

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 24 SEPTEMBER 2020

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

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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.]

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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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