

## **MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 20 APRIL 2017**

### **Present:**

Councillor Galley (in the Chair)

Councillors

Cox	Hobson	Matthews	Roberts
Elmes	Hunter	Mitchell	L Taylor

### **In Attendance:**

Neil Jack, Chief Executive  
Dr Arif Rajpura, Director of Public Health  
Steve Thompson, Director of Resources  
Mark Towers, Director of Governance and Partnerships  
Tracy Greenhalgh, Chief Internal Auditor  
Amanda Bennett, Fairness Commission Manager/Community Engagement  
Steve Seinkeiwicz, Clerk to the Committee.

### **1 DECLARATIONS OF INTEREST**

There were no declarations of interest on this occasion.

### **2 MINUTES OF THE LAST MEETING HELD ON 2 MARCH 2017**

The Committee agreed that the minutes of the last meeting held on 2 March 2017 be signed by the Chairman as a true and correct record.

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

The Committee considered a progress report in relation to the individual risks identified on the Strategic Risk Register, specifically in relation to the risk regarding 'Inadequate Change Management'. The report was introduced by Mr Towers, Director of Governance and Partnerships, who outlined the controls and mitigation in place around the sub-risk 'Unpredictability of legal rulings requiring an unexpected change'. He spoke about the recent restructure of Legal Services, as well as the progress made in training officers from other departments in the appropriate writing and structure of Court reports and procedures.

In relation to the new and developing controls of ensuring oversight of legal rulings which may have an impact on the Council, Mr Towers emphasised the importance of trying not to get into a situation which resulted in adverse legal rulings. He also explained that efforts were now being made to ensure that fully costed staff time in case preparation was reflected accordingly by Court costs, when these were awarded in favour of the Council.

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Mr Towers went on to explain the importance of understanding how decisions made nationally can adversely impact decision making in a local context, in particular in relation to Children's Services. To help mitigate this risk, he explained that the Council was a member of the North West Legal Consortium, being able to draw upon advice in respect of specialist areas, as and when appropriate.

Mr Jack, Chief Executive, spoke further around the impact of legal decisions in relation to Children's Services that had a local impact, and that clarity was now being sought around the placement of children as a result of a decision taken in Scotland. He went on to speak about the controls and mitigation in relation to the sub-risk 'Unfunded new burdens which the Council is required to deliver'. Mr Jack explained that the Council's strength was built around collaborative working and the value of being members of the Association of Children's Services and the Associate body of Children's Services Directors. As a result of joined up working, the Council was better able to understand the legal and financial position around any changes that might occur. He explained further that membership of CIPFA also provided guidance and assistance in this area, together with close working with the Local Government Association (LGA) and North West Employers Organisation (NWEO).

The Committee asked for examples of decisions or changes to legislation which impacted the most on Council services in recent times. Mr Thompson, Director of Resources highlighted the National Living Wage, the Deprivation of Liberty Act and the Care Act as all having an effect. In relation to the National Living Wage, he explained that this had the most impact on third party care providers with whom the Council held contracts, rather than directly upon the Council. However, if the burden of the National Living Wage on a provider was such that they were no longer able to be sustainable, this would directly impact the Council in an adverse way.

The Committee asked about the change management framework in place to help manage changes and how that fitted in with the Council Plan. Mr Jack explained that transformational change had been ongoing for the last few years, requiring people to adapt and evolve on an ongoing basis. The Council had invested in significant support for staff throughout that period and emphasised the various support mechanisms that were in place.

A question was asked about the net score in relation to the legal rulings sub-risk and whether it was likely to be higher if the Council did not share services with the NHS. Mr Jack explained that the shared services arrangement had only been in place since January 2017 and so the current net score was not reflective of the new arrangements. However, he stressed that the shared service arrangement would provide additional resilience. Mrs Greenhalgh, Chief Internal Auditor added that the new arrangements would be taken into account on the Strategic Risk Register going forward.

Mr Jack explained that collaborative working would help to reduce risks in the future. He spoke about working closely with Lancashire County Council who had specialist lawyers able to examine the possibility of future occurrences, and the benefits of being able to access specialist employment law solicitors.

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The Committee agreed to note the report.

Background papers: None.

### **4 STRATEGIC RISK REGISTER - INEFFECTIVE GOVERNANCE**

The Committee considered a progress report in relation to the individual risks identified on the Strategic Risk Register, specifically in relation to the risk regarding 'Ineffective Governance'. The report was presented by Mr Towers, Director of Governance and Partnerships, who outlined the controls and mitigation in place around the sub-risk 'Non-compliance with statutory requirements and internal procedures. In connection with the new and developing controls, Mr Towers gave details of the efforts being made to raise awareness of the standards that were required and awareness of the consequences of failure. He spoke about the need to ensure all relevant policies and procedures were updated and the need to ensure staff awareness was up to date. He explained that audits had recently taken place in both the Place and Resources directorates to provide the necessary assurances that staff knowledge and awareness of the Council's decision making process was adequate and up to date.

Mr Thompson, Director of Resources explained that the topic of governance covered a whole range of issues and spoke specifically about the cyber threat sub-risks. He explained that the risk of cyber-attack had grown exponentially and that basically, the risks had doubled during the past year. The risk of staff errors had grown due to people having to work harder with less time, thereby increasing the risk of making mistakes. Mr Thompson explained that it was hugely important for the Council to try to minimise those risks and at the same time, to learn from any mistakes that were made.

In connection with the sub-risk of increased risk of fraud, Mr Thompson reported that risk management was getting stronger in this area. He explained that all services within the Council were now maintaining risk registers at 100% compliance. He added that the i-Pool Fraud Awareness course was now marketed across the Council and whilst it was not possible to fully eliminate the risk of fraud, it was pleasing to record amber net risk scores in this area.

Mr Jack, Chief Executive spoke of the importance of recording compliance requirements whilst at the same time managing the risks. He added that it was important for the Council and its partners to do the right thing for the people of the town in any given circumstance, rather than what might be right for the organisation from an individual risk perspective.

Mr Jack responded to questions from the Committee about the high level of IT activity that now took place between the public and the Council and the ability to cross-check between departments if, for example, a payment was made in error. He explained that mechanisms were in place to cross-check across departments and that online methods were more robust with less scope for error compared with more traditional payment methods. He assured the Committee that a misplaced payment could be traced and checked, provided it had been made in the first place.

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The Committee questioned whether the resource capability of the Council's Internal Audit department was sufficient and whether the frequency of audits undertaken were satisfactory. Mrs Greenhalgh, Chief Internal Auditor provided assurances that staffing within the department was adequate and that audit coverage across the Council was appropriate, with no access problems to report.

The Committee asked questions about whether progress had been made in relation to the overall net scores on the Strategic Risk Register, pointing out that the current ratings appeared the same as those of the previous year. Mr Thompson pointed out that whilst progress had been made, it was probably not reflected in the scores, adding that all of the risks were still prevalent, although there was now a greater level of awareness. With specific reference to cyber threats, which as previously explained the risk had markedly grown, it was considered positive that the score had remained the same. He further explained that as things evolved, the Strategic Risk Register would become more sophisticated and would include a greater number of sub-risks.

The Committee discussed the capacity of Elected Members to deal with fast changing risks, particularly the risk of responding to emails that might not be considered genuine. The Chairman pointed out the Member Training Panel had agreed that cyber awareness training would become mandatory for all Councillors and Mr Thompson requested that any suspicious emails should be forwarded to the ICT help desk for follow up action.

The Committee agreed to note the report.

Background papers: None.

### **5 COMMUNITY ENGAGEMENT**

The Committee considered a report in relation to current community engagement activity that was presented by Dr Rajpura. This followed a request by the Committee at its meeting on 19 January 2017, for further information regarding the actions identified in the mid-term Annual Governance Statement in relation to community engagement.

Dr Rajpura began by explaining that Community Engagement activity had recently moved directorates in response to a changing landscape across the Public, Voluntary and Community Sectors and following the successful allocation of £300,000 in the Fylde Coast Vanguard (NHS) for Community Engagement. It was hoped that the move would allow a greater synergy between the Vanguard work, the Fairness Commission (the management of which was also governed by Public Health) and the Council's Community Engagement work and would allow for a more seamless approach, which in the long term would reduce duplication and ensure things were joined up across all partner organisations.

Dr Rajpura explained that the Fairness Commission was now the primary vehicle for community engagement across the town. Membership of the Fairness Commission Board was heavily weighted towards the Voluntary, Community and Faith Sector with 43% of the

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Board members being Voluntary Sector Leaders. Board membership also included the Chief Executive of Blackpool Council, Chief Executive of Blackpool Teaching Hospitals, Chief Superintendent of Police, a GP representing Primary Care and the Director of Public Health as Chairman.

Ms Bennett went on to outline a number of recent community engagement activities led by the Fairness Commission, including;

- A Voluntary, Community and Faith Sector Showcase Event in March 2017 – An event where over 50 Voluntary and Community Organisations showcased their activities.
- Easter Buddies – A network of seven coffee mornings which took place across the town during the two weeks of Easter. The events were designed to connect people and combat social isolation and loneliness.
- Kindness Convention and Acts of Kindness Campaign – The 2017 Acts of Kindness Campaign would be launched in June with a Kindness Convention at the Winter Gardens. The purpose of the Campaign and the Event would be to explore what Communities could do to support and help each other. Dr Rajpura explained that there was a great deal of evidence to suggest that where Communities were able to create a “buffer” around each other it made people more resilient during times of crisis and gave them greater coping strategies and support networks, therefore lessening their dependency on public sector services.

Ms Bennett went on to give details of the Community Orientated Primary Care Project which had now been introduced as part of the Vanguard work, intended to provide a huge amount of qualitative data from the participants. It was explained that a group had been formed from 12-15 people who were brought together from the Community and encouraged to work with mixed agencies over several weeks to share what would make the greatest difference to their health and wellbeing. The first of these programmes ran in the Central West area of Blackpool and had been hugely successful with the participants opting to stay together as a taskforce and community action group going forward. There were plans in place to roll the programme out across five other areas over the course of the next 12 months. In response to questions from the Committee about the expectations of the participants, it was stressed that a jointly produced multi-agency action plan would result, based around the issues discussed by the group that would have the most impact upon health and care. In connection with questions from the Committee about resources, Dr Rajpura explained that the Vanguard project was funded via NHS England and the solutions were being designed alongside the people involved.

The Committee gave its broad praise for the March 2017 showcase event and asked it was possible for it to become a more regular occurrence. Dr Rajpura stated he hoped to be able stage it every 6 months, whilst emphasising the importance of the involvement of the voluntary sector as being a key part of the project going forward, based upon neighbourhood footprints.

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Responding to questions from the Committee about the development and synergy of the Community Orientated Primary Care Project, Ms Bennett explained that the individuals involved had gained more confidence as time went on and had developed into a cohesive group. A big difference had been noted from start to finish and the participants had become very much engaged in the democratic process.

The Committee discussed further possibilities for community engagement methods and signposting, including the use of GP surgeries. Ms Bennett explained that a GP from Layton had now joined the Fairness Commission and work was being undertaken with the GP's surgery to extend the premises for community purposes, with a view to improving social isolation amongst the community.

The Committee sought assurances from Dr Rajpura that community engagement would not be overly weighted in favour of a public health bias, given that the responsibility for activities now sat with Public Health. He responded by explaining that the Community Orientated Primary Care Project in Talbot Ward had been framed in the broadest way possible. It was not focussed purely on health matters, but on the wider social determinants of a person's health and wellbeing.

The Committee agreed:

1. To note the report.
2. To request an update report on Community Engagement in 12 months' time.

Background papers: None.

### **6 DATE OF NEXT MEETING**

The Committee noted the time and date of the next meeting as 6pm on Thursday, 22 June 2017 at Blackpool Town Hall, subject to approval at Annual Council.

### **Chairman**

(The meeting ended at 7.14 pm)

Any queries regarding these minutes, please contact:

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