	LICENSING	(5)	49	54
	HOUSING	1,067	1,102	35
	PLANNING SERVICES	484	481	(3)
	TRANSPORTATION	1,819	1,873	54
	STREET CLEANSING	3,632	3,654	22
	TRAMWAY	6,352	6,341	(11)
	SCHOOL CROSSING PATROL	221	201	(20)
	COAST PROTECTION/ PARADES & SEA WALL DEFENCES	4,365	4,415	50
	NEAT	627	614	(13)
	GREEN OPEN SPACES	1,608	1,590	(18)
	HIGHWAYS	3,920	3,783	(137)
	COMMUNITY ENGAGEMENT	243	312	69
	NEIGHBOURHOOD OFFICERS	166	163	(3)
	ENVIRONMENTAL PROTECTION	499	386	(113)
	WASTE LIAISON OFFICERS	176	173	(3)
	BEACH PATROL	204	293	89
	ALLEY GATES	58	56	(2)
	<b>NET COST OF SERVICES</b>	<b>26,928</b>	<b>26,922</b>	<b>(6)</b>

	SUBJECTIVE ANALYSIS	2013/2014 ADJUSTED CASH LIMIT £ '000	2013/2014 ACTUALS £ '000	2013/2014 VARIATION £ '000
	<b><u>EXPENDITURE</u></b>			
	EMPLOYEES	10,627	11,706	1,079
	PREMISES	1,290	1,408	118
	TRANSPORT	1,286	1,418	132
	SUPPLIES AND SERVICES	2,798	5,047	2,249
	THIRD PARTY PAYMENTS	1,358	1,597	239
	TRANSFER PAYMENTS	721	721	-
	SUPPORT SERVICES	1,915	1,945	30
	CAPITAL CHARGES	12,331	12,355	24
	<b>TOTAL EXPENDITURE</b>	<b>32,326</b>	<b>36,197</b>	<b>3,871</b>
	<b><u>INCOME</u></b>			
	CUSTOMER & CLIENT RECEIPTS	2,102	3,009	(907)
	GOVERNMENT GRANTS	231	403	(172)
	RECHARGES	1,762	1,841	(79)
	OTHER GRANTS, REIMBURSEMENTS & CONTRIBUTIONS	1,303	4,022	(2,719)
	<b>TOTAL INCOME</b>	<b>5,398</b>	<b>9,275</b>	<b>(3,877)</b>
	<b>NET COST OF SERVICES</b>	<b>26,928</b>	<b>26,922</b>	<b>(6)</b>

## REGENERATION, TOURISM &amp; CULTURE

## GENERAL FUND OUTTURN YEAR ENDING 31 MARCH 2014

## TOTAL SUMMARY

	SUBJECTIVE ANALYSIS	2013/2014 ADJUSTED CASH LIMIT £ '000	2013/2014 ACTUALS £ '000	2013/2014 VARIATION £ '000
	PARTNERSHIPS & BUSINESS DEVELOPMENT	926	903	(23)
	ARTS & HERITAGE	579	577	(2)
	LIBRARIES	2,228	2,227	(1)
	ECONOMIC DEVELOPMENT	769	770	1
	ILLUMINATIONS	2,969	2,965	(4)
	VISIT BLACKPOOL/MARKETING COMPANY	1,950	2,259	309
		9,421	9,701	280
	STRATEGIC LEISURE ASSETS	(623)	2,142	2,765
	<b>NET COST OF SERVICES</b>	<b>8,798</b>	<b>11,843</b>	<b>3,045</b>

	SUBJECTIVE ANALYSIS	2013/2014 ADJUSTED CASH LIMIT £ '000	2013/2014 ACTUALS £ '000	2013/2014 VARIATION £ '000
	<b><u>EXPENDITURE</u></b>			
	EMPLOYEES	3,868	4,580	712
	PREMISES	1,708	1,680	(28)
	TRANSPORT	132	236	104
	SUPPLIES AND SERVICES	2,567	3,844	1,277
	THIRD PARTY PAYMENTS	348	61	(287)
	TRANSFER PAYMENTS	806	806	-
	SUPPORT SERVICES	(1,245)	683	1,928
	CAPITAL CHARGES	5,914	5,413	(501)
	<b>TOTAL EXPENDITURE</b>	<b>14,098</b>	<b>17,303</b>	<b>3,205</b>
	<b><u>INCOME</u></b>			
	CUSTOMER & CLIENT RECEIPTS	3,430	3,619	(189)
	GOVERNMENT GRANTS	-	193	(193)
	RECHARGES	-	-	-
	OTHER GRANTS, REIMBURSEMENTS & CONTRIBUT	1,870	1,648	222
	<b>TOTAL INCOME</b>	<b>5,300</b>	<b>5,460</b>	<b>(160)</b>
	<b>NET COST OF SERVICES</b>	<b>8,798</b>	<b>11,843</b>	<b>3,045</b>

## LEISURE &amp; OPERATIONAL SERVICES

GENERAL FUND OUTTURN YEAR ENDING 31 MARCH 2014

## TOTAL SUMMARY

	SUBJECTIVE ANALYSIS	2013/2014 ADJUSTED CASH LIMIT £ '000	2013/2014 ACTUALS £ '000	2013/2014 VARIATION £ '000
	MANAGEMENT & ADMINISTRATION	682	688	6
	PRINT SERVICES	106	109	4
	CAPITAL PROJECTS & REGENERATION	4	25	21
	STREET LIGHTING PFI	4,018	4,016	(2)
	COASTAL & ENVIRONMENTAL PARTNERSHIPS	(56)	(55)	1
	INTEGRATED TRANSPORT	152	147	(5)
	WASTE MANAGEMENT	16,283	16,092	(191)
	STANLEY PARK & PARK DEVELOPMENT	784	764	(20)
	CEMETERIES & CREMATORIUM	(793)	(710)	83
	SCHOOLS CATERING	320	324	4
	OTHER CATERING	500	500	-
	LEISURE & SPORT DEVELOPMENT	1,309	1,301	(8)
	PROPERTY & FACILITY MANAGEMENT	272	415	143
	SECURITY & CCTV	(49)	(93)	(45)
	PUBLIC CONVENIENCES	1,131	1,136	5
	<b>NET COST OF SERVICES</b>	<b>24,663</b>	<b>24,659</b>	<b>(4)</b>

	SUBJECTIVE ANALYSIS	2013/2014 ADJUSTED CASH LIMIT £ '000	2013/2014 ACTUALS £ '000	2013/2014 VARIATION £ '000
	<b><u>EXPENDITURE</u></b>			
	EMPLOYEES	8,707	9,676	969
	PREMISES	2,029	2,641	612
	TRANSPORT	423	1,329	906
	SUPPLIES AND SERVICES	4,047	6,890	2,843
	THIRD PARTY PAYMENTS	23,169	23,233	64
	TRANSFER PAYMENTS	319	426	107
	SUPPORT SERVICES	2,176	2,186	10
	CAPITAL CHARGES	1,679	1,747	68
	<b>TOTAL EXPENDITURE</b>	<b>42,549</b>	<b>48,128</b>	<b>5,579</b>
	<b><u>INCOME</u></b>			
	CUSTOMER & CLIENT RECEIPTS	5,573	7,909	(2,336)
	GOVERNMENT GRANTS	2,665	2,733	(68)
	RECHARGES	5,839	6,325	(486)
	OTHER GRANTS, REIMBURSEMENTS & CONTRIBUTIONS	3,809	6,502	(2,693)
	<b>TOTAL INCOME</b>	<b>17,886</b>	<b>23,469</b>	<b>(5,583)</b>
	<b>NET COST OF SERVICES</b>	<b>24,663</b>	<b>24,659</b>	<b>(4)</b>



## ADULT SERVICES

GENERAL FUND OUTTURN YEAR ENDING 31 MARCH 2014

## TOTAL SUMMARY

	SUBJECTIVE ANALYSIS	2013/2014 ADJUSTED CASH LIMIT £ '000	2013/2014 ACTUALS £ '000	2013/2014 VARIATION £ '000
	ADULT SOCIAL CARE	5,491	5,223	(268)
	CARE & SUPPORT	11,840	11,456	(384)
	COMMISSIONING & CONTRACTS	1,400	1,361	(39)
	ADULT COMMISSIONING PLACEMENTS	25,528	26,467	939
	ADULTS SAFEGUARDING	270	257	(13)
	BUSINESS SUPPORT & RESOURCES	3,707	3,553	(154)
	<b>NET COST OF SERVICES</b>	<b>48,236</b>	<b>48,317</b>	<b>81</b>

	SUBJECTIVE ANALYSIS	2013/2014 ADJUSTED CASH LIMIT £ '000	2013/2014 ACTUALS £ '000	2013/2014 VARIATION £ '000
	<b><u>EXPENDITURE</u></b>			
	EMPLOYEES	19,471	19,641	170
	PREMISES	454	540	86
	TRANSPORT	857	888	31
	SUPPLIES AND SERVICES	1,498	1,729	231
	THIRD PARTY PAYMENTS	32,081	34,765	2,684
	TRANSFER PAYMENTS	6,230	6,619	389
	SUPPORT SERVICES	3,149	3,101	(48)
	CAPITAL CHARGES	702	702	-
	<b>TOTAL EXPENDITURE</b>	<b>64,442</b>	<b>67,985</b>	<b>3,543</b>
	<b><u>INCOME</u></b>			
	CUSTOMER & CLIENT RECEIPTS	8,059	9,965	(1,906)
	GOVERNMENT GRANTS	208	254	(46)
	RECHARGES	21	90	(69)
	OTHER GRANTS, REIMBURSEMENTS & CONTR	7,918	9,359	(1,441)
	<b>TOTAL INCOME</b>	<b>16,206</b>	<b>19,668</b>	<b>(3,462)</b>
	<b>NET COST OF SERVICES</b>	<b>48,236</b>	<b>48,317</b>	<b>81</b>

## CHILDREN'S SERVICES

GENERAL FUND OUTTURN YEAR ENDING 31 MARCH 2014

## TOTAL SUMMARY

	SUBJECTIVE ANALYSIS	2013/2014 ADJUSTED CASH LIMIT £ '000	2013/2014 ACTUALS £ '000	2013/2014 VARIATION £ '000
	LOCAL SCHOOLS BUDGET	66,814	66,814	-
	LEARNING AND SCHOOLS	16,536	16,244	(292)
	EARLY HELP FOR CHILDREN AND FAMILIES	13,217	12,730	(487)
	CHILDREN'S SOCIAL CARE	25,011	26,973	1,962
	GRANTS	(81,619)	(81,382)	237
	<b>NET COST OF SERVICES</b>	<b>39,959</b>	<b>41,379</b>	<b>1,420</b>

	SUBJECTIVE ANALYSIS	2013/2014 ADJUSTED CASH LIMIT £ '000	2013/2014 ACTUALS £ '000	2013/2014 VARIATION £ '000
	<b><u>EXPENDITURE</u></b>			
	EMPLOYEES	61,482	82,579	21,097
	PREMISES	4,791	7,269	2,478
	TRANSPORT	2,454	2,553	99
	SUPPLIES AND SERVICES	16,364	17,966	1,602
	THIRD PARTY PAYMENTS	35,433	16,413	(19,020)
	TRANSFER PAYMENTS	3,843	6,176	2,333
	SUPPORT SERVICES	6,233	7,952	1,719
	CAPITAL CHARGES	6,706	6,717	11
	<b>TOTAL EXPENDITURE</b>	<b>137,306</b>	<b>147,625</b>	<b>10,319</b>
	<b><u>INCOME</u></b>			
	CUSTOMER & CLIENT RECEIPTS	1,182	1,887	(705)
	GOVERNMENT GRANTS	84,349	92,448	(8,099)
	RECHARGES	5,020	3,056	1,964
	OTHER GRANTS, REIMBURSEMENTS & CONTI	6,796	8,855	(2,059)
	<b>TOTAL INCOME</b>	<b>97,347</b>	<b>106,246</b>	<b>(8,899)</b>
	<b>NET COST OF SERVICES</b>	<b>39,959</b>	<b>41,379</b>	<b>1,420</b>

## PUBLIC HEALTH

## GENERAL FUND OUTTURN YEAR ENDING 31 MARCH 2014

## PUBLIC HEALTH SUMMARY

	2013/2014 ADJUSTED CASH LIMIT £ '000	2013/2014 ACTUALS £ '000	2013/2014 VARIATION £ '000
<b>SUBJECTIVE ANALYSIS</b>			
<b><u>EXPENDITURE</u></b>			
EMPLOYEES	1,150	1,155	5
PREMISES	1	-	(1)
TRANSPORT	19	13	(6)
SUPPLIES AND SERVICES	3,356	3,451	95
THIRD PARTY PAYMENTS	12,604	12,703	99
TRANSFER PAYMENTS	-	-	-
SUPPORT SERVICES (NOT INCLUDED BELOW)	44	60	16
CAPITAL CHARGES (NOT INCLUDED BELOW)	-	-	-
<b>TOTAL EXPENDITURE</b>	<b>17,174</b>	<b>17,382</b>	<b>208</b>
<b><u>INCOME</u></b>			
CUSTOMER & CLIENT RECEIPTS	-	-	-
GOVERNMENT GRANTS	-	-	-
RECHARGES	-	-	-
OTHER GRANTS, REIMBURSEMENTS & CONTRIBUTIONS	17,457	17,665	(208)
<b>TOTAL INCOME</b>	<b>17,457</b>	<b>17,665</b>	<b>(208)</b>
<b>CONTROLLABLE NET EXPENDITURE</b>	<b>(283)</b>	<b>(283)</b>	<b>-</b>
CDS	283	283	-
CAPITAL CHARGES	-	-	-
RECHARGES (CDS INCOME)	-	-	-
<b>TOTAL NON CONTROLLABLE EXPENDITURE</b>	<b>283</b>	<b>283</b>	<b>-</b>
<b>TOTAL NET EXPENDITURE</b>	<b>-</b>	<b>-</b>	<b>-</b>

## BUDGETS OUTSIDE THE CASH LIMIT

## GENERAL FUND OUTTURN YEAR ENDING 31 MARCH 2014

## TOTAL SUMMARY

	SUBJECTIVE ANALYSIS	2013/2014 ADJUSTED CASH LIMIT £ '000	2013/2014 ACTUALS £ '000	2013/2014 VARIATION £ '000
	TREASURY MANAGEMENT	14,879	12,039	(2,840)
	PARKING SERVICES	(3,150)	(2,184)	966
	GRANTS, DONATIONS & SUBSCRIPTIONS	541	526	(15)
	HOUSING BENEFITS	1,302	1,297	(5)
	COUNCIL TAX & NNDR COST OF COLLECTION	426	456	30
	SUBSIDIARY COMPANIES	(719)	(865)	(146)
	CONCESSIONARY FARES	4,579	5,535	956
	LAND CHARGES	(30)	(42)	(12)
	INVESTMENT PORTFOLIO	1,515	1,610	95
	<b>NET COST OF SERVICES</b>	<b>19,343</b>	<b>18,372</b>	<b>(971)</b>

	SUBJECTIVE ANALYSIS	2013/2014 ADJUSTED CASH LIMIT £ '000	2013/2014 ACTUALS £ '000	2013/2014 VARIATION £ '000
	<b><u>EXPENDITURE</u></b>			
	EMPLOYEES	878	829	(49)
	PREMISES	1,285	1,279	(6)
	TRANSPORT	38	48	10
	SUPPLIES AND SERVICES	6,768	7,208	440
	THIRD PARTY PAYMENTS	94	42	(52)
	TRANSFER PAYMENTS	90,407	89,131	(1,276)
	SUPPORT SERVICES	4,263	4,268	5
	CAPITAL CHARGES	21,565	18,204	(3,361)
	<b>TOTAL EXPENDITURE</b>	<b>125,298</b>	<b>121,009</b>	<b>(4,289)</b>
	<b><u>INCOME</u></b>			
	CUSTOMER & CLIENT RECEIPTS	8,308	7,129	1,179
	GOVERNMENT GRANTS	91,838	89,466	2,372
	RECHARGES	3,878	3,385	493
	OTHER GRANTS, REIMBURSEMENTS & CONTRIBUTIONS	1,931	2,657	(726)
	<b>TOTAL INCOME</b>	<b>105,955</b>	<b>102,637</b>	<b>3,318</b>
	<b>NET COST OF SERVICES</b>	<b>19,343</b>	<b>18,372</b>	<b>(971)</b>



Phoenix Centre Refurbishment	CS0729	26,838	0	0	0	26,838	0	0	26,838
Ict Refresh	CS0731	50,000	0	0	0	50,000	0	0	50,000
Coopers Way Respite Facility	CS0732	41,034	0	0	0	41,034	0	0	41,034
Highfield Day Centre Refurb	CS0733	16,821	0	0	0	16,821	0	0	16,821
Vitaline Move To Hoyle	CS0734	0	0	0	0	0	43,132	0	0
Mansfield Road Refurb	CS0735	43,132	0	0	0	0	0	43,132	43,132
Crichton Place (Garage)	CS0736	12,925	0	0	0	0	12,925	0	12,925
Shorelands - Min Refurb	CS0737	12,755	0	0	0	12,755	0	0	12,755
Community Information Portal	CS0738	55,919	0	0	0	35,919	20,000	0	55,919
Adults Ict Project 2013-14	CS0741	10,459	0	0	0	10,459	0	0	10,459
Non Specific Contingency Code	CS9999	7,500	0	0	0	7,500	0	0	7,500
Langdale Centre	CEPF13 Total	127,518	0	0	0	0	127,518	0	127,518
Reassurance and Placemaking	CX4001	9,998	0	0	0	0	0	9,998	9,998
Regeneration - Renovation Grant	CX4002	1,265,084	0	0	0	1,252,117	12,967	0	1,265,084
Care & Repair	CX4005	78,866	0	0	78,866	0	0	0	78,866
Winter warmth	CX4024	175,276	0	0	0	175,276	0	0	175,276
<b>TOTAL Adult Services</b>		<b>2,666,286</b>	<b>0</b>	<b>0</b>	<b>78,866</b>	<b>1,636,042</b>	<b>951,378</b>	<b>0</b>	<b>2,666,286</b>

**Assistant Chief Executive Responsible for Human Resources and IT**

Ict Refresh 2013-14	CS0739	1,057,758	0	0	0	0	500,000	557,758	1,057,758
ICT BSF	CEPF03	1,328,193	0	0	0	1,328,193	0	0	1,328,193
<b>TOTAL Human Resources and IT</b>		<b>2,385,951</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,328,193</b>	<b>500,000</b>	<b>557,758</b>	<b>2,385,951</b>

**Assistant Chief Executive Responsible for Leisure and Operational Services**

Bispham Health Centre	CL2008	19,257	0	0	0	0	19,257	0	19,257
Play Pathfinders	CL2010	0	0	0	0	-7,995	7,995	0	0
Stanley Park Overflow C.P.	CL2015	136,056	0	0	0	0	136,056	0	136,056
Crem Building Works	CL9805	345,325	0	0	0	0	0	345,325	345,325
Dennis Eagle Refuse Vah X 2	CL9807	315,314	0	0	0	0	0	315,314	315,314
Street Cleaning Vehicles X 6	CL9808	362,324	0	0	0	0	0	362,324	362,324
Anchorsholme Seawall Scheme	CP05 Total	1,169,960	0	0	0	1,169,960	0	0	1,169,960
Shoreline Management	CP70 Total	804	0	0	0	804	0	0	804
Sand Dunes	CP71 Total	73,750	0	0	0	73,750	0	0	73,750
Mereton Mere Dam	CP72 Total	20,000	0	0	0	20,000	0	0	20,000
Bathing Waters	CP79 Total	65,591	0	0	0	65,591	0	0	65,591
<b>TOTAL Leisure and Operational Services</b>		<b>2,508,381</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,322,110</b>	<b>163,308</b>	<b>1,022,963</b>	<b>2,508,381</b>

**Assistant Chief Executive Responsible for Built Environment**

<b>Housing - HRA</b>									
Adaptation Work for the Elderly & Disabled	CX09 Total	329,171	0	0	0	0	329,171	0	329,171
Work towards Decent Homes Standard	CX11 Total	11,008,330	0	0	221,419	6,615,000	4,171,911	0	11,008,330
<b>TOTAL HOUSING - HRA</b>		<b>11,337,501</b>	<b>0</b>	<b>0</b>	<b>221,419</b>	<b>6,615,000</b>	<b>4,501,082</b>	<b>0</b>	<b>11,337,501</b>
<b>Private Sector Housing</b>									
Tyldesley/Rigby Road	CX4030	3,946,533	0	0	0	2,146,533	1,800,000	0	3,946,533
Cluster Of Empty Homes	CX4033 Total	502,014	0	0	0	302,014	200,000	0	502,014
Travellers Site	CX4210 Total	10,800	0	0	0	0	10,800	0	10,800
<b>TOTAL PRIVATE SECTOR HOUSING</b>		<b>4,459,347</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,448,547</b>	<b>2,010,800</b>	<b>0</b>	<b>4,459,347</b>
<b>Transport</b>									
Blackpool/Fleetwood Tramway Upgrade	CT71 Total	1,485,742	0	0	0	0	-2,374,097	3,859,839	1,485,742
Tramway Emergency Works	CT70 Total	10,653	0	0	0	0	0	10,653	10,653
LTP - Local Safety Scheme	CT01 Total	6,125	0	0	0	6,125	0	0	6,125
LTP - Maintenance	CT02 Total	3,297,781	0	0	0	3,297,781	0	0	3,297,781
LTP - Parking Management	CT03 Total	12,115	0	0	0	12,115	0	0	12,115
LTP - Public Transport Schemes	CT04 Total	565,253	0	0	0	565,253	0	0	565,253
LTP - Traffic Management and Accessibility	CT05 Total	649,027	0	0	0	649,027	0	0	649,027
LTP - Walking and Cycling	CT06 Total	304,117	0	0	0	304,117	0	0	304,117
Project 30	CT30 Total	9,569,630	0	0	0	0	87,804	9,481,826	9,569,630
Sintropher Project	CG75 Total	11,281	0	0	0	0	0	11,281	11,281
Section 278 Development Works	CT94 Total	92,297	0	0	0	0	92,297	0	92,297
Bus & Tram Shelter upgrade	CT95 Total	41,811	0	0	0	0	0	41,811	41,811

<b>TOTAL TRANSPORT</b>	<b>16,045,832</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,834,418</b>	<b>-2,193,996</b>	<b>13,405,410</b>	<b>16,045,832</b>
<b>Total Built Environment</b>	<b>31,842,680</b>	<b>0</b>	<b>0</b>	<b>221,419</b>	<b>13,897,965</b>	<b>4,317,886</b>	<b>13,405,410</b>	<b>31,842,680</b>

**ASSISTANT CHIEF EXECUTIVE RESPONSIBLE FOR**

**Regeneration, Tourism and Culture**

Central Library Redevelopment	CL21 Total	725	0	0	0	725	0	725
Leisure Assets	CG20 Total	1,928,816	0	0	396,194	100,000	1,432,621	1,928,816
<b>Total Regeneration, Tourism and Culture</b>		<b>1,929,541</b>	<b>0</b>	<b>0</b>	<b>396,194</b>	<b>100,726</b>	<b>1,432,621</b>	<b>1,929,541</b>

**Assistant Chief Executive Responsible for**

**Treasurer Services**

**Property Management**

Opportunity Purchases	CG95 total	4,634	0	0	4,634	0	0	4,634
Strategic Housing Acquisitions	CX4016	0	0	0	0	0	0	0
Crystal Road	CX4026 Total	13,733	0	0	0	13,733	0	13,733
Rawcliffe Street	CX4028	0	0	0	0	0	0	0
Acqn Of 13 Birley Street	CG23 Total	275,000	0	0	0	0	275,000	275,000
Townscape Heritage Initiative	CG40 Total	407	0	0	-109,217	109,624	0	407
Central Business District	CG50 Total	21,988,883	0	0	3,638	1,076,432	20,908,813	21,988,883
Office Accommodation Strategy	CN50 Total	172,425	0	0	172,425	0	0	172,425
Syndicate	CG76 Total	272,206	0	0	0	0	272,206	272,206
Central Corridor Acquisitions	CG84 Total	2,679	0	0	0	0	2,679	2,679
Tower Headland	CG92 Total	59,828	0	0	106,888	87,403	-134,464	59,828
<b>Total Property Management</b>		<b>22,789,795</b>	<b>0</b>	<b>0</b>	<b>3,638</b>	<b>174,730</b>	<b>21,324,234</b>	<b>22,789,795</b>

**Other Schemes**

Sandcastle Waterpark Phase III Development	CB10 Total	11,353	0	0	0	0	11,353	11,353
Crrm 2011/12	CB50 Total	314,526	0	0	72,909	241,617	0	314,526
St. Peter's Project	CN26 Total	345	0	0	345	0	0	345
<b>Total Other Schemes</b>		<b>326,224</b>	<b>0</b>	<b>0</b>	<b>73,254</b>	<b>241,617</b>	<b>11,353</b>	<b>326,224</b>

<b>TOTAL Treasurer Services</b>	<b>23,116,019</b>	<b>0</b>	<b>0</b>	<b>3,638</b>	<b>247,984</b>	<b>1,528,809</b>	<b>21,335,588</b>	<b>23,116,019</b>
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<b>TOTAL EXPENDITURE</b>	<b>82,432,988</b>	<b>0</b>	<b>0</b>	<b>303,923</b>	<b>33,761,938</b>	<b>8,683,829</b>	<b>39,683,298</b>	<b>82,432,988</b>
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<b>Report to:</b>	<b>FINANCE AND AUDIT COMMITTEE</b>
<b>Item number</b>	<b>9</b>
<b>Relevant Officer:</b>	Steve Thompson, Assistant Chief Executive Treasurer Services
<b>Date of Meeting:</b>	26 <sup>th</sup> June 2014

## TREASURY MANAGEMENT OUTTURN 2013/2014

### 1.0 Purpose of the report:

1.1 At its meeting on the 26<sup>th</sup> February 2013 the Council agreed to adopt the CIPFA Treasury Management in Public Services Code of Practice and Cross-Sectoral Guidance Notes (2011 Edition). A feature of the Code is that periodic reports on Treasury Management activities are submitted to the Executive and the attached report relates to Treasury Management activities for the 2013/14 financial year. The report is also submitted to Finance and Audit Committee for information.

### 2.0 Recommendation(s):

2.1 To note the report concerning Treasury Management activities for the financial year ended 31<sup>st</sup> March 2014.

### 3.0 Reasons for recommendation(s):

3.1 To bring the Treasury Management outturn figures to Members' attention at the earliest opportunity in accordance with good financial practice.

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? **No**

3.2b Is the recommendation in accordance with the Council's approved budget? **Yes**

3.3 Other alternative options to be considered:

None, the report is a position statement as at 31<sup>st</sup> March 2014.

**4.0 Council Priority:**

4.1 The relevant Council Priority is:

- Deliver quality services through a professional, well-rewarded and motivated workforce

**5.0 Background Information**

5.1 The main report to the Executive outlines the Treasury Management Outturn for 2013/2014 compared with the approved budget and the capital expenditure in the year ended 31<sup>st</sup> March 2014 with sources of funding.

Does the information submitted include any exempt information?

No

**5.2 List of Appendices:**

Appendix 4a- Report of the Treasurer

Appendix 4b- Debt Fall Out Chart

Appendix 4c- Base Rates 2013/2014

Appendix 4d- Summary Statistics

Appendix 4e- Outturn 2013/2014

Appendix 4f- Treasury Management Prudential Indicators

**6.0 Legal considerations:**

6.1 None

**7.0 Human Resources considerations:**

7.1 None

**8.0 Equalities considerations:**

8.1 None.

**9.0 Financial considerations:**

9.1 As outlined in the report.

**10.0 Risk management considerations:**

10.1 Impact of financial performance on Council reserves and balances.

**11.0 Internal/ External Consultation undertaken:**

11.1 None

**12.0 Background papers:**

12.1 None

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**BLACKPOOL COUNCIL**  
**REPORT**  
**of the**  
**TREASURER**  
**to the**  
**EXECUTIVE**  
**on**  
**16th JUNE 2014**

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**TREASURY MANAGEMENT OUTTURN REPORT FOR THE YEAR**  
**ENDED 31<sup>ST</sup> MARCH 2014**

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**1. INTRODUCTION**

One of the requirements of CIPFA's (Chartered Institute of Public Finance and Accountancy) 2011 Prudential Code and Treasury Management Codes of Practice is that periodic reports on the Council's treasury management activities are submitted to the Executive. This annual report on performance is for the 2013/2014 financial year.

The Council manages its cashflow and long-term financing of capital investments in accordance with its annual Treasury Management Strategy. The 2013/2014 Strategy was approved by the Council on 26<sup>th</sup> February 2013 and its objectives are as follows:

- to set the framework for managing the Council's investments and cashflows and controlling its banking, money market and capital market transactions
- to plan and secure appropriate borrowing in order to finance the Capital Programme for 2013/2014 and the next two years, at the lowest cost to the Council
- to achieve the best rates of return from the investment of temporary surplus cash balances commensurate with risk, subject to the overriding principle of maintaining an acceptable level of security
- to control effectively the risks associated with these transactions
- to comply with appropriate codes and regulations including the International Financial Reporting Standards as they apply to Treasury Management.

In delivering the above objectives the Council will:

- decide its own borrowing limits taking account its financial situation, long-term plans and in particular what it thinks is affordable now and sustainable in the future
- monitor these limits using performance measures called Prudential indicators. All local authorities must use the same system of performance measurement and risk control. The borrowing limits have been set in accordance with the Council's Medium-term Financial Plan.

## **2. BORROWING TRANSACTIONS 2013/14**

### **2.1 Loans Raised**

The Council's total borrowing powers at 31<sup>st</sup> March 2013 (the Authorised Limit) stood at £229m. New long-term borrowing of £5.0m was taken in December 2013 from Hampshire County Council to meet the Council's additional funding requirement. The rate of interest payable on this loan was 1.3%. A further £250,000 was borrowed from Hampshire Fire and Rescue for a similar purpose at the same rate. Both loans will be repaid at maturity in November 2016.

The 2013/2014 borrowing requirement for the remainder of the capital programme was deferred until such time that interest rates are judged to be favourable to the Council. This action reduces the Council's exposure to counterparty risk whilst enabling savings to be made in long-term borrowing costs. The Treasury Management Panel's view is that it will continue to monitor interest rates and borrow only when market conditions are favourable.

Temporary borrowing has been required to deal with the normal peaks and troughs of the cashflow, including creditor payments, grant receipts, etc. It has also been required to cover troughs in cash flow due to the delay in taking new long-term borrowing.

### **2.2 Loans Repaid**

During the year £1.3m was repaid in addition to the temporary borrowing referred to in 2.1 above and £0.9m debt, which originated at the time of the Local Government Reorganisation and held through Lancashire County Council (LCC), has been repaid during the year.

Of the £1.3m loans repaid which are referred to above a £0.9m loan was repaid to the Public Works Loan Board when it matured in March 2014 and £0.4m was repaid in two equal instalments of principal in September 2013 and March 2014.

### **2.3 Loans Refinanced**

From time to time opportunities arise to repay existing loans and replace them with lower cost alternative loans. Where this arises savings in annual interest costs can be achieved which keep the Council's overall borrowing costs as low as possible.

No new opportunities to refinance existing loans were identified in 2013/14 but the Treasury Management Panel continues to look at ways to reduce the cost of interest on long-term loans.

### **2.4 Summary**

The Council's pooled borrowing rate on its long-term debt decreased from 5.10% in 2012/2013 to 4.79% in 2013/2014. This change occurred as a result of the movement in loans referred to in 2.2 above.

Temporary borrowing has been required at certain times during the year in order to manage the peaks and troughs in cashflows. The Council's borrowing activities for the 2013/14 financial year are summarised on the next page:

	<u>Debt financing</u> <u>at 1 Apr 2013</u>	<u>Additions to</u> <u>debt</u>	<u>(Reductions)</u> <u>in debt</u>	<u>Debt financing</u> <u>at 31 Mar 2014</u>
	£M	£M	£M	£M
PWLB	61.2	-	(1.3)	59.9
Market Loans	34.0	5.3	-	39.3
Temporary Loans	19.0	106.0	(83.5)	41.5
Sub total	114.2	111.3	(84.8)	140.7
Local Government Reorganisation (LGR) Debt	22.1	-	(0.9)	21.2
TOTAL	136.3	111.3	(85.7)	161.9

The revised maturity profile for the total external long-term debt outstanding at 31<sup>st</sup> March 2014 is shown in Appendix 4b of this report.

### **3. INVESTMENT TRANSACTIONS 2013/14**

#### **3.1 Overview**

The Bank of England Official Bank Rate - the 'Base Rate', i.e. the general level to which all short-term interest rates are related - has remained the same throughout 2013/14 at 0.5%.

Appendix 9c shows this interest rate graphically from 1<sup>st</sup> September 2005 to 31<sup>st</sup> March 2014.

#### **3.2 Receipts and Payments during the Year**

Appendix 4d of this Report summarises the Council's cashflows during the year, short-term interest receivable and payable, year-end loans outstanding and investment balances.

#### **3.3 Investment Earnings**

Interest which has been earned from temporary investments is included in Appendix 9d, together with a comparison with the budgeted income for the financial year. Actual investment earnings, included within the receipts figure, are £52,000.

#### **3.4 Approved Institutions for Investments**

The Treasury Management Panel will continue to manage the Council's treasury and investment affairs in a cautious and prudent manner taking account of changes in the economic climate. The Council's Treasury Management Policy restricts investments to a list of approved institutions. Each institution has its own maximum investment limit and timeframe and the security of funds is the overriding factor.

The list comprises UK-registered banks along with their subsidiaries, 2 building societies, upper tier local authorities and certain other public sector bodies plus short-term gilts and UK treasury bills. The list continues to be reviewed regularly in the light of changes in credit ratings and market intelligence.

#### **4. REVENUE OUTTURN 2013/2014**

The Treasury Management revenue account for 2013/2014 had net expenditure of £12,039k, an improvement of £2,840k over the budget of £14,879k.

A comparison of the Treasury Management revenue account with the budget for 2013/14 is set out in Appendix 9e.

The debt servicing costs for 2013/2014 decreased in line with recent years' early repayment of long-term borrowing and the deferral of any new long-term borrowing.

Low levels of interest available on lower temporary cash balances coupled with fewer opportunities to restructure the long-term loan portfolio mean that further savings cannot be guaranteed in future years.

#### **5. PRUDENTIAL INDICATORS**

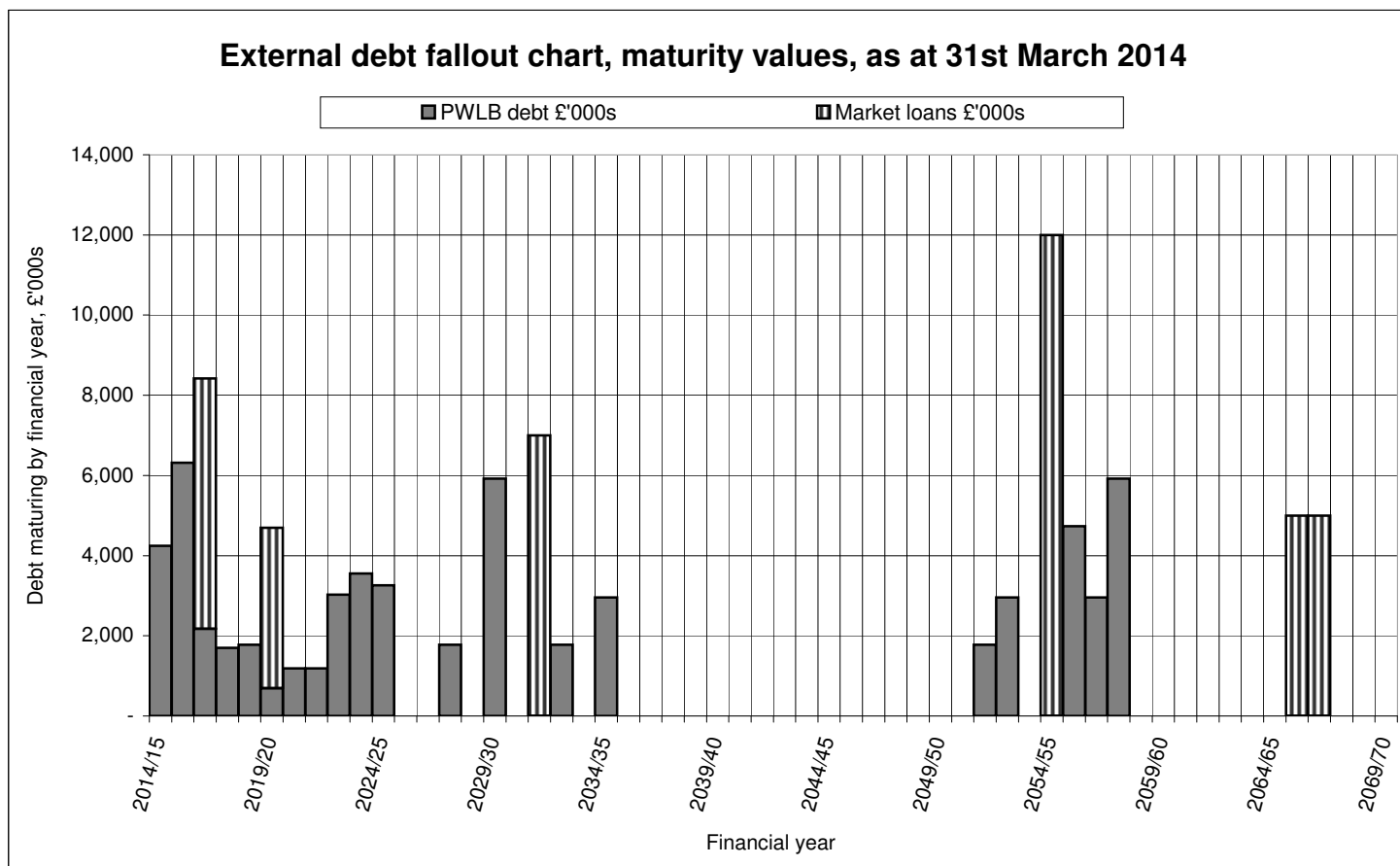
The Prudential Indicators and Limits for 2013/2014 are set out within Appendix 9f to this report.

#### **6. RECOMMENDATION**

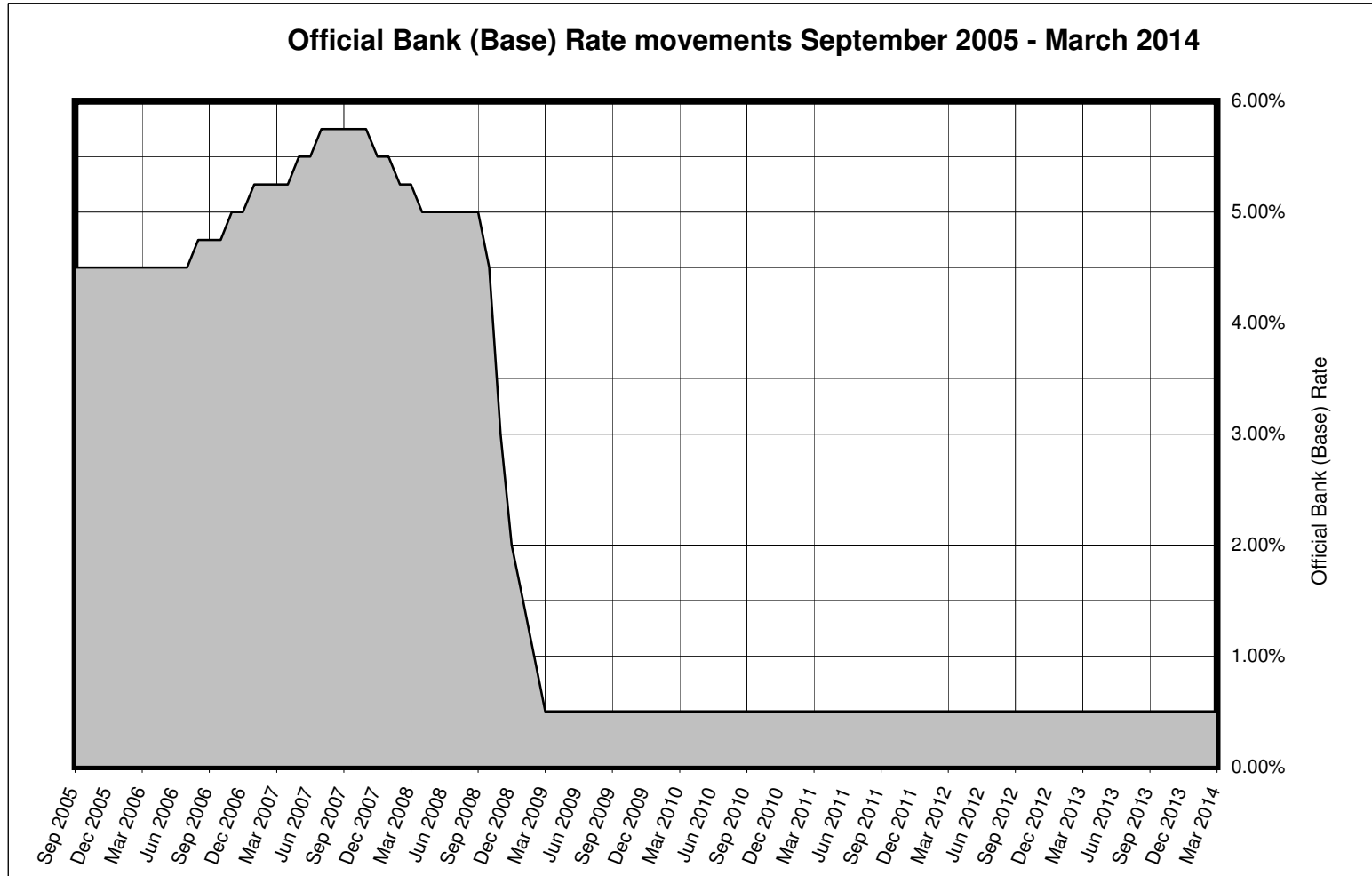
The Executive is asked to note the report on treasury management activities for the financial year ending 31<sup>st</sup> March 2014.

S. THOMPSON  
TREASURER





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# TREASURY MANAGEMENT REPORT

## SUMMARY STATISTICS FOR THE YEAR 2013/14

SHORT TERM INTEREST NET (RECEIVABLE)/PAYABLE	
	£'000s
Budgeted for year	237
Actual for year	61

SHORT TERM INVESTMENTS MADE	
Call Accounts & Money Market	
Number in the year	136
Total value of those transactions in and out	266m
Average interest rate earned	0.38%

SHORT TERM LOANS MADE	
Number in year	35
Total value of those transactions in and out	106m
Average interest rate paid	0.39%

YEAR END LOANS OUTSTANDING		
01/04/2013 £'000s	SOURCE	31/03/2014 £'000s
61,200	Public Works Loan Board	59,882
34,000	Market Loans	39,250
19,000	Temporary Loans	41,500
<b>114,200</b>	<b>TOTAL LOANS OUTSTANDING</b>	<b>140,632</b>

YEAR END INVESTMENT BALANCES		
01/04/2013 £'000s	CHANGE	31/03/2014 £'000s
4,300	Investments (Call accounts)	6,050
-	Investments (Money Market)	200
<b>4,300</b>	<b>Total</b>	<b>6,250</b>

CASH FLOWS DURING THE YEAR	
RECEIPTS	£'000s
Loans & Investments, total movements <i>(The transaction totals, NOT the balance) (A)</i>	375,685
Council Tax & NNDR	80,296
Government Grants/Rate Support Grant	214,444
Housing Benefit & Subsidy	91,224
Other income, VAT reclaimed	118,733
<b>TOTAL OF ALL AMOUNTS RECEIVED INTO THE BANK ACCOUNTS</b>	<b>880,382</b>

PAYMENTS	£'000s
Loans & Investments, total movements <i>(The transaction totals, NOT the balance) (B)</i>	351,203
General Creditors	356,828
Salaries & Wages	85,126
Housing Benefits	79,438
Precepts, Police & Fire	7,701
<b>TOTAL OF ALL AMOUNTS PAID OUT OF THE BANK ACCOUNTS</b>	<b>880,296</b>

The difference between total amounts received and paid equals the movement on the current account balances during the year.

RECONCILIATION OF CASH FLOWS WITH THE LOAN & INVESTMENT PORTFOLIOS		
Receipts	(A)	375,685
Payments	(B)	(351,203)
<b>Net (payment)/receipt into current a/cs</b>		<b>24,482</b>
Total loans at end of year	140,632	
Total loans at start of year	(114,200)	
<b>Net loans taken out</b>		<b>26,432</b>
Investments at end of year	(6,250)	
Investments at start of year	4,300	
<b>Net increase in investments</b>		<b>(1,950)</b>
<b>Net (payment)/receipt into current a/cs</b>		<b>24,482</b>

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**Comparison of Budget to Actuals 2013/2014**

The annual budget monitoring information for 2013/14 shows a (£2,840k) full-year (favourable) variance on the £14,879k Treasury Management Budget.

The components of this variance are as follows:

	2013/14 Full Year Variance (Fav)/Adv £'000s
The use of temporary borrowing and internal financing have enabled borrowing to be delayed, thus achieving savings against interest payable	(2,247)
Reduced interest charged by LCC on LGR Debt	(477)
Higher cash balances than planned have been maintained during 2013/14 and this has contributed to an increase in the level of temporary investment income (Actual £52k minus Budget £8k)	(44)
Other miscellaneous items including recharges and MRP	(72)
<b>2013/14 full-year (favourable)/adverse position</b>	<b>(2,840)</b>

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<b>Report to:</b>	<b>FINANCE AND AUDIT COMMITTEE</b>
<b>Item number</b>	<b>10</b>
<b>Relevant Officer:</b>	Tracy Greenhalgh, Chief Internal Auditor
<b>Date of Meeting</b>	26 <sup>th</sup> June 2014

## **ANNUAL REPORT OF THE CHIEF INTERNAL AUDITOR 2013/14**

### **1.0 Purpose of the report:**

1.1 The Committee to consider the Annual Report of the Chief Internal Auditor for 2013/14.

### **2.0 Recommendation(s):**

2.1 To approve the report and note its findings.

### **3.0 Reasons for recommendation(s):**

3.1 To enable the Committee to receive an update report on the work undertaken by Internal Audit in relation to internal audit, fraud investigation, risk management and emergency and business continuity planning.

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council's approved budget? Yes

### **3.3 Other alternative options to be considered:**

To not receive the report but this would prevent the Committee from receiving an update on the work undertaken by Internal Audit.

**4.0 Council Priority:**

4.1 The relevant Council Priority is

- Deliver quality services through a professional, well-rewarded and motivated workforce

**5.0 Background Information**

5.1 A quarterly summary of work undertaken is submitted in line with best practice, including the CIPFA audit code and the CIPFA Audit Committee guidance.

5.2 The report covers areas relevant to the work of the Committee in terms of internal audit, fraud investigation, risk management and emergency and business continuity planning.

5.3 The report for the fourth quarter each year also includes the Chief Internal Auditor's annual opinion on the internal control environment. This is included as section 1 of the report attached at Appendix 8 (a).

5.4 Further details on any areas included in the report, and in particular expanded summaries or full copies of audit reports, are available to the Committee as required.

Does the information submitted include any exempt information?

No

**List of Appendices:**

Appendix 10(a): Risk Services Quarterly Report for 1st January to 31st March 2014

**6.0 Legal considerations:**

6.1 None

**7.0 Human Resources considerations:**

7.1 None

**8.0 Equalities considerations:**

8.1 None

**9.0 Financial considerations:**

9.1 None

**10.0 Risk management considerations:**

10.1 None

**110 Internal/ External Consultation undertaken:**

111 None

**120 Background papers:**

121 None

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Risk Services Quarterly Report  
1<sup>st</sup> January to 31<sup>st</sup> March 2014

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## Risk Services Quarter Four Report – 2013/2014

### 1. Annual Audit Opinion

- 1.1 All internal audit reports include an overall opinion and assurance statement. These have been reported on a quarterly basis to the Finance and Audit Committee, and further explanations provided as required.
- 1.2 In 2013/2014 the number of negative assurance statement for internal audit work completed was higher than in previous years. Given the reduced resource available across the Council it is understandable that some controls may have lapsed. However it is important that all managers continue to ensure that a sound control environment is in place for their service area.
- 1.3 All areas which Internal Audit assesses as high risk and a priority one recommendation is made are followed up by the Chief Internal Auditor to help ensure these priority areas are addressed. The follow-up work undertaken by Internal Audit has confirmed that in the majority of cases appropriate action has been taken and where this is not the case a revised deadline or action has been agreed.
- 1.4 Therefore the opinion of the Chief Internal Auditor is that the overall control environment of the Council is adequate. A number of areas where further improvements to controls would be desirable have been included in the draft Annual Governance Statement. The Annual Governance Statement is approved by the Corporate Leadership Team and the Finance and Audit Committee.
- 1.5 The audit opinion is based on work completed which amounted to 94% of that planned. Best practice is that at least 90% of planned audit work should be completed and this target has been exceeded. The compliance audit programme and all reviews agreed to be of high priority were completed and the Chief Internal Auditor is satisfied the amount of work undertaken is sufficient to enable an informed audit opinion to be drawn.

### 2. Fourth Quarter Summary

#### ***Service Developments***

#### 2.1 *Internal Audit*

The Internal Audit Plan for 2014/2015 has been agreed and resources are currently being planned in order to ensure that the plan is delivered.

Lisa Hughes, who was a temporary auditor covering maternity leave with the team, has now been made permanent to help ensure that adequate resource is available to provide an appropriate level of assurance across the Council. The trainee auditor post unfortunately was not successful and the individual has left the team.

#### 2.2 *Investigations*

The Benefit Fraud Investigations Manager, Mike Spencer, has decided to take voluntary redundancy and will be leaving the team in May 2014. Mike's expertise which he has built over the 40 years that he has worked for the Council will be missed and we wish Mike every success. The post of the Investigations Manager will not be filled and a restructure is currently taking place to create the role of a Senior Investigator who will take on supervisory responsibility in the team.

#### 2.3 *Risk Management and Insurance*

The focus of the Risk and Insurance Team has been to ensure that the new insurance policies are in place for the start of the new financial year and that recharges can be undertaken promptly.

#### 2.4 *Emergency Planning and Business Continuity Planning*



**Risk Services Quarter Four Report – 2013/2014**

The team were involved in responding to the severe weather on the 12<sup>th</sup> February 2014 and also the hotel fire on the 13<sup>th</sup> February 2014.

Close links have been formed with the Council’s statutory flooding officer and work is currently underway to develop how the Council would respond should another flooding incident occur.

Work is underway with some services who do not have up to date business continuity plans in place and some thematic plans are also in the process of being produced, such as for the office portfolio.

**3. Performance**

*Internal Audit performance indicators*

PI Ref.	Performance Indicator (Description of measure)	2013/14 Target	2013/14 Actual
Local IAPI1	Percentage audit plan completed (annual target).	90%	94%
Local IAPI2	Percentage draft reports issued within deadline.	96%	94%
Local IAPI3	Percentage audit work within resource budget.	92%	97%
Local IAPI4	Percentage of positive satisfaction surveys.	85%	88%
Local IAPI5	Percentage compliance with quality standards for audit reviews.	85%	84%

*Investigations performance indicators*

PI Ref.	Performance Indicator (Description of measure)	2013/14 Target	2013/14 Actual
Local IPI1	Number of fraud investigations, per 1,000 caseload.	35	33.58
Local IPI2	Number of prosecutions and sanctions, per 1,000 caseload.	11	11.03
Local IPI3	Percentage cases closed resulting in changes to benefit.	50%	59%
Local IPI4	Percentage cases closed resulting in changes to benefit with sanctions.	54%	55%

*Investigations Team Statistics*

Month	Local Authority Overpayment	DWP Overpayment	Sanctions			
			Cautions	Admin Penalties	Completed Prosecutions	+/- Target
January	£116,065	£2,355	16	8	1	3

**Risk Services Quarter Four Report – 2013/2014**

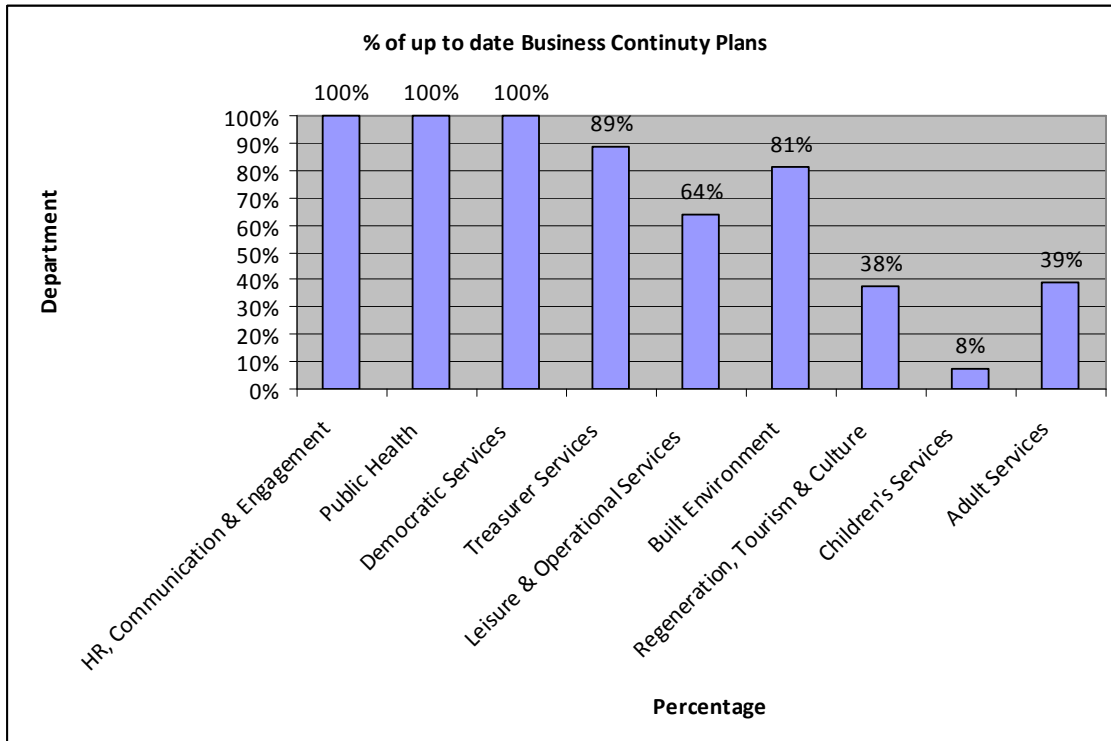
Month	Local Authority Overpayment	DWP Overpayment	Sanctions			
			Cautions	Admin Penalties	Completed Prosecutions	+/- Target
February	£101,136	£146,529	12	2	10	3
March	£108,588	£7,402	11	7	5	1
<b>TOTAL</b>	<b>£325,789.00</b>	<b>£156,286.00</b>	<b>39</b>	<b>17</b>	<b>16</b>	<b>7</b>

*Civil Contingencies performance indicators*

PI Ref. (BVPI, Local, PSA)	Performance Indicator (Description of measure)	2013/14 Target	2013/14 Actual
Local CC1	Percentage of Council services with business continuity plans.	100%	91%
Local CC2	Percentage of Council service business continuity plans updated during the financial year.	90%	42%
Local CC3	Number of civil contingency training and exercise sessions held.	6	8
Local CC4	Number of trained Emergency Response Group Volunteers.	60	32
Local CC5	Number of updates to the Major Emergency Plan.	2	1
Local CC6	Percentage integration into the Lancashire Resilience Forum workstreams	70%	70%

**Risk Services Quarter Four Report – 2013/2014**

\*In support of the 42% of business continuity plans up to date by the end of the quarter the following graph shows a breakdown by department:

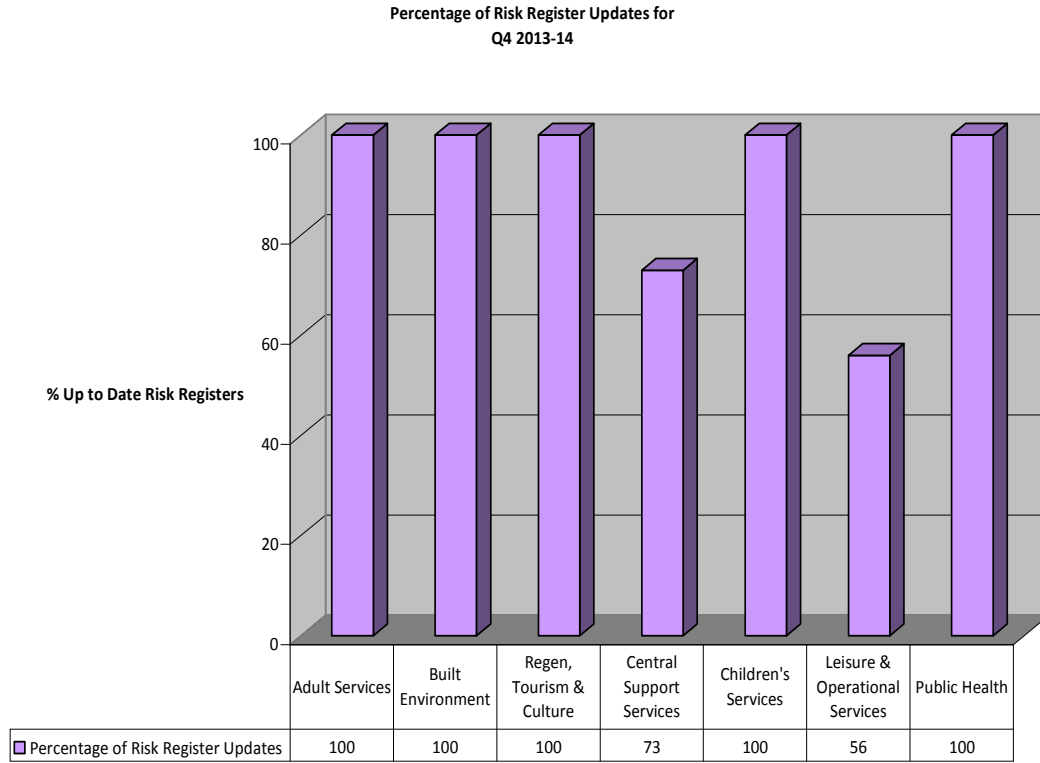


**Risk and Insurance Performance Indicators**

PI Ref. (BVPI, Local, PSA)	Performance Indicator (Description of measure)	2013/14 Target	2013/14 Actual
RI1	Number of new liability insurance claims notified each month.	30	29
RI2	Number of liability insurance claims settled each month.	35	43
RI3	Number of liability insurance claims outstanding.	550	443
RI4	Percentage of new insurance claims registered and dispatched to insurers within 3 working days of receipt.	92%	86%
RI5	Percentage of property risk audit programme completed (annual target).	90%	90%
RI6	Percentage of risk registers revised and up to date at end of quarter.	90%	82%

**Risk Services Quarter Four Report – 2013/2014**

\*In support of the 82% of risk registers revised and up to date by the end of the quarter the following graph shows a breakdown by department:



**Risk Services Quarter Four Report – 2013/2014**

**4. Appendix A: Performance & Summary Tables for Quarter 4 – January to March 2014**

*Internal Audit reports issued in period*

Department	Review Title	Assurance Statement
Adult Services	Supported Living Service	<p><b><u>Scope:</u></b></p> <p>The scope of our audit work was to review a sample of six addresses from the Supported Living and Extra Support Scheme and undertake compliance testing which covered the following areas:</p> <ul style="list-style-type: none"> <li>▪ Care plans,</li> <li>▪ Staff rotas,</li> <li>▪ Training logs,</li> <li>▪ DBS checks,</li> <li>▪ Client monies,</li> <li>▪ Cash handling ,</li> <li>▪ Security,</li> <li>▪ Assets,</li> <li>▪ Policies and procedures,</li> <li>▪ Medication.</li> </ul> <p><b><u>Assurance Statement</u></b></p> <p>We consider that the controls in place are adequate, with most risks identified and assessed and only minor control improvement required.</p> <p>Our testing revealed minor lapses in compliance with the controls.</p>

**Risk Services Quarter Four Report – 2013/2014**

Department	Review Title	Assurance Statement
Adult Services	Deferred Payments	<p><b><u>Scope:</u></b></p> <p>The scope of the audit was to review:</p> <ul style="list-style-type: none"> <li>▪ The recently drafted guidance and the risks and controls associated with the deferred payment scheme;</li> <li>▪ The recording of information in relation to deferred payments;</li> <li>▪ The appropriate ownership and management responsibility for the scheme; and</li> <li>▪ The calculations, accounting arrangements and reasonableness of the assumptions used to form the basis of the financial estimates for the scheme.</li> </ul> <p><b><u>Assurance Statement:</u></b></p> <p>We consider that the controls in place are inadequate, as a number of material risks were identified and improvements are required. The weaknesses were highlighted by management throughout the review and actions to resolve a number of the identified issued were already being explored at the time of the audit fieldwork.</p>

**Risk Services Quarter Four Report – 2013/2014**

Department	Review Title	Assurance Statement
Built Environment	Queens Park Development	<p><b><u>Scope:</u></b></p> <p>The scope of the audit was to review:</p> <ul style="list-style-type: none"> <li>▪ The effectiveness of contract management arrangements;</li> <li>▪ The effectiveness of governance arrangements in place for the project;</li> <li>▪ Whether value for money was achieved in the procurement process;</li> <li>▪ The effectiveness of joint working arrangements across Council services in the planning of the Queens Park Development.</li> </ul> <p><b><u>Assurance Statement:</u></b></p> <p>We consider that the controls in place are adequate, with some areas for improvement noted. The project is now entering the delivery phase and therefore it is important that the findings are addressed in a timely manner.</p>
Children’s Services	Merese Primary School	<p><b><u>Scope:</u></b></p> <p>Compliance testing based on a random sample was carried out in the following areas:</p> <ul style="list-style-type: none"> <li>▪ Purchasing</li> <li>▪ Procurement</li> <li>▪ Petty cash and purchase cards</li> <li>▪ Income</li> <li>▪ Payroll</li> <li>▪ Banking</li> </ul> <p><b><u>Assurance Statement</u></b></p> <p>We consider that the controls in place are inadequate with significant control improvements required.</p> <p>Our testing revealed some lapses in compliance with the controls.</p>

**Risk Services Quarter Four Report – 2013/2014**

Department	Review Title	Assurance Statement
Children's Services	Highfield School	<p><b><u>Scope:</u></b></p> <p>Compliance testing based on a random sample was carried out in the following areas:</p> <ul style="list-style-type: none"> <li>▪ Purchasing</li> <li>▪ Procurement</li> <li>▪ Petty cash and purchase cards</li> <li>▪ Income</li> <li>▪ Payroll</li> <li>▪ Banking</li> </ul> <p><b><u>Assurance Statement:</u></b></p> <p>We consider that the controls in place are adequate with some control improvements required.</p> <p>Our testing revealed some lapses in compliance with the controls.</p>
Children's Services	Christ the King RC School	<p><b><u>Scope:</u></b></p> <p>Compliance testing based on a random sample was carried out in the following areas:</p> <ul style="list-style-type: none"> <li>▪ Purchasing</li> <li>▪ Procurement</li> <li>▪ Petty cash and purchase cards</li> <li>▪ Income</li> <li>▪ Payroll</li> <li>▪ Banking</li> </ul> <p><b><u>Assurance Statement</u></b></p> <p>We consider that the controls in place are adequate with some control improvements required</p> <p>Our testing revealed minor lapses in compliance with the controls.</p>



**Risk Services Quarter Four Report – 2013/2014**

Department	Review Title	Assurance Statement
Children's Services	Claremont Primary School	<p><b><u>Scope:</u></b></p> <p>Compliance testing based on a random sample was carried out in the following areas:</p> <ul style="list-style-type: none"> <li>▪ Purchasing</li> <li>▪ Procurement</li> <li>▪ Petty cash and purchase cards</li> <li>▪ Income</li> <li>▪ Payroll</li> <li>▪ Banking</li> </ul> <p><b><u>Assurance Statement</u></b></p> <p>We consider that the controls in place are adequate with some control improvements required.</p> <p>Our testing revealed minor lapses in compliance with the controls.</p>

**Risk Services Quarter Four Report – 2013/2014**

Department	Review Title	Assurance Statement
Public Health	Public Health Post-Transition Project	<p><b><u>Scope:</u></b></p> <p>The scope of the review was to:</p> <ul style="list-style-type: none"> <li>▪ Undertake a post implementation review of the transition of the Public Health service to Blackpool Council and identify any outstanding areas which still need to be implemented,</li> <li>▪ Gain a wider Council viewpoint and assess whether Council departments are satisfied that all required actions have been completed,</li> <li>▪ Identify any lessons learnt from the implementation process.</li> </ul> <p><b><u>Assurance Statement:</u></b></p> <p>We consider that the controls in place in relation to management of the transition were good, with most risks identified and assessed and minor control improvement required.</p> <p>However, we consider that the controls in place in relation to ensuring continued access to NHS data are currently inadequate. The IT systems compliance required to enable NHS data access is not yet achieved, and failure to achieve compliance may impact on the Councils ability to fulfil its public health responsibilities.</p> <p>Since issuing the audit report progress has been made on the above and this is detailed in the priority one follow-up section of this quarterly report.</p>

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Department	Review Title	Assurance Statement
Treasurer Services	Council Tax and Business Rates Retention	<p><b><u>Scope:</u></b></p> <p>The scope of our audit work was to jointly review:</p> <ul style="list-style-type: none"> <li>▪ The impact of changes to Council Tax and Business Rates on total income and measures to maximise collection;</li> <li>▪ The extent to which the authorities are on top of the changes and the impact on revenues and benefits staff workload and resourcing;</li> <li>▪ Control of Council Tax and Business Rate liabilities;</li> <li>▪ The extent to which the risks associated with the changes are recognised and reported.</li> </ul> <p><b><u>Assurance Statement</u></b></p> <p>We consider that the controls in place are good, as most risks are identified and assessed, and only minor control improvements are required.</p>

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Department	Review Title	Assurance Statement
Treasurer Services	Discretionary Support Scheme	<p><b><u>Scope:</u></b></p> <p>The scope of the audit was to review:</p> <ul style="list-style-type: none"> <li>▪ The processes for the administration of the Discretionary Support Scheme.</li> <li>▪ Similar spend across other Council services to determine whether assistance to vulnerable people is effectively controlled, and identify whether efficiencies can be made through a more co-ordinated approach.</li> <li>▪ The value and cost of other effective Council interventions.</li> </ul> <p><b><u>Assurance Statement</u></b></p> <p>We consider that the controls in place for the processes and administration of the Discretionary Support Scheme are good.</p> <p>However, controls surrounding the awarding of similar expenditure from different budgets across the Council are inadequate and there is not currently a co-ordinated approach to providing assistance to vulnerable people in need of one-off assistance.</p> <p>Our testing revealed a satisfactory level of compliance with the controls.</p>

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Department	Review Title	Assurance Statement
Treasurer Services	Property Management and Rationalisation	<p><b><u>Scope:</u></b></p> <p>The scope of the audit was to review:</p> <ul style="list-style-type: none"> <li>▪ The transition to the corporate landlord model and how effectively this is working including clarity over roles and responsibilities;</li> <li>▪ How planned property rationalisation is progressing in light of the imminent completion of Talbot Gateway.</li> </ul> <p><b><u>Assurance Statement:</u></b></p> <p>We consider that the controls in place are inadequate, with a number of material risks identified and significant improvement required. The corporate landlord model is in place, however elements of the model are not operating as anticipated, understood or accepted by some Council departments.</p> <p>A number of groups are in place for decisions around property management, however, an overarching framework linking the different groups and a review of their functions would be helpful to ensure that robust governance arrangements are in place in relation to property management, and that inefficiencies and duplication are avoided.</p>

***Progress with Priority 1 audit recommendations***

A number of priority one recommendations have been implemented in the quarter and these include:

- Compliance with corporate contracts
- Marketing Blackpool
- In-House Claims Handling (in part)
- Enforcement
- Car Parks (in part)
- Personalised Budgets
- Information Requests
- Petty Cash
- Register of Interests
- Public Health Post Transition Project

In terms of the Public Health Post Transition Project (included in the above assurance statements) the Deputy Chief Executive provided an update subsequent to the audit taking place and this was that ICT has worked with

## Risk Services Quarter Four Report – 2013/2014

key stakeholders in various areas of the Council including Public Health and Social Care, to collate evidence to enable the council to fulfil the requirements of the IG Toolkit. ICT has completed and submitted Blackpool Council's IG Toolkit version 11, in line with the national timescales (31/3/2014). Following guidance from HSCIC, ICT also submitted a Development Plan to enable the council to achieve full Level 2 compliance. This has now been published and to date, the Council has not received any challenges on its submission. Alongside this ICT have also been working with Blackpool Hospital NHS Trust and Lancashire CSU to enable access to NHS data through existing connections to providing N3 connection into the council network. This has now been agreed and is in the process of being implemented. This approach has been taken as it removes the need to procure a dedicated N3 connection with the costs and timescales associated with implementing such a project.

There are a number of outstanding recommendations which have either not yet been fully implemented or a response is still required from the service area. These include:

- Streetlighting PFI
- Adult and Children's Services Commissioning
- Organisational Resilience
- Selective Licensing
- Management of Leisure Assets
- Advertising
- Troubled Families
- Car Parks (in part)
- In House Claims Handling (in part)
- Corporate Complaints
- Fairer Charging

We are working with each of the above service areas to ensure that these actions are fully implemented and will follow-up each of the above actions to check progress in quarter one of the new financial year.

### ***Benefit overpayment recovery rates***

Current performance for the value of all overpayments recovered this year compared to those raised this year is a very encouraging 68.62%.

### ***The Regulation of Investigatory Powers Act 2000***

In line with best practice it has been agreed that the Council will report to the Finance and Audit Committee the number of RIPA authorisations undertaken each quarter which enables the Council to undertake directed and covert surveillance. Between January and March 2014 the Council had authorised no directed surveillance.

### ***Complaints in relation to benefit fraud investigations***

Within the quarter we received three complaints the first of these related to questions asked by one of the investigators over the telephone for which a full apology was given. The second related to an incorrect address being used on the case management system which has now been resolved. The third relates to a joint investigation with the DWP and we are seeking some clarity from the complainant to help us look into this matter further.

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***Benefit fraud referrals***

An analysis of the benefit fraud cases to date in 2013/2014 has been included at **Appendix B**. This includes details of the referral source for cases opened and closed in 2013/2014.

***Insurance claims data***

Statistics in relation to insurance claims are collated on a quarterly basis and details of the latest information can be seen in **Appendix C** of this report.

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5. **Appendix B Benefit Fraud Referrals – Analysis of Cases Opened and Closed in to date**

**Cases Opened – Fraud Referral Source**

	Benefit Section	Data Matching	DWP	Fraud Team	Other External	Other Internal	Public	Fraud Hotline	Verification Framework Activities	Total
No. of referrals received	232	318	118	63	18	301	273	62	35	1420
No. of new referrals	1	0	0	0	0	11	1	0	0	13
No. of cases passed to DWP	43	0	0	5	3	54	82	9	0	196
No. of cases passed to Visiting Team	40	0	3	1	1	71	71	22	1	210
No. of cases not investigated	26	4	7	12	2	31	27	10	5	124

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**Cases Closed– Fraud Referral Source**

	Benefit Section	Data Matching	DWP	Fraud Team	Other External	Other Internal	Public	Fraud Hotline	Verification Framework Activities	Total
No. of cases closed	247	331	124	46	23	281	281	66	39	1438
No. of cases passed to DWP	43	0	0	5	3	54	82	9	0	196
No. of cases passed to Visiting Team	40	0	3	1	1	71	71	22	1	210
No. of cases not investigated	26	8	11	12	3	33	28	10	6	137



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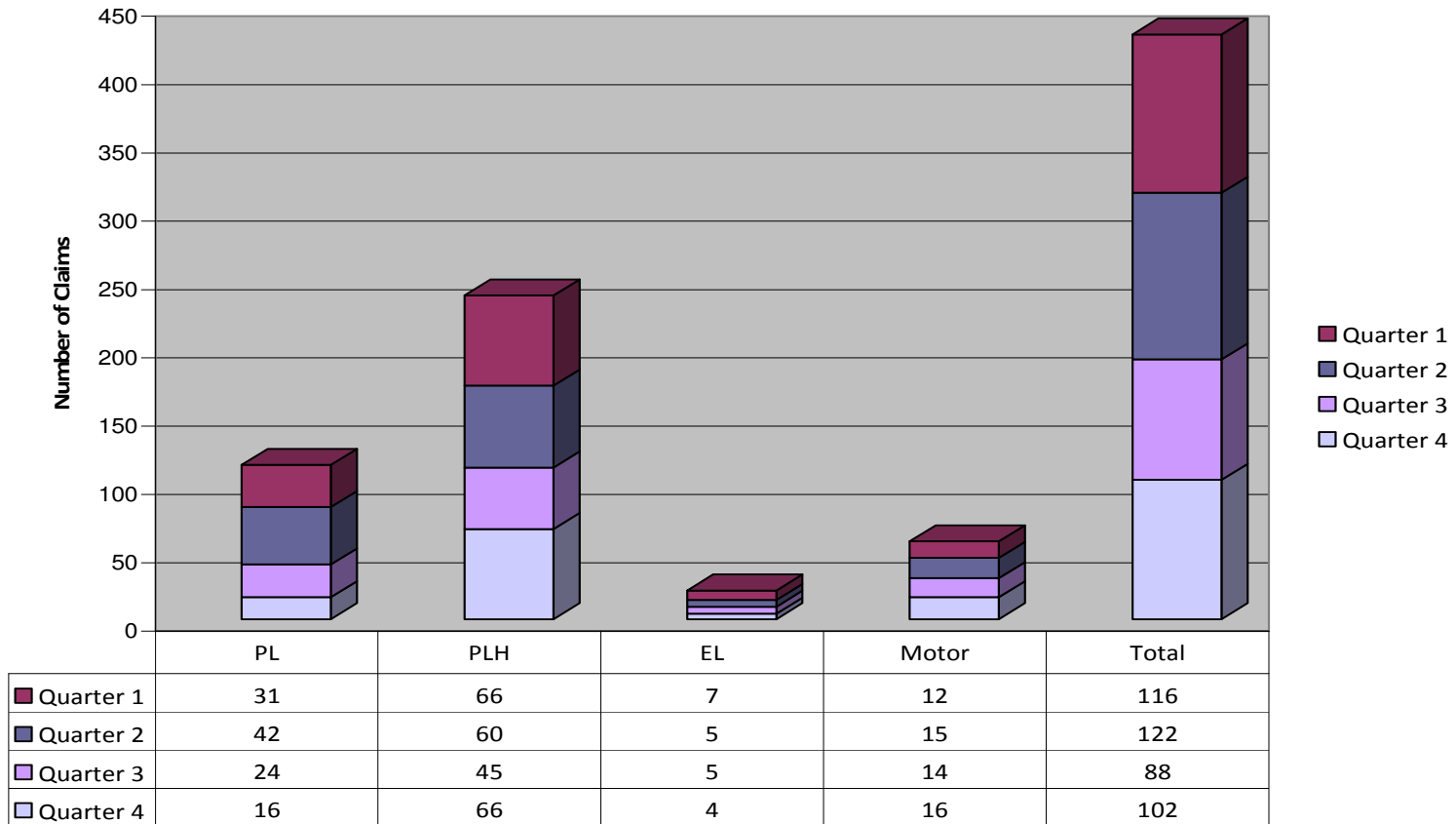
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	<b>Benefit Section</b>	<b>Data Matching</b>	<b>DWP</b>	<b>Fraud Team</b>	<b>Other External</b>	<b>Other Internal</b>	<b>Public</b>	<b>Fraud Hotline</b>	<b>Verification Framework Activities</b>	<b>Total</b>
No. of investigations undertaken	138	323	110	28	16	123	100	25	32	895
No. of no fraud cases	50	72	33	12	11	86	62	17	19	362
No. of positive cases in period	88	251	77	16	5	37	38	8	13	533
No. of prosecutions in period	13	23	32	2	1	3	6	0	0	80
No. of admin penalties in period	14	24	11	1	0	2	3	2	0	57
No. of cautions in period	31	83	7	5	1	12	9	3	6	157

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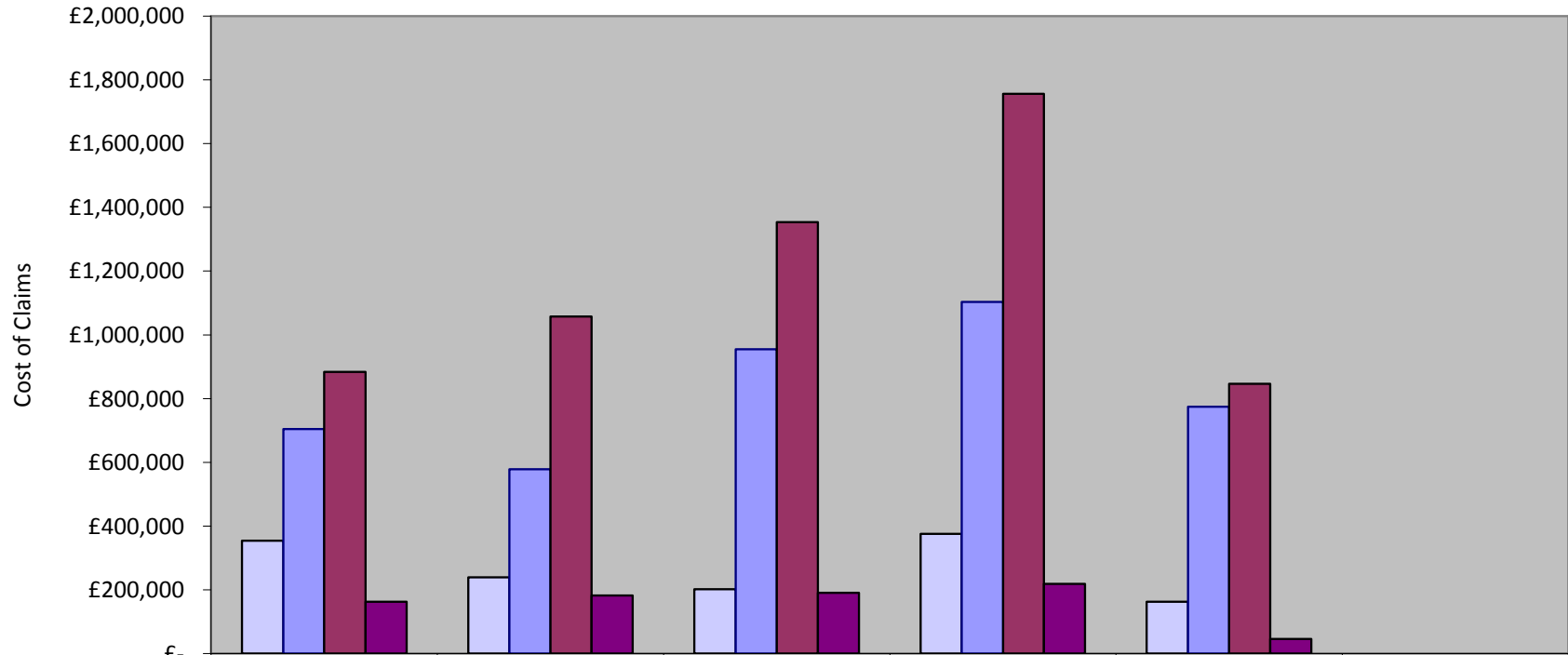
6. Appendix C – Insurance Claims Data

**Cumulative Claims by Type per Quarter for FY 2013/14**



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**Cost of Employer's Liability, Public Liability, Public Liability Highways and Motor Claims per Year as at 16.04.14**



	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
EL	£354,163	£239,246	£201,649	£375,982	£162,645	£-
PL	£704,563	£577,767	£954,443	£1,103,840	£774,414	£-
PLH	£883,579	£1,057,512	£1,353,947	£1,755,572	£846,795	£-
Motor	£162,964	£182,073	£191,011	£219,277	£45,991	£-

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<b>Report to:</b>	<b>FINANCE AND AUDIT COMMITTEE</b>
<b>Decision or Item number</b> <small>*Delete as applicable</small>	<b>11</b>
<b>Relevant Officer:</b>	Steve Thompson, Assistant Chief Executive, Treasurer Services
<b>Date of Meeting</b>	26 <sup>th</sup> June 2014

## INTERIM AUDIT LETTER 2013/14 – MANAGEMENT RESPONSE

### **1.0 Purpose of the report:**

1.1 To provide Members with the management response to the summary of findings contained within the interim audit 2013/14 letter, as requested at the last meeting of the Finance and Audit committee.

### **2.0 Recommendation(s):**

2.1 To note the management’s response to the interim audit 2013/14 letter.

### **3.0 Reasons for recommendation(s):**

3.1 To provide feedback regarding the interim audit 2013/14 – summary of finding letter as requested at the last Finance and Audit committee.

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council’s approved budget? Yes

3.3 Other alternative options to be considered:

None, management will action the recommendation contained within the interim audit 2013/14 – summary of findings letter.

### **4.0 Council Priority:**

4.1 The relevant Council Priority is:

- Deliver quality services through a professional, well-rewarded and motivated workforce

**5.0 Background Information**

5.1 The interim audit 2013/14 – summary of findings letter was presented at the last Finance and Audit Committee meeting. Members asked for management’s response to be reported back at this meeting.

5.2 The response is that management will implement the recommendation regarding bank account reconciliations and in so doing ensure that all bank account reconciliations are reviewed within one month of their preparation, to ensure that all accounts are appropriately reconciled to the corresponding accounting records and any issues are promptly identified.

5.2 Does the information submitted include any exempt information? No

**6.0 Legal considerations:**

6.1 None

**7.0 Human Resources considerations:**

7.1 None

**8.0 Equalities considerations:**

8.1 None

**9.0 Financial considerations:**

9.1 As outlined in 2.1 above.

**10.0 Risk management considerations:**

10.1 Impact on financial accounting records.

**11.0 Ethical considerations:**

11.1 None

**12.0 Internal/ External Consultation undertaken:**

12.1 None

**13.0 Background papers:**

13.1 None

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