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Blackpool Council

20 November 2020

To: Councillors Burdess, Callow, Collett, Cox, Critchley, Galley, Hugo, Mitchell and Roberts

The above Members are requested to attend the:

AUDIT COMMITTEE

Monday, 30 November 2020 at 6.00pm
Via Zoom

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, either a

- (a) personal interest
 - (b) prejudicial interest
 - (c) disclosable pecuniary interest (DPI)
- 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 Governance in advance of the meeting.

2 MINUTES OF THE LAST MEETING HELD ON 24 SEPTEMBER 2020 (Pages 1 - 10)

To agree the minutes of the last meeting of the Audit Committee held on 24 September 2020 as a true and correct record.

3 POST-INSPECTION IMPROVEMENTS AUDIT FOLLOW-UP (Pages 11 - 16)

To consider a progress report on the recommendations made in the internal audit report of Post-Inspection Improvements issued on 29 November 2019.

4 STRATEGIC RISK REGISTER - ECONOMY AND DEPRIVATION (Pages 17 - 36)

To consider the controls being implemented to manage the strategic risk relating to the economy and deprivation.

5 ANNUAL GOVERNANCE STATEMENT 2019/2020 (Pages 37 - 66)

To present the Annual Governance Statement 2019/2020 to the Audit Committee.

6 RISK SERVICES QUARTER TWO REPORT (Pages 67 - 90)

To provide the Audit Committee with a summary of the work completed by Risk Services in quarter two of the 2020/2021 financial year.

7 STATEMENT OF ACCOUNTS 2019/2020 UPDATE (Pages 91 - 130)

To receive an update report from Deloitte on the audit for the year ended 31 March 2020.

8 DATE OF NEXT MEETING

To note the date and time of the next meeting of the Committee as 21 January 2021, commencing at 6pm.

Other information:

For queries regarding this agenda please contact Elaine Ireland, Senior Democratic Governance Adviser, Tel: 01253 477255, e-mail elaine.ireland@blackpool.gov.uk

Copies of agendas and minutes of Council and Committee meetings are available on the Council's website at www.blackpool.gov.uk.

Present:

Councillor Galley (in the Chair)

Councillors

Burdess	Collett	Critchley	Mitchell
Callow	Cox	Hugo	Roberts

In Attendance:

Mr Neil Jack, Chief Executive
Mrs Diane Booth, Director of Children's Services (Items 1- 4 only)
Mrs Tracy Greenhalgh, Head of Audit and Risk
Dr Arif Rajpura, Director of Public Health (Items 1-3 only)
Mr Steve Thompson, Director of Resources
Mr Mark Towers, Director of Governance and Partnerships
Mr Philip Welsh, Head of Tourism and Communications
Mrs Elaine Ireland, Senior Democratic Governance Adviser

Ms Nicola Wright, Deloitte
Councillor Maxine Callow JP, Chair of Scrutiny Leadership Board

1 DECLARATIONS OF INTEREST

There were no declarations of interest on this occasion.

2 MINUTES OF THE LAST MEETING HELD ON 25 JUNE 2020

The Committee agreed that the minutes of the meeting held on 25 June 2020 be signed by the Chairman as a true and correct record.

3 RISK SERVICES QUARTER ONE REPORT

Mrs Tracy Greenhalgh, Head of Audit and Risk provided the Committee with a summary of the work completed by Risk Services in quarter one of the 2020/2021 financial year. Mrs Greenhalgh explained that internal audit work had initially been paused at the beginning of the financial year as the Council dedicated its resources to responding to the Covid-19 medical emergency. In addition two members of the internal audit team had been redeployed to support the Community Hubs through the provision of administration and telephone support but had since returned to the team. Audit work had been recommenced via online auditing methods which had been developed in order to continue the delivery of the internal audit service during the pandemic. The Committee was informed that the performance data from the first quarter had been impacted as a result, but Mrs Greenhalgh assured Members that the internal audit plan would be reassessed in order to allow a new focus on areas of risk associated with the Covid-19 response. She reported that there had

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 24 SEPTEMBER 2020

been limited progress in the updating of risk registers as delivery focus had instead been on ensuring that a robust business continuity plan was in place, but she felt assured that all risks had been managed appropriately across the Council.

Dr Arif Rajpura, Director of Public Health provided an update on the Council's latest position regarding the pandemic. Dr Rajpura confirmed that cases had started to rise locally which in turn increased the demand for response efforts from the Council. With regards to Test, Track and Trace, Dr Rajpura confirmed that the Council was working in conjunction with the national system whereby all complex cases were being passed on to the Council to be dealt with locally. Blackpool had not experienced any major outbreaks of Covid-19 within care settings and the majority of positive cases had occurred within households. Regular testing was continuing within care home settings, with some positive asymptomatic cases being identified, particularly amongst staff and these were being dealt with in line with government guidelines. The Council was also undertaking work to trace positive cases where the national system had failed to make contact with the individuals within the initial 24 hour period. Dr Rajpura reported that the national system had an approximate success rate of 60-70 per cent whereas the Council had been able to make contact with approximately 85 per cent of cases. He stressed the importance of following up on all positive cases to help limit the spread of infection.

Dr Rajpura informed the Committee of the preventative Covid-secure work being implemented across the town, aimed at ensuring businesses, work places and schools continued to provide safe environments. Support was being offered by the Council to help ensure all venues could safely conform to the guidelines, but Dr Rajpura also stated that enforcement action would be taken in cases where business owners did not comply.

The Committee was informed that cases were expected to increase over the coming weeks and months, as respiratory infections such as Coronavirus spread more easily in winter conditions. In order to alleviate other pressures from the health system, eligible residents were being encouraged to have an influenza vaccine to protect themselves against the 'flu.

With regards to a vaccine, Dr Rajpura reported that preparations were underway for the delivery of a large vaccination programme although he did not anticipate a vaccine to be made available until at least January 2021, most likely later.

Whilst noting the excellent work undertaken by the Council, the Committee sought assurance over the town's provision of suitable testing facilities. Dr Rajpura confirmed that testing had proven to be challenging, with demand for tests outstripping available laboratory capacity. Demand had been further increased by individuals requesting tests who had not exhibited known Covid-19 symptoms and who were not required to be tested as directed by the government guidelines. The imminent increase of government laboratory capacity had been assured.

Mr Neil Jack, Chief Executive informed Committee Members that he had been appointed as Chair of the group tasked with coordinating testing across Lancashire via the Lancashire Resilience Forum. He outlined the regional testing facilities available across Lancashire and reiterated that the limiting capacity in testing was caused by the national laboratories. He

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explained that test appointments were being reduced as a result of a lack of capacity to process the tests at the laboratories. Three more permanent testing sites were planned, one of which would be situated within Blackpool. Mr Jack agreed to update Members once a date had been received for its implementation. Availability of new, larger laboratories was anticipated but these would not be operational for at least another four weeks.

Clarification was sought as to what constituted a close contact of an individual testing positive for Coronavirus. Dr Rajpura provided an explanation of the definition of 'close contact' and reiterated the public health message of staying at least two metres apart to avoid becoming a contact.

The Committee questioned whether the Council had been consulted on the recently introduced restrictions, with Mr Jack confirming that Blackpool Council had not been informed nor consulted about the changes in advance.

Committee Members questioned the impact of the pandemic on the internal audit plan and asked which of the risk registers requiring updating had been identified as a particular priority. Mrs Greenhalgh reported that revisions to the audit plan were underway and she would be updating the Committee on the full impact of Covid-19 at a future meeting. She stated that audit work had continued as normal from quarter two, albeit remotely and as a result she would be in a position to provide the annual assurance statement at the end of the financial year.

With regards to risk registers, departments had been given the revised deadline of 30 September 2020 for their completion after which internal audit would be carrying out a review and would report any areas of concern back to the Committee. Specific questions were raised around the reported performance of the completion of mandatory fraud awareness training by each directorate, with Members noting that only 59 per cent of employees within the Communications and Regeneration directorate had completed the training, which was markedly lower than the majority of other directorates. Members highlighted that Communications and Regeneration had previously been reported to the Audit Committee in relation to underperformance in other areas and requested that the issue be followed up with the responsible director.

Mrs Greenhalgh reported on those audits which had been completed within quarter one, noting that all of the assurance statements were either 'Adequate' or 'Good'. Follow up work had been carried out on Priority One recommendations from previous audits with recommendations either being completed or revised deadlines agreed with the heads of service as a result of the impact of Covid-19.

The Committee expressed thanks to the Director of Children's Services and her team in recognition of zero recommendations resulting from the 'Troubled Families Grant Compliance' audit.

[Dr Rajpura left the meeting on conclusion of this item.]

4 STRATEGIC RISK REGISTER - SUSTAINABILITY OF THE COUNCIL

The Committee considered a progress report outlining the individual risks identified within the Strategic Risk – Sustainability of the Council.

Mr Steve Thompson, Director of Resources provided an overview of the sub-risk 'Insufficient funding to deliver services.' He summarised the existing controls and mitigations and highlighted that ongoing financial modelling would be undertaken to assess the impact of funding cuts given the level of uncertainty beyond 2020/2021. Mr Thompson reported that the monthly financial monitoring would ordinarily be reported externally from month three through to year end but due to the current uncertainties around the impact of the pandemic, reporting had been extended to include month two and also included details of the financial monitoring in relation to the Council's eight Wholly Owned Companies. He further reported that the impact of Covid-19 on the Council's companies also had a potential impact on the Council as it would assume the transferred risk as parent company.

Mr Thompson informed the Committee that the Council had to date received approximately £116 million of government assistance via a number of grants and Covid-19 related funding and anticipated further financial support to come. He reported that central government had been honouring its intention to recompense local authorities and regular updates and communication between both parties was ongoing. With regards to the future impact of the pandemic on the Council's financial sustainability, Mr Thompson stated that it was an uncertain situation which made longer-term financial planning more difficult to undertake.

The Committee questioned whether analysis of the Council's debt profile had been undertaken in order to identify any exposure. In response Mr Thompson informed Members that continuous benchmarking was undertaken with other similar local authorities in relation to the Council's debt and reported that Blackpool fell in the mid-range.

Members questioned if any positives from the current situation had been identified which could be reported. Mr Thompson praised the efforts of the Council's ICT department in the successful integration of home working, thanks in part to the work undertaken over previous years to upgrade ICT equipment and encourage the use of flexible home working across departments.

The Committee asked whether any particular departments had been more severely impacted by the pandemic than others with Mr Thompson reporting that the income-generating services had been most effected but that the government compensation scheme should address some of these losses.

Members sought assurance that should concerns be raised regarding the governance arrangements and financial stability of the Council's Wholly Owned Companies then processes were in place to ensure that the Audit Committee would be informed of such concerns. Mr Thompson confirmed that any such issues would be raised via the external monitoring process and as part of the financial governance framework via the Shareholder's Advisory Board. Mr Mark Towers, Director of Governance and Partnerships clarified that the Shareholder's Advisory Board's terms of reference included the role of seeking assurance

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that appropriate controls were in place around good governance and risk management. He explained that this was further strengthened via the joint roles of himself as Company Secretary along with Mrs Greenhalgh as Head of Audit and Risk and Mr Jonathon Pickup as Data Protection Officer to both the Council and its companies. The Committee requested that further assurance around the governance framework be provided to Members via a briefing session.

The nett risk score for the sub-risk had been identified as 15, with the Committee questioning whether this was appropriate and suggesting that an increased risk score would better reflect the current situation. Mr Thompson agreed that the nett risk score should be increased to 20.

Sub-risk 'Insufficient central government funding for Social Care' was considered, with Mrs Diane Booth, Director of Children's Services confirming that the financial sustainability of Children's Services still remained a significant concern. She reiterated the previously-outlined drivers for rising expenditure within the service as the number of children in care and the number of those children in costly residential placements or independent foster homes. Mrs Booth reported that due to improved management of the service, Blackpool now had less children being placed into care however, as a result of the impact of Covid-19 on courts' ability to hear casework, release from care had temporarily stalled.

With regards to the Medium Term Financial Plan (MTFP), Mrs Booth explained that the plan aimed to reduce spend by 33 per cent over a five year period. The MTFP had been jointly developed by colleagues in the Corporate Delivery Unit and Finance departments on the basis of already agreed projects and approaches and was made up of several strands. Mrs Booth outlined each strand and assured the Committee that key performance targets aimed at budget reduction would be linked to each strand and overseen by the Medium Term Financial Project Board.

Mrs Booth informed Members that she had contributed to the National DPS Submission and Spending Review, with an estimated additional investment of between £4.1 billion and £4.5 billion being required for each year of the spending review. She summarised the key areas of the submission.

The Committee received an update regarding the Commissioner for Children's Services review, with Mrs Booth reporting that the final review originally scheduled for July 2020 had been delayed until December 2020 due to the pandemic. The service had recently received a positive interim review which highlighted the Council's effective response to the Covid-19 emergency and indicated that the necessary plans and leadership were in place to support the required improvement.

The Committee asked whether any areas of the MTFP had been impacted by Covid-19. Mrs Booth informed Members that the potential impact of the pandemic had been included within the MTFP and gave the examples of the delayed implementation of the therapeutic unit due to the necessity of Ofsted to register the facility as well as experiencing additional challenges to the recruitment process as areas which had been directly affected by Covid-19. She also highlighted the lived experience of Blackpool's children and families as an area

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of significant risk of impact from Covid-19, reporting that the full extent of this impact was not yet understood although the return to school had started the process.

The Committee sought assurance that all commissioned service contracts included a process of follow-up to ensure that adequate services had been delivered and questioned whether the current monitoring framework was sufficiently robust. Mrs Booth advised that improvements had been implemented in this area, with significantly clearer outcomes and expectations provided as part of the commissioning process, along with the inclusion of get-out clauses within contracts should expectations not be met.

Details were requested of any health and wellbeing measures in place to support Council employees through the pandemic. Mr Neil Jack, Chief Executive provided a summary of the measures in place to support staff, explaining that employees were rotated around to different services as necessary in order to relieve others, as well as ensuring that annual leave was taken to guarantee sufficient breaks from work.

With regards to the Adult Services element of the risk register, Mr Jack reported that the service had experienced additional costs as a result of the pandemic particularly in relation to the purchase of Personal Protective Equipment (PPE), uplifts to providers and also changes to hospital discharges. Fee levels paid to residential care facilities had been increased by 10 per cent to allow for appropriate staff cover and sick pay costs, as well as to provide additional financial support due to the necessary reduction in the number of residents in some settings. The Committee was informed that a consolidated financial position relating to the impact of Covid-19 was in place as part of the Healthy Lancashire and South Cumbria partnership and that the Council continued to work with care providers as part of the Regulated Care Group, providing support as required. Mr Jack reported that positive feedback had been received from suppliers in relation to the work that Blackpool Council had done. The Council continued to monitor the financial position to support the sustainability of providers to ensure that service users had access to appropriate support when they needed it.

Mr Jack outlined the various streams of funding which had been available to Adult Services during the pandemic and informed the Committee of the recent announcement of additional funding for infection control which would be released to ease pressures on Adult Services as they headed into winter and to ensure that the most vulnerable continued to be protected and prioritised.

Mr Thompson reiterated that Adult Social Care was the Council's biggest service area with a budget of £80 million and which had reacted rapidly and effectively to the medical emergency in partnership with providers. The Committee questioned whether any lessons had been learnt in respect of partnership working which would be taken forward into the second wave. Mr Thompson reported that daily communication with providers had been positively received and would continue going forward. Members agreed that the enhancement of partnership working was an area which could be considered in greater depth by the Adult Social Care and Health Scrutiny Committee.

The Committee raised a question from the previously reported Risk Services Quarter One

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report in relation to the zero reported cases of corporate fraud within Adult Social Care. Assurance was sought that staff had been made aware of the potential areas of fraud which should be included and that all employees were aware of their reporting responsibility in this area. Mr Jack advised that the reporting of corporate fraud fell within the Resources Directorate under the responsibility of Mr Thompson.

The Committee considered the final sub-risk area of 'Climate emergency, unsustainable carbon emissions,' with the Committee noting that this issue was due to be considered more fully by the Audit Committee at a future meeting as part of its work programme. Mr Jack advised that many of the commitments towards climate change mitigations were scheduled to be implemented several months in the future and therefore agreed that further consideration by the Committee would be appropriate. In addition to the work undertaken across the Council, Mr Jack also identified several energy-efficient projects implemented by its Wholly Owned Companies.

Mr Thompson informed Members that the Energy Management Group met on a bi-monthly basis, with steps being taken to assess the feasibility of linking energy efficiency schemes with the budget and final accounts in order that the impact of such schemes could be demonstrated.

The Committee questioned whether the sub-risk title was too broad and failed to be specific to Blackpool, with Mr Jack in agreement that the title should be made more focused.

[Mrs Booth left the meeting on conclusion of this item.]

5 ADVERTISING AUDIT FOLLOW-UP

Mr Philip Welsh, Head of Tourism and Communications presented a progress report on the recommendations made following an internal audit review of Advertising in September 2019. Mr Welsh advised that the newly appointed Business Development Manager was now in post.

The Committee asked when the Advertising and Sponsorship Strategy, as detailed within recommendation R3 of the action plan and with a completion target date of March 2020, would be completed and whether any flexibility around recent Covid-19 restrictions would be included within the document. Mr Welsh reported that the new target date was October 2020 and that the scope of the strategy had since been widened to include additional assets and the aim would be to make the document as Covid-proof as possible. In respect of recommendation R4, the Committee asked for examples from other local authorities, noting that the recommendation's target date of March 2020 had passed. Mr Welsh advised that once examples of best practice had been embedded they would be easier to sustain and his team had taken the opportunity afforded by Covid-19 to review practices in place across other local authorities. As a result he reported that increased efforts to forge partnerships with outside agencies had been implemented in order to develop opportunities for income generation, for example via national advertising projects.

The Committee questioned whether the newly-appointed Business Development Manager

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had made any reportable progress on improving the service, with particular emphasis on securing sponsorship as outlined in recommendation R6. Mr Welsh stated that the new post-holder had been successful in securing sponsorship from new partners for this year's illuminations as well as for the Lightpool Festival in October 2020. In addition, the Business Development Manager had secured partnership interest in relation to the events programme for 2021.

The Committee requested further information in relation to advertising opportunities that were being implemented in conjunction with the Council's Wholly Owned Companies. Mr Welsh reported that his team was eager to work closely with the Council's companies and that future opportunities to engage in advertising via digital developments would be explored. He stressed the importance of ensuring a consistent approach to advertising across all Council-owned assets and informed Members that a piece of work aimed at creating guidelines to achieve this was underway.

In response to a question asking which of the audit's recommendations had been most beneficial to the service, Mr Welsh replied that the recommendation regarding the implementation of a more strategic approach to income generation via advertising had resulted in the most positive impact. On the topic of advertising, a question was raised regarding the possibility of utilising Blackpool Tower as a source of advertising. Mr Welsh replied that whilst direct advertising placement on the tower itself was not an option, wider publicising of the high quality of the illuminations as an advertising product was a target which his team was working on.

The Committee sought clarification that the action plan target dates had all been achieved, with Mr Welsh advising that a number of the dates had drifted to later than originally anticipated. As a result, the Committee requested a further follow-up of progress after a period of 12 months.

6 EXTERNAL AUDIT INTERIM REPORT

Ms Nicola Wright, Audit and Assurance Partner, Deloitte updated the Committee on the ongoing audit of the Council's accounts. She informed Members that working remotely to undertake the audit, due to current Covid-19 restrictions, had adversely affected the speed of the audit but that work was progressing. Ms Wright reported that the work programme had been changed to place a greater emphasis on material valuation of the Council's assets, including its Wholly Owned Companies and that pension assets would also require additional review.

The Committee noted that there were two months remaining until the deadline for the submission of the Council's end of year accounts, with Ms Wright assuring Members that this allowed sufficient time for the completion of the outstanding work and that she would raise any concerns regarding the deadline with the Chair of the Audit Committee should any arise.

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7 PUBLIC SECTOR INTERNAL AUDIT STANDARDS - SELF ASSESSMENT OF INTERNAL AUDIT

The Committee was asked to consider the self-assessment of the internal audit team against the Public Sector Internal Audit Standards (PSIAS). Mrs Tracy Greenhalgh, Head of Audit and Risk explained that the Public Sector Internal Audit Standards required that an external assessment of an organisation's internal audit function was carried out once every five years by a qualified, independent assessor or assessment team. External assessments could be in the form of a full external assessment or a self-assessment with independent external validation.

Members were informed that in June/July 2019 the Corporate Leadership Team and the Audit Committee approved that Blackpool Council participate in the peer review process developed by the Lancashire Districts Chief Auditor Group which would address the requirement of a self-assessment with independent external validation.

In preparation for the external assessment the internal audit team had undertaken a self-assessment which needed to be considered by the Audit Committee prior to the external validation exercise.

The PSIAS set out a range of criteria which must be met. The self-assessment had identified that the Council continued to conform to the vast majority of these requirements and had identified some best practice recommendations on how to make further improvements. Mrs Greenhalgh assured the Committee that those identified areas were being addressed by herself and her team.

8 DATE OF NEXT MEETING

The date and time of the next meeting of the Committee was noted as 30 November 2020, commencing at 6pm.

Chairman

(The meeting ended at 7.40pm)

Any queries regarding these minutes, please contact:
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E-mail: elaine.ireland@blackpool.gov.uk

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Report to:	AUDIT COMMITTEE
Relevant Officers:	Diane Booth, Director of Children's Services
Date of Meeting	30 November 2020

POST-INSPECTION IMPROVEMENTS AUDIT FOLLOW-UP

1.0 Purpose of the report:

- 1.1 To consider a progress report on the recommendations made in the internal audit report of Post-Inspection Improvements issued on the 29 November 2019.

2.0 Recommendation(s):

- 2.1 To consider the actions being implemented to address the audit recommendations relating to Post-Inspection Improvements.

3.0 Reasons for recommendation(s):

- 3.1 To enable the Audit Committee to consider an update and progress report on the audit 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:

None

4.0 Council Priority:

- 4.1 The relevant Council priority is:
- Communities - Creating stronger communities and increasing resilience.

5.0 Background Information

- 5.1 At its meeting in June 2019, the Audit Committee agreed to invite Heads of Service to the meeting to provide an update in relation to internal audit recommendation implementation.

The report being considered at this meeting relates to the Post-Inspection Improvements audit with the scope and assurance statement as follows:

Scope

The scope of the audit was to review the governance framework for post Children's Services inspections improvement (Ofsted and Youth Offending).

Overall Opinion and Assurance Statement

We consider the controls in place regarding post inspections improvement governance to be adequate with some risks identified and several changes necessary to improve controls.

Does the information submitted include any exempt information?

No

List of Appendices:

Appendix 3(a) - Internal Audit Recommendations and Agreed Actions.

6.0 Financial considerations:

6.1 The controls being implemented will be done so within current budget constraints.

7.0 Legal considerations:

7.1 Risks need to be effectively managed in order to comply with relevant legislation.

8.0 Risk management considerations:

8.1 To enable the Audit Committee to gain assurance that risks are being effectively managed.

9.0 Equalities considerations:

9.1 None

10.0 Sustainability, climate change and environmental considerations:

10.1 None

11.0 Internal/ External Consultation undertaken:

11.1 The progress report has been prepared in conjunction with the relevant Heads of Service and Chief Officers.

12.0 Background papers:

12.1 None.

<i>Recommendation</i>		<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>	<i>Progress</i>
<i>R1</i>	The health memorandum of understanding should be finalised.	2	Agreed.	Head of Targeted Intervention Services	31st January 2020	This issue is outstanding but is in development as part of the Youth offending service improvement plan.
<i>R2</i>	The future delivery of the YOT quality audit programme should be considered, including consideration of any linkages to wider Children’s Services quality audit.	2	Agreed. A quality audit timetable is now in place. This will be implemented when the Service Development Manager Quality and Performance is in place.	Service Development Manager, Quality and Performance	31st March 2020	The audit timetable is embedded into practice and managers have had sufficient training. We have a good understanding of areas for improvement and have used external experts to quality assure our activity.

	<i>Recommendation</i>	<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>	<i>Progress</i>
R3	The review and development of the YOT performance dashboard should be finalised.	2	Agreed. This has now been signed off.	N/a	N/a	Data is available from the partnership to support improvement. A recent new IT system will improve the quality further.
R4	A YOT workforce development strategy should be completed.	2	Management advised this is included within a wider Children's Services workforce development strategy.	N/a	N/a	The strategy is in place and under regular review in line with the wider children's service improvement plan.
R5	The redesigned Children's Social Care performance reporting framework should be implemented.	3	A performance reporting framework is in place. The framework will be subject to ongoing review and development.	Head of Systems, Performance and Intelligence	Ongoing	This work is complete and implemented. We have an excellent understanding of performance and how that supports practice. Outcomes are shared through the various governance groups.

	<i>Recommendation</i>	<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>	<i>Progress</i>
<i>R6</i>	In accordance with the improvement plan, the strategic Children's and Families partnership should be established and a Children and Young people Strategy should be considered.	2	The first workshop has taken place and steps are being taken to develop a strategy, co-produced by children and young people.	Head of Commissioning and Corporate Delivery	31st March 2020	The partnership has been established and the vision and strategy will be finalised at the next board meeting.
<i>R7</i>	Governance relationships between the different boards involved with Children and Young People should be agreed and finalised.	2	This will be agreed at the first meeting of the partnership.	Head of Commissioning and Corporate Delivery	31st January 2020	This work is complete to include pan Lancashire safeguarding arrangements.
<i>R8</i>	The Children's Social Care and Early Help risk register should be updated to include the risks relating to the post inspection Children's Social Care and Youth Offending Team improvement plans.	2	Agreed.	Director of Children's Services	31st December 2019	Complete.

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Report to:	AUDIT COMMITTEE
Relevant Officers:	Alan Cavill, Director of Communications and Regeneration Diane Booth, Director of Children’s Services John Blackledge, Director of Community and Environmental Services
Meeting	30 November 2020

STRATEGIC RISK REGISTER – ECONOMY AND DEPRIVATION

1.0 Purpose of the report:

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

2.0 Recommendation(s):

2.1 To consider the controls being implemented to manage the strategic risk relating to the economy and deprivation.

3.0 Reasons for recommendation(s):

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

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

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

4.0 Other alternative options to be considered:

4.1 None

5.0 Council priority:

5.1 The relevant Council priority is:

- The economy: Maximising growth and opportunity across Blackpool.

6.0 Background information

6.1 At its meeting in March 2020, the 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.

6.2 Does the information submitted include any exempt information? No

7.0 List of Appendices:

7.1 Appendix 4(a) - Strategic Risk Register Progress Report – Economy and Deprivation

8.0 Financial considerations:

8.1 The controls being implemented will be done so within current budget constraints.

9.0 Legal considerations:

9.1 Risks need to be effectively managed in order to comply with relevant legislation.

10.0 Risk management considerations:

10.1 To enable the Audit Committee to gain assurance that strategic risks are being effectively managed.

11.0 Equalities considerations:

11.1 None

12.0 Sustainability, climate change and environmental considerations:

12.1 None

13.0 Internal/external consultation undertaken:

13.1 The progress report has been prepared in conjunction with risk managers and/or risk owners.

14.0 Background papers:

14.1 None

Strategic Risk Register Progress Report

Strategic Risk: Unsustainable Local Economy / Increased Deprivation

No	Risk	Sub No.	Sub-Risk	% Overall Weighting	Impact / Consequences	Opportunity	Gross Risk Score			Controls and Mitigation	Nett Risk Score			Further Actions	Risk Manager	CLT Risk Owner	Target Date	Council Priority									
							I	L	GS		I	L	NS														
7	Unsustainable Local Economy / Increased Deprivation.	7a	Increased deprivation and unemployment.	30%	Over dependency on Council services.	Better opportunities for Blackpool residents.	4	5	20	Introduction of Joseph Rowntree living wage for Council staff, Council wholly owned companies, and promoting this with contractors. Social value an integral part of the Council's procurement process and includes opportunities such as job creation for local people. Commitment to use local suppliers where possible. Secured the status of the Blackpool Airport Enterprise Zone.	4	3	12	Implement the Blackpool Enterprise Zone Delivery Plan, facilitating the growth of energy, aviation and food sectors.	Growth and Prosperity Programme Director	Director of Communication and Regeneration	March 2022	Economy									
											Get hundreds of people back into work via job schemes for the most vulnerable and disadvantaged through various employment schemes delivered via HealthWorks and outreach provision.	Head of Economic & Cultural Services	Director of Communication and Regeneration	March 2021													
											Support local businesses to grow and expand by maximising take up of the Business Loan Fund.								Head of Economic & Cultural Services	Director of Communication and Regeneration	March 2021						
											Commence delivery of the Central Leisure Quarter.											Growth and Prosperity Programme Director	Director of Communication and Regeneration	March 2022			
											Complete development of 21st Century conference offer at the Winter Gardens and increase numbers of new conferences and events.														Head of Strategic Leisure Assets	Director of Communication and Regeneration	2021
											Deliver extensions to the Central Business District at Talbot Gateway.																

Strategic Risk Register Progress Report

No	Risk	Sub No.	Sub-Risk	% Overall Weighting	Impact / Consequences	Opportunity	Gross Risk Score			Controls and Mitigation	Nett Risk Score			Further Actions	Risk Manager	CLT Risk Owner	Target Date	Council Priority
							I	L	GS		I	L	NS					
7	Unsustainable Local Economy / Increased Deprivation.	7b	Large, poor quality, private rented sector in inner Blackpool continues to drive transience and deprivation.	30%	Negative impact on local economy.	Create an attractive new residential offer by the seaside.	4	4	16	Maximise available powers to regulate the private rented sector.	4	3	12	Restart the Foxhall Village development following the collapse of the contractor by commissioning the completion of building the Phase Three quality homes.	Director of Development (BHC)	Director of Strategy (Assistant Chief Executive)	March 2022	Economy
					Perpetuation of poor social outcomes for residents.	Support town centre businesses and drive economic resurgence.				My Blackpool Home delivering better quality private rented housing.				Assist Blackpool Housing Company to expand the reach of its work and tackle poor quality properties through the use of grant funding via Registered Provider status.	Managing Director (BHC)	Director of Strategy (Assistant Chief Executive)	March 2021	
					Poorly managed HMO's detracting from the quality housing on offer.	Enable people to stabilise their lives in quality homes.				Delivered 191 new council homes at Queens Park plus approval of the Council Homes Investment Plan.				Work with My Blackpool Home to build upon the 400 properties already completed to a good standard with a revised target of 900 good quality homes.	Managing Director (BHC)	Director of Strategy (Assistant Chief Executive)	March 2024	
										Quality affordable rented offer, with more new Council / housing association homes.				Deliver the selective licensing scheme in Blackpool to regulate private sector housing in the area.	Head of Public Protection	Director of Community and Environmental Services	March 2021	
														Commence delivery of the Council Home Investment Plan adding 250 new Council homes to the portfolio.	Head of Housing	Director of Strategy (Assistant Chief Executive)	March 2024	

Strategic Risk Register Progress Report

No	Risk	Sub No.	Sub-Risk	% Overall Weighting	Impact / Consequences	Opportunity	Gross Risk Score			Controls and Mitigation	Nett Risk Score			Further Actions	Risk Manager	CLT Risk Owner	Target Date	Council Priority					
							I	L	GS		I	L	NS										
7	Unsustainable Local Economy / Increased Deprivation.	7c	Lack of appropriate transport infrastructure.	20%	Loss of trade, reputation and confidence from residents.	Improve transport infrastructure for the benefit of residents and visitors.	4	5	20	Road Asset Management Strategy in place which sets out budget requirements based on whole life costs and the Department for Transport Code of Practice.	4	3	12	Complete the tram extension, transport interchange and new 4* hotel at Blackpool North Station.	Growth and Prosperity Programme Director	Director of Communication and Regeneration	March 2021	Economy					
											Highways Investment Group in place to review network capacity and regeneration of the town.	Further invest in highways, including completing the Quality Corridor Programme, Yeadon Way upgrade and bridge renewal programme.	Head of Highways and Traffic Management						Director of Community and Environmental Services	March 2021			
														Highways Risk Management Group in place which meets quarterly.									
									Blackpool Transport Services ticketing app with live travel information in place.														

Strategic Risk Register Progress Report

No	Risk	Sub No.	Sub-Risk	% Overall Weighting	Impact / Consequences	Opportunity	Gross Risk Score			Controls and Mitigation			Nett Risk Score			Further Actions	Risk Manager	CLT Risk Owner	Target Date	Council Priority
							I	L	GS	I	L	NS								
7	Unsustainable Local Economy / Increased Deprivation.	7d	Lack of educational attainment / appropriate training to meet the needs of the economy.	20%	Loss of, or lack of, talent to take up employment in Blackpool.	Schools Improvement Funding.	4	5	20	School Improvement Board in place.	4	4	16	Implement the tracking system for school performance and work in conjunction with the Regional Schools Commissioner to hold schools to account.	Head of Schools, Standards and Effectiveness	Director of Children's Services	August 2020	Economy		
					Increased exclusions and children missing education.		Links with the Regional Schools Commissioner and OFSTED embedded.	Develop an Inclusion Plan for schools.	Head of Schools, Standards and Effectiveness	Director of Children's Services	September 2020									
					Statutory requirement for local authority to ensure the adequate provision of school places in local area would not be met.		School improvement strategy in place which is challenged through the school improvement governance structure.	Work with partners to deliver the Opportunity Area programme, raising attainment and aspirations of our young people.	Head of Adult Learning / Senior Programme Manager (Opportunity Areas)	Director of Communication and Regeneration	March 2021									
					Ten year strategy being developed for 2021/31.		Support a school led system which improves attainment at Key Stage 3 and 4 whilst holding individual Trusts to account.	Head of Schools, Standards and Effectiveness	Director of Children's Services	March 2021										
					School Organisation Plan in place to predict requirements for school places so that provision can be made as demand increases.		Review the procedures for making referrals to the Pupil Referral Units and ensure a robust Admissions Policy and Right of Appeal is in place.	Head of Schools, Standards and Effectiveness	Director of Children's Services	August 2020										
							Review Medical Admission Policy to ensure the right young people receive specialist support and maintain a good understanding of academies as admissions authorities to prevent delay in school allocation.	Head of Schools, Standards and Effectiveness	Director of Children's Services	August 2020										
Overall Nett Risk Score										12.8										

Strategic Risk Register Progress Report

Sub-Risk: Increased deprivation and unemployment. (weighting 30%)		Gross Risk Score	Nett Risk Score
		20	12
		<i>Risk Score in 2019/20</i>	12
Risk Owner: Director of Communication & Regeneration			
Existing Controls in Place:			
<ul style="list-style-type: none"> • Introduction of Joseph Rowntree living wage for Council staff, Council wholly owned companies, and promoting this with contractors. • Social value an integral part of the Council's procurement process and includes opportunities such as job creation for local people. • Commitment to use local suppliers where possible. • Secured the status of the Blackpool Airport Enterprise Zone. 			
Actions:			
Actions	Risk Manager	Current Position	Outcomes / Results
Implement the Blackpool Airport Enterprise Zone Delivery Plan, facilitating the growth of energy, aviation and food sectors. (Target Date: March 2022)	Growth and Prosperity Programme Director	<ul style="list-style-type: none"> • Continue to progress implementation strategy and identify procurement partners: <ul style="list-style-type: none"> ○ Implementation strategy proceeding. ○ Appointment of procurement partners on hold because of the pandemic and awaiting planning approvals. ○ Implementation e.g. planning applications submitted/approved and development deal agreed. • A recruitment exercise is underway for the appointment of external Delivery Manager. • The team are working with Genecon regarding a review of the Masterplan and Delivery Plan with a report to Executive planned for December. • Projects have been submitted for funding as part of the Town Deal bid. • Steps are being taken to integrate the Airport with the Enterprise Zone and retender the operational contract. The current contract ends 30th June 2021. 	<ul style="list-style-type: none"> • Improved economy in the town. • Creation of employment opportunities.

Strategic Risk Register Progress Report

<p>Get hundreds of people back into work via job schemes for the most vulnerable and disadvantaged through various employment schemes delivered via HealthWorks and outreach provision.</p> <p>(Target Date: March 2021)</p>	<p>Head of Economic & Cultural Services</p>	<p>At its peak in July, 20,900 employees in Blackpool were on the furlough scheme, some 36% of the workforce (2nd highest proportion in Lancashire). This declined significantly as the economy reopened and in August fell to 5,700 employees. The figure will climb again during the November lockdown (reinstated to 80%).</p> <p>Blackpool’s claimant count, a proxy for unemployment, reached a peak of just over 12% during May to August (10,400 claimants), reducing slightly to 11% in September (9,900 claimants). Young people have been especially affected in the, around 17% of the 18-24 age group during this period, with a marginal reduction in September to 16.3% (1,745 claimants).</p> <p>The Council has responded positively with a number of job schemes, some have been in place for some time, and others such as the Kickstart Scheme, introduced by government as a direct response to youth unemployment. Other schemes are also being developed by Government and the Council will engage in these where possible.</p> <p>The Positive Steps into Work Service delivers a number of employment support programmes offering one-to-one support from an Employment Adviser including:</p> <ul style="list-style-type: none"> • Journey2Work - 12 months support programme for those with at least one barrier to employment. • More Positive Together – in partnership with BCH offers employment support to private rented and social housing tenants – for those with multiple barriers to employment. • Individual Placement and Support Programmes – offers employment support for those in drug and alcohol recovery services and in NHS Early Intervention in Psychosis services. • Young People’s NEET Team – in partnership with Blackpool Young People’s service, offers employment support to young people aged 16-17, and 18-24 year old Care Leavers (new post), to move them into work, training or internships. 	<p>Across all programmes:</p> <p>2019/20 Achieved</p> <ul style="list-style-type: none"> • 505 people offered employment support. • 194 supported into paid employment. <p>20/21 Targets</p> <ul style="list-style-type: none"> • 484 people to be offered employment support. • 168 people supported into paid employment. <p>2020/21 Q2 Position</p> <ul style="list-style-type: none"> • 113 people offered employment support. • 65 people supported into paid employment. <p><i>Note: this was largely achieved during lockdown where the team operated a virtual advice service.</i></p> <p>Additional Target to End 2021</p> <ul style="list-style-type: none"> • 200 Kickstart six-month job placements to be created for unemployed 16-24 year olds in receipt of Universal Credit. Government funded.
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Strategic Risk Register Progress Report

		<ul style="list-style-type: none"> • Chance2Shine – work placement programme which brokers opportunities with local businesses to help people upskill, gain confidence, and move into paid work after completing a 4 week unpaid work placement. • Kickstart – new government funded job creation scheme to support young people aged 16-24 to access a 6 month paid work placement – currently under development. • Redundancy Support – information, advice and guidance for Council staff at risk of redundancy to support them to move into work with alternative employers. 	
<p>Support local businesses to grow and expand by maximising take up of the Business Loan Fund.</p> <p>(Target Date: March 2021)</p>	Head of Economic & Cultural Services	<ul style="list-style-type: none"> • The Blackpool Council Business Loans Fund has been in place for a number of years. In February 2017, Full Council approved a decision to offer a further £90 million of loans in addition to the existing £10 million, through a new Business Loans Fund. The provision was further extended on the 27th February 2019, when Full Council agreed to approve a decision to extend the Business Loans Fund scheme by a further £100million bringing the total fund to £200million. • The purpose of the fund is to promote economic development in Blackpool in a sustainable manner in line with the Council’s priorities, but also to generate a return on investment as a source of income for the Council. • The Council’s loan fund is to enable growth and is not meant to be used to help businesses manage during the pandemic. A government business loan scheme has been put in place to assist businesses during the pandemic but whilst the sums available are plentiful, the scheme is very difficult for businesses to access with only one business in Blackpool known to have benefitted. 	<p>As of the end of September 2020 the fund had committed:</p> <ul style="list-style-type: none"> • £109m committed funds. • No. of loans approved - 28. • Jobs created – 641. • Jobs safeguarded – 759. <p>Investments supported:</p> <ul style="list-style-type: none"> • 4 hotel developments. • 4 hospitality/restaurant businesses. • 3 leisure/attractions businesses. • 2 manufacturing businesses. • 1 health organisation. • 3 Council companies (BTS, BAOL, BHC).
<p>New Action</p> <p>Administer the COVID Discretionary Grant Fund to eligible small</p>	Head of Economic & Cultural Services / Head of Revenues,	<ul style="list-style-type: none"> • Design and deliver a Discretionary Grant fund to assist businesses who were not automatically eligible for the COVID Small Business Grant or Retail Hospitality Leisure Grants (£10k+£25k business rate grants). • Distribute £2.422m fund to eligible businesses over 2 funding rounds. 	<ul style="list-style-type: none"> • 884 applications assessed. • £2.425m grant awarded (slightly higher than the available budget) to 216 businesses.

Strategic Risk Register Progress Report

<p>businesses; aligned with other COVID grant schemes.</p>	<p>Benefits and Customer First</p>	<ul style="list-style-type: none"> Eligible small businesses had to be trading as of 11 March 2020 and included businesses operating in shared workspaces, market traders and pier concessions, B&Bs where Council tax paid, and charities in properties claiming mandatory relief. Overall COVID grants distributed in Blackpool summarised below: <table border="1" data-bbox="645 438 1621 826"> <thead> <tr> <th>FUND:</th> <th>NUMBER OF GRANTS ISSUED:</th> <th>VALUE OF GRANTS ISSUED:</th> </tr> </thead> <tbody> <tr> <td>Small Business Grants Fund</td> <td style="text-align: center;">3,161</td> <td style="text-align: right;">£31,610,000</td> </tr> <tr> <td>Retail, Hospitality, Leisure Fund</td> <td style="text-align: center;">774</td> <td style="text-align: right;">£13,110,000</td> </tr> <tr> <td>COVID Discretionary Grants Fund</td> <td style="text-align: center;">216 (884 applications)</td> <td style="text-align: right;">£2,425,000</td> </tr> <tr> <td style="text-align: right;">TOTAL:</td> <td style="text-align: center;">4,151</td> <td style="text-align: right;">£47, 145,000</td> </tr> </tbody> </table> <ul style="list-style-type: none"> The Council will be able to access a proportion of the £30 million made available to Lancashire (based on £20 per head of population) due to entering Tier 3 restrictions. This funding will be additional financial business support. Businesses in Tier 2/3 and under lockdown will be able to access grants of up to £3k per 4-week qualifying period or pro rata. This is subject to national guidance and restrictions such as legally required to close or open but only partially trading, and sectoral (hospitality and leisure focus for Tier 3 support), and in rated properties. 	FUND:	NUMBER OF GRANTS ISSUED:	VALUE OF GRANTS ISSUED:	Small Business Grants Fund	3,161	£31,610,000	Retail, Hospitality, Leisure Fund	774	£13,110,000	COVID Discretionary Grants Fund	216 (884 applications)	£2,425,000	TOTAL:	4,151	£47, 145,000	
FUND:	NUMBER OF GRANTS ISSUED:	VALUE OF GRANTS ISSUED:																
Small Business Grants Fund	3,161	£31,610,000																
Retail, Hospitality, Leisure Fund	774	£13,110,000																
COVID Discretionary Grants Fund	216 (884 applications)	£2,425,000																
TOTAL:	4,151	£47, 145,000																
<p>Commence delivery of Blackpool Central. (Target Date: March 2022)</p>	<p>Growth and Prosperity Programme Director</p>	<ul style="list-style-type: none"> Land Sale Agreement with Developer signed January 2020. Works continue with preparation of masterplan for the site. Hybrid planning application anticipated to be submitted quarter one of 2021. Initial application will be for detailed permission for new multi-storey car park and design of heritage assets. Outline application for the remainder of the site. 	<ul style="list-style-type: none"> Regeneration of Blackpool. Creation of employment opportunities. Improved local economy. 															

Strategic Risk Register Progress Report

		<ul style="list-style-type: none"> • Pursuing the acquisition of the remaining assets on the site. Offers made to existing leaseholders on the site. Executive authorised preparation of compulsory purchase if required in July 2020. Order likely to progress in January 2021 subject to Executive decision. • A site has now been secured for the relocation of the Courts. . Funding is now being sought from various sources in order to secure the finances for the delivery of new facilities including an allocation secured as part of Blackpool’s Town Deal. 	
<p>Complete development of 21st Century conference offer at the Winter Gardens and increase numbers of new conferences and events.</p> <p>(Target Date: 2021)</p>	<p>Head of Strategic Leisure Assets</p>	<ul style="list-style-type: none"> • The delivery of the Conference Centre is proceeding and is scheduled to open in autumn 2021. • There have been some further delays in delivery due to the pandemic, initially due to a shutdown period, followed by the implementation of different operating procedures to ensure that the site is Covid Secure. 	<ul style="list-style-type: none"> • Regeneration of Blackpool. • New business tourism offer.
<p>Deliver extensions to the Central Business District at Talbot Gateway.</p> <p>(Target Date: March 2022)</p>	<p>Growth and Prosperity Programme Director</p>	<ul style="list-style-type: none"> • Work is ongoing with MUSE to devise development plan to develop a scheme that is attractive to the client, a compulsory purchase order has been made to secure the outstanding interests in the site and a planning application is being prepared. • Discussions are ongoing with the client to agree Heads of Terms. • Consultants now been appointed to complete a feasibility study for the concept of a ‘Multiversity’ and develop a masterplan, and an allocation of funding has been made in The Town Deal. 	<ul style="list-style-type: none"> • Regeneration of Blackpool. • Creation of employment opportunities. • Improved local economy.

Strategic Risk Register Progress Report

Sub-Risk: Large, poor quality, private rented sector in inner Blackpool continues to drive transience and deprivation. (weighting 30%)	Gross Risk Score	Nett Risk Score
	16	12
<i>Risk Score in 2019/20</i>		
16		
12		

Risk Owner: Director of Strategy (Assistant Chief Executive), Director of Community & Environmental Services

Existing Controls in Place:

- Maximise available powers to regulate the private rented sector.
- My Blackpool Home delivering better quality private rented housing.
- Delivered 191 new council homes at Queens Park plus approval of the Council Homes Investment Plan.
- Quality affordable rented offer, with more new Council / housing association homes.

Actions:

Actions	Risk Manager	Current Position	Outcomes / Results
Restart the Foxhall Village development following the collapse of the contractor by commissioning the completion of building the Phase Three quality homes. (Target Date: March 2022)	Director of Development (BHC)	<ul style="list-style-type: none"> • The site has been taken on by Council and made safe and secure. • Still awaiting formal acquisition of the site in order to access deeds etc. • Exclusivity agreement entered into with a housing association to work through options for delivering the homes on phase 3. 	<ul style="list-style-type: none"> • Good quality housing.
Assist Blackpool Housing Company to expand the reach of its work and tackle poor quality properties through the use of	Managing Director (BHC)	<ul style="list-style-type: none"> • Registered Provider status granted for Lumen (subsidiary of Blackpool Housing Company) on the 1st October 2020. • Lumen stating to identify possible developments and engage with Homes England to access grant funding opportunities. 	<ul style="list-style-type: none"> • Increased funding opportunities to provide good quality housing.

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Strategic Risk Register Progress Report

<p>grant funding via Registered Provider status.</p> <p>(Target Date: March 2021)</p>			
<p>Work with My Blackpool Home to build upon the 400 properties already completed to a good standard with a revised target of 900 good quality homes.</p> <p>(Target Date: March 2024)</p>	<p>Managing Director (BHC)</p>	<ul style="list-style-type: none"> • There have been some delays on acquisition and development as a result of the pandemic. • The number of homes now stands at 440 with 505 expected by year end. • The long term target is still on track to be achieved. 	<ul style="list-style-type: none"> • Good quality housing.
<p>Deliver the selective licensing scheme in Blackpool to regulate private sector housing in the area.</p> <p>(Target Date: March 2021)</p>	<p>Head of Public Protection</p>	<ul style="list-style-type: none"> • The selective Licensing Scheme in Central area commenced 24th March 2019 and was approved by the Secretary Of State. • As of 14.10.2020 – 1,653 properties (2,015 units of accommodation) have applied for a licence. • Payments due in total is £905,933 and total discounts of £419,488 have been applied. • Discounts are £100 deduction for an early bird discount and 30% reduction by declaring that the property is compliant with the Blackpool Standard. • The Blackpool Standard was introduced to enable landlords to get a discount if their properties were are of a higher standard, free from category 1 hazards, and all the management and safety documentation in place. 	<ul style="list-style-type: none"> • Investigations are currently ongoing to see if the properties meet the Blackpool Standard, and what legal action can be taken when they do not meet the standard. • As of 14.10.2020- 1,371 properties have stated they meet the Blackpool Standard. • An initial assessment of current EPCs have been checked. Out of 100 EPC checked 20% do not have a current or valid EPC therefore will have to pay back the 30% discount.

Strategic Risk Register Progress Report

			<ul style="list-style-type: none"> • To date, 8 failure to license cases have been processed for prosecution, and summons issued. • In addition, 7 cases have been submitted for civil penalties. • The aim is to improve the quality and safety of accommodation across Blackpool.
<p>Commence delivery of the Council Home Investment Plan adding 250 new Council homes to the portfolio. (Target Date: March 2024)</p>	<p>Head of Housing</p>	<ul style="list-style-type: none"> • There have been some delays as a result of the pandemic, however the Troutbeck development is now progressing well (75 homes) with a three month delay anticipated in respect of completion (now April 2022). • The Grange Park scheme is out to tender for design which will see the build of approximately 100 homes to be delivered by Quarter One of 2024 (3 month delay on previous position). • Strategic work ongoing to identify acquisition priorities and viability. 	<ul style="list-style-type: none"> • Increased access to social housing.

Strategic Risk Register Progress Report

Sub-Risk: Lack of appropriate transport infrastructure. (weighting 20%)		Gross Risk Score	Nett Risk Score
		20	12
		<i>Risk Score in 2019/20</i>	12
Risk Owner: Director of Communication & Regeneration, Director of Community & Environmental Services			
Existing Controls in Place:			
<ul style="list-style-type: none"> • Road Asset Management Strategy in place which sets out budget requirements based on whole life costs and the Department for Transport Code of Practice. • Highways Investment Group in place to review network capacity and regeneration of the town. • Highways Risk Management Group in place which meets quarterly. • A review of parking undertaken and a strategy in place. • Blackpool Transport Services ticketing app with live travel information in place. 			
Actions:			
Actions	Risk Manager	Current Position	Outcomes / Results
Complete the tram extension, transport interchange and new 4* hotel at Blackpool North Station. (Target Date: March 2021)	Growth & Prosperity Programme Director	<ul style="list-style-type: none"> • Construction of the new hotel and underpass (August 2022): <ul style="list-style-type: none"> ○ Demolition of Wilkinson’s building well underway. ○ Post-demolition, construction of the hotel and underpass will begin. • Construction of new entrance to Bank Street Car park: <ul style="list-style-type: none"> ○ This has been delayed due to the pandemic – now expected to be delivered in 2021. • Agreement has been reached with Network Rail for delivery of the scheme. • The tramway extension is substantially complete and will be finished once the above schemes are delivered resulting in access to a final station. 	<ul style="list-style-type: none"> • Regeneration of the town centre.
Further invest in highways, including completing the Quality Corridor Programme, Yeadon Way upgrade and bridge renewal programme.	Head of Highways & Traffic Management / Head of Economic &	<ul style="list-style-type: none"> • The Council has been successful in bidding for £4.5 million challenge funding to invest in the highways network due to the innovative approach it has demonstrated via Project Amber. • The Yeadon Way scheme was delivered on time and within budget. • Plans are being consider to improve the approach to the new Conference Centre. 	<ul style="list-style-type: none"> • Better road conditions and improved public realm. Under the Quality Corridor Grant Scheme: <ul style="list-style-type: none"> • 20 properties have been improved.

Strategic Risk Register Progress Report

<p>(Target Date: March 2021)</p>	<p>Cultural Services</p>	<ul style="list-style-type: none"> • The £11.6 million bridge programme has been delivered on time. A Bridge Strategy is in the process of being developed and a further bid for funding will be made to continue investment. • In terms of the Quality Corridors programme, works on Cookson Street, Queen Street, Deansgate and Edward Street have been completed. In addition to town centre highways and public realm improvements, a £2m grant scheme aims to deliver a comprehensive shop front improvement scheme to priority streets (Deansgate, Edward St, Topping Street, Talbot Road, part Church Street). Properties improved include: <ul style="list-style-type: none"> ○ Café Continental, Mortgage Shop, Samaritans (Topping Street), a block of 9 on the corner of Topping and Church Street. ○ Asia's Finest, Deansgate Kitchens, Sunseekers, (Deansgate); ○ Andsome Barbers (Edward St) ○ In progress: Cedar Tavern (Cedar Square), Ibis Hotel (Talbot Square) <p>Note: Quality Corridor grant fund is initially available until March 2021. The Council is in discussion with the LEP to extend into 2021 to allow for COVID delays in 2020. A further 22 properties are targeted for improvement.</p>	<ul style="list-style-type: none"> • 5 buildings brought back into use. • 6 retail units brought back into use. • 17 FTE jobs created. • 7052 sqm new floorspace created. • 1972 sqm of floorspace refurbished.
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Strategic Risk Register Progress Report

Sub-Risk: Lack of educational attainment / appropriate training to meet the needs of the economy. (weighting 20%)	Gross Risk Score	Nett Risk Score
	20	16
<i>Risk Score in 2019/20</i>		
20		
16		

Risk Owner: Director of Children’s Services, Director of Communication & Regeneration

Existing Controls in Place:

- School Improvement Board in place.
- Links with the Regional Schools Commissioner and OFSTED embedded.
- School improvement strategy in place which is challenged through the school improvement governance structure.
- Ten year strategy being developed for 2021/31.
- School Organisation Plan in place to predict requirements for school places so that provision can be made as demand increases.

Actions:

Actions	Risk Manager	Current Position	Outcomes / Results
Complement the tracking system for school performance, and work in conjunction with the Regional Schools Commissioner to hold schools to account. (Target Date: August 2020)	Head of Schools, Standards & Effectiveness	<ul style="list-style-type: none"> • The new Blackpool Education Improvement Board school improvement strategy has been agreed and is now functional. School performance linked to cohort profiles are shared, supported and outcomes challenged. • Covid will impact on fully understanding improving attainment. 	<ul style="list-style-type: none"> • Improved educational attainment. • Improved Ofsted ratings
Develop an Inclusion Plan for schools. (Target Date: September 2020)	Head of Schools, Standards and Effectiveness	<ul style="list-style-type: none"> • The Education Board has two priorities. The development of a cradle to grave literacy strategy is in development. 	<ul style="list-style-type: none"> • Better inclusion in schools. • There is already evidence of more children and young people with education health and care plans attending

Strategic Risk Register Progress Report

			mainstream schools and less exclusions.
<p>Work with partners to deliver the Opportunity Area programme, raising attainment and aspirations of our young people.</p> <p>(Target Date: March 2021)</p>	<p>Head of Adult Learning / Senior Programme Manager (Opportunity Areas)</p>	<ul style="list-style-type: none"> The Opportunity Area programme has been extended for 1 year until August 2021. The planned outcomes are aligned to the priorities of the education board. 	<ul style="list-style-type: none"> Improved educational attainment.
<p>Support a school led system which improves attainment at Key Stage 3 and 4 whilst holding individual trusts to account.</p> <p>(Target Date: March 2021)</p>	<p>Head of Schools, Standards and Effectiveness</p>	<ul style="list-style-type: none"> A 2020-30 vision has now been completed, with agreement from Multi-Academy Trusts, school and partner leaders across Blackpool. It was launched on 14th October 2020, with a 4 week period of additional consultation. The education board seeks to challenge and support improvement across the town with strong governance structures. 	<ul style="list-style-type: none"> Improved educational attainment.
<p>Review the procedures for making referrals to the Pupil Referral Units, and ensure a robust Admissions Policy and Right of Appeal is in place.</p> <p>(Target Date: August 2020)</p>	<p>Head of Schools, Standards and Effectiveness</p>	<ul style="list-style-type: none"> PRU numbers are down to 160 and are expected to be below 100 by September 2021. A new admissions process is in place. 	<ul style="list-style-type: none"> Reduced numbers mean increased quality and improved outcomes have been seen in 2019 and 2020.

Strategic Risk Register Progress Report

<p>Review Medical Admission Policy to ensure the right young people receive specialist support and maintain a good understanding of academies as admissions authorities to prevent delay in school allocation.</p> <p>(Target Date: August 2020)</p>	<p>Head of Schools, Standards and Effectiveness</p>	<ul style="list-style-type: none">• The policy has been reviewed and changes implemented.• The impact of Covid is emerging.	<ul style="list-style-type: none">• Reduced numbers with access to a trained counsellor (1 FTE equivalent).
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Report to:	AUDIT COMMITTEE
Relevant Officer:	Mark Towers, Director of Governance and Partnerships
Date of Meeting	30 November 2020

ANNUAL GOVERNANCE STATEMENT 2019/2020

1.0 Purpose of the report:

1.1 To present the Annual Governance Statement 2019/2020 to the Audit Committee.

2.0 Recommendation(s)

2.1 The Audit Committee is asked to consider and approve the Annual Governance Statement for 2019/2020.

3.0 Reasons for recommendation(s):

3.1 The Accounts and Audit Regulations (2015) require the Council to conduct a review on the effectiveness of its system of internal control and publish an Annual Governance Statement reporting on the review with the Statement of Accounts.

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 Annual Governance Statement is relevant to all Council priorities.

5.0 Background Information

5.1 Blackpool Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It needs to ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

The Chartered Institute of Public Finance and Accountancy (CIPFA) Delivering Good Governance publication (2016) defines the various principles of good governance in the public sector and how they relate to each other and are defined as:

- Behaving with integrity, demonstrating strong commitment to ethical values and

respecting the rule of law.

- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the Council's capacity, including its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting and audit, to deliver effective accountability.

The governance framework at Blackpool Council comprises the systems and processes, culture and values which the Council has adopted in order to deliver on the above principles. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The governance framework incorporated into this report has been in place at Blackpool Council for the year ended 31 March 2020 and up to the date of the approval for the statement of accounts for that year.

Does the information submitted include any exempt information?

No

List of Appendices:

Appendix 5(a) – Annual Governance Statement 2019/2020

6.0 Financial considerations:

6.1 Each of the actions identified in the Annual Governance Statement will be delivered within the constraints of the agreed budget for 2020/2021.

7.0 Legal considerations:

7.1 The Accounts and Audit Regulations (2015) require the Council to conduct a review, at least once a year, on the effectiveness of its system of internal control and include an Annual Governance Statement reporting on the review with the Statement of Accounts.

8.0 Risk management considerations:

8.1 Risk management and the control environment have been considered throughout the draft of the Annual Governance Statement 2019/2020.

9.0 Equalities considerations:

9.1 None

10.0 Sustainability, climate change and environmental considerations:

10.1 None

11.0 Internal/ External Consultation undertaken:

11.1 A Good Governance Group was established in October 2016 and has led on the review of effectiveness and the production of the Annual Governance Statement, including reviewing the 2018/2019 statement to ensure that governance issues identified have subsequently been addressed. This group is chaired by the Director of Governance and Partnerships and attended by the Head of Audit and Risk, Head of Democratic Governance, Transformation Manager, Head of Legal Services, Head of ICT, Chief Accountant, Head of Information Governance and the Head of Organisation and Workforce Development.

A workshop was held on 30 July 2020 with representation from Scrutiny, Audit and Standards and facilitated by the Director of Governance and Partnerships, Head of Audit and Risk and Transformation Manager.

The Corporate Leadership Team was required to complete a control self-assessment questionnaire providing assurance that their directorates were compliant with a number of key controls.

Discussions on the interim Annual Governance Statement and the final draft of the Annual Governance Statement were also held with the Leader of the Council and Chair of Audit Committee.

12.0 Background papers:

12.1 None

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Annual Governance Statement 2019/2020

Blackpool Council



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Acknowledgement of Responsibility

Blackpool Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It needs to ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

The Accounts and Audit Regulations (2015) require the Council to conduct a review, at least once a year, on the effectiveness of its system of internal control and include an Annual Governance Statement reporting on the review with the Statement of Accounts.

The Principles of Good Governance

The CIPFA Delivering Good Governance publication (2016) defines the various principles of good governance in the public sector and how they relate to each other and are defined as:

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social and environmental benefits.
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- Developing the Council's capacity, including its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
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The governance framework at Blackpool Council comprises the systems and processes, culture and values which the Council has adopted in order to deliver on the above principles. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The governance framework incorporated into this report has been in place at Blackpool Council for the year ended 31st March 2020 and up to the date of the approval for the statement of accounts for that year.

Key Challenges

This section sets out key challenges faced by the Council in the year which have impacted on the governance arrangements in place.

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Impact of the Covid-19 Pandemic

In March 2020 the Council, like the rest of the world, was impacted by the Covid-19 pandemic.

The Council's governance processes were reviewed during the Covid-19 crisis and a number of temporary changes to these processes were made to address the urgent requirements of the situation. An urgent Council Executive meeting was held on 23rd March 2020 which agreed that a major incident should be declared for the Council in relation to Covid-19. The Council Executive meeting agreed to a temporary delegation of powers to the Council Chief Executive, or in his absence the Council's Director of Resources, on issues caused by the Covid-19 pandemic and to protect citizens in relation to public safety.

All Council services pulled together further embedding a culture of cross-departmental working in order to respond effectively to the pandemic and continue to support the residents and businesses across the town.

In response to Covid-19, the Council invoked its established Business Continuity Management Framework. The Corporate Business Continuity Plan includes the Council's critical activities list, incorporating statutory responsibilities and recovery timescales. The critical activities list was used to assess essential Council resource requirements during Covid-19. The Corporate Leadership Team determined the emergency response impact on service delivery and necessary service prioritisation.

The Corporate Leadership Team met on a daily basis to discuss the critical activities list and ensure that resources were appropriately deployed to those services which could not fail. The Senior Leadership Team met virtually each week so that important information about the pandemic and the Council's response could be shared. Each week the Chief Executive and his management team also briefed the political Group Leaders and both MPs on the decisions taken and those to be taken each week.

The decisions taken during the initial stages of the pandemic were logged on the Council's Incident Decision Log and an oversight was maintained to ensure appropriate decision making protocols were followed that risks were managed throughout.

The Council's response to the Covid-19 pandemic was and continues to be co-ordinated with partners through the Lancashire Resilience Forum. This includes co-ordination with all the local authorities across Lancashire and with statutory agencies including Lancashire Constabulary, Lancashire Fire and Rescue Service and North West Ambulance Service.

The Council took on new responsibilities due to Covid-19 in relation to paying urgent grants to small businesses and has provided support to local businesses to help them to access the grants that they are entitled to.

Extensive targeted support to the community was provided through establishing Community Hubs and working with voluntary sector agencies in the provision of a range of services such as befriending services for residents in isolation were implemented.

The Council has proactively engaged with residents during the pandemic using a range of channels including social media and it will continue to build on this engagement throughout the rest of the pandemic and going forward. The Council will also continue with its Channel Change agenda to build on these connections with residents, partnerships and businesses to provide support during the recovery phase of the pandemic.

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As a result of the COVID-19 pandemic, a monthly recovery report is being produced for Corporate Leadership Team providing information on the impact of the pandemic on the residents of Blackpool as well as the economy of the town and this helps inform decisions which the Council make around recovery from the pandemic.

The disruption caused by the pandemic has prompted a mini-review of the Council Plan to ensure that unavoidable disruption to the timescales of major projects is reflected, and additional work needed to address the ongoing issues caused is captured

The impact on the Council's finances due to Covid-19 has been identified and planning for the financial implications continues. The financial reporting requirements have been altered due to Covid-19. The final accounts reporting deadline was changed to the 30th November and the Audit Committee timetable changed to accommodate this by enabling reporting to the Committee at the appropriate time.

The Council quickly adapted to new ways of working and controls were established relating to many Council staff working from home due to Covid-19 including the introduction of a new Virtual Private Network to enable an increased number of staff to securely access the Council's network from home. Likewise, the use of Zoom was introduced early to enable the broadcast of public accessible meetings.

Significant work has been undertaken to ensure that the Council is a Covid Secure workplace to enable those staff who need to be in work to undertake their roles safely. This continues to be reviewed in light of changes to Government Guidance. Procedures were established to address the Human Resource implications of the Covid-19 situation. A detailed employee support offer and sources of advice for staff was implemented. Staff communications and changes to the use of staff resources have been addressed through employee frequently asked questions published on the Hub. More proactive publicity of staff compliments is helping to increase morale in services that have been struggling due to the pressures of the pandemic.

Climate Emergency

At its meeting of 26th June 2019, the Council passed a motion proposed by the Council Leader to declare a Climate Emergency. The primary commitments made are to make the Council's activities net-zero carbon by 2030 and achieve 100% clean energy across the Council's full range of functions by the same date.

The declaration also covers leadership to achieve a reduction in emissions across the town generally, engagement with the public and stakeholders, effecting a culture change across our organisation, wholly-owned companies, staff and partners and taking a role to exert wider influence beyond Blackpool on this issue.

A steering group has been established to lead this issue internally, which includes representation from the Council's wholly-owned companies and an initial action plan is in place. A Citizen's Assembly will be held in the autumn for the public to deliberate on the issues. Along with work to identify a carbon reduction roadmap, together these pieces of work will result in the development of a longer-term action plan.

Exit from the European Union

The Council has been working to prepare for EU Exit which is being overseen by a working group of officers from across the council, working in conjunction with the Lancashire Resilience Forum (LRF). The Council has continued to engage on EU Exit related matters through a number of regional and national forums including working with the Local Government Association (LGA) and various Whitehall departments.

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The Governance Framework

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

Code of Conduct and Behaviours

Codes of Conduct are in place that define standards of behaviours for elected members and officers. Adherence to these is a key part of good governance. These are further supported by the Council's Whistleblowing Policy, Registers of Interests and Gifts and Hospitality Policies. Processes are in place to deal with non-compliance through the Council's Disciplinary Policy for Officers and the Monitoring Officer and/or Standards complaints procedure for Elected Members.

A Leadership Charter is in place which aims to bring to life the vision for the Council's workforce as outlined in the Workforce Strategy 2016-2020 and it has been embedded with the Individual Performance Appraisal Process (IPA).

Key Supporting Policies and Procedures	
Code of Conduct for Members	https://www.blackpool.gov.uk/Your-Council/The-Council/Documents/Part5aCodeofConductforMembers.pdf
Officer Code of Conduct	https://www.blackpool.gov.uk/Your-Council/The-Council/Documents/Part5bOfficerCodeofConduct.pdf
Whistleblowing Policy	http://democracy.blackpool.gov.uk/documents/s53154/Appendix%203a%20-%20Whistleblowing%20Procedure.pdf
Registers of Members' Interests	http://democracy.blackpool.gov.uk/mgMemberIndex.aspx?FN=ALPHA&VW=LIST&PIC=0

Organisational Culture

The Council's organisational culture is driven by the Corporate Leadership Team and Executive and a set of values have been defined, previously agreed by Council which all employees and elected members are expected to adhere to and these include:

- 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 everybody we meet with dignity and respect
- We take pride in delivering **quality** services that are community focussed 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.

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Closely linked to our values is our approach to fulfilling our legal obligations on equalities. We understand that fairness means making reasonable adjustments for people and groups so they can get access to services and support. Our approach to this is set out in our equality goals, which are reviewed every 4 years.

All new Council plans and strategies are reviewed to make sure they are tailored to the needs of groups with protected characteristics. Going beyond this, in the course of our work we also consider how to contribute to eliminating discrimination, harassment and victimisation; how to advance quality of opportunity and how we can help different groups of people get along together.

Our equality objectives aim to get more people to tell us they experience fair treatment by Council services; to make our workforce representative of our communities, with more people from diverse backgrounds involved in decision making at every level; that equality and diversity is embedded in staff culture; and that we celebrate growing diversity and increase respect and understanding for all.

Children's services are embedding a new culture across Blackpool 'Blackpool Families Rock'. Our commitment is to work with families not 'do things to them' with the child at the heart of everything that we do and to work with families at the lowest possible level to prevent their needs from escalating to a higher level.

To deliver its ambitions the Council needs to be efficient and resilient. An entrepreneurial culture has been developed across the Council and continues to be embedded in order to develop different ways of working and maximising our changes of achieving our outcomes. Examples of this include our Wholly-Owned Companies, bidding for funding, working in partnership, the business loans fund and making savings whilst transforming our services.

Key Supporting Policies and Procedures	
Senior Employees	https://www.blackpool.gov.uk/Your-Council/Transparency-and-open-data/Pay-policy-and-salaries/Senior-employees.aspx#Directorofresources
Workforce Diversity Report	https://www.blackpool.gov.uk/Your-Council/Transparency-and-open-data/Equalities-and-diversity/Workforce-diversity-report.aspx
Council strategies, policies and plans	https://www.blackpool.gov.uk/Your-Council/The-Council/Council-constitution-and-plans/Council-strategies-policies-and-plans.aspx
Working Well with Children and Families in Lancashire	https://www.blackpoolsafeguarding.org.uk/for-professionals/early-help-and-thresholds-for-intervention
Blackpool Neglect Strategy	https://www.blackpoolsafeguarding.org.uk/neglect

Commitment to Openness, Communication and Consultation

The Council complies with the requirements of the Transparency Agenda and provides a range of information in the public domain through its website.

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The Council adopts a priority campaign planning approach using a variety of different marketing communications channels. Key messages are also communicated to residents in the 'Your Blackpool' publication which is delivered to all Blackpool households on a quarterly basis. The Council has enhanced its use of social media and has started to move towards greater use of these platforms as part of a strategic approach to communications.

The Council continue to increase the direct communication and engagement with local businesses so that they have a detailed understanding of the benefits of the regeneration work that the Council is undertaking. This is being done via the Council's own communication channels as well as utilising partner organisations including StayBlackpool, VisitBlackpool, the Town Centre BID and the Blackpool Business Leadership Group.

The public are able to attend and speak at Committee and Full Council meetings and this has continued virtually given the social distancing requirements.

The Council has in place a system to respond to Freedom of Information requests and compliance with the timelines is managed by the Information Governance Team and reported through to the Corporate Leadership Team.

Consultation and engagement with the public takes place by the lead service area, which can access the Council's in-house cost recovery research team Infusion Research, for wider ranging or more complex consultation exercises.

The Council last undertook a resident's survey in 2018 and is due to undertake one in 2020. However, the impact of the pandemic has meant that the slot for the survey in May could not be used. It is important to ensure the data is comparable and this would normally mean that the survey should be undertaken at the same time of the year. A decision is pending on whether to run the survey in the autumn, or postpone for a full year until May 2021.

Structures are in place to ensure consultation with other public and voluntary sector agencies through the Fairness Commission and also local businesses through the Blackpool Business Leadership Group.

Key Supporting Policies and Procedures	
Council Agendas and Minutes	http://democracy.blackpool.gov.uk/mgListCommittees.aspx?bcr=1
Online Council meetings	https://www.blackpool.gov.uk/Your-Council/Council-meetings/Webcast.aspx
Open Government Licence	https://www.blackpool.gov.uk/Your-Council/Transparency-and-open-data/Open-Government-Licence.aspx
Transparency and Open Data	https://www.blackpool.gov.uk/Your-Council/Transparency-and-open-data/Transparency-and-open-data.aspx
Freedom of Information	https://www.blackpool.gov.uk/Your-Council/Transparency-and-open-data/Freedom-of-information/Freedom-of-information.aspx

Developing, Communicating and Translating the Vision

A thorough review of the Council Plan was undertaken in 2018 to ensure it continues to address the key issues facing the town. As a result, the Council Plan 2019-2024 sets out the vision for Blackpool to continue to be 'The

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UK's number one family resort with a thriving economy that supports a happy and healthy community who are proud of this unique town'. The two priorities remain the same as the previous iteration of the plan:

- The Economy: Maximising Growth and Opportunity across Blackpool.
- Communities: Creating Stronger Communities and Increasing Resilience.

Beneath each priority the plan details the key challenges faced by Blackpool and the key projects and schemes which will be implemented to address these issues. The Council Plan seeks to address the big issues and policy drivers facing local government. The concept of organisational resilience – ensuring that the organisation is capable of delivering the priorities, meeting its legal requirements, and maintaining sustainability into the future - is captured throughout the plan, with the detail included in the Council's wider policy framework.

The Council has a key role in working with partner organisations in order to translate the vision for Blackpool into deliverable actions. This has been particularly demonstrated through the core coordination role that the Council took on board in response to the pandemic from March 2020 to ensure that the local community was effectively supported by a wide range of organisations.

As in previous years, the Council held a staff conference in 2019 hosted by the Chief Executive, with breakout sessions focussing on aspects of the Council's work across its directorates. These covered topics relevant to the plan, helping to encourage staff understanding of the direction taken by the Council and its Wholly Owned Companies.

The Council priorities feed into directorate business plans and are a key tool for managers to use when developing business plans. The business plans then feed into Individual Performance Appraisals (IPA). The 2020/21 process will be different in that services will work towards recovery plans instead of business plans.

Key Supporting Policies and Procedures

Council Plan 2019 to 2024

<https://www.blackpool.gov.uk/Your-Council/Creating-a-better-Blackpool/Blackpool-Council-plan/Council-plan-2019-to-2024.aspx>

Performance Management

A Policy Framework is in place which sets out the corporate strategies and plans which are in place. Corporate resource is available to support services on the development of strategies, shaping them in line with corporate objectives.

The Council's performance management system is now well established, with strategic performance reported to Corporate Leadership Team, members of the Cabinet and the Scrutiny Leadership Board, whilst local performance indicators are managed through the business planning process. The suite of Council Plan headline KPIs will be reviewed so that some of the measures around post-COVID recovery can be incorporated into ongoing performance reporting. This review will also look to incorporate KPIs for a new corporate priority around organisational resilience, as recommended in the Corporate Governance Peer Review which took place in March 2020.

In March 2019, the Secretary of State appointed a DfE Commissioner for Children's Services in Blackpool, following an inadequate judgement by Ofsted of the Council's Children's Services from its inspection in November 2018. One

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of the recommendations of the Commissioner was to establish a strategic and overarching Children and Families Partnership. This Partnership Board was established in January 2020 and meets quarterly. It is chaired by the Chief Executive and has an emerging set of principles and priorities around inclusion, literacy and the social impact of poverty. The Children's Improvement Board has been replaced by the Getting to Good Board; this partnership meets bi-monthly, monitoring progress and driving improvement in performance and practice in children's social care.

Following the HMIP inspection of youth offending services in October 2018, Blackpool's Youth Offending Partnership developed an improvement plan to address the recommendations from the inspection. The actions from this improvement plan were delivered throughout 2019/20. In February 2020, a peer review was conducted by the Youth Justice Sector Improvement Partnership, the outcome of which has informed the development of a new strategic improvement plan for 2020/21. The partnership is currently awaiting confirmation of the arrangements for the next inspection by HMIP. Alongside this, the partnership undertook a self-assessment against the new national standards for youth justice services (as required by the Youth Justice Board) which has led to the development of action plans for each of the national standards themes. Senior officers from across the partnership have been assigned as theme leads to drive delivery of these action plans. The delivery of the improvement plan and theme action plans is supported by a robust performance and quality assurance framework to ensure that improvements in performance and practice are embedded within services.

In order to improve performance the Council participates in peer reviews and benchmarking exercises to learn from others and to ensure that services delivered are value for money. The LGA undertook a Corporate Peer Challenge exercise for the Council in March 2020, as part of its work to strengthen the local government sector. The challenge focussed on the Council's understanding of the local context to set an appropriate vision and priorities, provision of effective leadership of external stakeholders, financial planning and viability, organisational leadership and governance, and capacity to deliver. Reflecting on our last Peer Challenge in 2014, the Council developed a position statement outlining our strengths and challenges and hosted the LGA's team for a week of interviews and focus groups. The final feedback has been delayed due to the team comprising of senior officers and members at the forefront of responding to the pandemic.

The Libraries service invited an LGA team in for a similar process as part of the development of their Libraries Ambition Plan in June 2019. Commenting positively on the extensive research underpinning the plan, they judged the Plan to be achievable, and advised on ways of further strengthening the likelihood of the plan being implemented effectively. This fed into the ultimate approval of the Plan by the executive in June 2020. The process of internal and external consultation / review and scrutiny of this plan prior to approval is an example of good practice and a model which other services wishing to significantly transform will be encouraged to adopt going forward.

The Individual Performance Appraisal process which is in place is part of the Council's wider approach to performance management. The IPA process is an important tool designed to provide an opportunity to establish and understand expectations and to evaluate performance in order to help employees develop to their full potential. The IPA process is not a replacement for day to day people management so in addition employees are supported by their line managers and should be mentored, coached and directed according to their individual needs. This may come through regular one to one meetings, formal supervision meetings, team meetings and informal feedback. The Leadership Charter supports the Council's priorities and values and is included in the

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Manager's IPA template. The Council has undertaken two Leadership surveys to benchmark performance and progress against the new Charter and this has evidenced that from a good baseline there has been further improvement. Going forward the plan is to undertake the survey every two years.

Key Supporting Policies and Procedures		
Policy Framework		https://www.blackpool.gov.uk/Your-Council/The-Council/Documents/Part8StrategicPlanningProcess.pdf
Children's Service Inspection	Ofsted	https://www.blackpool.gov.uk/Residents/Health-and-social-care/Children-and-families/Childrens-social-care/Childrens-services-Ofsted-inspection.aspx
Libraries Ambition Plan 2020-2024		http://democracy.blackpool.gov.uk/documents/s54470/Appendix%205d%20Libraries%20Ambition%20Plan%20overview%20version%20June%202020.pdf

Roles and Responsibilities

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

All Council Officers, including the Corporate Leadership Team, have a job description which set out their roles and responsibilities. Annually, through the Individual Performance Appraisal process individual objectives are set for each officer which align with their job description and the Business Plan for the Service in which they work.

The Corporate Leadership Team has been extended once a month to involve key Heads of Service in the decision making process. Steps continue to be taken to address some of the concerns with 'hard to recruit to posts' such as the development of the Next Step Blackpool website to recruit Children's Social Workers and Teachers to the area. In addition, there is ongoing investment in digital technologies to help improve capacity across the Council.

The Council's Constitution, including the Scheme of Delegation, sets out the arrangements and protocols which are in place to enable effective decision making within the authority.

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

The Council has designated a Monitoring Officer and Deputy with appropriate qualifications and experience. 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 the Council for ensuring that governance procedures are followed and all applicable statutes and regulations are complied with.

Key Supporting Policies and Procedures

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Responsibilities for Functions	https://www.blackpool.gov.uk/Your-Council/The-Council/Council-constitution-and-plans/Part-3-Responsibility-for-functions.aspx
Responsibilities for Functions - Officers	https://www.blackpool.gov.uk/Your-Council/The-Council/Council-constitution-and-plans/Part-3-Responsibility-for-functions.aspx#Section9Officers

Decision Making

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 and this is reviewed on a regular basis.

All Executive decisions contain all relevant policy implications including financial, risk management, human resources, equality analysis, ethical considerations, legal considerations and links to Council priorities. All Executive decisions are subject to finance and legal approval before they are taken forward for a decision to be made. The Monitoring Officer or a designated representative, receives all decisions before they are processed and therefore is able to check the robustness of data quality prior to a decision being submitted for formal approval.

Cabinet Member and relevant Officer Decisions are published to meet transparency requirements and inform the public.

A framework for undertaking compliance checks to ensure that decision making processes are appropriate has been developed and these reviews are jointly carried out by Internal Audit and Democratic Governance and the findings reported to Audit Committee.

Key Supporting Policies and Procedures	
Agendas and Minutes	http://democracy.blackpool.gov.uk/mgListCommittees.aspx?bcr=1
Executive and Cabinet Member Decisions	http://democracy.blackpool.gov.uk/mgDelegatedDecisions.aspx?bcr=1

Compliance with relevant Laws, Regulations, Internal Policies and Procedures

A wide range of corporate policies and procedures are in place to ensure compliance with laws and regulations. These cover all key areas including financial management, human resources, procurement, contract management, risk management, business continuity, data protection, health and safety management arrangements and safeguarding arrangements.

Internal and external audit arrangements are in place to provide a reasonable level of assurance on compliance with the Council's system of internal control.

The Council has obtained PSNN, PCI and N3 security compliance so that it can effectively share data with other organisations including the National Health Service and Department for Work and Pensions. There is an ongoing

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review of cyber risks and progress against this is monitored by the Audit Committee. An ICT Security Policy is in place.

An Information Governance Team is in place the Head of Service whom carries out the function of the Statutory Data Protection Officer and works with Council services to ensure that personal information is appropriately safeguarded in line with GDPR.

A Corporate Procurement and Projects Team is in place to support Heads of Services and Service Managers to undertake market engagement for those goods, services and works which are delivered through third-party organisations. Procedures are in place to ensure compliance with the Public Contract Regulations Act 2015, European Union Procurement Directive 2014 and the Council's Contract Procedure Rules. Standard Control Documents are used to ensure consistency of practice, demonstrate value for money and to maximise social value through tendering and contract arrangements.

Mandatory training is delivered in a number of ways including a mandatory training pack for non IT users and through the iPool online system for IT users. This ensures casual, temporary and permanent employees are aware of legislative requirements. Reporting tools have been developed to enable Managers to monitor completion of mandatory training courses and completion of Individual Performance Appraisals in real time.

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 ensures the application of the Constitution. The Monitoring Officer is responsible for the in-house legal team which serves as an additional control to ensure that the Council operates within the constraints of the law and the team hold LEXCEL accreditation.

A number of arrangements are in place to deal with potential breaches to compliance and these include a Corporate Complaints Panel and Serious Case Reviews. These are chaired independently of the service which has breached requirements to ensure that objective decisions can be taken.

A Disclosure and Barring Service (DBS) Panel is in place which reviews any positive DBS's in relation to pre-employment checks to ensure Council wide robust and consistent decision making.

A Health and Safety Team is in place which provide advice, support and guidance to managers across the Council regarding compliance with health and safety legislation. The team is responsible for issuing the Corporate Arrangements which all employees should adhere too. The Health and Safety Team also undertake a programme of audits to ensure that managers maintain their manuals and comply with statutory requirements.

Key Supporting Policies and Procedures

Corporate Customer Feedback Policy	https://www.blackpool.gov.uk/Your-Council/Documents/Corporate-Customer-Feedback-Policy-0819-FINAL-VERSION-V1.1.pdf
Data Protection and GDPR	https://www.blackpool.gov.uk/Your-Council/Transparency-and-open-data/Data-protection/Data-protection.aspx

Financial Management

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The Council has an appropriately qualified and experienced designated Chief Finance Officer who holds Section 151 responsibilities and a deputy has also been appointed. The Chief Finance Officer has arrangements in place for financial management, financial reporting and value for money which is assessed annually by the Council's external auditors.

Financial Regulations are in place which are supported by a Scheme of Delegation to ensure that managers are aware of the level of expenditure they are able to authorise.

The Council sets a lawful annual budget and is part way through a six-year Medium Term Financial Sustainability Strategy which runs to the end of the 2021/22 financial year. The associated plan is updated on an annual basis to enable early planning on the financial position to take place.

Monthly financial monitoring reports, starting from month 0, are reported to the Corporate Leadership Team, the Executive and Tourism, Economy and Communities Scrutiny Committee.

The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Finance Officer in Local Government (2016).

The Council facilitates a Public Inspection of the Accounts and publishes details of all payment transactions over and above the minimum requirements of the Transparency Code.

Key Supporting Policies and Procedures	
Statutory Chief Finance Officer (holding Section 151 responsibilities)	https://www.blackpool.gov.uk/Your-Council/Transparency-and-open-data/Pay-policy-and-salaries/Senior-employees.aspx#Directorofresources
Medium Term Financial Sustainability Strategy	http://democracy.blackpool.gov.uk/documents/s16485/Medium%20Term%20Financial%20Sustainability%20Plan.pdf
Corporate Scheme of Delegation	http://democracy.blackpool.gov.uk/documents/s56834/Appendix%20A%20Corporate%20Scheme%20of%20Delegation%201920.pdf
Financial Procedure Rules	https://www.blackpool.gov.uk/Your-Council/The-Council/Documents/Part4fFinancialProcedureRules.pdf

Audit Arrangements

An Audit Committee is in place which is independent of the scrutiny function. As a full committee of the Council it is able to discharge all the core functions of an Audit Committee outlined in the CIPFA Audit Committee: Practical Guidance for Local Authorities (2018), from which the Committee has adopted the model terms of reference. Over the past twelve months the Chair of the Audit Committee has continued to raise the profile of the Audit Committee and has presented a report to Full Council on the work of the Committee and has proactively requested Chief Officers and Head of Services to attend Committee to be challenged and held to account where controls issues have been identified. An independent member position has co-opted onto the Committee to enhance the robustness of the Committee.

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Modular training is delivered prior to each Audit Committee meeting to ensure that members have the appropriate skills and knowledge to effectively discharge their duties.

The Council has an internal audit team who prepare an Annual Internal Audit Plan which is approved by the Corporate Leadership Team and the Audit Committee. This includes a balance of risk and compliance work. The audit opinion and assurance statement for each audit is reported quarterly to the Audit Committee.

In 2019/20 the Head of Audit and Risk provided an Annual Audit Opinion that sufficient assurance work was undertaken to provide a reasonable conclusion on the adequacy and effectiveness of the control environment and that the overall control environment at the Council is adequate, with the exception of Children's Services where significant risks have been identified by Ofsted. Where weaknesses were identified through internal audit work the team have worked with management to agree appropriate remedial actions and a timescale for improvement.

The Council's internal audit arrangements conform to the governance requirements the Public Sector Internal Audit Standards. An external review of the Council's compliance with the Public Sector Internal Audit Standards took place in 2016/17 which confirmed conformance with the standards. The recommendations made in the external assessment report have been incorporated into the Quality Assurance and Improvement Programme for the service.

External audit arrangements are in place and representatives are invited to attend Audit Committee to present the findings of their work and raise any concerns which they may have.

Key Supporting Policies and Procedures	
Internal Audit Charter 2019/20	http://democracy.blackpool.gov.uk/documents/s43524/APPENDIX%208A%20Internal%20Audit%20Charter%202019-20.pdf
Internal Audit Plan 2019/20	http://democracy.blackpool.gov.uk/documents/s43520/APPENDIX%206A%20Internal%20Audit%20Annual%20Plan%202019-20.pdf
Annual Audit Opinion 2019/20	http://democracy.blackpool.gov.uk/documents/s54723/Appendix%205a%20-%20Annual%20Report%20and%20Opinion%20-%202019-20.pdf
Quality Assurance and Improvement Programme 2019/20	http://democracy.blackpool.gov.uk/documents/s45883/Appendix%209a%20-%20Quality%20Assurance%20Improvement%20Programme%20-%202019-20.pdf

Risk Management

A Corporate Risk Management Group is in place to coordinate and promote risk management activity in line with the Council's Risk Management Framework 2018-2021. It is supported by directorate and thematic risk management groups.

All directorates have nominated risk champions to promote best practice in their areas and ensure that service level risk registers are in place and that risk registers are developed for major projects and partnerships where appropriate.

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

Risk management should be considered for all decisions made by the Council and these are evidenced in the dedicated section on the decision making template.

A Corporate Business Continuity Plan and Critical Activities List are in place and this is supported by service level business continuity plans.

Key Supporting Policies and Procedures	
Risk Management Framework 2018/21	http://democracy.blackpool.gov.uk/documents/s29494/Appendix%206a%20Risk%20Management%20Framework%202018%20-2021.pdf
Strategic Risk Register 2019/20	http://democracy.blackpool.gov.uk/documents/s45885/Appendix%208a%20Strategic%20Risk%20Register%202019-2020.pdf
Business Continuity Framework 2018/21	http://democracy.blackpool.gov.uk/documents/g4292/Public%20reports%20pack%2016th-Nov-2017%2018.00%20Audit%20Committee.pdf?T=10

Counter Fraud and Anti-Corruption Arrangements

The Council has developed counter fraud and anti-corruption arrangements in line with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. A Fraud Prevention Charter has been developed and approved by the Corporate Leadership Team and the Audit Committee. Any suspected instance of fraud or corruption should be reported to the Head of Audit and Risk so that an appropriate investigation into the matter can be undertaken.

A dedicated Corporate Fraud Team is in place which deals with a range of corporate fraud issues and proactive work has commenced on high risk areas such as insurance fraud, blue badges and council tax.

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. An Anti-Money Laundering Policy is in place and this is supported by an iPool training course for employees to complete.

The Council participates in the National Fraud Initiative and progress against this and outcomes, are reported to Audit Committee on quarterly basis.

A corporate group is in place to review the Council's use of covert surveillance and to ensure compliance with the Regulatory of Investigatory Powers Act (2000).

Key Supporting Policies and Procedures	
Fraud Prevention Charter 2019/20	http://democracy.blackpool.gov.uk/documents/s43522/APPENDIX%207A%20%20Fraud%20Prevention%20Charter%202019-20.pdf

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Anti-Money Laundering Policy	http://democracy.blackpool.gov.uk/documents/s40222/APPENDIX%205a%20Anti-Money%20Laundering%20Policy%20and%20Procedure%20-%20October%202018.pdf
Covert Surveillance Policy	http://democracy.blackpool.gov.uk/documents/s49747/Appendix%206a%20DRAFT%20RIPA%20POLICY%20UPDATE.pdf

Scrutiny Arrangements

Three Scrutiny Committees are in place which reflect the Council's priorities namely a Children and Young People's Scrutiny Committee, Tourism, Economy and Communities Scrutiny Committee and an Adults Social Care and Health Scrutiny Committee. In May 2019, a Scrutiny Leadership Board was also introduced consisting of the Chairs and Vice Chairs of the three committees and the Chair of the Audit Committee. This Board coordinates the work of the committees and manages the overall scrutiny work programme. There are also regular meetings with Senior Executive Members.

These committees help empower elected members and provide them with the opportunity to contribute to policy making, hold in-depth reviews and challenge and hold decision makers to account. These Committees meet on a regular basis and the minutes of the meetings and supporting documentation are published.

Elected member feedback on the revised scrutiny process has been positive and they consider this now enables a more balanced approach to scrutiny across all political parties.

Key Supporting Policies and Procedures	
Scrutiny Committee Agendas and Minutes	http://democracy.blackpool.gov.uk/mgListCommittees.aspx?bcr=1

Learning and Development

An Induction and Probation process is in place for all new employees in the Council. Following successful completion of the probation process employees will then receive a mandatory Individual Performance Appraisal (IPA). The IPA incorporates an annual and interim review, held at an appropriate time in a private, comfortable space and can be considered as the setting of a 'roadmap' for an employee for the coming twelve months.

A wide range of training is available corporately which is informed from Corporate Leadership team, Senior Leadership team, various workforce groups and the development needs identified in the Individual Performance Appraisals. The Council is committed to leadership development and various courses are available to continue to develop skills and knowledge. An aspiring leadership programme has been delivered but further work is required in relation to succession planning and this will form part of HRs Business Plan for 2020/21. The attainment of professional qualifications in relevant disciplines is encouraged and the Council is committed to funding studies where appropriate utilising the Apprenticeship Levy.

Many professionals across the Council maintain continuing professional develop records to ensure they continue to meet the requirements of their professional bodies.

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A Workforce Strategy is in place and steps have been taken through the new Business Planning Framework to better align workforce planning with the business plan process.

The Council encourage and promotes Apprenticeships to existing employees and through recruitment. The costs of training are funded through the Council's Apprenticeship Levy.

Project Search, the job scheme for young people with learning disabilities also ran for a third year where each of the students learn personal and job skills for a two month period before embarking on work placements to find a suitable job for them.

An induction programme is in place for all elected members. A three year development plan is in place for elected members which helps deliver training to help them fulfil their role. Elected members can have a personal development plan which helps to identify training needs.

The Council takes the Health and Wellbeing of employees very seriously and there is a comprehensive suite of support available in addition to an in house Occupational Health Service. This is promoted to employees via regular newsletters and a 'My Wellbeing' section on the Council's Hub.

Key Supporting Policies and Procedures

Workforce Strategy 2016-2020

<http://democracy.blackpool.gov.uk/documents/s11071/Appendix%203a%20Workforce%20Strategy.pdf>

Partnerships and Joint Working

The Council is involved in a number of key projects with partner organisations in order to transform the way in which services are delivered. Examples include Better Start and HeadStart which focus on early intervention in order to build resilience in the community. Boards with representation from partner organisations are also in place for key risks faced by the Council to introduce an element of independence and challenge. Transformation is also been achieved through the Opportunity Area funding stream which seeks to improve educational attainment.

The Council is invited to attend the VCFSE Leaders meetings and aims to work alongside and in partnership with our third sector colleagues. This includes work around community engagement, community development and working together to ensure a more resilient Blackpool. This includes involving third sector representatives on key boards such as the town deal and working together on projects including a Lancashire wide accord developed in partnership with local authorities, NHS and the third sector, aiming to streamline communication pathways and join working together. The Council's relationships with the third / voluntary sector have been further strengthened due to effectively working together in response to the pandemic starting in March 2020 and forging new ways of working together which can continue to be developed.

Arrangements are in place for the provision of Shared Services with Fylde Borough Council in a number of areas, the most significant being the Revenues and Benefits Service. Shared arrangements are also in place with Blackpool Teaching Hospital NHS Foundation Trust in relation to emergency planning and information governance. The Council is also working jointly with other Fylde Coast authorities on the development of an enterprise zone and other economic prosperity opportunities to improve the local economy.

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The Council wholly owns 8 companies which are currently operating (7 companies limited by shares and 1 limited by guarantee). From a governance perspective each company has an adopted governance framework based on good practice codes in the corporate sector. The Boards generally comprise both councillor appointed non-executive directors and independent non-executive directors. The independent non-executive directors are in the majority. There is a group approach to corporate governance with the Company Secretary, Data Protection Officer and Head of Audit and Risk all appointed across the group which helps provide assurance to the various Boards of Directors and the Council in its role as shareholder.

The Council has a Shareholder's Advisory Board, (comprised of 3 elected members) which acts in order to ensure that the duties and responsibilities of the Council as the sole shareholder of each company are exercised through the Company and to manage overall relationships between the Company and the Council. The Shareholder's Advisory Board holds regular meetings with nominated Company representatives in relation to the strategic performance of each Company, in particular the business plan objectives and long term development and in doing so to provide feedback to the shareholder (as appropriate) and to each company on behalf of the shareholder. It also seeks assurance from each company on behalf of the shareholder, that there are appropriate controls in place for good governance and risk management matters. Meetings are held usually on two occasions per year with each company, with any others dependent on urgency of business.

Key Supporting Policies and Procedures

Shareholder's Advisory Board Agenda and Minutes

<http://democracy.blackpool.gov.uk/mgCommitteeDetails.aspx?ID=337>

Annual Review of Effectiveness

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 stages included in the review process and the key findings from each are summarised below.

Good Governance Group

A Good Governance Group was established in October 2016 and has led on the review of effectiveness and the production of the Annual Governance Statement to ensure that governance issues identified have subsequently been addressed. This group is chaired by the Director of Governance and Partnerships and attended by the Head of Audit and Risk, Head of Democratic Governance, Transformation Manager, Head of Legal Services, Head of ICT, Chief Accountant, Head of Information Governance and the Head of Organisation and Workforce Development.

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An internal audit of the 2018/19 Annual Governance Statement was undertaken in 2019/20 the findings of which were reported to the Good Governance Group. Best practice recommendations arising out of this report have been incorporated into the 2019/20 Annual Governance Statement.

Elected Member Workshop

A virtual workshop was held on the 30th July 2020 with elected member representation and facilitated by the Head of Audit and Risk, Director of Governance and Partnerships and the Transformation Manager.

The workshop was based around the principles of good governance and elected members were asked to establish what arrangements are already in place and these have been reflected in the overview of the governance framework included in this report. Elected members were also asked to identify areas for further development and these have been incorporated into the governance issues action plan.

Meetings were also held between the Leader of the Council, Chair of Audit Committee, Director of Governance and Partnerships and Head of Audit and Risk to discuss the interim AGS and the final draft of the AGS prior to the document being considered by the Audit Committee.

Key Officer Consultation

Key officers who are involved in governance were consulted as part of the production of the Annual Governance Statement. This consultation identified a number of areas of good practice and these have been summarised in the governance framework outlined earlier in this report and areas for improvement have been captured in the significant governance issues action plan.

Control Self-Assessment Questionnaire

The Corporate Leadership Team was required to complete a control self-assessment questionnaire providing assurance that their directorates were compliant with a number of key controls.

Review of 2019/20 Actions

A summary of the actions completed in 2019/20 can be seen in **Appendix 1** and any partially implemented actions have been carried forward into the 2020/21 action plan.

Mid-Term Review

Given the later approval of the 2019/20 Annual Governance Statement a review of progress against the actions will be reported to the March 2021 Audit Committee rather than the usual January meeting of the Committee.

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Assurance Statement

The results of the effectiveness of the governance framework have been considered by the Corporate Leadership Team and Audit Committee who have determined that the arrangements are fit for purpose in accordance with the governance framework.

Governance Issues

Actions have been identified as part of the 2019/20 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 significant but have been included to aid openness and transparency.

Issue	Actions	Responsible Officer (s)	Target Date
Code of Conduct and Behaviours	Consider the potential national changes to the Standards Framework and implement any changes identified as part of this.	Director of Governance and Partnerships	After mid-term review
	Develop a Local Code of Governance document which brings together and summarises the Council's overall approach to corporate governance.	Director of Governance and Partnerships	After mid-term review
Commitment to Openness, Communication and Consultation	Continue to deliver the channel shift agenda to improve accessibility to residents and reduce demand on Council resources with a focus on helping with the recovery of Blackpool following the pandemic.	Director of Resources / Director of Communication and Regeneration	After mid-term review
	Implement a Community Engagement Strategy and supported guidance to ensure a coordinate and robust approach is in place building on the learning gained during responding to the current pandemic.	Director of Public Health	After mid-term review
	Continue to deliver the web development plan ensuring that the Council adheres to the new accessibility requirements which are being introduced.	Director of Communication and Regeneration	After mid-term review

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Issue	Actions	Responsible Officer (s)	Target Date
	Explore ways in which to improve communication with ward councillors so that they are aware of major developments in their areas.	All Chief Officers	Before mid-term review
	Further strengthen how we communicate to residents building on the findings of the Corporate Peer Review.	Director of Communication and Regeneration	After mid-term review
	Identify ways in which data relating to the use of our green and blue spaces can be collated to help inform future decisions in relation to development of these areas.	Director of Community and Environmental Services	After mid-term review
Developing, Communicating and Translating the Vision	Consider how to deliver a thank you to all employees for the work that they have undertaken during the pandemic.	Chief Executive	Before mid-term review
	Complete the review of the Council Plan to ensure that the impact of the pandemic is captured and ensure that Council strategies are reviewed in light of the pandemic and amended accordingly.	Assistant Chief Executive and Director of Strategy	After mid-term review
Performance Management	Ensure that the changes implemented as a result of the Ofsted Report on Children's Services are adequately embedded to drive performance improvements.	Director of Children's Services	After mid-term review
	The suite of Council Plan headline KPIs will be reviewed so that some of the measures around post-COVID recovery can be incorporated into ongoing performance reporting. This review will also look to incorporate KPIs for a new corporate priority around organisational resilience, as recommended in the Corporate Governance Peer Review which took place in March 2020.	Assistant Chief Executive and Director of Strategy	After mid-term review

Annual Governance Statement 2019/2020

Issue	Actions	Responsible Officer (s)	Target Date
	Implement the recommendations from the Corporate Peer Review once the report is received.	Assistant Chief Executive and Director of Strategy	After mid-term review
Compliance with Relevant Laws, Regulations, Internal Policies and Procedures	Ensure that data protection training is rolled out to staff who do not have IT access, monitor and renew the Council's Information Asset Register and develop a programme of GDPR compliance audits to ensure continued compliance with GDPR.	Director of Governance and Partnerships	After mid-term review
	Continue to explore procurement opportunities with local suppliers and look to provide training to local suppliers and elected members on procurement.	Director of Resources	After mid-term review
Audit Arrangements	Continue to embed effective working relations with the Council's new external auditors.	Director of Resources	After mid-term review
	Appoint to the vacant independent Audit Committee member post.	Director of Governance and Partnerships	Before mid-term review
	Opportunities to benchmark with other Audit Committees to continue to build on the success of the Committee will be explored.	Director of Governance and Partnerships	After mid-term review
Risk Management	The Audit Committee should seek assurance that systems of internal control have met the demands of the emergency response to Covid-19 and that where issues have been identified action has been taken to remedy these.	Director of Resources	After mid-term review
	Ensure that the Council has robust arrangements in place in preparation for the UK's exit from the European Union.	Director of Resources	Before mid-term review

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Issue	Actions	Responsible Officer (s)	Target Date
	Ensure that robust arrangements are in place to take effective action regarding the Climate Emergency.	Chief Executive	After mid-term review
Learning and Development	Continue the roll-out of Windows 10 incorporating training on how to work smarter using Office 365 and Microsoft Teams.	Director of Resources	After mid-term review
	A process will be put in place to enable all elected members to attend the modular training delivered to specific Committees. Where training is delivered virtually then consideration will be given to recording these sessions and make them available to all elected members.	Director of Governance and Partnership	Before mid-term review
	Undertake further work on succession planning to build on the Aspiring Leadership programme which has been developed.	Chief Executive	After mid-term review
Partnership and Joint Working	Consideration will be given to developing an overarching partnership governance framework document setting out partnership governance principles and including a register of significant partnerships.	Director of Governance and Partnership	After mid-term review
	Continue to work in partnership with the Lancashire Resilience Forum to ensure a pan-Lancashire approach to dealing with the current pandemic including longer term impacts on economic, social and environmental sustainability.	Chief Executive	After mid-term review
	Continue to strengthen communication with and support for the business sector particularly in terms of recovery from the pandemic and seek to maximise the	Director of Communication and Regeneration	After mid-term review

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Issue	Actions	Responsible Officer (s)	Target Date
	benefits from opportunities such as the Enterprise Zone.		
	Maximise the opportunity for digital literacy via the Fibre Blackpool project in order to improve the health and wellbeing of our residents.	Director of Resources	After mid-term review

Conclusion

We propose over the coming year to take steps to address the significant governance issues identified to further enhance 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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Appendix 1 – Actions Completed in 2019/20

- The Communications Team now target specific groups of residents with specific messages using social media and also use more traditional forms of marketing and communication.
- Role descriptions for elected members were developed for key roles as part of the induction information which included knowledge, competencies and time commitment and this is supported by member induction training.
- Contract management arrangements have been strengthened through the launch of an iPool course for staff responsible for managing contracts and the appointment of a Social Value Coordinator. An internal audit review of contract management and social value was undertaken and the findings discussed with relevant members of CLT.
- A Driving at Work app has been developed and all employees who use their own vehicles on Council business are required to complete this. Failure to do so will result in mileage payments being suspended until the employees do comply.
- Joint working arrangements for fraud investigation with the DWP are now in place. These focus on cases where there is an interest in a joint prosecution such as where benefit and council tax fraud is suspected.
- A succession planning guide for managers has been developed and was launched alongside IPA 2019.
- A programme of Leadership training is in place and has been approved by CLT.
- The draft Community Engagement Strategy and Toolkit both encourage members to be notified of activity within their wards.
- Explored the potential of a mentoring system for newly elected members and decided on informal meetings to be decided via the political structure.
- Developed an information pack for managers to use with casual and agency staff for CLT approved mandatory training.
- The Council have visited to Wigan to assess the benefits of a Wigan deal approach to communications and engagement and consider what Blackpool can learn from this approach.
- Delivered the actions arising from the review of the scrutiny function by North West Employers via the working group which has been established.
- An employee conference was held in November 2019.

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Report to:	AUDIT COMMITTEE
Relevant Officer:	Tracy Greenhalgh, Head of Audit and Risk
Date of Meeting	30 November 2020

RISK SERVICES QUARTER TWO REPORT

1.0 Purpose of the report:

1.1 To provide the Audit Committee with a summary of the work completed by Risk Services in quarter two of the 2020/2021 financial year.

2.0 Recommendation(s):

2.1 The Audit Committee is asked to note the contents of the report.

3.0 Reasons for recommendation(s):

3.1 To ensure that the Council has effective risk management processes in place.

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 work of Risk Services contributes to the delivery of all of the Council's priorities.

5.0 Background Information

5.1 Each quarter the Head of Audit and Risk produces a report summarising the work of Risk Services and this includes the overall assurance statements for all audit reviews completed in the quarter.

The Risk Services Quarterly Report is reported to the Corporate Leadership Team prior to being presented at Audit Committee.

On the completion of each audit an overall assurance statement is provided which summarises the strength of controls in the area being audited. The opinions can provide positive assurance, such as when controls are identified to be good or adequate, or negative

assurance when the controls are considered to be inadequate or uncontrolled.

Does the information submitted include any exempt information?

No

List of Appendices:

Appendix 6(a) - Risk Services Quarter Two Report.

6.0 Financial considerations:

6.1 All work has been delivered within the agreed budget for Risk Services.

7.0 Legal considerations:

7.1 All work undertaken by Risk Services is in line with relevant legislation. This is particularly important when undertaking fraud investigations where a number of regulations need to be adhered to.

8.0 Risk management considerations:

8.1 The primary role of Risk Services is to provide assurance that the Council is effectively managing its risks and provide support to all services in relation to risk and control. Risks that have been identified in the quarter are reported in the summary report.

9.0 Equalities considerations:

9.1 None

10.0 Sustainability, climate change and environmental considerations:

10.1 None

11.0 Internal/ External Consultation undertaken:

11.1 The Risk Services Quarterly Report was presented to the Corporate Leadership Team on 27 October 2020.

12.0 Background papers:

12.1 None

Risk Services Quarter Two Report
1st July to 30th September 2020

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Blackpool Council: Risk Services

1. *Quarter Two Summary*

Service Developments

1.1 *Internal Audit*

Internal audits that have been scoped in the quarter and/or fieldwork underway include:

Directorate	Internal Audits
Adult Services	<ul style="list-style-type: none">• Personal Health Budgets
Chief Executives	<ul style="list-style-type: none">• Commissioning (currently paused until further notice)• Research and Data Analysis (currently paused until further notice)
Communication and Regeneration	<ul style="list-style-type: none">• Blackpool Museum Project• Strategic Leisure Assets
Community and Environmental	<ul style="list-style-type: none">• Operator's Licence Compliance• Anti-Social Behaviour• School Meals
Corporate	<ul style="list-style-type: none">• Business Loans Fund• Management of Investment Properties
Governance and Partnerships	<ul style="list-style-type: none">• Executive Decisions
Resources	<ul style="list-style-type: none">• Treasury Management• Business Rates Financial Control Assurance Testing• Cashiers Financial Control Assurance Testing• Social Care Benefit Team

Details of the scope and final outcome for each of the above audits will be reported to Audit Committee in the Risk Services quarterly report once the fieldwork has been completed and the draft report agreed.

1.2 *Corporate Fraud*

The Senior Counter Fraud Advisor has continued to support the Head of Revenues and Exchequer Services and the Head of Economic and Cultural Services in the administration of the Small Business, Retail and Hospitality and Discretionary Grant Funding Schemes as part of the response to COVID-19. The focus of this work is now post-payment assurance and regular reporting to Central Government. Preparations are being made to deliver any new schemes associated with becoming a Tier 3 authority due to the pandemic.

The team has been preparing for the National Fraud Initiative 2020 with data being prepared for upload in October and new matches expected to be received by January / February 2021.

1.3 *Risk and Resilience*

The team are supporting services to review their business continuity plans to ensure that these reflect any learning from the pandemic to date and also to ensure that they take account of any winter pressures which will need to be managed alongside the response to the pandemic.

The Government have released a report on the impact of Covid-19 on the public sector insurance sector. A few key points from this report include:

- The insurance market is hardening but this is likely to be accelerated by Covid-19, and it must be remembered that the full effects of Grenfell have not been felt yet.
- Many authorities have had to rethink the way services have been delivered but this appears to be having a positive effect on operations.
- Insurer response times have deteriorated, due to both a lack of resource and the influx of Covid-19 queries.

Blackpool Council: Risk Services

- The report stresses the need to maintain standards, review claims, and update risk assessments to ensure that public sector organisations can evidence that they are effectively managing risk throughout the pandemic.

Overall 75% of the scheduled risk management groups were held in the quarter. The remaining 25% of meetings which were not held in the quarter have been rescheduled.

The team are currently preparing the insurance renewals for April 2021. This involves liaising with a number of services to collate data which the underwriters will consider when assessing the risk and subsequent insurance premium.

1.4 **Health and Safety**

The team continue to have a key role in providing advice, support and guidance to all Council services and schools with regards to safe working practices during the Covid-19 pandemic. Supporting services during the pandemic to help keep our employees safe continues to be the main priority of the team.

In addition, the team are supporting the work of the Outbreak Management Hub in terms of providing managers with guidance when a member of their team tests positive for Covid-19. They also have oversight of the employee concern database which has been created to enable employees to report any concerns that they have with Covid Secure arrangements, so that remedial action can be taken where necessary.

Health and safety training has now recommenced with a combination of face to face and virtual training being delivered by the team.

1.5 **Equality and Diversity**

A comprehensive corporate equality analysis of the Covid-19 pandemic and its impact on Blackpool's priority protected groups has been completed. This has been considered by the Corporate Leadership Team and has been cascaded to the departmental Equality Champions, so that the considerations can be fed into future budget and service planning decisions. In addition, the service continues to represent the Council on the Lancashire Resilience Forum with regards to BAME health inequalities and Covid impacts.

The compliance assessment of the Council's wholly owned companies with the Public Sector Equality Duty has commenced, with the review of Blackpool Transport Services nearing completion. The next company to be reviewed is Blackpool Operating Company.

Performance

Risk Services performance indicators

Performance Indicator (Description of measure)	2020/21 Target	2020/21 Actual
Professional and technical qualification as a percentage of the total.	85%	72%

Internal Audit Team performance indicators

Performance Indicator (Description of measure)	2020/21 Target	2020/21 Actual
Percentage audit plan completed (annual target).	90%	25%
Percentage draft reports issued within deadline.	96%	100%

Blackpool Council: Risk Services

Performance Indicator (Description of measure)	2020/21 Target	2020/21 Actual
Percentage audit work within resource budget.	92%	94%
Percentage of positive satisfaction surveys.	85%	96%
Percentage compliance with quality standards for audit reviews.	85%	91%

Risk and Resilience Team performance indicators

Performance Indicator (Description of measure)	2020/21 Target	2020/21 Actual
Percentage of Council service business continuity plans up to date.	100%	100%
Percentage of risk registers revised and up to date at the end of the quarter.	100%	98%
Number of risk and resilience training and exercise sessions held (annual target).	6	0
Number of trained Emergency Response Group Volunteers. (for monitoring purposes only – responsibility lies with Adult Social Care)	50	35
Percentage of property risk audit programme completed (annual target).	100%	0%

A further breakdown of the risk registers received by the end of the quarter can be seen in the following table:

Risk Management Group	Percentage Updated In Quarter One	Risk Registers Not Updated
Adult Services	100%	
Central Support Services	100%	
Children's Services	100%	
Communications & Regeneration	100%	
Community & Environmental Services	98%	• Public Protection
Public Health	100%	

Health and Safety performance indicators

Performance Indicator (Description of measure)	2020/21 Target	2020/21 Actual
RIDDOR Reportable Accidents for Employees	0	5
Training Delivered to quarterly plan	100%	100%

Blackpool Council: Risk Services

There were three RIDDOR cases relating to employees reported in the quarter which included:

- Children’s Service – Employee had a muscular injury when a child grabbed their hand – attended hospital.
- Beach Patrol - Employee responded to an incident relating to members of the public fighting on the beach steps and fell backwards – attended hospital.
- Highways – Employee was using a jack hammer and the pull cord snapped out of their hand – attended hospital.

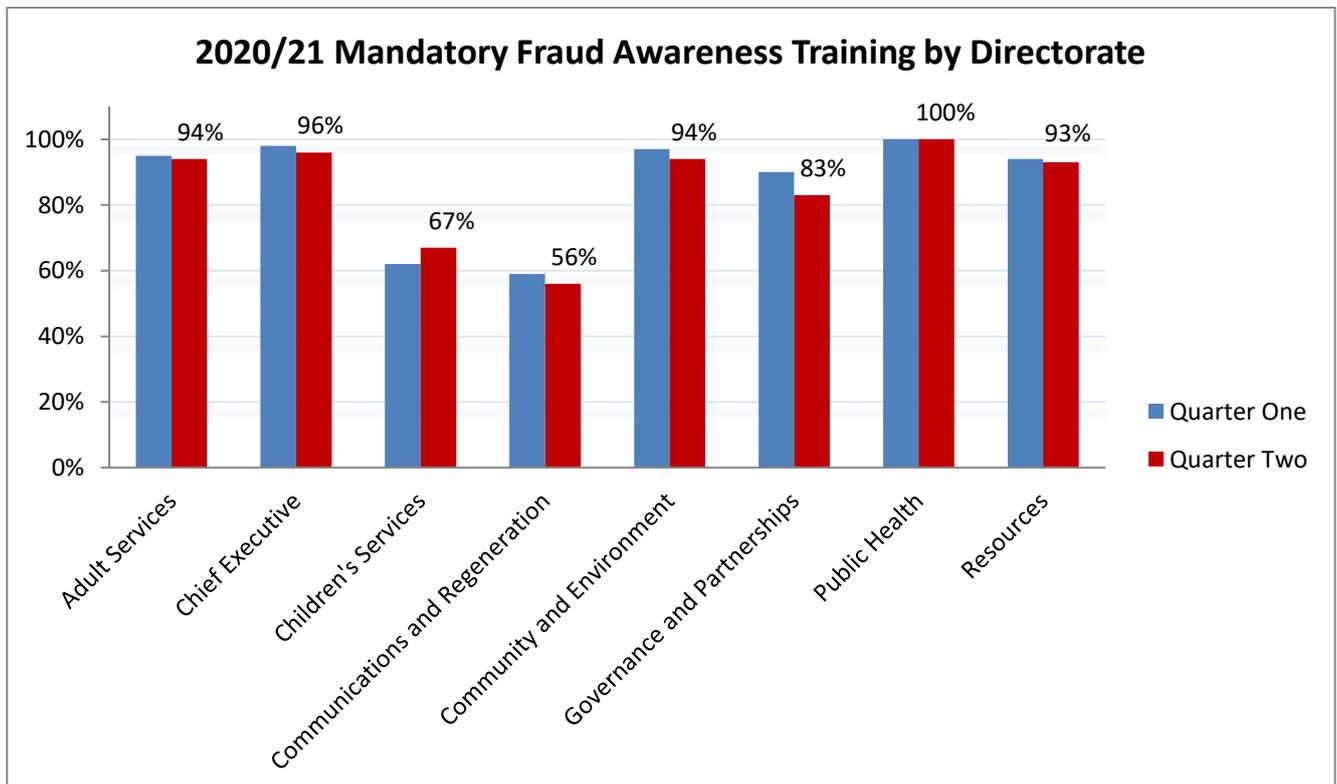
Equality and Diversity performance indicators

Performance Indicator (Description of measure)	2020/21 Target	2020/21 Actual
Percentage of Executive Decisions made with evidence of Equality Impact Assessments or due regard.	100%	100%
Percentage take up of Equality i-Pool course.	100%	81%

Corporate Fraud Team performance indicators

Performance Indicator (Description of measure)	2020/21 Target	2020/21 Actual
% of agreed Council employees completed i-Pool fraud awareness course.	100%	80%

This overall figure is broken down by Directorate in the following graph:



Blackpool Council: Risk Services

Note: Minor fluctuations in percentage completion from quarter one appear to be attributable to staff turnover (i.e. staff who had previously completed the course being replaced by staff who have not).

Communications and Regeneration completion rate decreased during 2019/20 as a result of staff from Illuminations being moved into the Directorate and from casual posts being made permanent.

Blackpool Council: Risk Services

<u>CORPORATE FRAUD STATISTICS - 2020/2021</u>	Number of Cases Brought Forward from 2019/20	Total Number of Referrals Received	Case Closures		Total Value of Fraud Proven / Error Identified	Action Taken on Closed Cases					Number of Cases Currently Under Investigation
			Fraud/Error Proven	No Fraud/Error Identified		No Further Action	Recommendation	Disciplinary	Administrative Penalty	Prosecution	
Type of Fraud	ANNUAL SUMMARY 2020-21										
Council Tax - Single Person Discount	14	31	14	15	£6,805.33	29	0	0	0	0	16
Council Tax Reduction (CTR)	4	6	0	7	-	7	0	0	0	0	3
Business Rates	3	3	0	2	-	2	0	0	0	0	4
Procurement	0	1	0	1	-	1	0	0	0	0	0
Fraudulent Insurance Claims	8	0	0	0	-	0	0	0	0	0	8
Social Care	1	0	0	0	-	0	0	0	0	0	1
Economic & Third Sector Support	0	0	0	0	-	0	0	0	0	0	0
Gross Misconduct (Disciplinary Code)	2	1	0	0	-	0	0	0	0	0	3
Pension	0	0	0	0	-	0	0	0	0	0	0
Investment	0	0	0	0	-	0	0	0	0	0	0
Payroll & Employee Contract Fulfilment	0	0	0	0	-	0	0	0	0	0	0
Expenses	0	0	0	0	-	0	0	0	0	0	0
Abuse of Position - Financial Gain	2	0	0	0	-	0	0	0	0	0	2
Abuse of Position - Manipulation of Financial or Non-Financial Data	0	1	0	0	-	0	0	0	0	0	1
General Financial Fraud	2	9	1	4	£89,200.00	5	0	0	0	0	6
Disabled parking concessions	2	0	0	2	-	1	0	1	0	0	0
NFI 2018	58	2960	518	2460	£263,711.19	2978					40
Totals:	96	3012	533	2491	£359,716.52	3023	0	1	0	0	84

2. **Appendix A: Performance & Summary Tables for Quarter Two**

Internal Audit reports issued in period

Directorate	Review Title	Assurance Statement								
Children's Services	Opportunity Area Funding	<p><u>Scope</u></p> <p>The scope of this audit was to review:</p> <ul style="list-style-type: none"> • The governance arrangements in place for the Opportunity Area (OA) programme including roles and responsibilities of the board, partners and stakeholders; • Financial compliance in line with the requirements of the programme; and • Whether the desired outcomes are reasonable, achievable and measurable. <p><u>Overall Opinion and Assurance Statement</u></p> <table border="1" data-bbox="746 869 1465 904"> <tr> <td colspan="2" style="text-align: center;">Adequate</td> </tr> </table> <p>We consider that the controls in place are adequate. There are lessons which could be learned from project delivery to date which may assist with the delivery of the remaining programme.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" data-bbox="746 1155 1465 1267"> <tr> <td>Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">5</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">0</td> </tr> </table> <p><u>Management Response</u></p> <p>It was agreed that a Data Protection Impact Assessment would be undertaken and changes made to strengthen the arrangements for sharing data.</p> <p>The adequacy of the current Programme Team structure will be discussed with the Partnership Board to ensure it remains fit for purpose.</p> <p>The Assurance Framework will be reviewed to ensure it adequately reflects current arrangements, taking into consideration the twelve month programme extension.</p> <p>A robust procedure will be implemented to ensure that what has been agreed between a provider and Priority Lead is included in the contract and that where a variation to a contract has been issued, no further payments are made until this has been signed.</p> <p>The Partnership Board will review the Delivery Plan and establish which targets will be achieved by the end of the programme and which targets are likely to be achieved after the programme has ended.</p>	Adequate		Priority 1	0	Priority 2	5	Priority 3	0
Adequate										
Priority 1	0									
Priority 2	5									
Priority 3	0									

<p>Communication and Regeneration</p>	<p>Parking Services</p>	<p><u>Scope</u></p> <p>The scope of this audit was to review:</p> <ul style="list-style-type: none"> • The processes for income collection and cash counting including accounting, monitoring and reconciliation procedures; • The effectiveness of the service structure and whether this has had an impact on the number of PCNs (Penalty Charge Notices) issued; and • The introduction of new payment methods with the aim of reducing risk and maximising income. <p><u>Overall Opinion and Assurance Statement</u></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td colspan="2">Adequate</td> </tr> </table> <p>We consider that the controls in place are adequate with some risk identified and assessed and several changes necessary.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td>Priority 1</td> <td>0</td> </tr> <tr> <td>Priority 2</td> <td>8</td> </tr> <tr> <td>Priority 3</td> <td>3</td> </tr> </table> <p><u>Management Response</u></p> <p>The issues with Taranto will be resolved as soon as possible. Parking Services will be notified by ICT when the Council servers are down.</p> <p>Succession planning will be undertaken for the role of the Parking Support Officer.</p> <p>The current filing system will be reviewed to ensure a clear audit trail is maintained.</p> <p>Significant discrepancies between the audit ticket and the cash counted will be investigated in a timely manner.</p> <p>Parking Services will consider implementing a set of KPIs.</p> <p>Council lessees will be reminded to abide by the terms of their lease.</p> <p>Further analysis will be undertaken on the number of PCNs issued once more data is available on Taranto. A cost benefit analysis will be undertaken to determine whether PCNs issued to vehicles registered in Scotland should be pursued via a Scottish Law Firm.</p> <p>Steps will be taken to implement effective channels of communication with other Council departments.</p> <p>A cost benefit analysis will be undertaken to determine whether the benefits of bringing Traffic Regulation Orders across the town up to date outweigh the costs incurred to the Council.</p>	Adequate		Priority 1	0	Priority 2	8	Priority 3	3
Adequate										
Priority 1	0									
Priority 2	8									
Priority 3	3									

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement								
Communication and Regeneration	Corporate Print Services	<p><u>Scope</u></p> <p>The scope of our work was to review the risks and controls in place in Corporate Print Services' (CPS) trading environment following recent changes that have been made to the service and the operating location.</p> <p><u>Overall Opinion and Assurance Statement</u></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td colspan="2" style="text-align: center;">Adequate</td> </tr> </table> <p>We consider that the controls in place regarding Corporate Print Services are adequate. Some risks have been identified with several changes proposed, in the context of the trading environment in which Corporate Print Services operates, the development of business planning, customer feedback and information, performance management, and a more formalised, targeted approach to marketing.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="width: 70%;">Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">3</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">4</td> </tr> </table> <p><u>Management Response</u></p> <p>The Service Level Agreement between the PrintBlackpool brand and the Council will be reviewed to ensure that it remains current and continues to meet needs.</p> <p>An operating or business plan will be developed setting out future service objectives, how the service is going to be delivered and any planned improvements.</p> <p>CPS will review the customer feedback received as part of this audit, and ensure communications to customers on the full range of services and products that can be provided.</p> <p>Benchmarking performance with competitors, and in relation to internal key performance areas(i.e. in meeting deadlines) will be considered.</p> <p>Options for formal customer feedback mechanisms will be reviewed and considered as well as developing a performance indicator to measure customer satisfaction levels.</p> <p>Marketing initiatives will be brought together in a documented marketing plan, including ensuring that marketing channels are fit for purpose and that marketing effort can be focused appropriately.</p> <p>Rechargeable labour productivity targets, and performance against them, will be reviewed.</p>	Adequate		Priority 1	0	Priority 2	3	Priority 3	4
Adequate										
Priority 1	0									
Priority 2	3									
Priority 3	4									

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement							
Community and Environmental	CCTV	<p><u>Scope</u></p> <p>The scope of our audit was to review the current position in terms of provision of CCTV cameras, whether they are operational and being correctly charged for. We also considered the robustness of the new CCTV proposal.</p> <p><u>Overall Opinion and Assurance Statement</u></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td>Inadequate</td> </tr> </table> <p>We consider the controls in place are inadequate with a number of material risks identified and significant improvement required. In particular our main concerns relate to the provision of cameras previously purchased and maintained via Ward budgets, the robustness of the inventory and the need to obtain procurement advice for the CCTV development project.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td>Priority 1</td> <td>3</td> </tr> <tr> <td>Priority 2</td> <td>3</td> </tr> <tr> <td>Priority 3</td> <td>2</td> </tr> </table> <p><u>Management Response</u></p> <p>The future requirement and funding for the provision of the cameras originally purchased from Ward budgets will be established so that an exercise to remove or replace redundant/non-functioning equipment can be undertaken.</p> <p>A full assessment of the condition of all CCTV signage will be undertaken.</p> <p>An exercise to undertake a full survey of the current CCTV provision will be undertaken in order to update the inventory.</p> <p>Advice from the Procurement Team regarding the tender of all aspects of the CCTV project will be sought.</p> <p>An appropriately experienced dedicated project manager will be resourced to ensure that the CCTV project is effectively managed.</p> <p>Advice from the Information Governance Team will be obtained regarding a Data Protection Impact Assessment which incorporates changes to be made to the CCTV provision as part of the project.</p> <p>The possibility of providing neighbouring local authorities with CCTV provision should be explored.</p>	Inadequate	Priority 1	3	Priority 2	3	Priority 3	2
Inadequate									
Priority 1	3								
Priority 2	3								
Priority 3	2								

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement								
Community and Environmental	Flood Management	<p><u>Scope</u></p> <p>The scope of the audit included:</p> <ul style="list-style-type: none"> • Flood management strategy and operational plans; • Coordination and management with local and national partner organisations; • Integration with emergency planning and recovery after a flood event; • Internal and external communication protocols; • Systems and processes in place for identifying potential flood risk areas. <p><u>Overall Opinion and Assurance Statement</u></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td colspan="2">Adequate</td> </tr> </table> <p>We consider that the controls in place are adequate, with some risks and weaknesses identified. We have made a number of recommendations that will help address and strengthen systems.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td style="width: 70%;">Priority 1</td> <td style="width: 30%;">0</td> </tr> <tr> <td>Priority 2</td> <td>9</td> </tr> <tr> <td>Priority 3</td> <td>5</td> </tr> </table> <p><u>Management Response</u></p> <p>A revised strategy based on national guidance is being developed. This will also include a business plan which will include a set of deliverable actions. This will be a published document.</p> <p>Training will be provided to Duty Officers on how to respond to a flooding incident and an aide memoire of key actions will be developed based on the emergency plan.</p> <p>A detailed process map will be developed setting out roles and responsibilities, post flooding recovery processes and how to manage the recovery phase.</p> <p>The Council's website will be updated to increase content in relation to flood risk management and clearly highlight resources available to the community on the Flood Hub.</p> <p>An asset register is almost complete for the Council, however a register including United Utilities and EA assets needs to be developed. A process will be documented to ensure flood risk assets are regularly inspected.</p> <p>An assessment needs to be conducted to assess what flood management policies need to be developed and the delivery of these will be incorporated into a timetable.</p>	Adequate		Priority 1	0	Priority 2	9	Priority 3	5
Adequate										
Priority 1	0									
Priority 2	9									
Priority 3	5									

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement							
Governance and Partnerships	Election Process	<p><u>Scope</u></p> <p>The scope of the audit is to ensure that adequate and effective controls are in place to minimise business risk. In particular we reviewed:</p> <ul style="list-style-type: none"> • Electoral registrations; • Governance and election management including cross boundary voting; • Vote counting arrangements; and • IT systems – access control and data security. <p><u>Overall Opinion and Assurance Statement</u></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">Good</td> </tr> </table> <p>We consider that the controls in place are good with most risks identified and assessed, and minor control improvements required. Our testing revealed minor lapses in compliance with the controls.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="width: 60%;">Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">5</td> </tr> </table> <p><u>Management Response</u></p> <p>Canvass Staff ID badges will be returned at the end of each canvassing season and kept securely.</p> <p>Training log spreadsheets will be used to record all training needs and completions to allow robust monitoring arrangements and clear evidence of completed training.</p> <p>A review of contingency arrangements for the core members of staff with duties throughout an election process will be undertaken to ensure contingency arrangements are robust.</p> <p>A post-election feedback meeting will take place to identify cross boundary voting issues to inform the processes for the next election.</p> <p>Feedback will be requested from Civica in order to gain assurance of the read only functionality in the Xpress Electoral Management System.</p>	Good	Priority 1	0	Priority 2	0	Priority 3	5
Good									
Priority 1	0								
Priority 2	0								
Priority 3	5								

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement								
Governance and Partnerships	Information Governance	<p><u>Scope</u></p> <p>The scope of our audit was to independently validate the Data Security Protection Toolkit submission via a sample check of the supporting evidence prior to submission.</p> <p><u>Overall Opinion and Assurance Statement</u></p> <table border="1" data-bbox="746 495 1465 533"> <tr> <td align="center" colspan="2">Adequate</td> </tr> </table> <p>We consider that the controls in place are adequate with some minor risks identified. Our testing revealed a satisfactory level of compliance with the controls.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" data-bbox="746 748 1465 860"> <tr> <td>Priority 1</td> <td align="center">0</td> </tr> <tr> <td>Priority 2</td> <td align="center">4</td> </tr> <tr> <td>Priority 3</td> <td align="center">5</td> </tr> </table> <p><u>Management Response</u></p> <p>Management were aware of many of the actions identified as part of the audit and had plans in place to address these.</p> <p>The Adult Services and Public Health Records of Processing Activity will be approved by the Senior Information Risk Officer (SIRO) as well as each respective Director.</p> <p>An additional column will be included on the Information Asset Register to articulate support and maintenance arrangements, quantity of data and how critical they are to the organisation.</p> <p>The Information Asset (IA) Register will include the job title and name of the administrator and owner entries.</p> <p>The management response, action owner and completion date information will be included with the recommendations made in the GDPR audit reports.</p> <p>Consideration will be given to submitting the Confidentiality and Data Protection guidance with the GDPR audit reports to provide further evidence.</p> <p>The SIRO will approve the information asset register.</p> <p>The draft Communications and Training Plan will be reviewed and updated to articulate the learning needs analysis requirements. The IT department’s specialist training will be included and the plan will be agreed by the SIRO.</p> <p>Consideration will be given to reviewing and updating the Data Security Breach Incident Management Policy.</p> <p>ISO27001 and Cyber Essentials certificates will be included on the contracts register as and when they are updated.</p>	Adequate		Priority 1	0	Priority 2	4	Priority 3	5
Adequate										
Priority 1	0									
Priority 2	4									
Priority 3	5									

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement								
Schools	Bispham Endowed Primary School	<p><u>Scope</u></p> <p>The audit testing which was carried out included:</p> <ul style="list-style-type: none"> • Governance • Risk Management • Financial Planning & Budgetary Control • Payroll / HR Management • Expenditure • Income • Unofficial Funds • Security of Assets • Core Assurance Testing <p><u>Overall Opinion and Assurance Statement</u></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td colspan="2" style="text-align: center;">Adequate</td> </tr> </table> <p>We consider that the controls in place are adequate with some risk identified and assessed, with several changes necessary. Our testing revealed minor lapses in compliance with the controls.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="width: 60%;">Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">7</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">0</td> </tr> </table> <p><u>Management Response</u></p> <p>The financial procedure manual will be formalised with version controls, review cycles and a responsible person(s)/body assigned to formally approve.</p> <p>The Lettings policy will be updated to ensure a robust process is in place. A formal lettings agreement will be produced and completed with current lettings and any future lettings that are accepted.</p> <p>A formalised procedure for debt write-off will be established to ensure consistency around timescales and roles and responsibilities assigned.</p> <p>A documented guidance/policy for the use of unofficial funds will be established and agreed by the Governors.</p> <p>The bank reconciliations will be counter-signed by a second person, with a record maintained of the date and signature to verify the check.</p> <p>A policy will be put into place in support of an asset register to identify items over a specific value. This should be kept up to date and reviewed to ensure items are still present in the school.</p>	Adequate		Priority 1	0	Priority 2	7	Priority 3	0
Adequate										
Priority 1	0									
Priority 2	7									
Priority 3	0									

Blackpool Council: Risk Services

Progress with Priority 1 audit recommendations

No priority one recommendations were implemented in the quarter. However, a number of priority one recommendations which were due in the quarter have had their deadline extended following discussion between the relevant Head of Service and the Head of Audit and Risk and these include:

- ICT Security / Unstructured file stores x 1
- Community Engagement x 1
- Contract Management and Social Value x 1
- Water Self-Supply x 2
- Non-contract ICT Software x 2
- Managing the Leavers Process x 1

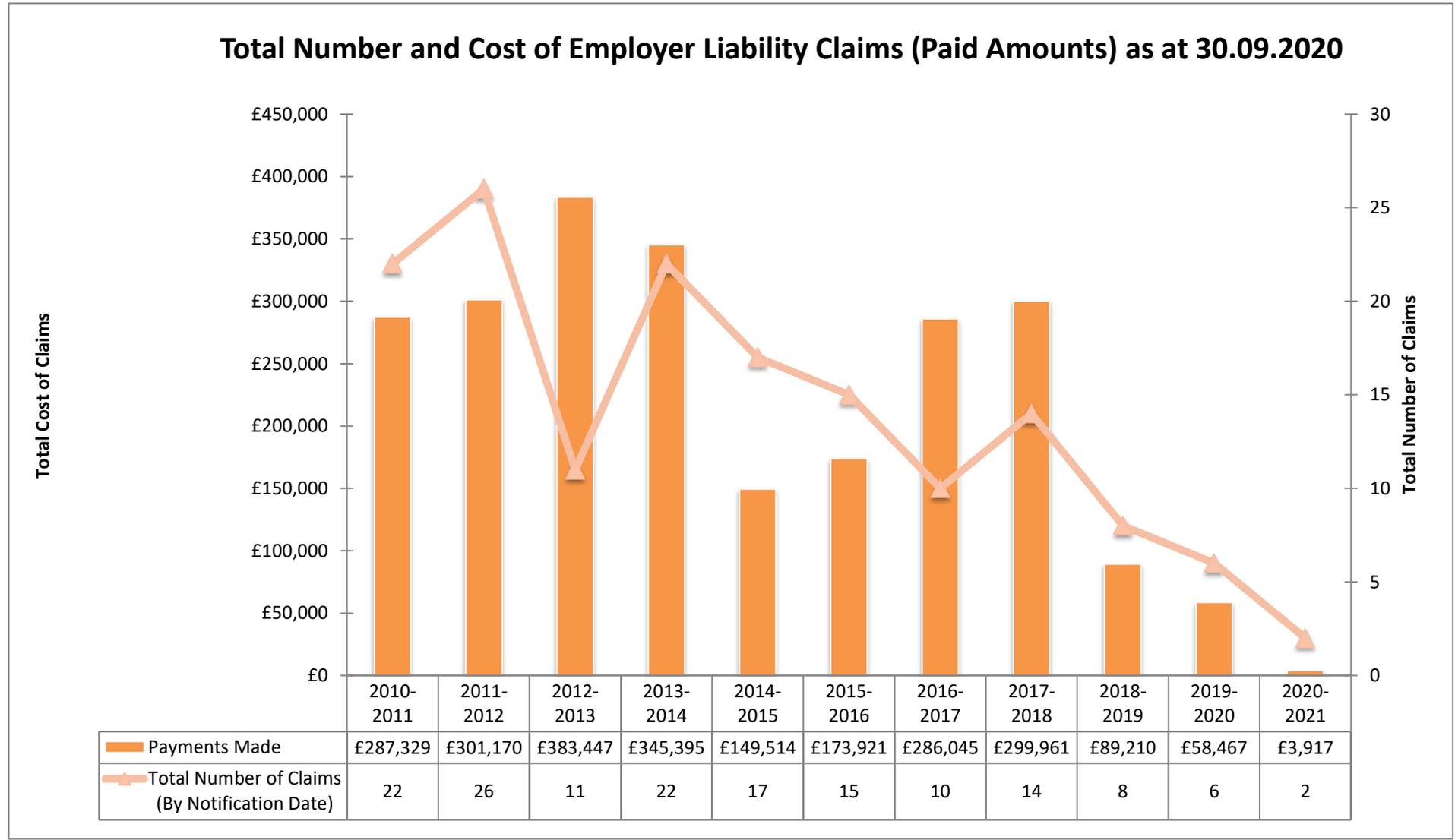
The Regulation of Investigatory Powers Act 2000

In line with best practice it has been agreed that the Council will report to the Audit Committee the number of RIPA authorisations undertaken each quarter, which enables the Council to undertake directed and covert surveillance. Between July and September 2020 the Council authorised no RIPA's.

Insurance claims data

The graphs at Appendix B show the cost of liability insurance claims paid to date each financial year by the Council. We have added a new category relating to data breach claims as this is an emerging area of risk in terms of civil claims.

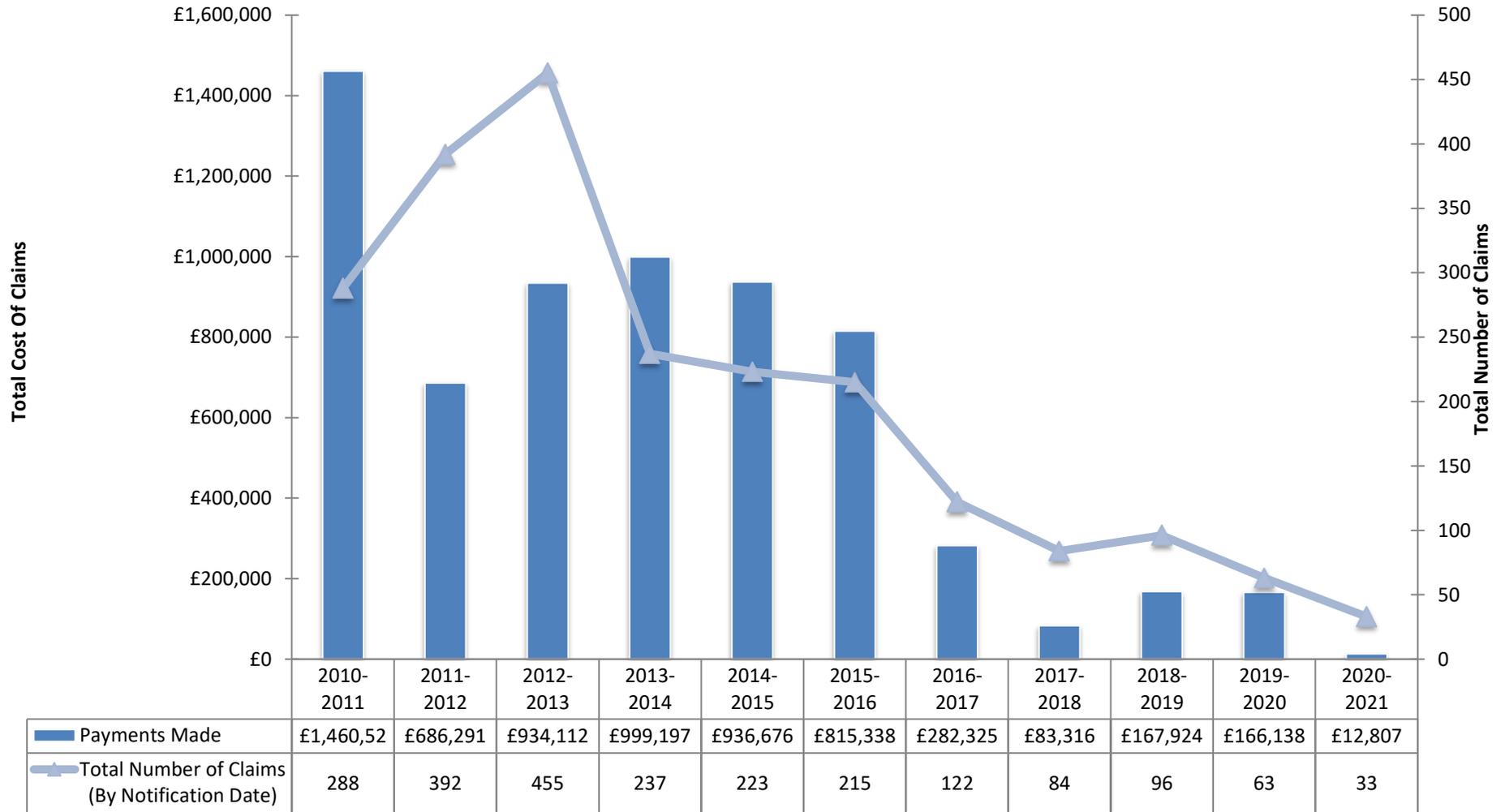
3. Appendix B – Insurance Claim Payments by Financial Year



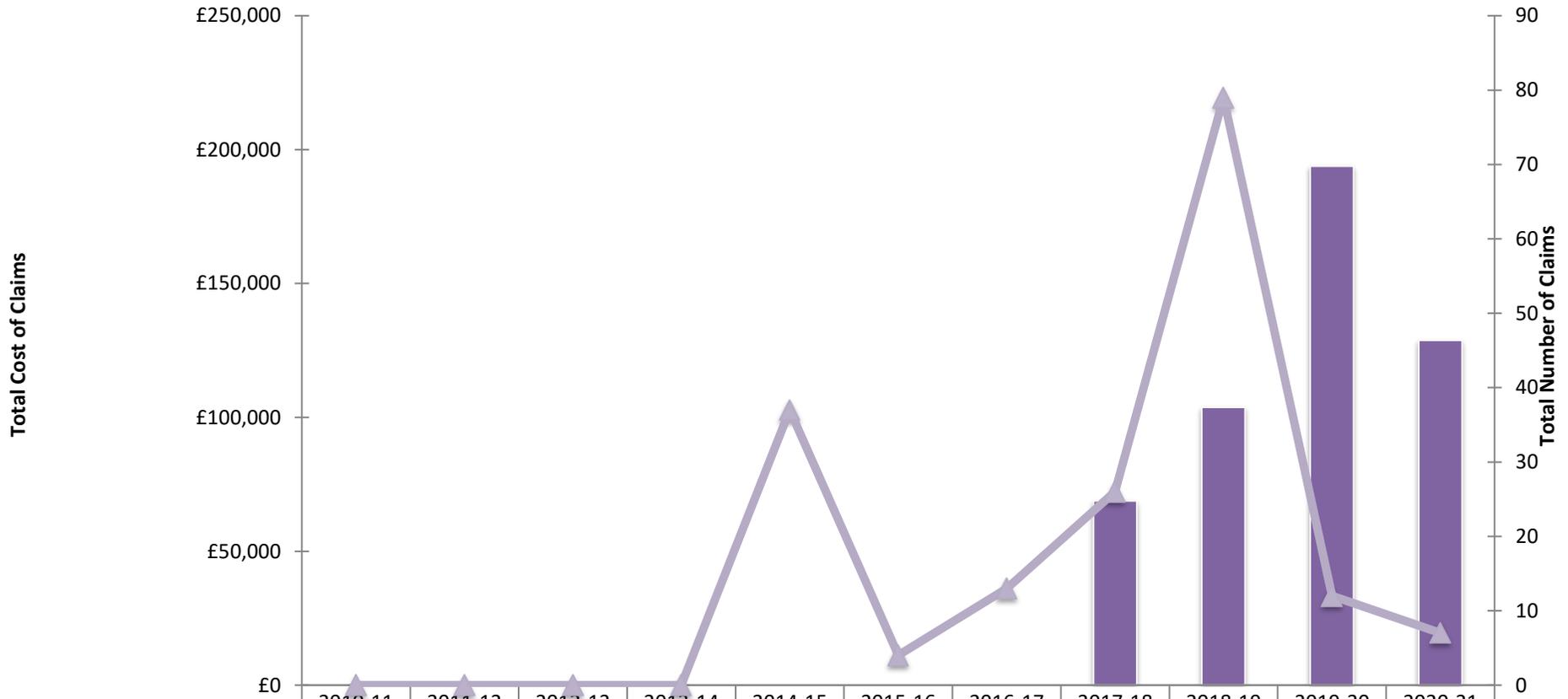
Total Number and Cost of Public Liability Claims (Paid) as at 30.09.2020



Total Number and Cost of Public Liability Highways Claims (Paid) as at 30.09.2020

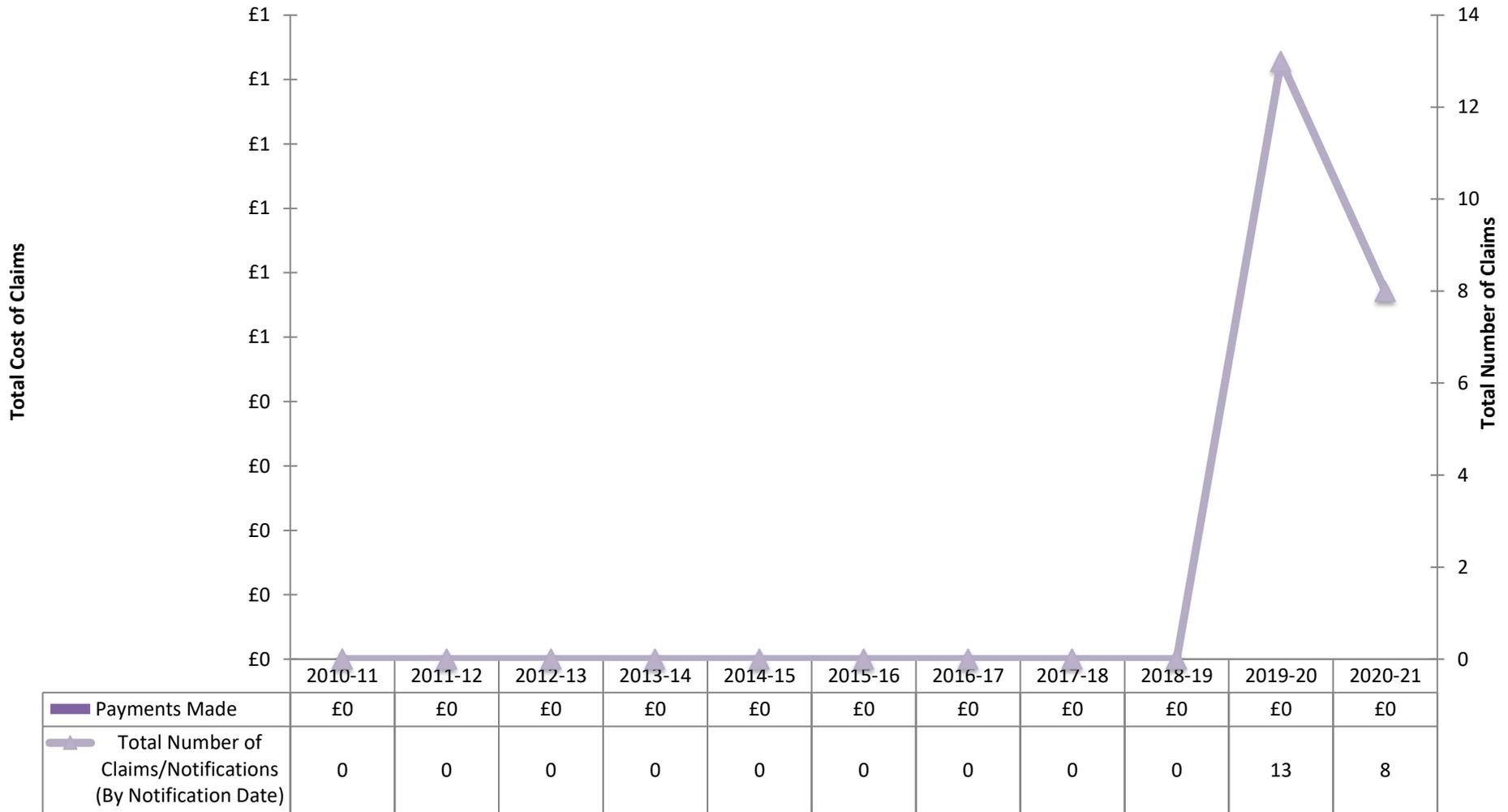


Total Number and Cost of Sensitive Claims/Notifications (Paid) as at 30.09.2020



Payments Made	£0	£0	£0	£0	£0	£0	£0	£68,803	£103,722	£193,832	£128,729
Total Number of Claims/Notifications (By Notification Date)	0	0	0	0	37	4	13	26	79	12	7

Total Number and Cost of Data Breach Claim (Paid) as at 30.09.2020



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Report to:	AUDIT COMMITTEE
Relevant Officer:	Nicola Wright, Audit and Assurance Partner, Deloitte
Date of Meeting	30 November 2020

STATEMENT OF ACCOUNTS 2019/2020 UPDATE

1.0 Purpose of the report:

1.1 To receive an update report from Deloitte on the audit for the year ended 31 March 2020.

2.0 Recommendation(s)

2.1 The Audit Committee is asked to consider the interim report.

3.0 Reasons for recommendation(s):

3.1 As a result of the audit not yet being finalised, the 2019/2020 Statement of Accounts is not yet available for consideration by the Audit Committee. An interim report on the ongoing audit for the year ended 31 March 2020 has therefore been provided.

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 Statement of Accounts is relevant to all Council priorities.

5.0 Background Information

5.1 Report sets out the progress of the external audit in relation to the significant risks identified in the audit plan and the matters identified from the audit.

Does the information submitted include any exempt information? No

List of Appendices:

Appendix 7(a) – Deloitte update report to the Audit Committee on the audit for the year ended 31 March 2020.

6.0 Financial considerations:

6.1 Please refer to the attached report.

7.0 Legal considerations:

7.1 None

8.0 Risk management considerations:

8.1 None

9.0 Equalities considerations:

9.1 None

10.0 Sustainability, climate change and environmental considerations:

10.1 None

11.0 Internal/ External Consultation undertaken:

11.1 None

12.0 Background papers:

12.1 None



Blackpool Council

Update report to the Audit Committee on the audit for the year ended 31 March 2020

November 2020

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Partner introduction

The key messages in this report

Audit quality is our number one priority. We plan our audit to focus on audit quality and have set the following audit quality objectives for this audit:

- A robust challenge of the key judgements taken in the preparation of the financial statements.

A strong understanding of your internal control environment.

- A well planned and delivered audit that raises findings early with those charged with governance.

I have pleasure in presenting our update report to the Audit Committee of Blackpool Council for the 2020 audit. The scope of our audit was set out within our planning report presented to the committee in February 2020.

Status of the audit

The following principal matters are currently outstanding:

- receipt of supporting documentation for a number of areas including grant expenditure, capital grants, payables, accruals and provisions testing.
- completion of pensions testing including receipt of reports from Pension Fund auditors and our internal pension specialists;
- receipt of information from component auditors in relation to group accounts;
- completion of management override of control and Value for Money work;
- resolution of queries in relation to the PFI balances and report from our specialist;
- completion of disclosures testing;
- resolution of outstanding queries on PPE testing;
- receipt of updated financial statements;
- completion of internal quality control review procedures;
- receipt of signed management representation letter; and
- our review of events since 31 March 2019 through to signing.

Update on progress

The significant audit risks identified for the current year were:

- Completeness of accrued expenditure – there is an inherent fraud risk associated with the under recording of expenditure in order for the Council to report a more favourable year-end position. We specifically focus this on expenditure accruals;
- Property valuations – valuations are inherently judgemental and include a number of assumptions.
- Pension liabilities – there is significant judgement in relation to the assumptions and methodology used in the valuation of the Council’s pension obligation.
- Management override of controls – auditing standards presume there is a risk that the accounts may be fraudulently misstated by management overriding controls. Key areas of focus are: bias in the preparation of accounting estimates; inappropriate journal entries; and transactions which have no economic substance.

We have considered the impact of the Covid-19 pandemic on our work – we include details on pages 9 and 10. Further details are included in our work on property valuations, where management’s expert identified a material valuation uncertainty. This is common to 31 March 2020 valuations in the sector. This wording is reflected in the emphasis of matter in our draft auditor’s report. We did not identify any new financial statement or value for money significant risks as a result of the impact of the pandemic.

Partner introduction

The key messages in this report (continued)

Update on progress (continued)

As well as the significant risks identified above, we have identified a number of other audit matters for which the work is currently still in progress:

Capital accounting

- Since the introduction of the revaluation reserve the Council has not retained details of the assets which have been impaired through the Comprehensive Income and Expenditure Statement (CIES) and therefore the full value of any subsequent upward valuation has been charged to the revaluation reserve rather than having the appropriate amount of the upward revaluation reverse the previous impairment through the CIES. The Council is currently producing information to support these movements.
- As part of the valuation process, in the current year a small number of voluntary aided schools were identified which had been retained on the balance sheet following the previous process to remove them, that was undertaken in 2015/16. In the draft financial statements, the Council had initially removed the value of the assets from the balance sheet but we have not been able to obtain sufficient evidence to support the removal of the assets, as there have been no responses received as yet in relation to queries raised with the relevant Diocese.
- Valuations were undertaken in year for Foxhall Village - Tyldesley/Rigby Road Redevelopment, as the property developer went into administration during the year, which raised questions around which party had control of the assets associated with the different phases of the development as at year end, and therefore what transactions needed to be recognised with the Council financial statements. Resolution of the issue required a number of discussions with the relevant members of the Council's legal team to understand the specific legal position as at year end.
- During the year the Council recognised 'The Tramsheds' asset on its balance sheet as a finance lease. The leases for the arrangement had been signed in November 2018, but the asset was not recorded on the Council's balance sheet as management considered that it was appropriate for LMOL to recognise the asset on its balance sheet as a finance lease. From our review of the leases, we consider that the asset should have been recognised on the Council's balance sheet in the prior year and we are in the process of finalising the prior period adjustment that will need to be recognised.
- In the draft accounts, impairments were recognised in relation to the assets held under finance leases, being 'The Tramsheds' and 'Ribble House'. As the assets are held under finance leases, there are additional valuation considerations which were not factored into the initial work and it has been subsequently identified that the impairments should be reversed and an upward revaluation recognised.
- The 'Promenade, Tramway' asset was revalued in year as part of the rolling valuation programme. Following our review of the revaluation, it was determined that the valuation included assets which were also separately recognised within Infrastructure assets and so "double counted" in the Council's accounts. A new valuation has been undertaken which has shown that the difference is material and also affects the prior year, and therefore a prior period adjustment will be required. Management are also undertaking a wider piece of work to confirm that there are no other similar issues within the valuations that have been undertaken.

Partner introduction

The key messages in this report (continued)

Update on progress (continued)

Capital accounting (continued)

- In the draft accounts, a transfer of £19.9m was made between Property, Plant and Equipment and Investment Property. Following testing of a sample of the assets transferred, it was determined that they did not meet the definition of Investment Property and management have undertaken a review of all the assets transferred to confirm the correct categorisation and we are in the process of agreeing the required adjustment with the Council.
- In November 2019, the Council purchased the Houndshell Shopping Centre. As part of our planning for the audit, a number of discussions were held with the finance and estates team to ensure that the property was valued by appropriately qualified retail valuation specialists given the impact due to Covid-19 on retail and no issues have been identified from our work as part of the final audit visit.

Subsidiary valuations

- Within the accounts, the Council holds investments in a number of its subsidiaries at fair value. In the current year, we have involved specialists from our valuations team to undertake a review of these valuations, including an assessment of the adjustments made to the valuations to take account of the impact of Covid-19. Once we have received their final report we will discuss the impact and any required adjustments with the Council.

Long term debtors

- Blackpool Council has provided loans to a number of its subsidiaries and also under the Business Loan Fund to private companies. Due to the potential detrimental impact of Covid-19 on a wide range of companies within the economy, we have challenged management in terms of their assessment of the recoverability of the outstanding loans and we are awaiting the detailed documentation which supports the Council's position.

Blackpool Transport Services pension surplus transfer

- During the year, Blackpool Council entered into a pooling arrangement with Blackpool Transport Services in relation to their membership of the Lancashire County Council pension fund. We have reviewed the available documentation in relation to the transaction and are in the process of confirming the required adjustments to the accounts with management.

Financial instruments fair values

- Within the accounts, the Council is required under the Code to make fair value disclosures in relation to a number of financial instruments. In the current year we have used our financial instruments specialists to support our work and once we receive their final report we will confirm any required changes with management.

Due to the significant amounts of work involved in addressing the matters identified above, both in terms of the additional work required to be undertaken by the Council and the additional testing from an audit perspective, we will not be in a position to sign the accounts following the 30 November Audit Committee.

Partner introduction

The key messages in this report (continued)

Update on progress (continued)	<ul style="list-style-type: none">Our audit is ongoing but based on the current status of our audit work, we envisage issuing an unmodified audit opinion with an Emphasis of Matter in relation to your disclosures on the material valuation uncertainty, and a modified opinion in respect of the Council's arrangements to secure economy, efficiency and effectiveness in the use of resources.
Financial sustainability and Value for Money	<p>The Council reported a deficit on the provision of services of £66.1m. As at 31 March 2020, the Council had £69m of usable reserves.</p> <ul style="list-style-type: none">The 2020/21 gap per the Council's original budget was predicted to be £19.7m. Of the required savings, £16.9m are forecast to be achieved by year end, but we expect the Covid-19 pandemic to have significant impacts.As discussed on pages 17-20, we identified significant risks around the Council's financial sustainability and the recommendations from the prior year Ofsted report. <p>Conclusion</p> <ul style="list-style-type: none">We anticipate based on our work to date that we will modify our opinion in respect of the Council's arrangements for securing the economy, efficiency and effectiveness of the use of resources.
Narrative Report & Annual Governance Statement	<ul style="list-style-type: none">We have reviewed the Council's Annual Report & Annual Governance Statement to consider whether it is misleading or inconsistent with other information known to us from our audit work.The Annual Governance Statement complies with the Delivering Good Governance guidance issued by CIPFA/SOLACE.We have suggested a number of minor changes to management for consideration.
Duties as public auditor	<ul style="list-style-type: none">We did not receive any queries or objections from local electors this year.We have not identified any matters that would require us to issue a public interest report. We have not had to exercise any other audit powers under the Local Audit and Accountability Act 2014.
Whole of Government Accounts	<ul style="list-style-type: none">We are required to report our overall audit opinion and key issues from our audit to the National Audit Office following completion of the audit. We are required to perform testing on the Council's WGA submission, checking its consistency to the audited financial statements and reporting our findings to the National Audit Office (together with our audit opinion and key issues from our audit).

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Nicola Wright
Audit Partner

Our audit explained

Timeline 2019/20

Conclude on significant risk areas
We draw to the Audit Committee's attention our status on the significant audit risks. See page 11 to 16.

Final audit report
We expect to issue an unmodified audit report and modified value for money conclusion.
We expect to include an "emphasis of matter" paragraph in relation to material uncertainties around the property valuation.

Key developments in your business
The Council will continue to see a significant impact on levels of expenditure and income due to the Covid-19 pandemic.

Materiality
Group materiality of £10.8m (PY: £10m) (Council only £9.9m (PY: £9.3m)) and group performance materiality of £7.5m (PY: £7m) (Council only £6.9m (PY: £6.5m)) has been based on the benchmark of gross expenditure and is a small increase from what we reported in our planning paper due to the year end outturn.

We have used these as the basis for our scoping exercise and initial risk assessment.



Significant risks
Our risk assessment process is a continuous cycle throughout the year. Page 11 provides a summary of our risk assessment of your significant risks.

Quality and Independence
We confirm we are independent of Blackpool Council. We take our independence and the quality of the audit work we perform very seriously. Audit quality is our number one priority.

Scope of the audit
We undertake an audit on the group financial statements for the year ended 31 March 2020 of Blackpool Council.

November 2019 – February 2020
Meetings with management and other staff to develop our understanding of the council's processes and controls.

12 March 2020
Presented planning paper to the Audit Committee

31 March 2020
Year end

July–November 2020
Review of draft accounts, testing of significant risk and performance of substantive testing of results.

30 November 2020
Audit Committee meeting

Accounts sign off

Scope of work and approach

We have three key areas of responsibility under the Audit Code

Financial statements

We have conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") as adopted by the UK Auditing Practices Board ("APB") and Code of Audit Practice issued by the National Audit Office ("NAO"). The Council has prepared its accounts under the Code of Practice on Local Authority Accounting ("the Code") issued by CIPFA and LASAAC.

We are also required to issue a separate assurance report to the NAO on the Council's separate return required for the purposes of its audit of the Whole of Government Accounts. This has a deadline of the 4 December, which due to the delay in the completion of the audit of the Council's accounts we will not meet. We will submit our assurance statements as soon as possible following the signing of the Council's accounts.

Annual Governance Statement

We have considered the completeness of the disclosures in the Annual Governance Statement in meeting the relevant requirements and identified any inconsistencies between the disclosures and the information that we are aware of from our work on the financial statements and other work.

As part of our work, we have reviewed the narrative report and compared with other available information to ensure there are no material inconsistencies. We have also reviewed any reports from other relevant regulatory bodies and any related action plans developed by the Council.

Value for Money conclusion

We are required to provide a conclusion on whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

To perform this work, we have:

- planned our work based on consideration of the significant risks of giving a wrong conclusion; and
- carried out as much work as is appropriate to enable us to give a safe conclusion on the arrangements to secure VFM.

Our work therefore included a detailed risk assessment based on the risk factors identified in the course of our audit. We identified significant risks based on our risk assessment in relation to financial sustainability and on Children's Services based on the Ofsted inspection findings, see pages 15-18.

Covid-19 pandemic

Impact on the statement of accounts and audit

Within our audit plan, we highlighted a number of potential impacts on the Council's statement of accounts and our audit due to the practical challenges and complications of the pandemic.

Area	Potential impact on annual report and financial statements	Audit response
Impact on property, plant and equipment	The Royal Institute of Chartered Surveyors has issued a practice alert, as a result of which valuers have identified a material valuation uncertainty at 31 March 2020 for most types of property valuation. This has impacted the Council and has required specific disclosure in the financial statements. Consequently, this has resulted in an Emphasis of Matter in our audit report.	The Council has considered its approach to the measurement of property, plant and equipment (PPE). Where property held at current value is based on market valuations, the Council considered with their valuers the impact that Covid-19 has had on current value. The Council also considered whether there are any indications of impairment of assets requiring adjustment at 31 March 2020. The material uncertainty is disclosed in the Statement of Accounts and leads to an Emphasis of Matter in our audit opinion.
Valuation of commercial or investment properties and financial instruments	Following the Covid-19 pandemic, the fair value measurements for financial instruments and investment properties held by the Council needed to be reviewed against the conditions and assumptions at the measurement date. This presents some difficulties because of the volatility of the market at the measurement date and the potential for there to be a lack of reliable observable inputs. This required additional consideration in our work on year-end valuations.	The material uncertainty noted above also includes Investment Properties. We have involved our financial instrument specialists in our audit of the financial instruments balances and disclosures.
Impact on pension fund investment measurement	As a result of the Covid-19 pandemic pension, Fund investments have been subject to volatility.	We have maintained regular communication with the external pension fund auditors to ensure that we would be aware of relevant issues. We are still awaiting the formal response from the pension fund auditors.
Expected credit losses	The Council has considered the provision for credit losses for receivables, including for expected credit losses for assets accounted for under IFRS 9.	We have challenged managements assessment of the impact that the Covid-19 pandemic has had on the recoverability of outstanding debtors, this work is currently on going.

COVID-19 pandemic (continued)

Impact on the statement of accounts and audit

Area	Potential impact on annual report and financial statements	Audit response
Covid-19 related income received pre year end	Covid-19 LA Support grant: This was the first tranche of £1.6bn passed out to Councils by MCHLG on 27 March 2020. Blackpool Council received £6m. The balance of this grant has been placed in earmarked revenue reserves at year-end to be used to fund income losses and increased expenditure in 2020/21.	We note that, after discussion and reference to guidance, this grant has been treated correctly in the updated statement of accounts. The remaining Covid-19 related income receipts received after the year end will be considered as part of the 2020/21 audit.
Narrative and other reporting issues	The following areas need to be considered by local authorities, having being impacted on by the COVID-19 pandemic. <ul style="list-style-type: none">• Narrative reporting as well as the usual reporting requirements will need to cover the effects of the pandemic on services, operations, performance, strategic direction, resources and financial sustainability.• Reporting judgements and estimation uncertainty: The Council will need to report the impact on material transactions including decisions made on the measurements of assets and liabilities.	We have raised a number of points with management on how the current disclosure in relation to Covid-19 could be improved and will review the changes made once we received the updated financial statements.

Significant risks Dashboard

Risk	Material	Fraud risk	Planned approach to controls	Controls testing conclusion	Consistency of judgements with Deloitte's expectations	Slide no.
Completeness of accrued expenditure			D+I	Satisfactory	TBC	12
Property valuations			D+I	Satisfactory	TBC	13
Pension Liabilities			D+I	Satisfactory	TBC	15
Management override of controls			D+I	Satisfactory	TBC	16

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We also identified the following significant risks in relation to our Value for Money opinion:

- Financial sustainability
- Ofsted findings

See pages 17-20.

Overly prudent, likely to lead to future credit      Overly optimistic, likely to lead to future debit.

D+I: Assessing the design and determining the implementation of key controls

Significant risks

Risk 1 – Completeness of accrued expenditure

Risk identified

Under UK auditing standards, there is a presumed risk of revenue recognition due to fraud. We have rebutted this risk, and instead believe that a fraud risk lies with the completeness of expenditure (as well as management override of controls as detailed on page 14). In the current year we have identified the risk as relating specifically to year end accruals.

There is an inherent fraud risk associated with the under recording of expenditure in order for a Council to report a more favourable year-end position.

For Blackpool Council there is therefore a specific risk that it may materially misstate its expenditure through the understatement of accruals in an attempt to report a more favourable year end position.

Our response

Our work in this area included the following:

- We have tested the design and implementation of the key controls in place in relation to recording completeness of accruals;
 - We are in the process of completing focused testing in relation to the completeness of accruals through testing of post-year end unprocessed invoices and payments made.
-

Conclusion

From our work to date we have not identified any errors in our testing of completeness of accruals, and have noted no issues with management's judgements in relation to this balance. We will provide a verbal update to the committee on our progress.

Significant risks

Risk 2 – Property Valuations

Risk identified

The Council held £366.1m of property assets as at 31 March 2019 which increased to £390.2m as at 31 March 2020. The movement was due to additions of £63m, offset by revaluation movements of £14.3m, disposals and transfers of £19.5m and depreciation of £7.5m.

The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate fair value at that date.

The Council has adopted a rolling revaluation model which sees all land and buildings revalued over a four year cycle. As a result of this, however, individual assets may not be revalued for three years and any changes to the factors used in the valuation process could materially affect the value of the Council's assets as at year end.

There is therefore a risk that the value of property assets materially differ from the year end fair value, particularly given that valuations are inherently judgemental and include a number of assumptions.

Our response

Our work in this area included the following:

- We have tested the design and implementation of key controls in place around the valuation of property;
- We have reviewed the revaluations performed in the year, and have assessed whether they have been performed in a reasonable manner, on a timely basis, by suitably qualified individuals and using appropriate inputs;
- We have reviewed the approach used by the Council to assess the risk that assets not subject to revaluation are materially misstated;
- We have used our valuation specialists, Deloitte Real Estate, to support our review and challenge the appropriateness of the Council's assumptions on its assets values; and
- We have tested a sample of revalued assets and re-performed the calculation assessing whether the movement has been recorded through the correct line of the accounts.

Conclusion

From our work to date we have identified a number of adjustments in relation to the value at which the Council is currently holdings various assets. These have been documented at page 4.

This includes two prior period adjustments in the financial statements which impact on the Property, Plant and Equipment balance, one relates to the double counting of assets within 'Other land and buildings' and 'Infrastructure assets' and the other is in relation to the recognition of an asset under a finance lease.

Significant risks

Risk 2 – Property Valuations: Material Uncertainty due to Covid-19

**Material
Uncertainty
due to Covid-
19**

The Council's valuer has included disclosures in relation to Covid-19 in their report including the extracts below:

"The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case."

**Impact on
Statement of
Accounts**
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The Council is required to disclose the existence of this material uncertainty in the statement of accounts. We have raised a recommendation that wording similar to what is currently included in note 14, an extract of which is included below, is included as a major source of estimation uncertainty within note 6:

"The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the 31st March valuation date, the valuers consider that they can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. The current response to COVID-19 means that they are faced with an unprecedented set of circumstances on which to base a judgement."

**Impact on
Audit Opinion**

An "emphasis of matter" is required to be included in our audit opinion to draw attention to management's disclosure, our proposed wording in the draft audit opinion is as follows:

"We draw attention to note 6 and note 14, which describes the effects of the uncertainties created by the coronavirus (COVID-19) pandemic on the valuation of the Council's property portfolio. As noted by the Council's valuer, the pandemic has caused extensive disruptions to businesses and economic activities and the uncertainties created have increased the estimation uncertainty over the valuation of the property portfolio at the balance sheet date. Our opinion is not modified in respect of this matter."

Significant risks

Risk 3 – Pension Liabilities

Risk identified

The net pension liability is a material element of the Council's balance sheet. The valuation of the Scheme relies on a number of assumptions, including actuarial assumptions, and actuarial methodology which results in the Council's overall valuation. Furthermore there are financial and demographic assumptions used in the calculation of the Council's valuation – e.g. the discount rate, inflation rates, mortality rates. These assumptions should also reflect the profile of the Council's employees, and should be based on appropriate data.

There is a risk that the assumptions and methodology used in the valuation of the Council's pension obligation are not reasonable. This could have a material impact to the net pension liability accounted for in the financial statements.

In addition in the current year the Council has entering into an arrangement with Blackpool Transport Services in relation to its pension scheme, which will also impact on the pension liability recognised in the financial statements.

Our response

Our work in this area included the following:

- We have tested the design and implementation of the key controls in place in relation to review of the assumptions by the Council and over information sent to the Scheme actuary;
- We have evaluated the competency, objectivity and independence of the actuarial specialist;
- We are still to review the methodology and appropriateness of the assumptions used in the valuation, utilising a Deloitte Actuary to provide specialist assesment of the variables used; and
- We have reviewed the pension related disclosures in the financial accounts.

Conclusion

Our work in currently ongoing, from the work to date we have identified an adjustment relating to the accounting treatment of the Blackpool Transport Services pensions surplus. See page 4 for further details.

Significant risks

Risk 4 – Management override of controls

Risk identified

In accordance with ISA 240 (UK) management override of controls is a significant risk due to fraud for all entities. This risk area includes the potential for management to use their judgement to influence the financial statements as well as the potential to override the Council's controls for specific transactions.

The key judgements in the financial statements include those which we have selected to be the significant audit risks, (completeness of accrued expenditure, pension and the Council's property valuations) and any one off and unusual transactions where management could show bias. These are inherently the areas in which management has the potential to use their judgment to influence the financial statements.

Our response

In considering the risk of management override, we plan to perform the following audit procedures that directly address this risk:

- We have tested the design and implementation of key controls in place around journal entries and key management estimates;
- We are in the process of testing a risk assessed sample of journals and select items. The journal entries have been selected using computer-assisted profiling based on characteristics which we consider to be of increased interest;
- We are in the process of reviewing accounting estimates on both an individual and cumulative level for biases that could result in material misstatements due to fraud; and,
- We have obtained an understanding of the business rationale of significant transactions that we became aware of that are outside of the normal course of business for the Council, or that otherwise appear to be unusual, given our understanding of the entity and its environment.

Conclusion

Our work in relation to this risk is ongoing but to date we have not identified any issues in relation to management override. We will provide a verbal update to the committee on our progress.

Significant risks

VfM Risk 1 – Financial Sustainability

Under the National Audit Office's Code of Audit Practice, we are required to report whether, in our opinion, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The Code and supporting Auditor Guidance Notes require us to perform a risk assessment to identify any risks that have the potential to cause us to reach an inappropriate conclusion on the audited body's arrangements. We are required to carry out further work where we identify a significant risk - if we do not identify any significant risks, there is no requirement to carry out further work.

Based on our risk assessment and as set out in our plan we identified significant risks in relation to:

- Financial sustainability; and
- Ofsted findings.

Risk Identified The Council's budget for 2019/20 was approved at the Council meeting on 27 February 2019, setting a savings target of £9m. As at the end of October, the Council is forecasting to use £7.6m from reserves, mainly driven by the increased levels of demand in Children's Services. The need for savings continues to have a significant impact on the Council's financial sustainability.

The Council, like most of local government, faces significant challenges over the short and medium term due to the ongoing cuts in funding and increased demand for services.

Our response Our work in this area included:

- Obtaining an understanding of the Council's Medium Term Financial Plan, budget for 2020/21 and transformation programmes.
- Discussions with the Director of Resources, and senior operational staff;
- Review of the Council's draft Narrative Report, Annual Governance Statement and Council papers and minutes;
- Consideration of issues identified in our financial statements audit work;
- Consideration of the Council's financial results, including delivery of savings, and the Council's plan; and
- Review of any reports from regulators e.g. Ofsted, issued in the year.

Conclusion Our work is ongoing in relation to this risk and a recommendation has been raised.

Financial sustainability

Covid-19 impact on 2020/21

Due to the timing of the Covid-19 pandemic, there was limited impact on the Council's income and expenditure for the financial year currently under audit. However, as the Committee will be well aware, it is having a significant impact on the Council's operations and performance in 2020/21. Based on the Ministry of Housing, Communities & Local Government ("MHCLG") *Local authority COVID-19 financial management information reporting data*, during August Councils were forecasting for 2020/21 to incur additional Covid-19 related expenditure of £5.24bn and to suffer a loss in income of £5.99bn. In relation to the cost increases, the largest expected pressure was in Adult Social Care which comprised £2.30bn of the total. For lost income, the three main components were Business rates (£1.61bn), Council Tax (£1.56bn) and Sales, fees and charges (£2.01bn). To date the government has allocated £4.6bn of emergency funding to local authorities but this still leaves a significant gap.

Blackpool Council's position

At the start of the 2019/20 year, when compared to other unitary authorities in the CIPFA Financial Resilience Index, it was considered to be relatively high risk across in relation to social care and above average in relation to the level and change in reserves.

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During the year to 31 March 2020, the Council had significant pressures in relation to Children's Services where there was an overspend of £12.9m. There was also delays in the delivery of the projects within the Growth and Prosperity services which reduced the expected income generation by £4.2m. The receipt of £6.1m of Covid-19 funding pre year end has meant that in total the General Fund and Earmarked reserves have ended up in line with their opening position.

For 2020/21, the Council's pre Covid-19 budget included a gap of £19.7m which after the delivery of the targeted level of savings will potentially require £2.3m to be funded from reserves. We are aware that the Council has considered various updates during the year to date, most recently at the November 2020 meeting of the Executive, which included an updated forecast of a net overspend of £8.9m. From tranches 1-4 of the Covid-19 funding from MHCLG, Blackpool has been allocated £16.3m.

Financial sustainability (continued)

Covid-19 impact on 2020/21

Impact on 2020/21 audit

As noted on page 17 we identified a significant value for money risk in relation to financial sustainability for the 2019/20 audit and we will provide an update once our work is complete.

Although the Council is in a relatively positive reserves position, Covid-19 nonetheless presents a significant financial challenge in 2020/21 and beyond. The Council's response will be an area we focus upon in our value for money work in 2020/21 and which we would expect to comment upon in our narrative commentary in the Auditor's Annual Report.

Significant risks

VfM Risk 2 – Ofsted Findings

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Risk identified

In November and December 2018 Ofsted conducted an inspection of children’s social care services. Following this inspection the Children’s Services were given an overall rating in the report (January 2019) of ‘Inadequate’.

The Inspectors acknowledged an improvement in leadership and a focus on improvement following the appointment of the new Director of Children’s Services but concluded that this wasn’t to the level to ensure safe and effective services for all children due to the level of the previous decline.

We have therefore identified a significant VfM risk over the delivery of the improvements required as a result of the Ofsted report.

A commissioner has been appointed following the inspection to oversee the process and ensure improvement.

We understand that, Ofsted undertook a monitoring visit in December 2019, they commented that the local authority has worked closely with a range of partners and there has been significant financial investment in the last 12 months but recruitment continues to be an issue. There are positive developments but they have not been fully embedded yet.

As a result we consider there to still be a significant VfM risk in relation to Children's Services for 2019/20 around the delivery of the improvements required as a result of the Ofsted report. As not all improvements made will have been in place for the whole year under review there is a risk that an exception may still be required in our VfM conclusion.

Our response

Our work in this area involved:

- Review of any subsequent correspondence with Ofsted;
- Consideration of the findings and conclusions made in the Ofsted report, including review of the Council’s progress to date in delivering actions to address the findings; and
- Review of management progress in developing an action plan and the arrangements put in place by the Council to deliver improvement.

Conclusion

Our work is on going but based on our work to date we note that the monitoring reports have acknowledged that the Council has made much progress in reshaping its children’s services in the last year but also highlight that there are still a number of areas for improvement and therefore we expect to modify our opinion in relation to Value for Money on this basis.

Other significant findings

Internal control and risk management

During the course of our audit we have identified a number of internal control and risk management findings, which we have included below for information.

Area	Observation	Management response	Priority
Preparation for IFRS 16 (initially raised 2018/19)	<p>The implementation of IFRS 16, Leases, has been delayed for a year to 2020/21 due to Covid-19 but it is expected to have a greater and more complex impact upon most Councils than the adoption of IFRS 9 and 15. The scope and potential complexity of work required, which may require system or process changes to underpin correct accounting under the standard, will require work to be completed at a significantly earlier stage than has been the case for IFRS 9 and 15 to allow for financial reporting timetables to be met.</p> <p>We recommend the Council targets completion of its IFRS 16 impact analysis during 2020/21, and to calculate an adjusted opening balance sheet position for audit following the 31 March 2020 audit. We recommend early consideration following the impact analysis of actions required to embed IFRS 16 accounting in the Council's underlying accounting systems.</p>	TBC	
Property, plant and equipment additions	<p>As part of the year end process, management focus on ensuring that all additions over £10k are appropriately recorded, this means that some additions below this level may be missed. As part of the year end close down a check should be done on the total aggregate amount of invoices below the threshold that have been accounted for post year end to ensure that there is not potential for a material issue.</p>	TBC	

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The purpose of the audit was for us to express an opinion on the financial statements. The audit included consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters being reported are limited to those deficiencies that we have identified during the audit and that we have concluded are of sufficient importance to merit being reported to you.

Low Priority

Medium Priority

High Priority

Other significant findings (continued)

Internal control and risk management

During the course of our audit we have identified a number of internal control and risk management findings, which we have included below for information.

Area	Observation	Management response	Priority
Long term debtor recoverability	<p>There appears to be a lack of detailed assessments of the recoverability of the loans that have been provided to subsidiaries and private companies following significant changes in the economic environment i.e. the Covid-19 pandemic. Which means that there is a risk that recoverability issues will not be identified in a timely manner and any reliance on property valuations may not be accurate given the impacts of COVID on the relevant businesses and the secured assets.</p>	TBC	
Page 114	<p>A number of findings have been raised as part of our review of the IT environment:</p> <ul style="list-style-type: none"> • Access permissions for new users on the CEDAR system that determine folders and data that the new users can access are based on 'same as user' approach. This involves IT team copying the permissions from an existing user (an instructed by Line Managers) rather than utilising specific role based profiles. There is also a lack of clear, documented information available to line managers setting out which permissions each user has. Without understanding fully what access the user being copied has, and what this access can do, colleagues access may be replicated inappropriately leading to potentially inappropriate /excessive rights that are not necessary to the users role. • It has been noted that the following parameters are missing from CEDAR and Selima: lockout threshold and duration. Password expiry has also been set at 0 for Windows AD, which in turn is configured in the Orchard system due to the integration of credentials. With these parameters being inactive, it increases the risk of inappropriate or unauthorised access to the systems and amendments which could impact the financial and legal reputation of the Council. 	TBC	
IT findings			

Other significant findings (continued)

Prior year recommendations

During the course of our prior year audit we identified a number of internal control and risk management findings, which we have followed up with management.

Area	Observation	Implementation of recommendations	Priority
<p>New accounting standards – IFRS 9 and 15</p>	<p>Although our work on IFRS 9 and 15 did not identify any material changes to the financial statements, we highlight that this has been done as a one off exercise to assess and calculate the impact of GAAP differences, without embedding into the Council’s underlying systems, processes and controls.</p> <p>This presents a risk that new contracts or transaction may give rise to unanticipated impacts in future, or not be detected.</p> <p>We recommend the Council review how to update its day to day accounting processes, including any necessary system and control changes, to reflect the requirements of IFRS 9 and 15, and the process to be followed in assessing any new and unusual transactions.</p>	TBC	
<p>Arrangements to secure economy, efficiency and effectiveness in the use of resources – Children’s services</p>	<p>We note the finding raised by Ofsted following their inspection of children’s social care services in the current year which has resulted in an overall inadequate rating for the Council’s service.</p> <p>We have held discussions with management to understand the processes and procedures that have been put in place to implement the required changes.</p> <p>We recommend that the Council ensure that there continues to be sufficient senior officer input and that appropriate governance and monitoring structures are used to ensure that the required changes are implemented in a timely manner.</p>	TBC	

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Other significant findings (continued)

Prior year recommendations (continued)

Area	Observation	Implementation of recommendations	Priority
Arrangements to secure economy, efficiency and effectiveness in the use of resources – Financial sustainability	<p>The process that the Council undertakes in assessing its funding gap shows good consideration of the overall financial position by including identified pressures and the impact that current year schemes will have going forward. From our review of the schemes currently identified in relation to the 2019/20 plan we noted that the majority will only have a non-recurrent impact in 2019/20 which will increase the level of savings which the Council will be required to achieve in the following years.</p> <p>The Council need to ensure that it has the correct processes and procedures in place to identify and implement the required levels of savings to ensure medium term financial stability.</p>	TBC	
Property Valuations	<p>A number of recommendations and best practice points have been identified from our work:</p> <ul style="list-style-type: none"> • The Council should put in place detailed commissioning/terms of engagement documentation covering the minimum contents of Terms of Engagement/Service Line Agreement as specified by the RICS and CIPFA. • The overriding valuation report which accompanies the summary schedules should include all relevant details on the general valuation methodology to limit the number of queries received from our property specialists. • Where build cost indexation is used as part of an interim valuation the council should ensure that it is not applied to the land values of the assets. • The Council should ensure that Non-Operational Assets are appropriately split between Surplus and Assets held for sale. • The valuation worksheets for the individual assets should providing factual descriptive information on the property, commentary on valuation approach/considerations, evidence to support the key inputs and a detailed breakdown of the valuation. • All Specialised assets should be valued on a detailed modern equivalent asset (MEA) depreciated replacement cost basis as updating the values on a derived build cost index is not recommended or best practice. 	TBC	

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Other significant findings

Prior year recommendations (continued)

Area	Observation	Implementation of recommendations	Priority
IT	There is no formal approval process in place for the for configuration changes made to the Capita and Selima systems; the Council rely on the Administrators. Essentially changes can be made to the system without any form of approval from appropriate personnel, which makes them unauthorised and potentially inappropriate. It has also been noted that that the individual who develops and tests a change on the CEDAR, Orchard and Selima systems, can also be responsible for the implementation of the change in to the live environment.	TBC	

Our audit report

Matters relating to the form and content of our report

Here we discuss how the results of the audit impact on other significant sections of our audit report.



Our opinion on the financial statements

Our audit is ongoing with a number of judgemental/significant areas of the audit still to be completed, but based on our work to date we expect our opinion on the financial statements to be unmodified.



Material uncertainty related to going concern

We have not identified a material uncertainty related to going concern and will report by exception regarding the appropriateness of the use of the going concern basis of accounting.



Emphasis of matter and other matter paragraphs

We include details on the emphasis of matter paragraph in relation to property valuations on page 14 of this report.

There are no other matters we judge to be of fundamental importance in the financial statements that we consider it necessary to draw attention to in an emphasis of matter paragraph.

There are no matters relevant to users' understanding of the audit that we consider necessary to communicate in an other matter paragraph.



Our value for money conclusion

We are required to be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources (value for money).

Based on the work undertaken we expect to modify our opinion in relation to the Council's arrangements.



Other reporting responsibilities

The Annual Report is reviewed in its entirety for material consistency with the financial statements and the audit work performed and to ensure that they are fair, balanced and reasonable.

Your annual report

We are required to report by exception on any issues identified in respect of the Annual Governance Statement..

	Requirement	Deloitte response
Narrative Report	<p>The Narrative Report is expected to address (as relevant to the Council):</p> <ul style="list-style-type: none"> - Organisational overview and external environment; - Governance; - Operational Model; - Risks and opportunities; - Strategy and resource allocation; - Performance; - Outlook; and - Basis of preparation 	<p>We have assessed whether the Narrative Report has been prepared in accordance with CIPFA guidance and have raised a number of comments.</p> <p>We have also read the Narrative Report for consistency with the annual accounts and our knowledge acquired during the course of performing the audit, and is not otherwise misleading.</p> <p>We will review the changes in the updated version once received.</p>
Annual Governance Statement	<p>The Annual Governance Statement reports that governance arrangements provide assurance, are adequate and are operating effectively.</p>	<p>We are assessing whether the information given in the Annual Governance Statement meets the disclosure requirements set out in CIPFA/SOLACE guidance, is misleading, or is inconsistent with other information from our audit.</p>

Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

What we report

Our report is designed to help the Audit Committee and the Members discharge their governance duties. It also represents one way in which we fulfil our obligations under ISA (UK) 260 to communicate with you regarding your oversight of the financial reporting process and your governance requirements. Our report includes:

- Results of our work on key audit judgements and our observations on the quality of your Narrative Report.
- Our internal control observations.
- Other insights we have identified from our audit.

The scope of our work

Our observations are developed in the context of our audit of the financial statements.

We described the scope of our work in our audit plan.

Use of this report

This report has been prepared for the Audit Committee and the Council, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose. Except where required by law or regulation, it should not be made available to any other parties without our prior written consent.

What we don't report

As you will be aware, our audit was not designed to identify all matters that may be relevant to the Council.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

We welcome the opportunity to discuss our report with you and receive your feedback.

Deloitte LLP

Leeds| 20 November 2020

Sector updates

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National Audit Office updated Code of Audit Practice

The National Audit Office has issued the new Code of Audit Practice applicable for 2020/21 audits onwards

Issue

The National Audit Office issued the new Code of Audit Practice for 2020/21 onwards. The Code is applicable to NHS Trusts and Foundation Trusts, CCGs, and Local Authorities.

The Code remains aligned (where relevant) with generally accepted auditing standards, with the intention that this will allow the Code to adapt to any changes arising as a result of the wider debate within the audit profession (such as the Brydon Review and the Redmond Review).

The most significant changes are around Value for Money (the arrangements to secure economy, efficiency, and effectiveness in the use of resources), which:

- Change the approach away from the auditor performing a risk assessment, and then only performing further work if a significant risk were identified, to specifying procedures that will need to be undertaken in each of three areas. This will require a minimum level of work at every local public body, with additional risk based work where relevant.
- Moving the focus of reporting to providing public narrative commentary on each of criteria considered for all bodies. This will be included in a separate "Annual Auditor's Report", which will be a public narrative report, which for NHS bodies will be issued alongside the audit opinion.
- The audit opinion will continue to include reporting by exception where the auditor is not satisfied in respect of arrangements in place (which is a change from the initial proposals consulted upon).

The three criteria that would be considered in Value for Money work would be:

- **Financial sustainability:** How the body plans and manages its resources to ensure it can continue to deliver its services.
- **Governance:** How the body ensures that it makes informed decisions and properly manages its risks and finances.
- **Improving economy, efficiency and effectiveness:** How the body uses information about its costs and performance to improve the way it manages and delivers its services.

Where the auditor identifies significant weaknesses in VfM arrangements, the Code includes an expectation that the auditor will issue recommendations to the audited body, and considers whether to do so when identified.

Other proposed changes include:

- Giving the NAO the ability to specify whether auditors should issue 'enhanced' auditor reports (as is already done for NHS Foundation Trusts);
- Clarifying expectations on reporting by introducing key principles for effective reporting, so that auditors ensure that any reporting is as effective and transparent as possible and promotes local improvement.

We note that the changes are likely to increase the scope of work required for audits, both in required procedures on Value for Money and in the need for an additional public report each year.

The NAO will now move forward in developing supporting guidance on the detail of what will be required.

Next steps

- We will update the Authority as the requirements develop.
- We will agree with the Authority as soon as practicable how to implement changes from the new Code in our audit approach for 2020/21 onwards.

Brydon Review

Report of the independent review into the quality and effectiveness of audit

Issue

On 18 December 2019, Sir Donald Brydon published his far-reaching report following an independent review of the quality and effectiveness of audit.

In undertaking the review, Sir Donald received 120 submissions, totalling 2,500 pages, and held more than 150 meetings with regulators, auditors, investors, companies and professional services firms.

It is a long report with detailed and innovative proposals in a range of areas and it highlights the changing public-interest responsibilities of business and recognises that society expects corporate reporting to be broader and more relevant than at present. As part of that, Sir Donald is challenging auditors to play their part in making audit more informative to a broader group of stakeholders. Recognising the complexity of this part of the governance eco-system, the review also includes recommendations about the behaviour of directors, audit committees, shareholders and regulators and about actions that can be taken by all four to create an environment which will permit better and more effective audit.

Whilst the focus of the Brydon Review was on listed companies (with some recommendations focussing only on the largest listed entities), the findings will inevitably impact the wider audit profession and have an influence on the future scope of public sector audit.

His recommendations include:

- A redefinition of audit and its purpose
- The creation of a new profession of corporate auditing governed by principles
- The introduction of suspicion into the qualities of auditing
- The extension of the concept of auditing to areas beyond financial statements
- Mechanisms to encourage greater engagement of shareholders with audit and auditors
- A change to the language of the opinion given by auditors
- New reporting by directors - the introduction of a corporate Audit and Assurance Policy, a Resilience Statement and a Public Interest Statement
- Suggestions to inform the work of BEIS on internal controls and improve clarity on capital maintenance
- Greater clarity around the role of the audit committee
- A package of measures around fraud detection and prevention for both directors and auditors
- Improved auditor communication and transparency
- Obligations to acknowledge external signals of concern
- Extension of audit to new areas such as Alternative Performance Measures (APMs) & KPIs
- The increased use of technology

Next steps

- BEIS will consider these recommendations and respond with a consultation later this year (timing as yet to be determined).
- We will continue to update the Authority as the actions resulting from this review become clearer and the impact on local audit, more specifically, is determined.

Redmond review

The Redmond Review will consider the effectiveness of the changes from the Local Audit and Accountability Act 2014, and how reporting could improve.

Issue

On 10 July 2019, the Secretary of State for Housing, Communities & Local Government asked Sir Tony Redmond to conduct a Review of the arrangements in place to support the transparency and quality of local authority financial reporting and external audit including those introduced by the Local Audit and Accountability Act 2014, with the report issued on 8 September 2020.

The scope of the review covered: whether the audit and related regulatory framework for local authorities in England is operating in line with the policy intent set out in the Local Audit and Accountability Act 2014 (which replaced the Audit Commission arrangements); whether the reforms have improved the effectiveness of the control and governance framework along with the transparency of financial information presented by councils; whether the current statutory framework for local authority financial reporting supports the transparent disclosure of financial performance and enables users of the accounts to hold local authorities to account; and to make recommendations on how far the process, products and framework may need to improve and evolve to meet the needs of local residents and local taxpayers, and the wider public interest.

The review's recommendations include:

- Proposing a single overarching body, the Office of Local Audit Regulation ("LOAR"), responsible for the co-ordination and regulation of local audit activity. This would bring together responsibilities currently held by Public Sector Audit Appointments, the National Audit Office, the Financial Reporting Council, and the Institute of Chartered Accountants in England and Wales. The OLAR would also publish reports summarising the results of audits across the sector. The OLAR would report to a new Liaison Committee comprising key stakeholders and chaired by MHCLG on the development of local audit.
- Councils reviewing their governance arrangements, including: the auditor reporting annually to Full Council; considering appointing at least one independent, suitably qualified, member of the Audit Committee; and formalising the Chief Executive Office, Monitoring Officer and Chief Financial Officer meeting with the Kay Audit Partner at least annually.
- Extending the timetable for local authority audits, probably to 30 September from 31 July each year.
- Revising the fee structure for local audit, to appropriately reflect the cost of delivery of audit and the required resources for audit quality.
- MHCLG should review its framework for assurance over financial sustainability of local government. The review suggests potential additional audit requirements around financial resilience that the OLAR may consider, including audit review of compliance with the CIPFA Financial management Code (which MHCLG might give statutory status).
- Introducing a new standardised statement of service information and costs prepared by each authority, compared to budget. This is envisaged to be a clearer way to communicate with taxpayers and service users. This report would be subject to some form of audit sign off. With budgetary performance separately reported, it is suggested CIPFA review the main accounts requirements, which may enable some disclosures to be removed (effectively moving the financial statements to IFRS reporting).

The implementation of most of the recommendations will require further consultation or primary legislation.

Next steps

- We will update the Audit Committee as proposals move forward for implementation of the recommendations.
- We would welcome the opportunity to implement the proposal to report annually to Full Council, and to include a formal meeting with the Chief Executive, Monitoring Officer and Corporate Director – Strategic Resources in our structure of contracts and interactions with the Council.

Appendices

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Audit adjustments

Unadjusted misstatements and disclosure deficiencies

We will report the unadjusted misstatements and disclosure deficiencies in our final report once we have confirmed the final position in relation to the issues identified and reviewed the adjustment management have made to the final version of the annual accounts.

Fraud responsibilities and representations

Responsibilities explained



Responsibilities:

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.



Required representations:

We have asked the Council to confirm in writing that you have disclosed to us the results of your own assessment of the risk that the financial statements may be materially misstated as a result of fraud and that you are not aware of any fraud or suspected fraud that affects the entity or group.

We have also asked the Council to confirm in writing their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.



Audit work performed:

In our planning we identified the risk of fraud in management override of controls, and completeness and cut-off of expenditure as a key audit risk for your organisation.

During the course of our audit, we have had discussions with management and those charged with governance, and no significant issues were raised that would require a change to our audit plan.

In addition, we have reviewed management's own documented procedures regarding fraud and error in the financial statements

We have reviewed the paper prepared by management for the audit committee on the process for identifying, evaluating and managing the system of internal financial control.

Concerns:

No concerns have been identified from whistle blowing procedures and our audit procedures.

Independence and fees

As part of our obligations under International Standards on Auditing (UK), we are required to report to you on the matters listed below:

Independence confirmation	We confirm the audit engagement team, and others in the firm as appropriate, Deloitte LLP and, where applicable, all Deloitte network firms are independent of the Council and will reconfirm our independence and objectivity to the Audit Committee for the year ending 31 March 2020 in our final report to the Audit Committee.
Fees	There are no non-audit fees for 2019/20 outside of those noted in the table on the following page.
Non-audit services	We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.
Relationships	We have not other relationships with the Council, its directors, senior managers and affiliates, and have not supplied any services to other known connected parties.

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Independence and fees

The professional fees expected to be charged by Deloitte in the period from 1 April 2019 to 31 March 2020 are as follows:

	Current year £	Prior year £
Financial statement audit including Whole of Government and procedures in respect of Value for Money assessment [1]*	84,818	84,818
Agree variation relating to HRA review [2]*	-	15,000
Additional audit fees – 2018/19 financial statements	-	18,000
Additional fee for Houndshill acquisition [3]*	TBC	-
Additional fee for changes in the current year [4]*	TBC	-
Total audit	84,818	117,818
Audit related assurance services – Housing Benefit	10,250	10,250
Audit related assurance services – Teachers pension return	4,000	4,000
Audit related assurance services – Pooling of Housing Capital Receipts	4,000	4,000
Total assurance services	18,250	18,250
Total fees	103,068	136,068

[1] The fee reflected here is the scale fee. In line with recent PSAA correspondence that scale fees should be negotiated by individual s151 officers, we will be looking to discuss with the Authority the current level of fee.

[2] We are undertaking a follow up of the recommendations raised in our action plan in the prior year.

[3] Fee for additional audit work over acquisition of Houndshill to be agreed and the level will be dependent on whether this is identified as a significant audit risk area with respect to our value for money conclusion.

[4] Fee for any additional work required in relation to the changes to the Minimum Revenue Provision policy, the Blackpool Transport Services pension fund pooling arrangement, the two new subsidiaries in relation to the group accounts and the specific issues identified.

* All additional fees are subject to agreement with PSAA.

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