

# Blackpool Council

25 February 2015

To: Councillors Callow, I Coleman, Galley, Hunter, O'Hara, Smith and L Taylor

The above members are requested to attend the:

## **FINANCE AND AUDIT COMMITTEE**

Thursday, 5 March 2015 at 6.00 pm  
in Committee Room A, Town Hall, Blackpool FY1 1GB

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

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

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

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

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

#### **2 MINUTES OF THE MEETINGS HELD ON 29TH JANUARY 2015 AND 13TH FEBRUARY 2015** (Pages 1 - 14)

To agree the minutes of the last meeting held on 29<sup>th</sup> January 2015 and the budget consultation meetings held on 13<sup>th</sup> February 2015 as a true and correct record.

#### **3 STRATEGIC RISK REGISTER - LEGAL OR REGULATORY CHANGE** (Pages 15 - 20)

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

#### **4 CERTIFICATION OF GRANTS AND RETURNS 2013/2014** (Pages 21 - 26)

To consider the External Auditor's report on the certification of grants and

returns 2013/2014.

**5 INTERNAL AUDIT PLAN 2015/2016** (Pages 27 - 48)

To consider the Internal Audit Annual Plan for 2015/2016.

**6 RISK SERVICES QUARTER 3 REPORT - 2014/2015** (Pages 49 - 72)

To consider a quarterly summary of work undertaken by Risk Services.

**7 FINANCIAL PERFORMANCE MONITORING AS AT MONTH 9 2014/2015** (Pages 73 - 122)

To consider the level of spending against the Council's Revenue and Capital budgets for the first 9 months to 31st December 2014.

**8 FINANCE AND AUDIT TERMS OF REFERENCE** (Pages 123 - 130)

To consider amendments to the Committee's powers and duties as detailed in the Constitution.

**9 DATE OF NEXT MEETING**

To note the date of the next meeting as Thursday 25<sup>th</sup> June 2015, subject to approval at Annual Council, and the proposed items so far as:

- Financial Performance Monitoring Report
- Strategic Risk Register – Death / Injury of employee, service user or member of the public leading to reputational damage, increased regulatory intervention or reduced staff morale
- Strategic Risk Register Review

**Venue information:**

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

**Other information:**

For queries regarding this agenda please contact Bernadette Jarvis, Senior Democratic Services Advisor, Tel: (01253) 477212, e-mail [bernadette.jarvis@blackpool.gov.uk](mailto:bernadette.jarvis@blackpool.gov.uk)

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## MINUTES OF FINANCE AND AUDIT COMMITTEE MEETING - THURSDAY, 29 JANUARY 2015

### **Present:**

Councillor Callow (in the Chair)

Councillors

I Coleman  
Galley

Hunter  
O'Hara

Smith  
L Taylor

### **In Attendance:**

Neil Jack, Chief Executive

Carmel McKeogh, Deputy Chief Executive

Steve Thompson, Director of Resources

Tracy Greenhalgh, Chief Internal Auditor

Bernadette Jarvis, Senior Democratic Services Adviser

Trevor Rees, KPMG

### **1 DECLARATIONS OF INTEREST**

There were no declarations of interest on this occasion.

### **2 MINUTES OF THE LAST MEETING HELD ON 27TH NOVEMBER 2014**

The Committee agreed that the minutes of the last meeting held on 27<sup>th</sup> November 2014 be signed by the Chairman as a correct record.

### **3 STRATEGIC RISK REGISTER - RETENTION OF STAFF OF THE RIGHT CALIBRE AND MAINTAIN MORALE**

Ms McKeogh, Deputy Chief Executive, updated the Committee on actions taken to retain high calibre staff and maintain morale within the Council.

Ms McKeogh reported on the current labour turnover percentages for the Council and highlighted the positive and negative impact of labour turnover. She informed Members that the main reasons for staff voluntarily leaving the Council were linked to salary and lack of promotional opportunities. She reassured Members that generally there were no significant concerns in terms of managing risk to the Council from the labour turnover rates and that the figures were low in comparison with other industries. Ms McKeogh informed Members of the increasing difficulty however in recruiting and retaining certain staff, particularly senior leaders in schools and experienced and senior staff within certain occupational areas such as Childrens Social Care and reported on the ongoing activities being undertaken to address this issue.

Ms McKeogh reported on the significant number of initiatives within the Council to support staff and emphasised the importance of these, particularly in the current financial climate. Members were informed of the positive views of employees from a recent staff

## **MINUTES OF FINANCE AND AUDIT COMMITTEE MEETING - THURSDAY, 29 JANUARY 2015**

survey and Investors in People Assessment (IIP) that had demonstrated an increase in staff receiving praise and recognition, improved links with the Council's vision and a strong sense of social responsibility and civic pride. Ms McKeogh reported that the main issues highlighted in the IIP Assessment were consistency and concerns that staff felt dominated by the continuing budget cuts.

Responding to concerns raised by the Committee on the impact of the continued redundancies on staff morale, Ms McKeogh reported on the numerous support packages that were available for employees, the voluntary redundancy incentive that had been introduced to reduce the number of compulsory redundancies and the acceleration in the timescale for the redundancy process to reduce the period of uncertainty for staff. She also reported on the positive feedback that had been received from staff following the relocation to Bickerstaffe Square and the increased flexibility for staff as a result of the roll out of the new IT equipment.

Following requests from the Committee, Ms Keogh agreed to provide Members with the results of the employee opinion survey and the policies for managing capability and performance.

The Committee agreed to note the report.

Background papers: None

### **4 ENGAGEMENT OF CONSULTANTS MONITORING REPORT**

Mr Thompson, Director of Resources, reported that there had been one engagement of a consultant in excess of £25,000 for the period 1<sup>st</sup> August to 31<sup>st</sup> October 2014. He advised that this was a short term appointment within the Community and Environmental Services Directorate.

The Committee was advised that the next report to the Committee would be at its meeting on 25<sup>th</sup> June 2015.

The Committee agreed to note the report.

Background papers: None

### **5 EXTERNAL AUDIT PLAN 2014/2015**

Mr Rees, KPMG, presented Members with the Council's External Audit Plan for 2014-2015. He explained KPMG's primary responsibilities to report on the Council's financial statements and use of resources.

Mr Rees advised the Committee of the four key stages of the financial statements audit process and the timetable for each stage. He reported on requirement to consider two standard risks for all organisations which were Management override of controls and fraudulent revenue recognition although the latter was not considered a significant risk for Local Authorities due to the nature of their business.

## **MINUTES OF FINANCE AND AUDIT COMMITTEE MEETING - THURSDAY, 29 JANUARY 2015**

He also informed Members of three areas where additional audit focus would be applied had been identified although they were not considered to be of significant risk. These areas were payroll, fixed asset balances and bank and loan balances.

The Committee was advised of a potential Value for Money risk that had been identified during an assessment of the Council's key business risks which was the additional savings of £25 million in 2015/16. Mr Rees reassured Members that there were no current concerns in relation to the Council's ability to meet this challenge.

Mr Rees reported on the Audit timeline and advised Members that the ISA 260 report was due to be presented to the Committee at its meeting in September 2015.

Mr Rees completed his report by advising that the planned Audit Fee for 2014/15 was £146,870 which was the same amount as in 2013/14.

The Committee agreed to note the report.

Background papers: None

### **6 FINANCIAL MONITORING AS AT MONTH 7 2014 - 2015**

Following a request by Mr Thompson, Director of Resources, the Committee agreed to consider the Financial Performance Monitoring as at Month 7 2015/2015 under Agenda item 7, Financial Performance Monitoring as at Month 8 2015/15 as this represented the most up to date budgetary position.

Background papers: None

### **7 FINANCIAL MONITORING AS AT MONTH 8 2014 - 2015**

Mr Thompson, Director of Resources presented the Financial Performance Monitoring Report as at Period 8. He reported on an improving pattern in relation to the variance in the budget forecast since it was initially reported in May and outlined the main reasons for this. He advised Members that the forecast outturn overspend as at period 8 was £988,000 which although a significant amount, it was less material when considered within the context of the gross revenue budget of approximately £5 million or the Net Requirement of £141 million. Further progress on reducing the overspend had been made in period 9 and although it was not anticipated that the financial year end target of £6 million working balances would be achieved it was predicted that it would be closer to this figure.

The Committee was informed of the main areas that accounted for the overspend in period 8. These areas included Children's Services which was mainly attributed to the planned reduction in the number of Looked After Children not being met and car parking where a strategy was being developed to improve accessibility and ease of payment for car parks.

Mr Thompson confirmed that a review to verify the recharge figures for concessionary fares was underway as they appeared to be higher than anticipated but the overall

**MINUTES OF FINANCE AND AUDIT COMMITTEE MEETING - THURSDAY, 29 JANUARY  
2015**

impact of the concessionary fares would not be known until the review had been completed.

Responding to a request from the Committee, Mr Thompson agreed to request a detailed report on Parking Services be presented to the Committee at a future meeting. He also agreed to provide information to Members on the percentage of business rates that were paid in full at the beginning of the year rather than in instalments throughout the year. Mr Thompson advised that the impact of the entitlement of Business Rate payers to elect to pay by 12 monthly instalments instead of over 10 months would be known be fully known until the end of March 2015.

Responding to concerns relating to the delay in the demolition of the Syndicate building, Mr Thompson reported that he understood that the issue regarding the telephone mast had now been resolved. However, the remaining issue regarding the relocation of the electricity substation was taking longer than originally anticipated.

The Committee agreed to note the report and to receive a detailed report from Parking Services at a future meeting.

Background papers: None

#### **8 DATE OF NEXT MEETING**

Members noted that the next meetings of the Committee will be taking place on Friday 13th February 2015 as follows:

9.30am - Finance and Audit Committee and Unions Budget Consultation  
11.30am - Finance and Audit Committee and Non-Domestic Ratepayers Budget Consultation

#### **Chairman**

(The meeting ended 7.00 pm)

Any queries regarding these minutes, please contact:  
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**MINUTES OF FINANCE AND AUDIT COMMITTEE AND UNIONS CONSULTATION MEETING  
- FRIDAY, 13 FEBRUARY 2015**

**Present:**

Councillor Callow (in the Chair)

Councillors

I Coleman	Hunter	O'Hara
Galley	Hutton	Smith

**In Attendance:**

Ms M Moss, Mr N Smyth, Ms J Orry and Mr D Dickinson, Unison  
Mr N Loonat, Unite  
Mr L Ridings and Mr G Fletcher, ATL

**Also present:**

Mr N Jack, Chief Executive  
Ms C McKeogh, Deputy Chief Executive  
Mr S Thompson, Director of Resources  
Dr A Rajpura, Director of Public Health  
Ms D Curtis, Director of People  
Mr M Towers, Director of Governance and Regulatory Services  
Mr J Blackledge, Director of Community and Environmental Services  
Mr A Cavill, Director of Place  
Mr P Redmond, Chief Accountant  
Ms H Shaw, Head of Business Support and Resources  
Bernadette Jarvis, Democratic Services Senior Adviser

**1 CHAIRMAN**

It was noted that the Chairman of the Finance and Audit Committee, Councillor Callow would preside over the meeting.

**2 DECLARATIONS OF INTEREST**

There were no declarations of interest on this occasion.

**3 GENERAL FUND REVENUE BUDGET 2015/2016 CONSULTATION WITH TRADE UNIONS**

Mr Thompson, Director of Resources, commenced his presentation of the budget by advising that some of the suggestions made by the Trade Unions through a series of meetings held throughout the year had been taken on board.

The extent of the required budget savings over the previous four years was reported as £68m with a requirement for further savings of £58m over the next three years. Mr Thompson explained the extent of the challenges faced in meeting the budget savings since 2010 and that these savings had equated to approximately four times the staffing

**MINUTES OF FINANCE AND AUDIT COMMITTEE AND UNIONS CONSULTATION MEETING  
- FRIDAY, 13 FEBRUARY 2015**

costs for all back office services.

Mr Thompson reported that a Medium Term Financial Strategy for the next three years had been approved by Executive at its meeting on 19<sup>th</sup> January 2015. He outlined the key principles of the Strategy which included resourcing of services in line with Council priorities, achieving value for money and efficiency savings and the principle of keeping Council Tax levels as low as possible. The success in securing a significant amount of income through grants was reported. Another key principle of the Strategy was ensuring that risks were identified and mitigated, for example in ensuring sufficient financial reserves, and maximising prudential borrowing. Mr Thompson emphasised the Council's statutory obligation to set a balanced budget.

Mr Thompson went on to report on the increased demand on local services, particularly in relation to Children's and Adult Services. He also explained that the key drivers for the budget were the level of Government funding and the localisation of Business Rates. In relation to Business Rates, he explained that the Council would benefit from large developments such as the Central Business District and The Harbour. There were however concerns regarding the potential level and impact of successful appeals currently being determined by the Valuation Office as the Council would be responsible for contributing 49% towards the settlements.

Mr Thompson reported on other sources of funding which included the Council Tax Freeze Grant. He also advised on the impact of the redevelopment of the social housing provision on New Homes Bonus.

The pressures on the budget in relation to Children's Services and Adult Services were reported. Mr Thompson advised on a review of parking services currently taking place in an attempt to balance accessibility and value for tourists and residents whilst optimising yield for the Council.

Mr Thompson went on to report on the significant reduction in Council staff in the last few years and the increasing difficulty to deliver services as a result. A further reduction of approximately 300 posts was expected in the financial year 2015/2016 and a further estimated reduction of 300 posts in the subsequent two years. He explained the amount of earmarked reserves required year-on-year to meet redundancy payments and associated pension strain and the potential for other options to be considered beyond the financial year 2015/2016. This included the option of applying for a Capitalisation Directive for future staff termination costs which, although not a prudent solution, would be unavoidable in the event of insufficient resources available to meet the costs. Mr Thompson gave assurances that compulsory redundancies would continue to be avoided where possible, however, the enhanced voluntary redundancy payment offered to staff as an incentive to leave voluntarily had been reduced from £5,000 to £3,000 this year due to affordability.

Mr Thompson advised on the key assumptions in the budget which included the national pay award, the continuation of the voluntary five days unpaid leave and non-pay inflation rates. The budget also assumed known changes to the Settlement Funding Assessment



**MINUTES OF FINANCE AND AUDIT COMMITTEE AND UNIONS CONSULTATION MEETING  
- FRIDAY, 13 FEBRUARY 2015**

and a freeze on Council Tax. The positive impact of low interest rates and the benefits of short-term borrowing were outlined.

The budget gap for 2015/2016 was £25.2m and although the estimated budget gaps for the two subsequent financial years had been set, there was a risk that these figures could change significantly due to the uncertainty of the level of Government funding for the next two years. The reasons for the budget gap for 2015/16 were provided and these included the increased pressures on both Children's Social Care and Adults Services, the latter which had been impacted by an ageing population, above inflation increases and the cost of domiciliary care staff travel time.

Mr Thompson reported on the savings plan adopted as a result of the expected financial challenges. Priority Led Budgeting would continue, with every service expected to deliver some efficiency savings.

There was a recommendation to maintain the level of working balances at £6m. There was currently a net overspend as at month 9 of approximately £700,000 but it was expected that this figure would reduce further by the end of the financial year. The month-on-month improvement to reduce overspends was reported and although there was an expectation that there would be overspends at year end, it was expected that this would be at an acceptable tolerance level in relation to the gross budget of c. £500m and that working balances would be close to the target of £6m.

Mr Thompson went on to report the components of the Council's spending power, not all of which it had influence over.

The final Local Government Finance Settlement figure for 2015/2016 had been announced in early February and the amount was unchanged from the Provisional Settlement other than £360,000 being provided to maintain the Local Welfare provision following consultation.

Mr Thompson advised that the General Fund Revenue Budget had been considered by Executive at its meeting on 9<sup>th</sup> February 2015.

Mr Thompson concluded his presentation by referring to the Appendices attached to the report which provided further detail on the budget, the proposed savings, an equality analysis and the assessment of significant risks for the Council and reflected the requirement for the working balances to remain at £6m.

The Chairman invited the Trade Union Representatives to ask questions and respond to the budget presentation.

Unison asked for the reduction in the pay bill as a result of the year-on-year redundancies to be taken into account in the budget. It was acknowledged that this had been and would be the case.

**MINUTES OF FINANCE AND AUDIT COMMITTEE AND UNIONS CONSULTATION MEETING  
- FRIDAY, 13 FEBRUARY 2015**

In response to a question from Unison regarding the spending of the New Homes Bonus Grant, Mr Thompson confirmed that initially the Grant had been earmarked for new homes but out of necessity the funding had subsequently been moved to support the revenue budget. He confirmed that the funding formula was based on the national Council Tax level and confirmed the expectation that, should the funding continue, there could be an increase in the grant following the Queens Park redevelopment and Foxhall project although this was not guaranteed.

Responding to questions regarding the ringfencing of the Public Health Grant, Mr Jack confirmed the expectation that it would continue to be ringfenced in the future but this would be determined by the Department of Health.

Unison questioned the pay rise level of 2.2% and the funding to support this and Mr Thompson confirmed that this reflected the pay rise for a two-year period and had been factored into the Medium Term Financial Plan. Mr Redmond reported that the 2.2% level equated to £1.7m.

Unison asked that their concerns be noted in regard to the enhanced voluntary redundancies only being offered to at risk staff and Mrs McKeogh confirmed that note had previously been taken of Unison's concerns and that further work would be undertaken with the Trade Unions in relation to the scope of voluntary redundancies. Unison requested a breakdown of the number and cost of voluntary redundancies for the previous year.

In relation to questions from Unison regarding the measures taken in relation to the economic downturn, the ongoing work with Lancashire County Council regarding debt restructuring was outlined as were the plans to continue to minimise long-term borrowing.

Responding to questions from Unison regarding the option of applying for a Capitalisation Directive for future staff termination costs, Mr Jack confirmed that the preferred and most viable option would be to build up reserves to meet the redundancy costs.

Unison asked for the plans to achieve the working balance target of £6m to be outlined and Mr Thompson reported that continuing progress was being made in this regard and that it was expected that by the end of the financial year the working balances would be close to the target. Unison questioned the need for high levels of working balances taking into account the reduction in the Council's services and Mr Jack confirmed that it was ever more important that there were sufficient reserves with the challenges ahead and stated that future reductions in the gross budget would be taken into account.

Unison expressed concerns at the lack of specific information on the equality analysis within the budget and Mr Thompson confirmed that each service area would have a specific equality impact assessment.

Mr Thompson agreed to provide information on the organisations that had benefited from voluntary sector grants.

**MINUTES OF FINANCE AND AUDIT COMMITTEE AND UNIONS CONSULTATION MEETING  
- FRIDAY, 13 FEBRUARY 2015**

Unison asked about plans for the costs associated with the Assessment and Rehabilitation Centre's staff terms and conditions as they understood that as part of the consultation period this proposal was going to be removed and replaced with an alternative Adult Social Care saving.

Unison raised concerns regarding the impact of Academies and it was confirmed that savings would have to be made due to the significant reduction in school funding received as a result of the conversions to Academies. It was confirmed that specific figures relating to the reduction in funding could be provided if required.

In response to a question regarding outstanding Business Rate appeals, it was confirmed that the Valuation Office currently had approximately £50m of appeals and that the Valuation Office had a target for resolving 95% of appeals by the end of July.

Unison requested further clarity on the Statutory Intervention in Schools and it was confirmed that this was under review and that more information could be provided if required.

Unison questioned the nursery provision provided by the Council and it was confirmed that a review would be undertaken which would consider all options in relation to nursery provision.

Unison requested a further breakdown in the budget gap for 2015/16 as detailed in paragraph 7.1 of the report.

Unison requested the opportunity to provide further written questions on the budget at a later date.

The Chairman thanked the representatives for attending the meeting and provided assurances that their comments would be passed to the Executive for consideration.

**The Committee agreed:**

1. To note the outcome of the consultation with representatives of the Trade Unions.
2. To request that the observations from this meeting be forwarded to the Executive for consideration at its meeting on 23<sup>rd</sup> February 2015.

**Chairman**

(The meeting ended 10.45 am)

**MINUTES OF FINANCE AND AUDIT COMMITTEE AND UNIONS CONSULTATION MEETING  
- FRIDAY, 13 FEBRUARY 2015**

Any queries regarding these minutes, please contact:

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**MINUTES OF FINANCE AND AUDIT COMMITTEE AND NON-DOMESTIC RATEPAYERS  
CONSULTATION MEETING - FRIDAY, 13 FEBRUARY 2015**

**Present:**

Councillor Callow (in the Chair)

Councillors

I Coleman  
Galley

Hunter  
O'Hara

Smith  
L Taylor

**In Attendance:**

Ms S Johnson, Chairman of the Federation of Small Businesses and Ms E Ormand,  
Blackpool BID.

**Also present:**

Mr N Jack, Chief Executive

Mr S Thompson, Director of Resources

Mr M Towers, Director of Governance and Regulatory Services

Mr A Cavill, Director of Place

Mr P Redmond, Chief Accountant

Bernadette Jarvis, Democratic Services Senior Adviser

**1 CHAIRMAN**

It was noted that the Chairman of the Finance and Audit Committee, Councillor Callow would preside over the meeting.

**2 DECLARATIONS OF INTEREST**

There were no declarations of interest on this occasion.

**3 GENERAL FUND REVENUE BUDGET 2015/2016 CONSULTATION WITH NON-DOMESTIC RATEPAYERS**

Mr Thompson, Director of Resources, commenced his presentation of the budget by reporting on the extent of the required budget savings. The savings required over the previous four years had been £68m with a further requirement for savings of £58m over the next three years. He reported on the significant challenges that the Council had faced as a result of the continued cuts in the Council's budget.

The steps that had been taken to mitigate against the year-on-year reductions in the budget included the adoption of different methods of service provision and the sharing of services with other local authorities. The extent of the reduction in staffing of back office services was reported. Mr Thompson advised of the increasing difficulties in the Council's ability to continue to deliver services in light of the continuing budget cuts and the potential for more radical changes to service provision in the future.

Mr Thompson reported on the localisation of business rates initiative that had been introduced by Central Government with the aim of encouraging economic development.

**MINUTES OF FINANCE AND AUDIT COMMITTEE AND NON-DOMESTIC RATEPAYERS  
CONSULTATION MEETING - FRIDAY, 13 FEBRUARY 2015**

He explained how the changes in the way that the rates were now collected impacted on the budget. He reported on the positive impact on the budget from the new developments such as the Central Business District, Sainsburys and The Harbour. However, the Council's liability in funding 49% of successful business rate appeals determined by the Valuation Office placed a significant pressure on the budget and a requirement for earmarked reserves. The full actual cost would not be known until all appeals had been processed.

Mr Thompson reported on the disproportionate funding cuts for the Council compared with other local authorities in England. He advised that the budget gap for the financial year 2015/2016 was £25.2m and that bridging this gap was a statutory requirement. It was expected that the levels of budget gap for the subsequent two financial years would be approximately £20m and £13m respectively. The latest forecast overspend for the current financial year was approximately £700,000 which was considered to be an acceptable tolerance level within the context of the gross budget of c. £500m. It was expected that the overspends would further reduce by the end of the year which would result in the working balances being closer to the target of £6m.

A reduction in income from car parking, despite the increase in tourism, was reported. This was mainly attributed to the loss of car park sites and increased competition. A review of parking services was underway with the aim of improving accessibility to car parks to attract visitors to the town and promote local businesses, whilst at the same time optimising income for the Council.

Mr Thompson concluded his presentation by providing assurances that one of the Council's key aims was to promote economic development in the town.

The Chairman invited the Representatives from the Non-Domestic Ratepayers to ask questions and respond to the budget presentation.

In response to concerns relating to the impact on the Private Sector from the reduction in Council's budget and staff redundancies, the numerous interventions to mitigate the impact and reduce risk to businesses were reported. These included investment in the transport network, development of the illuminations, investment in tourist attractions and extending the holiday season.

Responding to a question from the Committee, it was confirmed that the small business rate relief had been extended to the financial year 2015/2016 but there were no guarantees that the Government would continue this in the future.

The Chairman thanked the representatives for attending the meeting and provided assurances that their comments would be passed to the Executive for consideration.

**The Committee agreed:**

1. To note the outcome of the consultation with representatives of the Non-Domestic Ratepayers.
2. To request that the observations from this meeting be forwarded to the Executive for

**MINUTES OF FINANCE AND AUDIT COMMITTEE AND NON-DOMESTIC RATEPAYERS  
CONSULTATION MEETING - FRIDAY, 13 FEBRUARY 2015**

consideration at its meeting on 23<sup>rd</sup> February 2015.

**Chairman**

(The meeting endedTime Not Specified)

Any queries regarding these minutes, please contact:  
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<b>Report to:</b>	<b>FINANCE AND AUDIT COMMITTEE</b>
<b>Relevant Officer:</b>	Mark Towers, Director of Governance and Regulatory Services
<b>Date of Meeting</b>	5 <sup>th</sup> March 2015

## STRATEGIC RISK REGISTER – LEGAL OR REGULATORY CHANGES

### 1.0 Purpose of the report:

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

### 2.0 Recommendation(s):

2.1 Members will have the opportunity to question the Director of Governance and Regulatory Services on identified risks on the Strategic Risk Register in relation to changes to legal or regulatory services.

### 3.0 Reasons for recommendation(s):

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

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

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

3.3 Other alternative options to be considered:

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

### 4.0 Council Priority:

4.1 The relevant Council Priority is:

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

**5.0 Background Information**

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

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

Does the information submitted include any exempt information?

No

**List of Appendices:**

Appendix 3(a) - Excerpt from Strategic Risk Register

**6.0 Legal considerations:**

6.1 None

**7.0 Human Resources considerations:**

7.1 None

**8.0 Equalities considerations:**

8.1 None

**9.0 Financial considerations:**

9.1 None

**10.0 Risk management considerations:**

10.1 None

**11.0 Internal/ External Consultation undertaken:**

11.1 None

**12.0 Background papers:**

12.1 None

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No.	Risk Category	Impacts / Consequences	Opportunity	Gross Risk Score			Existing Controls	Net Risk Score			New / Developing Controls	Corporate Priority	Risk Owner / Risk Manager	Target Date
				I	L	GS		I	L	NS				
18	National - legal or regulatory change	<p>1) Additional workload / reprioritisation</p> <p>2) Costs increase</p> <p>3) Change in priorities</p> <p>4) May have adverse effect on sectors of the community</p>	1) Opportunity for positive change	3	4	12	<p>1) Policy team research / proactive consultation response</p> <p>2) Statutory legal and financial officers lobbying</p>	3	3	9	<p>1) Timely implementation of policy changes</p> <p>2) Policy scan report to Corporate Leadership Team and Leadership team identifies potential implications on the Council</p> <p>3) Informing Elected Members of changes</p>	9	<p>Owner: CLT</p> <p>Manager: Director of Governance and Regulatory Services</p>	Ongoing

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<b>Report to:</b>	<b>FINANCE AND AUDIT COMMITTEE</b>
<b>Relevant Officer:</b>	Trevor Rees, KPMG
<b>Date of Meeting</b>	5 <sup>th</sup> March 2015

## **CERTIFICATION OF GRANTS AND RETURNS 2013/2014**

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

1.1 To consider the External Auditor's report on the certification of grants and returns 2013/2014.

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

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

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

3.1 To enable the Committee to consider a report from the External Auditor in relation to the certification of grants and returns 2013/2014 and make appropriate recommendations.

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

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

3.3 Other alternative options to be considered:

None, as the External Auditor is required by the Audit Commission to provide a report to Committee.

### **4.0 Council Priority:**

4.1 The relevant Council Priority is:

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

motivated workforce

**5.0 Background Information**

5.1 The Audit Commission requires external auditors to prepare an annual report on the claims and returns it certifies for the Council.

5.2 The report summarises the results of the work on the certification of Blackpool Council's 2013/2014 grant claims and returns.

5.3 A detailed summary of the key outcomes of the work has been included within the report.

5.4 Information on the certification work fees has also been provided within the report.

Does the information submitted include any exempt information?

No

**List of Appendices:**

Appendix 4(a): Certification of claims and returns 2013/2014

**6.0 Legal considerations:**

6.1 None

**7.0 Human Resources considerations:**

7.1 None

**8.0 Equalities considerations:**

8.1 None

**9.0 Financial considerations:**

9.1 None

**10.0 Risk management considerations:**

10.1 None





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**Private & confidential**

The Finance and Audit Committee  
C/o Mr Steve Thompson  
Director of Resources  
Blackpool Council  
1 Bickerstaffe Square  
Talbot Road  
Blackpool  
FY1 1NA

Our ref tr/il/let-084

Contact Iain Leviston  
0161 246 4403

19 February 2015

Dear Committee members

**Certification of claims and returns – annual report 2013/14**

The Audit Commission requires its external auditors to prepare an annual report on the claims and returns it certifies for each client. This letter is our annual report for the certification work we have undertaken for 2013/14.

In 2013/14 we carried out certification work on the following claims/returns:

<b>Claim/return</b>	<b>Certified value (£)</b>
BEN01 – Housing Benefit subsidy claim	77,104,297
CFB06 – Pooling of Housing Capital Receipts	469,954
<b>Total</b>	<b>77,574,251</b>

**Matters arising**

Our certification work identified the following issue regarding the BEN01 claim:

In 2012/13 we identified errors in relation to incorrect classification of overpayments as claimant error, eligible overpayments. Since we were unable to gain assurance that this error:

- had been dealt with by the Authority; and
- was not likely to reoccur in the current year population;

we have performed additional sample testing as part of the 2013/14 certification work.

We did not identify any further errors of this type within the initial testing sample for 2013/14. However, testing of an additional sample of 40 cases identified two cases where the Authority

delayed the processing of a change of address, resulting in an overpayment which was classified as a claimant error, eligible overpayment, but should have been classified as a local authority delay or error overpayment.

We undertook additional sample testing of 40 cases to determine the extent of the error throughout the population of claimant error, eligible overpayment. This is because the error type could only occur in cases where expenditure had been included within the eligible overpayment. The additional 40+ testing undertaken with regard to this error is therefore based on a subpopulation of cases, and the extrapolation of these results took place over this subpopulation.

Given the nature of the population and the number of misclassification errors found within this benefit type in the prior year, it is unlikely that even significant additional work will result in an amendment that will allow me to conclude the error was isolated. We extrapolated a total error across the claim of £54,282. Therefore we have qualified Blackpool Council’s Housing Subsidy Claim for the year ended 31 March 2014. As a result of this qualification, DWP will determine what action they will take in relation to this matter. The Council has confirmed to us that it has taken and continues to take significant action, for example on-going training and quality controls checks, to mitigate these errors.

**Certification work fees**

The Audit Commission set an indicative fee for our certification work in 2013/14 of £19,615, but this included the certification of the major transport project TRA11 which was not required for 2012/13 or 2013/14.

For the two grants certified under the Audit Commission’s regime, the actual fee was the same as the indicative fee; with the fee for the BEN01 return being reduced compared to the prior year as less 40+ testing was required to address errors identified in the testing.

The details are set out in the table below:

<b>Claim</b>	<b>2013/14 Final fee (£)</b>	<b>2013/14 Indicative fee (£)</b>	<b>2012/13 Final fee (£)</b>
BEN01 – Housing Benefit subsidy claim	13,483	13,483	20,690
CFB06 – Pooling of Housing Capital Receipts	620	620	620
LA01 – National Non Domestic Rates	-	-	812
PEN05 – Teachers’ Pensions return*	-	-	1,600
TRA11 – Local Transport Plan: Major Schemes	-	5,512	-
<b>Total</b>	<b>14,103</b>	<b>19,615</b>	<b>23,722</b>

\* This return fell outside the Audit Commission regime for 2013/14. KPMG engaged directly with the Council and the Teachers Pensions to complete this work as a total cost to the Council of £3,000.



Yours faithfully

A handwritten signature in black ink that reads 'Trevor Rees'. The signature is written in a cursive style with a large, looping 'R'.

Trevor Rees  
*Partner, KPMG LLP*

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<b>Report to:</b>	<b>Finance and Audit Committee</b>
<b>Relevant Officer:</b>	Tracy Greenhalgh – Chief Internal Auditor
<b>Date of Meeting</b>	5 <sup>th</sup> March 2015

## INTERNAL AUDIT PLAN 2015/2016

### 1.0 Purpose of the report:

1.1 The Committee to consider the Internal Audit Annual Plan for 2015/2016.

### 2.0 Recommendation(s):

2.1 To approve the Internal Audit Plan for 2015/2016 including the Anti-Fraud and Corruption Strategy and the Internal Audit Charter.

### 3.0 Reasons for recommendation(s):

3.1 For Members information and approval.

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

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

3.3 Other alternative options to be considered.

None, as the Committee is required to consider and approve the Internal Audit Plan.

### 4.0 Council Priority:

4.1 The relevant Council Priority is 'Deliver quality services through a professional, well-rewarded and motivated workforce'.

### 5.0 Background Information

5.1 Best practice, including the CIPFA Guidance on Audit Committees, recommends that the Finance and Audit Committee considers and approves an annual summary of proposed internal audit activity. The annual audit plan meets this requirement and is tabled before the Committee in advance of the year to which it applies.

- 5.2 The CIPFA Guidance on Audit Committees also recommends that the Committee monitors the Council's anti-fraud arrangements. As part of this, the anti-fraud and corruption strategy is appended to the audit plan for Finance and Audit Committee's review and approval. As in other recent years the audit plan also includes details of planned proactive anti-fraud and corruption work, in line with changes in best practice.

Does the information submitted include any exempt information?

No

**List of Appendices:**

Appendix 5(a) – Internal Audit Plan 2015/2016

**6.0 Legal considerations:**

- 6.1 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.

**7.0 Human Resources considerations:**

- 7.1 None

**8.0 Equalities considerations:**

- 8.1 None

**9.0 Financial considerations:**

- 9.1 All work will be delivered within the budget set for Risk Services.

**10.0 Risk management considerations:**

- 10.1 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. High risks which have been identified are included in the annual plan.

**11.0 Ethical considerations:**

- 11.1 None

**12.0 Internal/ External Consultation undertaken:**

- 12.1 Meetings were held with all Departmental Management Teams throughout January to understand priority risk areas. The Internal Audit Plan was then taken to the

Corporate Leadership Team on the 9<sup>th</sup> February 2015 for approval.

**13.0 Background papers:**

13.1 None

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Internal Audit  
Annual Plan  
2015-2016

Contents	Page
1. Introduction.....	2
2. Overall balance of coverage .....	2
3. Risk-based reviews.....	3
4. Compliance testing .....	3
5. Counter-fraud and corruption work .....	5
6. Consultancy and advice .....	5
7. External Work .....	5
8. Monitoring Performance .....	5
9. Recommendation .....	6
Appendix A - Planned Risk Based and Compliance Reviews.....	7
Appendix B – Proactive anti-fraud workplan 2015/16.....	9
Appendix C - Anti-fraud and corruption statement .....	10
Appendix D – The Internal Audit Charter .....	16

## Internal Audit Annual Plan 2015-16

### **1. Introduction**

- 1.1 The purpose of this report is to obtain approval for the internal audit and corporate fraud plan of work for 2015/16. This plan principally covers internal control review and anti-fraud and corruption work. Best practice (i.e. the CIPFA Code of Practice for Internal Audit in Local Government) recommends that the audit plan is approved by both the Finance and Audit Committee and senior management.
- 1.2 In terms of reporting lines for the service the Chief Internal Auditor reports to the Director of Resources on operational issues and the Chief Executive and Finance and Audit Committee as appropriate on strategic issues.
- 1.3 The audit plan is based on the service structure which includes six full time equivalent operational audit staff.
- 1.4 The service will report summary findings of work undertaken on a quarterly basis to the Finance and Audit Committee, Corporate Leadership Team and Resources Directorate Management Team. As in previous years, the Finance and Audit Committee can request more detailed information on any work undertaken. The annual opinion of the Chief Internal Auditor will contribute to the Council's Annual Governance Statement.
- 1.5 Professional standards require the internal audit charter and anti-fraud and corruption strategies to be periodically reviewed and reapproved by the organisation. In the current times of significant organisational change it is considered that annual review of these documents is appropriate and they are both appended to this plan for members' consideration.

### **2. Overall balance of coverage**

- 2.1 The work of the team can be broken down into four main services to the Council:
- Reviews of Council systems and processes on a risk assessed basis to ensure controls are adequate, coupled with a programme of follow-up work to ensure significant findings are implemented;
  - Compliance testing to ensure:
    - Significant financial systems remain 'fit for purpose'
    - Adequate financial procedures in schools
    - Appropriate controls over capital contracts and larger revenue contracts
    - Effective procurement activity, including non-contracted spend
  - Provision of consultancy and advice to service management on request regarding aspects of internal control;
  - Fraud investigation, where appropriate in conjunction with the Corporate Fraud Officer.

## Internal Audit Annual Plan 2015-16

- 2.2 Internal audit continues to work closely with the Council's external auditors, KPMG. Regular liaison meetings are held to avoid duplication and exchange key findings on areas of mutual concern.

### **3. Risk-based reviews**

- 3.1 Given available resources and the balance of risk and compliance audit work we anticipate undertaking 20 reviews arising from our risk assessment. Within each review we will continue to include core areas of internal control such as business planning, performance monitoring and security of assets. Segregation of duties in key processes will remain an important focus given the current economic climate and issues identified from past work.
- 3.2 Planned audit work has been discussed with the Chief Executive, Senior Management and the Director of Resources. The plan has also been discussed by the Corporate Leadership Team on the 16<sup>th</sup> February 2015.
- 3.3 The demand for audit work in 2015/2016 has exceeded the available resource and therefore a decision has been taken to focus on the areas with the highest perceived risk.
- 3.4 The plan has been compared to the financial risk assessment included in the Council's budget to help ensure that key areas of financial risk are aligned to the audit plan.
- 3.5 Changes to the programme of risk based work will only be made following discussion with the Council's Section 151 officer. Any changes will be made known to the Finance and Audit Committee through the quarterly report of the Chief Internal Auditor.
- 3.6 A list of risk based reviews which will be covered in 2015/2016 can be found in **Appendix A**.

### **4. Compliance testing**

- 4.1 Compliance testing accounts for approximately fifty percent of the allocated audit resource. As set out in the 2014/17 audit strategy, the overall approach remains, to complement risk based audit work with a robust set of compliance testing. The compliance element of the audit programme can be split into the following sub-headings, further details as to the areas of coverage can be found in **Appendix A** of this report.

#### ***Financial Control Assurance Testing***

- 4.2 This involves the testing of core financial transactions to ensure that all major financial systems are subject to an adequate level of audit review work annually. Computer audit techniques have been extended and manual sample testing reduced to help ensure the widest range of coverage focused on transactions which warrant further investigation.
- 4.3 The results from the Financial Control Assurance Testing are reported each quarter to the relevant Head of Service with a full copy of the results provided to the Director of Resources. These reports offer assurance throughout the year that key financial controls are working effectively and also identify any control weaknesses for follow-up and resolution.

**Internal Audit Annual Plan 2015-16**

***Procurement and Contract Audit***

- 4.4 A number of reviews will be undertaken to ensure that adequate procurement arrangements are in place and that contracts are being effectively managed. This year resource has been set aside for seven reviews of this nature.

***Schools Audit***

- 4.5 Provision has been made in the plan for schools audit work. In recent years this has comprised ensuring that schools have met the requirements of the national Financial Management Standard in Schools, on the basis that this covered all the expected key controls over school financial procedures and governance. The Department for Education has launched the Schools Financial Value Standard, which no longer includes a requirement for an external assessment. However, there is still a requirement for maintained schools to be subject to an audit programme.
- 4.6 It is intended that each maintained school will be subject to an audit of its core financial controls every three years, or more frequently if necessary. A risk assessment will be undertaken to assess which schools will be subject to audit in 2015/2016 and provision has been made in the plan for seven schools to be visited.
- 4.7 A service offer that offers support in completing the School's Financial Value Standard self-assessment has also been distributed to schools. Work will be programmed in as requested and will form a source of income for the team.

***Establishment Visits***

- 4.8 A small programme of establishment visits will take place to ensure that financial controls are operating effectively. For 2015/2016 the focus will be on the leisure centres and two adult social care services.

***Grants and Service Level Agreements***

- 4.9 This year's audit programme will also include a review of ward budgets and various grant certifications which require sign-off by the Chief Internal Auditor.

***Carbon Reduction commitment***

- 4.10 The Carbon Reduction Commitment (CRC) scheme is a mandatory energy efficiency scheme which uses an emissions trading mechanism. The CRC scheme was introduced in April 2010 and involves large public and private sector organisations in the UK. Non-compliance with the scheme will expose the participating organisations to potentially significant financial penalties. To mitigate against this, organisations must develop reliable systems for energy data collection that provide timely, complete and accurate information.
- 4.11 A requirement of the CRC scheme is that each organisation implements a system for regular internal audits, and copies of the audit reports need to be included in the CRC evidence packs.
- 4.12 The first CRC audit at Blackpool Council took place in 2011/2012 and it is intended that a programme of annual audits will be implemented going forward. We have also agreed with Blackpool, Wyre and Fylde Hospitals Trust that we will complete a similar review of their annual CRC submission and this will provide an additional source of income to the team.

**Internal Audit Annual Plan 2015-16**

**5. Counter-fraud and corruption work**

- 5.1 The counter fraud audit programme is again based on the guidance in the CIPFA 'Red Book' on fraud prevention and the Audit Commission's 'Protecting the Public Purse' document to ensure that it takes account of emerging threats and focuses on priority fraud risks.
- 5.2 As well as work by audit staff, vigilance and a commitment to tackling fraud by frontline staff remains a vital safeguard in preventing and detecting fraud.

**6. Consultancy and advice**

- 6.1 The provision of advice to management on matters of risk and control remains an important aspect of the internal audit service. As in prior years a proportion of audit management time has been set aside for ad hoc consultancy work at management request.

**7. External work**

- 7.1 The internal audit team also undertakes work for a range of external clients. These include Blackpool Coastal Housing where a separate internal audit plan is in place and audit findings are reported to their Finance, Audit and Corporate Services Committee.
- 7.2 In addition, the internal audit team carries out reviews at a number of the leisure assets owned by the Council. An annual audit is undertaken of the Sandcastle Waterpark with the findings reported to the Blackpool Operating Company Board. An audit approach has also been developed with Merlin Entertainment to facilitate an annual review of the controls in place at Blackpool Tower, the Dungeons and Madame Tussauds.
- 7.3 The internal audit team also carries out an annual audit of the financial controls in place at the Winter Gardens.
- 7.4 A service offer has also been provided to schools to provide support to them in completing the Schools Financial Value Standard. Whilst there is no requirement that schools are externally assessed against their self-assessment the internal audit team recognise that schools may welcome support. A service offer to schools who have obtained academy status has also been developed to support academies with the provision of an internal audit service.
- 7.5 Blackpool Council provides a number of shared services with Fylde Borough Council, particularly in relation to the provision of revenues and benefits services. These key financial systems are subject to regular audit review and therefore the Council's Internal Audit Team undertake the required work jointly with Fylde Borough Council's audit team to reduce the audit burden on the service .

**8. Monitoring performance**

- 8.1 As head of the Council's independent assurance service, the Chief Internal Auditor will issue quarterly reports to both the Section 151 Officer and the Finance and Audit Committee, to enable any areas of concern to be acted upon as necessary. The Chief Internal Auditor's opinion on the effectiveness of the system of internal control for the 2014/15 year will be included in the fourth quarter report in May 2015.

**Internal Audit Annual Plan 2015-16**

8.2 As with all Council services, performance indicators will be used for monitoring and managing the team. Wherever possible, performance indicators are intended to remain the same year on year to enable trends to be identified. The five PIs in place are:

- Audit plan completed;
- Reviews delivered to deadline;
- Reviews delivered to time budget;
- Customer satisfaction;
- Compliance of audit reviews with department quality standards.

**9. Recommendation**

9.1 Members are asked to approve the internal audit plan for 2015/16, including the plan for counter-fraud and corruption work.

9.2 Members are asked to approve the Internal Audit Charter.

9.3 Members are asked to approve the revised anti-fraud and corruption statement.

Tracy Greenhalgh CMIIA, MSc  
Chief Internal Auditor  
3<sup>rd</sup> February 2015

## Appendix A - Planned Risk Based and Compliance Reviews

Directorate	Service / Topic	Provisional Timings	Allocated Days
<b>Risk Based Reviews</b>			
Community and Environment	Highways	Quarter 4	20
Community and Environment	Physical Activities Programmes	Quarter 1	20
Corporate	Implementation of High Risk Savings*	Quarter 3	20
Deputy Chief Executive	Compliance with Corporate Procedures	Quarter 3	20
Deputy Chief Executive	Ability to Transform	Quarter 3	20
Deputy Chief Executive	Payroll* ( <i>potentially joint with KPMG</i> )	Quarter 2	20
Deputy Chief Executive	Information Management and Data Breaches	Quarter 4	20
Governance and Regulatory	Governance Arrangements of Boards and Panels	Quarter 2	20
Governance and Regulatory	Licensing Service	Quarter 1	20
People	Better Start Project*	Quarter 2	20
People	Care Act Implementation: Deferred Payments	Quarter 3	20
People	Identification of Carers, Care and Support Plans	Quarter 4	20
People	Framework-I Development	Quarter 3	20
People	Leaving Care Service	Quarter 4	20
People	Early Education Free Entitlement	Quarter 4	20
Places	Housing Regeneration Company*	Quarter 2	20
Places	Car Parking Income	Quarter 2	20
Places	CCTV	Quarter 1	20
Public Health	Continuing Professional Development	Quarter 1	20
Resources	Housing Benefit Risk Based Verification	Quarter 3	20
<b>Contract / Procurement Audits</b>			
Community and Environment	Street Lighting PFI	Quarter 3	15
Community and Environment	Anchorsholme Coastal Defence Work	Quarter 1	15
Community and Environment	Waste PFI*	Quarter 4	15
Corporate	Contract and Performance of Providers	Quarter 1	20
Places	Coastal Community Fund (Illuminations)*	Quarter 3	15
Public Health	Commissioning Arrangements	Quarter 4	15
Resources	Banking Contract Post Implementation Review	Quarter 2	15
<b>Compliance Testing</b>			
Community and Environment	Leisure Centres Establishment Visit	Quarter 2	20
Corporate	Financial Control Assurance Testing	Quarterly	150
Corporate	Grant Certifications	As required	20
Governance and Regulatory	Ward Budgets	Quarter 4	10
Governance and Regulatory	Executive Decisions	Quarter 3	15
People	St Teresa's RC Primary School	TBC	2
People	St Bernadette's RC Primary School	TBC	2
People	Baines Endowed Primary School	TBC	2

People	Boundary Primary School	TBC	2
People	Mereside Primary School	TBC	2
People	Kincraig Primary School	TBC	2
People	Layton Primary School	TBC	2
People	Troubled Families Compliance Testing	Quarterly	20
People	Langdale Day Centre Establishment Visit	Quarter 1	5
People	Coopers Way Establishment Visit	Quarter 1	5
Place	Positive Steps into Work	Quarter 1 and Quarter 4	20
Resources	Carbon Reduction Commitment	Quarter 2	5
Total			<b>794</b>

\* - priority reviews



## **Appendix B – Proactive anti-fraud workplan 2015/16**

The proactive fraud anti-fraud workplan includes the following actions:

### **Internal Audit**

- 1) Undertake Financial Control Assurance Testing (FCAT) compliance audit work using IDEA software to deliver maximum assurance that core systems are operating as described.
- 2) Continue to promote register of interests through internal audit work to reduce the likelihood of undeclared conflicts of interest.

### **Corporate Fraud**

- 1) Develop the use of IDEA software to better target proactive resources for fraud and error testing on a quarterly basis.
- 2) Attend the Greater Manchester Fraud Group, half yearly meetings to share intelligence, best practice and develop training opportunities and promote work on joint initiatives.
- 3) Develop further ICT solutions to assist in the identification of fraud including the introduction of the Corporate Fraud System and review other options including Investigator On-Line.
- 4) Develop the resources available on the Hub such as updates, warnings of emerging fraud risks, case summaries on proven cases and fraud prevention information.
- 5) Promote the Fraud Awareness I-Pool course and encourage all managers to complete the training.
- 6) Pursue civil, disciplinary and/or criminal sanctions, picked up during investigation process.
- 7) Identify and recover all losses identified during investigation process and recovery action sought through POCA, insurance, payroll and legal means.
- 8) Manage the Council's National Fraud Initiative (NFI) response and ensure that as a minimum all high risk / recommended matches are reviewed.
- 9) Focus on key areas of potential fraud including Council Tax Reduction Scheme / Single Person Discount and Insurance fraud.
- 10) Promote the Council's arrangements on prevention of money laundering, the Bribery Act and whistleblowing, in the latter case in conjunction with Human Resources.
- 11) Update the Council's Prosecution Policy to reflect the transfer of the responsibility to investigate welfare benefit fraud to the Department for Work and Pensions.

## **Appendix C - Anti-fraud and corruption statement**

Blackpool Council is committed to the prevention of fraud and corruption.

It is important to Blackpool Council to use its income and resources in the most effective way for the delivery of high quality services to the community. Blackpool Council requires all employees and elected members to act honestly and with integrity and to safeguard the public resources for which they are responsible. Blackpool Council also expects the same levels of honesty and integrity from all individuals and companies dealing with the Council and will take appropriate action when fraud, bribery or corruption is suspected.

### ***Introduction***

The purpose of this statement is to set out the procedures to be followed where fraud, bribery or corruption is suspected or detected. It is part of Blackpool Council's overall approach to security and therefore it applies to the Council and all other parties who are given access to the Council's information and premises. It covers all personnel including Council staff, freelance, casual and temporary agency staff, contractors and elected members.

There is an expectation and requirement that all individuals, businesses and organisations dealing in any way with the Council will act with integrity and that Council employees at all levels will lead by example to prevent and detect fraud, bribery and corruption. The Council subscribes fully to the principles laid down by the Nolan Committee which include:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

Senior management and elected members are also expected to deal effectively with any potentially fraudulent or corrupt activity that comes to their attention.

Blackpool Council can be the victim of a variety of frauds, bribes or corrupt acts from time to time.

### ***Definitions of Fraud***

#### **Fraud**

The Council regards fraud as being any intentional distortion of financial statements and other records to achieve inappropriate gain, and the misappropriation of assets. This may involve:

- Falsification or alteration of accounting records or other documents
- Misappropriation of assets or theft
- Suppression or omission of the effects of transactions from records or documents
- Recording transactions which have no substance

- Wilful misrepresentations of transactions or of the Council's state of affairs

The Fraud Act 2006 categorises fraud into three main types, namely dishonestly intending to make a gain, or cause a loss or risk of loss by:

- Making a false representation
- Failing to disclose information when there is a duty to do so
- Abuse of position

### Bribery & Corruption

Corruption is a serious criminal offence, set out principally in the Prevention of Corruption Acts and now the Bribery Act 2010. Corruption includes offering, giving, soliciting or accepting of any inducement or reward which would influence the actions taken by the body, its members or officers. Some of the main areas of activity, which may be particularly susceptible to corruption include:

- Contracts and commissioning
- Grants
- Asset disposal
- Planning consents
- Licenses and other approvals

The Bribery Act 2010 has established 4 offences:

- Offering, promising or giving a bribe
- Requesting, receiving or accepting a bribe (whether directly or through a third party)
- Bribing a foreign public official
- The failure of a commercial organisation to prevent bribery

### **Legislation**

The Council will at all times whilst conducting investigations utilise and comply with the requirements of the appropriate legislation including:

- The Police and Criminal Evidence Act 1984 (PACE)
- The Theft Acts of 1968
- The Fraud Act 2006
- Audit Commission Act 1998
- Serious Crime Act 2007
- Proceeds of Crime Act 2002 (POCA)
- The Data Protection Act 1998
- Criminal Attempts Act 1981
- Forgery and Counterfeiting Act 1981

- The Corruption Acts (1889-1916)
- The Public Interest Disclosure Act 1998
- The Human Rights Act 1998
- The Regulation of Investigatory Powers Act 2000
- Criminal Procedures and Investigations Act 1996
- Criminal Justice Act 1987
- Bribery Act 2010

### ***Council rules relating to fraud and corruption***

Council employees are expected to abide by the National and Local Conditions of Service relating to their employment, which include conduct issues. Employees are also expected to follow any code of conduct related to their profession where these require a further duty of care.

Council members are required to comply with the Model Code of Local Government Conduct and associated protocols, which provide guidance to members on recommended standards of conduct in carrying out their duties and in their relationships with the Council and Council officers.

All members and employees are required to declare any offer or receipt of gifts or hospitality that are in any way related to their relationship with the Council. A hospitality register is maintained of all declarations. A register is also maintained for officers to declare any business or related interests, membership of, or associations with, clubs, societies and other organisations.

The Council's constitution governs the way the Council conducts its activities and places an obligation on all members and employees to act in accordance with procedure rules, responsibilities and functions and supporting financial regulations.

Senior management have a role in ensuring that the Council takes adequate steps to safeguard against the risk of bribery.

The Corporate Leadership Team must ensure that all staff have access to these rules and regulations and that staff receive suitable training where appropriate. Members and employees must make sure that they read, understand and comply with the rules and regulations that apply to them.

Should any person knowingly break the rules and regulations then the Council may take formal action. In the case of staff this could ultimately lead to dismissal, members could be reported to the Standards Board. The Council not taking adequate precautions to reduce the risk of bribery could also lead to a criminal conviction.

### ***Fraud and Corruption Reporting***

It is the responsibility of all staff to be alert for occurrences of fraud, bribery and corruption and to be aware that unusual events, transactions or behaviours could be indications of fraud (or attempted fraud) and corrupt practices. Fraud, bribery and corruption may also be highlighted as a result of specific management checks, by a third party, or in the course of audit reviews by both internal and external audit.

Service managers are responsible for maintaining an adequate framework of internal control to minimise potential losses by the Council. Risk Services is available to provide advice and assistance in this area, but service management retains responsibility for preventing and highlighting possible fraudulent and corrupt activity.

Any suspicion of fraud will be taken seriously. If you become aware of a suspected fraud or irregularity you should report it to either:

- your Line Manager;
- your Head of Service or Director,
- the Chief Internal Auditor; or
- via the whistle blowing procedure.

When a member of staff reports suspicions to their line manager or head of service, their information should be taken seriously and they should be dealt with in a considerate way. Managers receiving the information should report it to the Chief Internal Auditor as soon as possible so that a decision can be made about the need for an investigation.

Confidentiality for all parties will be maintained over reports made in good faith which cannot be substantiated following investigation. A reporting member of staff may choose to remain anonymous and such anonymity will be respected. However, identification is preferred and will assist the investigation. An anonymous disclosure cannot be made under the Public Interest Disclosure Act 1998 (the 'Whistleblowing Act'); staff must identify themselves to receive protection under the Act.

Employees must not do any of the following:

- contact the suspected individual in an effort to determine facts or demand restitution;
- discuss the case facts, suspicions, or allegations with anyone outside the Council (including the press) unless specifically asked to do so by the Monitoring Officer or the Chief Internal Auditor;
- discuss the case with anyone within the Council other than the people listed above;
- attempt to seize paperwork or other evidence.

### ***Investigation Procedure***

All fraud, bribery and corruption investigations should be discussed at the outset with the Chief Internal Auditor and Deputy Chief Executive (Human Resources and Organisational Development) to ensure appropriate procedures are followed and any necessary support is provided.

You must not attempt to personally conduct investigations or interviews or question anyone unless asked to do so by the leader of the investigation team.

Investigation results will not be disclosed to or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputation of persons subsequently found innocent of alleged wrongful conduct, and to protect the Council from potential civil liability.

In cases where an individual is suspected of fraud, which a subsequent investigation does not substantiate, it is important that the potential damage to the individual's reputation is minimised. Whoever originally reported the suspected fraud or irregularity will be informed that the investigation has revealed no wrongdoing.

Any necessary investigative activity will be conducted without regard to any person's relationship to the Council, position or length of service.

### ***Conduct of Investigation***

Investigations will be carried out by the Chief Internal Auditor or Corporate Fraud Officer, or a senior manager who is independent of the direct line responsibility, and will be conducted with discretion and sensitivity.

Those carrying out the investigation will confine themselves to investigating those matters that are the subject of, or relevant to, the suspected fraud, bribery or corruption.

On completion of the investigation, a written report will be prepared stating the facts established by the investigation. The report should avoid speculation or any statement that cannot be supported by evidence.

### ***Prosecution Policy***

Whenever possible, the Council will take action against all perpetrators of fraud and corruption, whether internal or external to the authority.

In cases of internal fraud and corruption the Chief Internal Auditor will discuss the findings of any investigation with the relevant service management and HR officers, who together will decide whether to take disciplinary action.

Cases of internal or external fraud and corruption, where there is potentially sufficient evidence for a criminal prosecution, will be referred to the police.

It may be necessary to involve the police for other reasons, e.g. to take forensic evidence or to search premises. In all instances, the investigating team should instigate contact with the police.

### ***Learn From Past Experience***

Where fraud, bribery and corruption have occurred management must take any necessary steps to amend systems and procedures to ensure that similar frauds or corrupt practices do not recur. The investigation may highlight where there has been a failure of supervision or a breakdown/absence of control. Internal audit is available to offer advice and assistance on matters relating to internal control, if considered appropriate.

### ***Recovery of Loss***

Where the Council has suffered loss, restitution will be sought of any benefit or advantage obtained and the recovery of costs will be sought from any individual(s) responsible for fraud or corruption.

As a first step the individual concerned will be asked to make good the loss. If the individual cannot or will not make good the loss consideration should be given to taking civil recovery action, subject to legal advice received.

***Conclusion***

Blackpool Council is committed to tackling fraud and corruption whenever it happens. The circumstances of individual frauds and corruptions will vary, but the Council's response should be effective and organised and will rely on the principles included in this document.

## **Appendix D – The Internal Audit Charter**

### ***Purpose***

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The internal control environment comprises the policies, procedures and operations established to ensure:

- The achievement of objectives.
- The appropriate assessment and management of risk.
- The reliability of internal and external reporting and accountability processes.
- The prevention of fraud and corruption.
- Compliance with applicable laws and regulations.
- Compliance with the behavioural and ethical standards set for the Council.
- Economic, effective and efficient use of resources, i.e. value for money.
- Safeguarding of the organisation's assets and interests.

### ***Independence***

Internal Audit is independent of the activities that it audits to ensure the unbiased judgements essential to its proper conduct and impartial advice to management.

Internal auditors adhere to the code of ethics set out in the Public Sector Internal Audit Standards and their own relevant professional bodies including the Chartered Institute of Internal Auditors and the Chartered Institute of Public Finance and Accountancy.

### ***Authority***

Internal Audit has authority to carry out reviews of the financial and operational activities of the Council. Internal Audit neither has direct responsibility for, nor authority over, the activities it reviews.

Internal auditors have unrestricted access at all times to all records, assets, personnel and premises relating to these activities and have authority to make enquiries of Council officers, elected members and partner organisations.

Internal Audit has authority to conduct audit work on services provided by the Council to third parties, and to provide results of that testing to those third parties on request.

### ***Responsibility***

The Chief Internal Auditor is responsible for:

- Developing an annual audit plan based on an understanding of the significant risks to which the Council is exposed.



- Submitting the plan to the Finance and Audit Committee and the Section 151 Officer for review and agreement.
- Implementing the agreed audit plan.
- Ensuring the internal audit service complies with professional standards.
- Maintaining a professional internal audit team with sufficient knowledge, skills and experience to carry out an annual audit plan that supports the audit opinion.
- Delivering an annual audit opinion on the adequacy of the Council's internal control arrangements.

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<b>Report to:</b>	<b>Finance and Audit Committee</b>
<b>Relevant Officer:</b>	Tracy Greenhalgh – Chief Internal Auditor
<b>Date of Meeting</b>	5 <sup>th</sup> March 2015

## RISK SERVICES QUARTER THREE REPORT – 2014/2015

### 1.0 Purpose of the report:

1.1 To consider a quarterly summary of work undertaken by Risk Services.

### 2.0 Recommendation(s):

2.1 To note the Risk Services Quarterly Report findings.

### 3.0 Reasons for recommendation(s):

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

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

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

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

3.3 Other alternative options to be considered.  
None

### 4.0 Council Priority:

4.1 The relevant Council Priority is 'Deliver quality services through a professional, well-rewarded and motivated workforce'.

**5.0 Background Information**

5.1 The report presents a quarterly summary of work undertaken by Risk Services. This is submitted in line with best practice, including CIPFA Audit Committee guidance.

Does the information submitted include any exempt information? No

**List of Appendices:**

Appendix 6(a) – Risk Services Quarter 3 Report.

**6.0 Legal considerations:**

6.1 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.

**7.0 Human Resources considerations:**

7.1 None

**8.0 Equalities considerations:**

8.1 None

**9.0 Financial considerations:**

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

**10.0 Risk management considerations:**

10.1 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 which have been identified in the quarter are reported in the summary report.

**11.0 Ethical considerations:**

11.1 None

**12.0 Internal/ External Consultation undertaken:**

12.1 The Risk Services Quarterly Report was presented to the Resources Directorate Management Team on the 17<sup>th</sup> February 2015 and the Corporate Leadership Team on the 2<sup>nd</sup> February 2015.

**13.0 Background papers:**

13.1 None

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Risk Services Quarterly Report  
1<sup>st</sup> October to 31<sup>st</sup> December 2014

Contents	Page
1. Third Quarter Summary .....	2
2. Performance.....	3
Internal Audit performance indicators .....	3
Investigations performance indicators .....	3
Investigations Team Statistics .....	4
Civil Contingencies performance indicators .....	4
Risk and Insurance Performance Indicators.....	6
3. Appendix A: Performance & Summary Tables for Quarter 3 – October to December 2014.....	8
Internal Audit reports issued in period .....	8
Progress with Priority 1 audit recommendations .....	13
Benefit overpayment recovery rates .....	13
The Regulation of Investigatory Powers Act 2000 .....	14
Complaints in relation to benefit fraud investigations .....	14
Benefit fraud referrals.....	14
Insurance claims data.....	14
4. Appendix B Benefit Fraud Referrals – Analysis of Cases Opened and Closed to date.....	15
5. Appendix C – Insurance Claims Data.....	17
6. Appendix D – Benefit Overpayments Year on Year Analysis (Housing Benefit and Council Tax Benefit Only).....	18

## Risk Services Quarter Three Report – 2014/2015

### 1. Third Quarter Summary

#### *Service Developments*

##### 1.1 *Internal Audit*

The service is continuing to support a range of Council projects including the transition to the new banking contract, Framework-I Phase Two implementation and Troubled Families audit and verification requirements.

A full review of the Financial Control Assurance compliance testing has been undertaken which covers the key financial systems across the Council. The purpose of this review was to ensure that the audit approach continued to focus on key controls and to make better use of IDEA file interrogation software to further automate testing and enable a larger amount of data to be analysed.

Two changes to the Internal Audit Plan have been agreed with the Section 151 Officer and the planned review of Bickerstaffe House Working Arrangements has been replaced with a review of BTS Management Accounts which was requested at the Shareholder Panel. The review of Visit Blackpool has now been replaced by a corporate review of Income and Debt Management which is considered a higher risk.

##### 1.2 *Investigations*

Steps continue to be taken to prepare for the transfer of the Benefit Fraud Team to the Department for Work and Pensions (DWP). An initial meeting has been held with the DWP who have provided an overview of the transition process and a more detailed project plan and timeline is expected from the DWP in January 2015. The staff have now received the measures document which compares their current terms and conditions to the DWP's conditions and a consultation process is now underway in conjunction with HR and the Trade Unions.

There are a number of corporate fraud investigations underway and the team are working closely with the Police on cases where it is appropriate to do so. Due to the number of investigations proactive anti-fraud work has been limited in the quarter.

All data has been submitted to the Audit Commission for the 2015 National Fraud Initiative exercise. We are expecting to receive the data matches in January 2015 and once received an assessment will be made on the level of resource required to undertake a review of the matches for each of the systems included.

##### 1.3 *Risk Management and Insurance*

Work has been ongoing to collate the necessary data for the insurance renewals for 2015/2016 and this was submitted to the Council's insurers in December. We are waiting to find out what the premiums will be however we are not anticipating significant changes in terms of costs compared to 2014/2015.

It has been determined that it would be beneficial to commission an independent review of the Council's insurance reserves to ensure that adequate provision is available to meet self-insurance requirements. A quotation exercise has been undertaken to ensure that value for money is achieved prior to awarding the work.

Work has been undertaken to complete the RMEQ Toolkit which is a risk management assessment toolkit provided by the Council's claim handlers. The toolkit identifies a range of high risk areas and



**Risk Services Quarter Three Report – 2014/2015**

requires a self-assessment of the Council current level of control and the provision of supporting evidence. An external verification of the self-assessment has been scheduled for January 2015.

1.4 *Emergency Planning and Business Continuity Planning*

The Emergency Planning Officer participated in a planning exercise facilitated by Public Health England in relation to the Ebola outbreak. The purpose of the exercise was to assess preparedness should an incident occur in the local area. A number of lessons were learned from this exercise and action will be taken to address the issues.

The Business Continuity Officer is planning an exercise to test the Corporate Business Continuity Plan and this will involve participation by the Corporate Leadership Team and Senior Leadership Team. The event is scheduled to take place on the 5th February 2015.

The team have completed the National Capability Survey which needs to be completed for the Cabinet Office ever two years to assess how Blackpool Council could respond to a major incident.

The Council continues to be vulnerable in terms of the number of trained Emergency Response Group volunteers. This is an issue across Lancashire and steps are being taken to liaise with Lancashire County Council and Blackburn and Darwen Council to address the shortfall and training needs.

**2. Performance**

*Internal Audit performance indicators*

PI Ref.	Performance Indicator (Description of measure)	2014/15 Target	2014/15 Actual
Local IAPI1	Percentage audit plan completed (annual target).	90%	62%
Local IAPI2	Percentage draft reports issued within deadline.	96%	96%
Local IAPI3	Percentage audit work within resource budget.	92%	92%
Local IAPI4	Percentage of positive satisfaction surveys.	85%	81%
Local IAPI5	Percentage compliance with quality standards for audit reviews.	85%	84%

*Investigations performance indicators*

PI Ref.	Performance Indicator (Description of measure)	2014/15 Target	2014/15 Actual
Local IPI1	Number of fraud investigations, per 1,000 caseload. <i>(Based on the number of investigation cases divided by the overall number of benefit claims).</i>	35	22.96

**Risk Services Quarter Three Report – 2014/2015**

PI Ref.	Performance Indicator (Description of measure)	2014/15 Target	2014/15 Actual
Local IPI2	Number of prosecutions and sanctions, per 1,000 caseload (annual target). <i>(Based on the total number of sanctions obtained divided by the overall number of benefit claims)</i>	11	8.03
Local IPI3	Percentage cases closed resulting in changes to benefit. <i>(Based in the overall number of cases closed by the number of investigations undertaken).</i>	50%	59%
Local IPI4	Percentage cases closed resulting in changes to benefit with sanctions. <i>(Based on the number of sanctions obtained divided by the number of positive cases investigated).</i>	54%	59%

**Investigations Team Statistics**

Month	Local Authority Overpayment	DWP Overpayment	Sanctions			
			Cautions	Admin Penalties	Completed Prosecutions	+/- Target
October	£82,711	£29,161	20	4	5	7
November	£78,626	£22,971	18	5	4	5
December	£56,987	£72,310	12	1	5	-3
<b>Totals</b>	<b>£218,324.00</b>	<b>£124,442.00</b>	<b>50</b>	<b>10</b>	<b>14</b>	<b>9</b>

At the last Finance and Audit Committee a year on year analysis of benefit fraud overpayments and collection rates was requested and this has been included in **Appendix D** of this report.

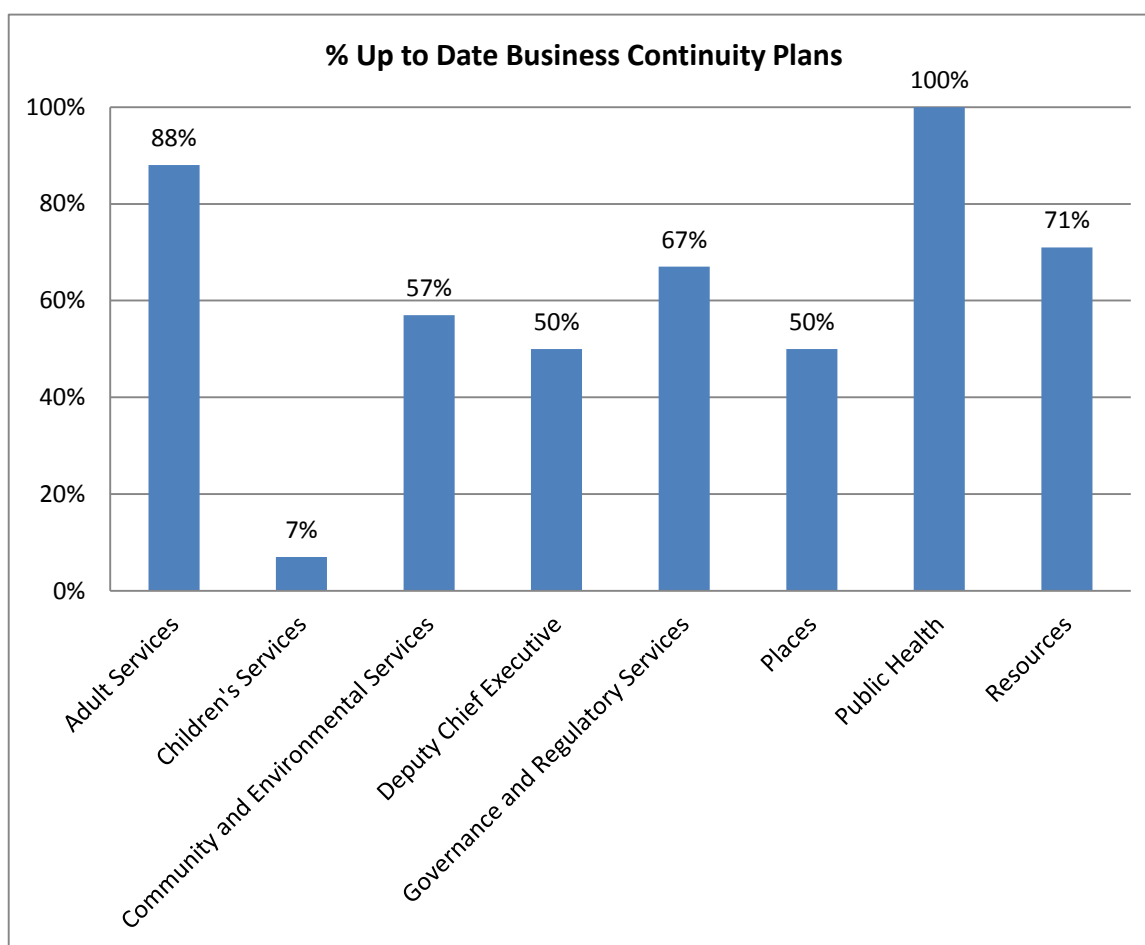
**Civil Contingencies performance indicators**

PI Ref. (BVPI, Local, PSA)	Performance Indicator (Description of measure)	2014/15 Target	2014/15 Actual
Local CC1	Percentage of Council services with business continuity plans.	100%	84%
Local CC2	Percentage of Council service business continuity plans updated during the financial year.	90%	43%

**Risk Services Quarter Three Report – 2014/2015**

PI Ref. (BVPI, Local, PSA)	Performance Indicator (Description of measure)	2014/15 Target	2014/15 Actual
Local CC3	Number of civil contingency training and exercise sessions held.	6	3
Local CC4	Number of trained Emergency Response Group Volunteers.	60	45
Local CC5	Number of updates to the Major Emergency Plan.	2	0
Local CC6	Percentage integration into the Lancashire Resilience Forum workstreams	70%	70%

\*In support of the 43% of business continuity plans up to date by the end of the quarter the following graph shows a breakdown by directorate and included with this is narrative explaining the current position:



- Adult Services remain in a strong overall position with only a couple of plans outstanding.
- Children Services are in a very weak position given the critical nature of some of their functions / activities. Whilst most of the services still have plans in place, they are significantly out of date now.

**Risk Services Quarter Three Report – 2014/2015**

There have been numerous restructures over recent years and those plans cannot be relied upon. There is significant work to be undertaken within Children's Services to bring them up to date.

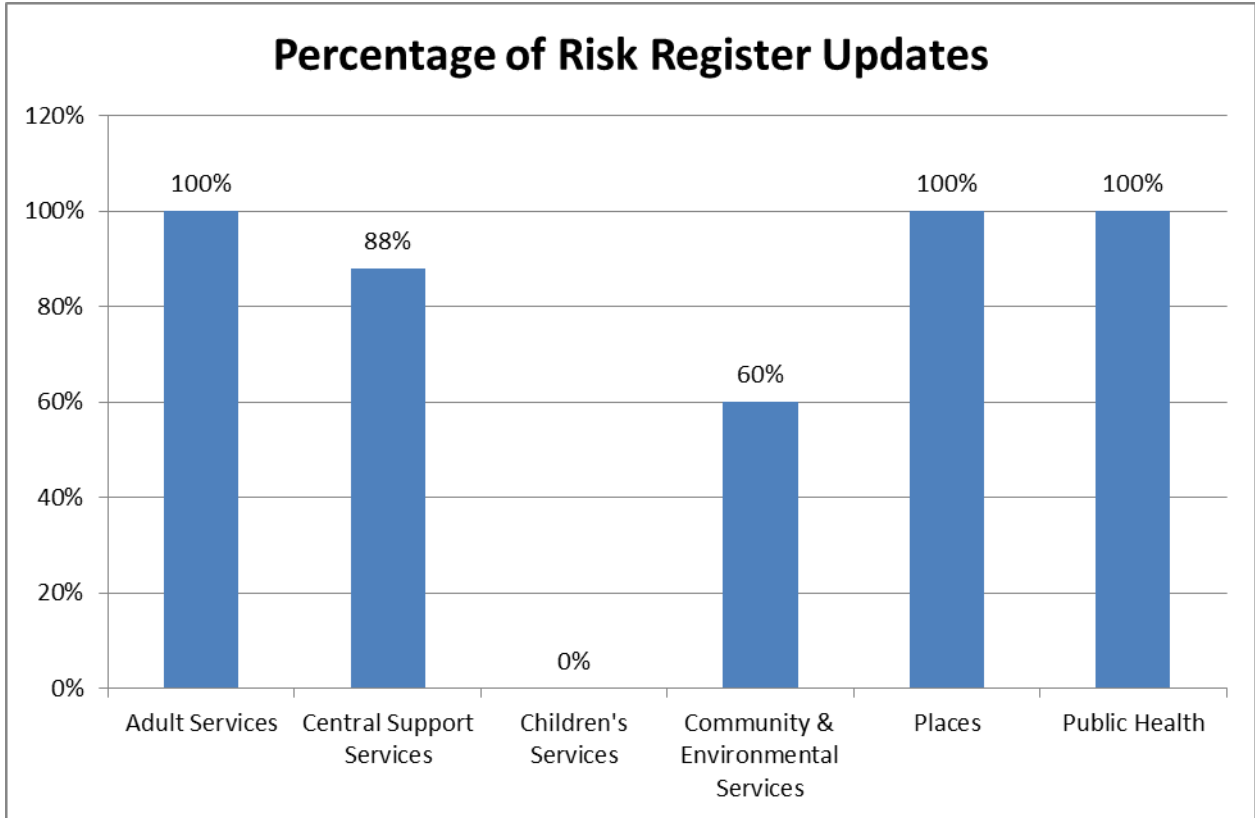
- Community and Environment are about to undertake a review of how risk, business continuity and emergency preparedness is managed within the Directorate. This will help to ensure they remain in a strong position in relation to business continuity. This is especially important due to the high number of Council critical functions and service that they operate. There are a number of plans which will need updating in quarter four.
- Although there are only two plans for the Deputy Chief Executive Directorate both represent significant and critical services. The ICT plan that is out of date is currently being updated.
- Governance and Regulatory Services are fully reviewing the number of plans to bring the department up to date.
- Places have a significant number of plans that are around or just over 12 months and are due for review. The Directorate retains a strong risk focus and the business continuity programme is well supported by the Risk Champion. However, work will be needed in quarter four to save the Department losing ground.
- The Resources Directorate business continuity plans are fairly up to date. Recently Risk Services have moved to a single plan rather than three separate ones for various services areas. There are only two plans out of date both of which are currently being updated. There is also a significant amount of work being done to further develop the Customer First plan to enhance their arrangements.
- Public Health remains up to date with the single plan for the Directorate.

***Risk and Insurance Performance Indicators***

PI Ref. (BVPI, Local, PSA)	Performance Indicator (Description of measure)	2014/15 Target	2014/15 Actual
RI1	Number of new liability insurance claims notified each month.	30	26
RI2	Number of liability insurance claims settled each month.	35	32
RI3	Number of liability insurance claims outstanding.	550	402
RI4	Percentage of new insurance claims registered and dispatched to insurers within 3 working days of receipt.	92%	100%
RI5	Percentage of property risk audit programme completed (annual target).	90%	67%
RI6	Percentage of risk registers revised and up to date at end of quarter.	90%	73%

**Risk Services Quarter Three Report – 2014/2015**

\*In support of the 73% of risk registers revised and up to date by the end of the quarter the following graph shows a breakdown by department:



- We understand that the officer who usually provides the data for Children’s Services is currently on long term sick and it would appear that the reporting of risk registers has not been picked up in their absence. This is unusual as Children’s Services do usually provide a return.

**Risk Services Quarter Three Report – 2014/2015**

**3. Appendix A: Performance & Summary Tables for Quarter 3 – October to December 2014**

*Internal Audit reports issued in period*

Directorate	Review Title	Assurance Statement
Community and Environment	Waste PFI Project	<p><b><u>Scope:</u></b></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> <li>• The arrangements for ownership change;</li> <li>• That the governance arrangements are robust;</li> <li>• There are adequate financial management arrangements; and</li> <li>• Arrangements for performance monitoring and for delivering savings are adequate.</li> </ul> <p><b><u>Assurance Statement:</u></b></p> <p>We consider the controls in place around the processes for the Waste Private Finance Initiative at this stage of transition to the revised waste arrangements to be inadequate. There are a number of key developments that are work in progress and some significant improvements to be completed in order to develop the approach. We recognise that the service is aware of these issues and is proactively taking steps to address the gaps.</p>

**Risk Services Quarter Three Report – 2014/2015**

Directorate	Review Title	Assurance Statement
Deputy Chief Executive	Staff Benefits	<p><b><u>Scope:</u></b></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> <li>• What is being done to develop the staff benefits offer and whether current and potential further staff benefits have a positive impact on employees and local businesses;</li> <li>• That the governance arrangements are robust and working effectively; and</li> <li>• The effectiveness of communication of staff benefits to employees.</li> </ul> <p><b><u>Assurance Statement:</u></b></p> <p>Overall, we consider the controls in place around the processes for staff benefits to be adequate, with some risks identified and assessed, and some changes required to improve the approach. This includes establishing the importance of developing staff benefits and introducing a formalised process for managing risks around staff discounts.</p>
Deputy Chief Executive	Year 7 Junior Savings Accounts	<p><b><u>Scope:</u></b></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> <li>• Governance arrangements and the scheme’s compliance with policy.</li> <li>• The processes for the administration of the scheme including compliance with the Data Protection Act.</li> <li>• Promotion of the scheme to students, parents and schools and any other stakeholders aimed at maximising take-up and benefits.</li> </ul> <p><b><u>Assurance Statement:</u></b></p> <p>Overall we consider that the controls in place are currently inadequate, with some risks identified and assessed and several changes necessary. This is predominately due to the lack of overall policy for the scheme and the limited take-up by Year 7 pupils.</p> <p>The controls in place once a pupil does open an account are adequate and no significant issues have been identified in this area.</p>

**Risk Services Quarter Three Report – 2014/2015**

Directorate	Review Title	Assurance Statement
Governance and Regulatory	Bereavement Services	<p><b><u>Scope:</u></b></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> <li>• The procedures regarding the cremation of foetuses and babies;</li> <li>• The general operation of the service including its plans, procedures and processes, including processes around crematoria capacity, public funerals, public announcements, freedom of information requests, notifications and custody of personal property;</li> <li>• Proposals for changes in staffing, roles and responsibilities that may be facilitated by the move to Governance and Regulatory Services Directorate; and</li> <li>• Progress in relation to mercury abatement requirements and participation in the burden sharing scheme.</li> </ul> <p><b><u>Assurance Statement:</u></b></p> <p>We consider that the controls in place are currently inadequate. A number of procedures have been improved in recent months and there are a number of proposed new procedures. However these have not yet been fully documented and/or agreed by management.</p>



**Risk Services Quarter Three Report – 2014/2015**

Directorate	Review Title	Assurance Statement
People	Commissioning of Complex Care Packages with the CCG	<p><b><u>Scope:</u></b></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> <li>• The arrangements that are currently in place for the commissioning of complex care packages with the Clinical Commissioning Group (CCG),</li> <li>• Contract monitoring arrangements for services jointly commissioned by the Council and the CCG.</li> </ul> <p><b><u>Assurance Statement:</u></b></p> <p>We consider that the controls in place in relation to commissioning of complex care packages with the CCG are inadequate, with some risks identified and assessed and several changes necessary.</p> <p>In particular, we consider that the recording of decisions and procurement arrangements for these packages to be inadequate, with a number of material risks identified and significant improvement required.</p>
People	Boundary School	<p><b><u>Scope:</u></b></p> <p>Compliance testing based on a random sample was carried out in the following areas:</p> <ul style="list-style-type: none"> <li>• Purchasing</li> <li>• Procurement</li> <li>• Petty cash and purchase cards</li> <li>• Income</li> <li>• Payroll</li> <li>• Banking</li> </ul> <p><b><u>Assurance Statement:</u></b></p> <p>We note that since the School's new Business Manager started in July 2014, the processes and procedures for dealing with income and expenditure have become significantly more robust and appropriate and have recently been documented. Our overall assurance statement is based on the transactions tested over the last 12 months and we therefore assess the results as unsatisfactory.</p>

**Risk Services Quarter Three Report – 2014/2015**

Directorate	Review Title	Assurance Statement
People	Holy Family RC Primary School	<p><b><u>Scope:</u></b></p> <p>Compliance testing based on a random sample was carried out in the following areas:</p> <ul style="list-style-type: none"> <li>• Purchasing</li> <li>• Procurement</li> <li>• Petty cash and purchase cards</li> <li>• Income</li> <li>• Payroll</li> <li>• Banking</li> </ul> <p><b><u>Assurance Statement:</u></b></p> <p>We consider that the controls in place are adequate with some control improvements required.</p> <p>Our testing revealed only minor lapses in compliance with the controls.</p>
Resources	Carbon Reduction Commitment Compliance	<p><b><u>Scope:</u></b></p> <p>This compliance based review of the Council’s carbon reduction commitment submission for 2013/2014 was based on guidance provided by the Chartered Institute of Public Finance and Accountancy (CIPFA). There is an annual requirement for an internal audit of the scheme to be carried out and copies of associated audit reports should be provided in the authorities evidence pack.</p> <p><b><u>Assurance Statement:</u></b></p> <p>We consider that the controls in place for the Carbon Reduction Commitment Scheme are good. Most risks have been identified and assessed and we consider that only minor control improvements are required.</p> <p>Our testing revealed a satisfactory level of compliance with the controls.</p>

**Risk Services Quarter Three Report – 2014/2015**

Directorate	Review Title	Assurance Statement
Resources	E-Invoicing	<p><b><u>Scope:</u></b></p> <p>The scope of our review was as follows:</p> <ul style="list-style-type: none"> <li>• Preparedness for future legal requirements to accept and provide e-invoicing;</li> <li>• The current levels of compliance with e-invoicing procedures;</li> <li>• The roll-out and operation of the Finance Process Manager (FPM) system;</li> <li>• The levels of invoices still issued or received in paper format and ascertain the reasons for this; and</li> <li>• The levels of orders that have been raised retrospectively and reasons.</li> </ul> <p><b><u>Assurance Statement:</u></b></p> <p>Progress is being made in terms of the roll-out of e-invoicing across the Council however there are still a number of services using paper invoices. Particular areas of concern include Property and Asset Management who are not yet compliant and Stores where current processes do not require a second officer to authorise each order.</p> <p>Overall, we consider the controls in place for e-invoicing to be adequate. However, we do have concerns about compliance in some service areas and also security of the FPM system and therefore we have assessed these areas as inadequate.</p>

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

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

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

***Benefit overpayment recovery rates***

Current performance for the value of all overpayments recovered this year compared to those raised this year is 54.37%.

## Risk Services Quarter Three Report – 2014/2015

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

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

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

Within the quarter we received one complaint relating to staff conduct. The complaint was investigated and not upheld as it was considered that the staff member had acted appropriately.

### *Benefit fraud referrals*

An analysis of the benefit fraud cases to date in 2014/2015 has been included at **Appendix B**. This includes details of the referral source for cases opened and closed in 2014/2015.

### *Insurance claims data*

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

Please note that for the period 2012 to 2014 the policy ran for an 18 month period whilst arrangements were made to align all policy dates to a 1<sup>st</sup> April start in preparation for the procurement exercise.

**Risk Services Quarter Three Report – 2014/2015**

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

**Cases Opened – Fraud Referral Source**

	<b>Benefit Section</b>	<b>Data Matching</b>	<b>DWP</b>	<b>Fraud Team</b>	<b>Other External</b>	<b>Other Internal</b>	<b>Public</b>	<b>Fraud Hotline</b>	<b>Verification Framework Activities</b>	<b>Total</b>
No. of referrals received	133	249	62	20	7	158	166	35	23	853
No. of new referrals	2	0	0	0	0	2	2	1	1	8
No. of cases passed to DWP	37	1	0	4	6	107	40	14	1	210
No. of cases passed to Visiting Team	17	0	3	0	6	37	35	11	0	109
No. of cases not investigated	18	4	4	3	1	13	15	2	1	61

**Cases Closed– Fraud Referral Source**

	<b>Benefit Section</b>	<b>Data Matching</b>	<b>DWP</b>	<b>Fraud Team</b>	<b>Other External</b>	<b>Other Internal</b>	<b>Public</b>	<b>Fraud Hotline</b>	<b>Verification Framework Activities</b>	<b>Total</b>
No. of cases closed	168	262	84	39	17	202	177	35	11	995
No. of cases passed to DWP	38	1	0	4	6	76	76	14	1	216
No. of cases passed to Visiting Team	17	0	3	0	6	42	36	11	0	115
No. of cases not investigated	21	6	4	8	1	15	17	2	1	75

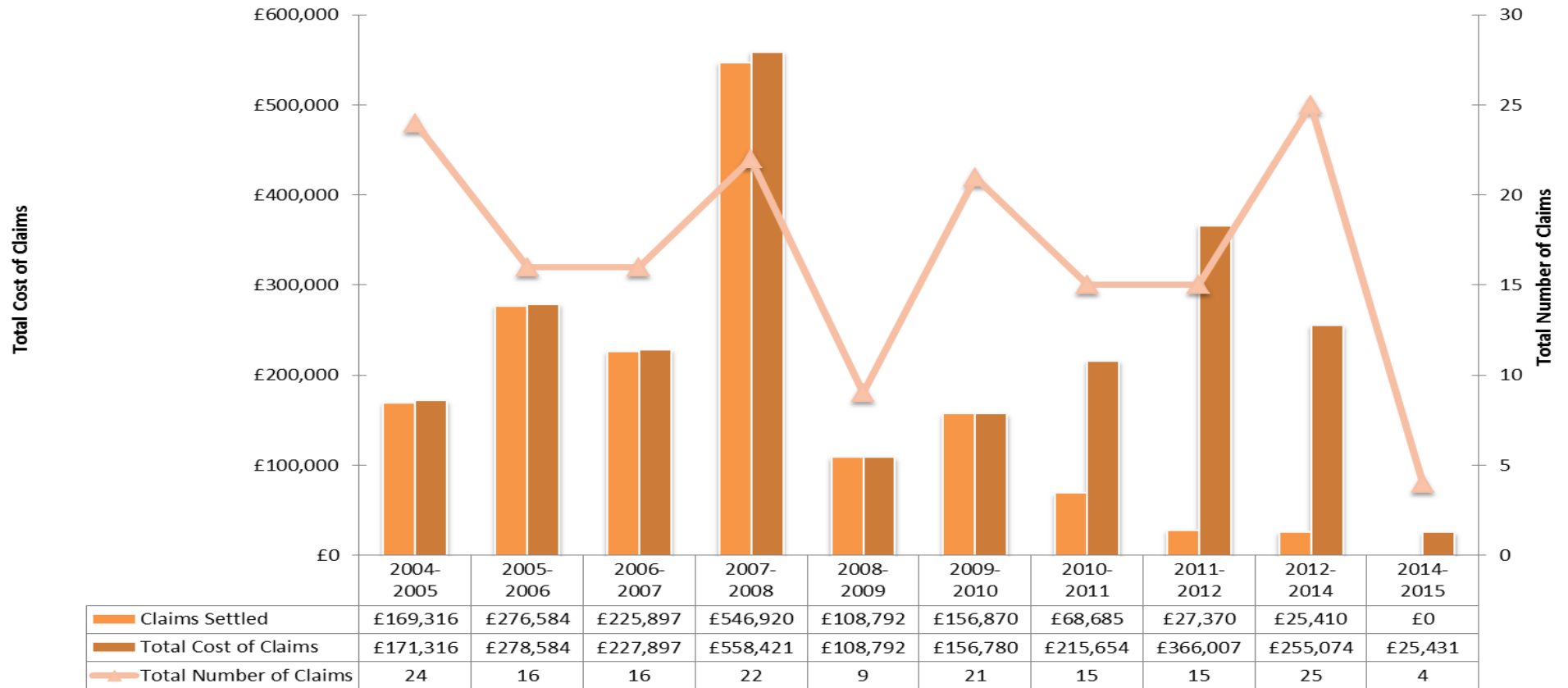
**Risk Services Quarter Three Report – 2014/2015**

	<b>Benefit Section</b>	<b>Data Matching</b>	<b>DWP</b>	<b>Fraud Team</b>	<b>Other External</b>	<b>Other Internal</b>	<b>Public</b>	<b>Fraud Hotline</b>	<b>Verification Framework Activities</b>	<b>Total</b>
No. of investigations undertaken	93	254	77	27	4	69	48	8	9	589
No. of no fraud cases	38	83	20	16	3	44	28	4	6	242
No. of positive cases in period	55	171	57	11	1	25	20	4	3	347
No. of prosecutions in period	2	7	25	0	0	0	2	0	1	37
No. of admin penalties in period	6	12	7	0	0	2	3	0	0	30
No. of cautions in period	33	75	7	3	1	10	7	2	1	139

Risk Services Quarter Three Report – 2014/2015

5. Appendix C – Insurance Claims Data

Total Number and Cost of EL Claims (Paid and Outstanding) as at 31.12.2014



**Risk Services Quarter Three Report – 2014/2015**

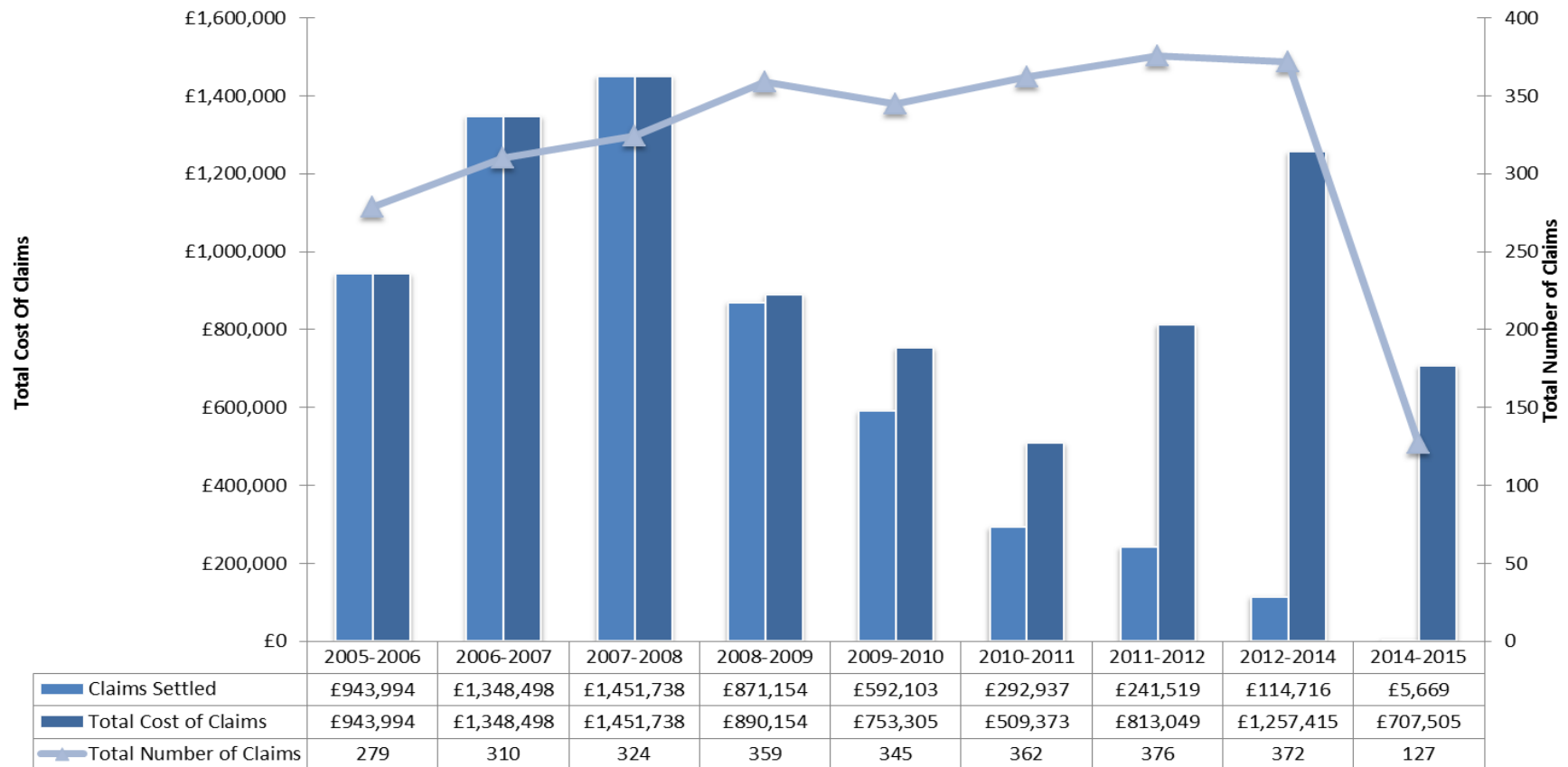
**Total Number and Cost of PL Claims (Paid and Outstanding) as at 31.12.14**





**Risk Services Quarter Three Report – 2014/2015**

**Total Number and Cost of PLH Claims (Paid and Outstanding) as at 31.12.2014**



**Risk Services Quarter Three Report – 2014/2015**

**Appendix D – Benefit Overpayments Year on Year Analysis (Housing Benefit and Council Tax Benefit Only)**

	2012/2013		2013/2014		2014/2015 (to date)	
	Overpayment	% Overpayment Recovered	Overpayment	% Overpayment Recovered	Overpayment	% Overpayment Recovered
April	£79,952	71.02%	£105,802	79.57%	£75,391	58.70%
May	£66,143		£74,306		£54,175	
June	£29,934		£133,034		£108,909	
July	£65,743	60.36%	£110,318	76.99%	£97,848	58.70%
August	£82,391		£87,044		£40,451	
September	£38,704		£74,480		£130,623	
October	£60,122	66.03%	£126,444	73.18%	£82,711	54.37%
November	£135,974		£118,364		£78,626	
December	£60,733		£68,051		£56,987	
January	£68,270	61.05%	£116,065	68.62%	-	-
February	£74,356		£101,136		-	
March	£82,415		£108,588		-	
<b>Total</b>	<b>£844,737.00</b>		<b>£1,223,632.00</b>		<b>£725,721.00</b>	

<b>Report to:</b>	<b>FINANCE AND AUDIT COMMITTEE</b>
<b>Relevant Officer:</b>	Steve Thompson, Director of Resources
<b>Date of Meeting:</b>	5 <sup>th</sup> March 2015

## **FINANCIAL PERFORMANCE MONITORING AS AT MONTH 9 2014/2015**

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

1.1 The level of spending against the Council's Revenue and Capital budgets for the first 9 months to 31st December 2014.

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

2.1 To note the decision of the Executive meeting on the 9<sup>th</sup> February 2015 namely:

1. To note the report.
2. To require the respective Directors and Director of Resources to continue to closely monitor and manage financial and operational performances, particularly in Children's Services, Community and Environmental Services, Parking Services, Adult Services and Strategic Leisure Assets.
3. To recommend the Finance and Audit Committee to continue to independently review the financial and operational performances of the services listed in 2.

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

3.1 To ensure financial performance against the Council's Revenue and Capital Budget is kept under review by members.

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

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

3.3 Other alternative options to be considered:

None

**4.0 Council Priority:**

4.1 The relevant Council Priority is:

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

**5.0 Background Information**

5.1 See reports and appendices circulated to members under separate cover.

5.2 Does the information submitted include any exempt information?

No

**5.3 List of Appendices:**

Report

Appendix 1

Appendix 2

Appendix 3a

Appendix 3b

Appendix 3c

Appendix 3d

Appendix 3e

Appendix 3f

Appendix 3g

Appendix 3h

Appendix 3i

Appendix 3j

Appendix 3k

Appendix 3l

Appendix 4

Appendix 5

Appendix 6

All circulated to members under separate cover

**6.0 Legal considerations:**

6.1 None

**7.0 Human Resources considerations:**

7.1 See reports and appendices circulated to members under separate cover.

**8.0 Equalities considerations:**

8.1 An Equalities Impact Assessment was produced as a part of the budget setting process and remains relevant.

**9.0 Financial considerations:**

9.1 See reports and appendices circulated to members under separate cover.

**10.0 Risk management considerations:**

10.1 Impact of financial performance on Council balances. Financial performance against approved Revenue and Capital budgets.

**11.0 Ethical considerations:**

11.1 None

**12.0 Internal/ External Consultation undertaken:**

12.1 None

**13.0 Background papers:**

13.1 None

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**BLACKPOOL COUNCIL**  
**REPORT**  
**of the**  
**DIRECTOR OF RESOURCES**  
**to the**  
**EXECUTIVE**  
**9<sup>TH</sup> FEBRUARY 2015**

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**FINANCIAL PERFORMANCE MONITORING AS AT MONTH 9 2014/15**

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**1. Introduction**

- 1.1 This report is the standard monthly financial performance monitoring report, which sets out the summary revenue budget position for the Council and its individual directorates for the first 9 months of 2014/15, i.e. the period to 31st December 2014, together with an outlook for the remainder of the year. The report is complemented with an assessment of progress to date against the Council's latest Capital Programme.

**2. Report Format**

- 2.1 Separate reports have been prepared for each of the Council's core areas of responsibility:

- Appendix 3a - Chief Executive
- Appendix 3b - Deputy Chief Executive
- Appendix 3c - Governance and Regulatory Services
- Appendix 3c/d - Area Forum and Ward Budgets
- Appendix 3e - Resources
- Appendix 3f - Places
- Appendix 3g - Strategic Leisure Assets
- Appendix 3h - Community and Environmental Services
- Appendix 3i - Adult Services
- Appendix 3j - Children's Services
- Appendix 3k - Public Health
- Appendix 3l - Budgets Outside the Cash Limit

These incorporate summary financial statements which continue to be prepared on a full accruals basis and focus on the forecast revenue and capital outturns for 2014/15. There is an accompanying narrative to explain any areas of significant variance from budget and to highlight any areas of potential pressure along with action plans agreed with service managers to address them. Also included is a graph which shows the monthly progress of cumulative net revenue expenditure against the approved budget.

- 2.2 The combined effect of the directorates' financial performances is aggregated in a summary financial statement at Appendix 1 which mirrors the Council's Revenue Budget Book as restructured. This summary allows proactive month-on-month monitoring of the Council's forecast working balances to be undertaken to ensure appropriate and prudent levels are maintained. Appendix 2 highlights on a 12-month rolling basis those services which trip the designated overspending reporting threshold.

### 3. Directorates' Budget Performance

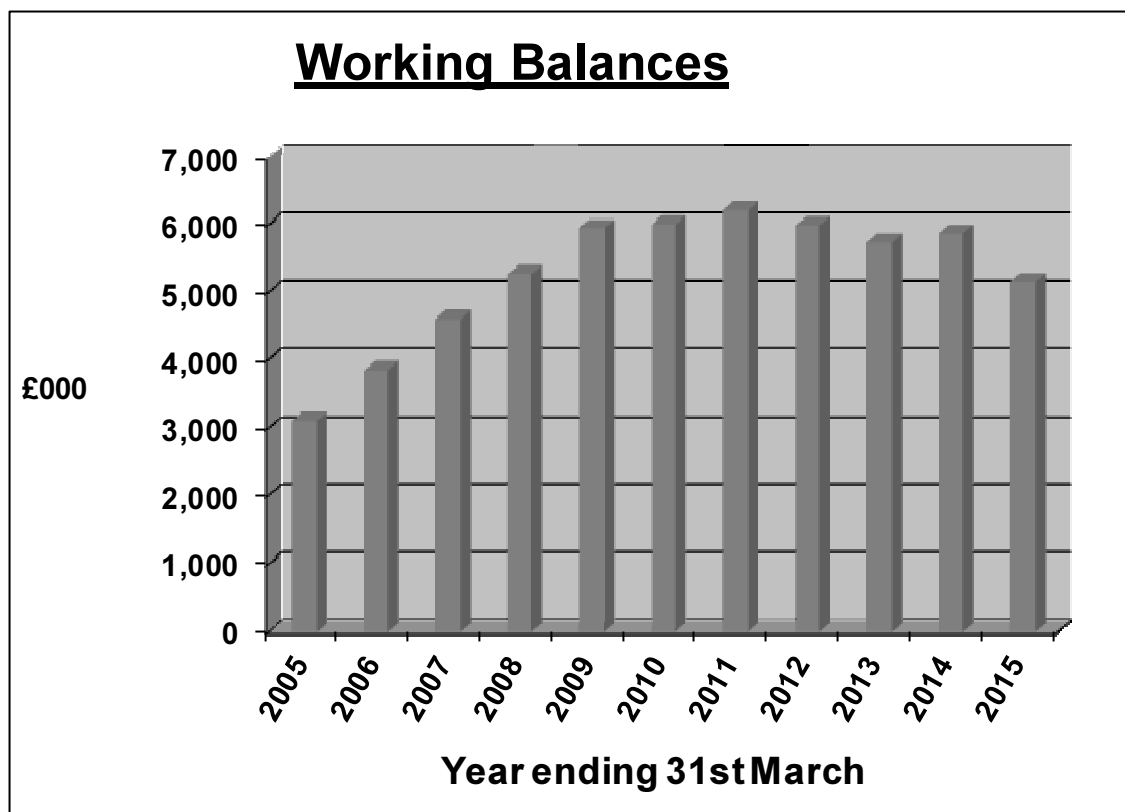
3.1 The impacts of directorates' revenue budget performance and progress in achieving planned savings fall upon the Council's working balances. The main areas accounting for the month 9 forecast overspend of £714k for 2014/15 are summarised below:-

Directorate	Service	Forecast Variance £000
Children's Services	Within the £1,567k overspend, Children's Social Care is forecast to overspend by £1,308k, particularly because the reduction in the number of Looked After Children (LAC) is not meeting plan. LAC numbers peaked at around 500 in the early part of 2013, and the target is a reduction to 420 by the end of 2014/15. However referrals to social care are at the highest levels ever recorded and at the end of December 2014 LAC numbers are at 459. There is a further imbalance between the reduced Education Services Grant and the commitments against it showing a £726k pressure. Overspends in both Children's Safeguarding of £119k and Local Services Support Grant of £82k are offset by other savings within the directorate.	1,567
Community and Environmental Services	Project 30 pressures are being partly funded from the Local Transport Plan. Expected insurance savings have not materialised creating a pressure of £407k. The Travel and Road Safety pressure of £270k is awaiting management action and the Building Services pressure of £220k is being reviewed.	897
Adult Services	Adult Commissioning Placements are forecasting an overspend of £754k. Safeguarding is forecasting a £100k overspend following recent Deprivation of Liberty (DoL) cases, partially mitigated by staff savings. More work is needed to identify recurrent savings in this directorate.	364
Resources	Property and Asset Management is forecasting a £227k pressure, particularly from legal costs, utilities and facilities income. Customer First is forecasting an overspend of £55k, Legal Services £34k and Accountancy £22k. These have been mitigated by other savings within the directorate.	23
Governance and Regulatory Services	The Directorate is forecasting a pressure of £21k. Cemeteries and Crematorium are forecasting an overspend of £69k due to the delays in the completion of the remedial works at the Crematorium and Governance and Regulatory Services are forecasting a £43k underspend due to staff vacancies.	21
Places	The Directorate's pressure of £20k mainly comprises £40k which is the remaining balance of the brought forward overspend by Visit Blackpool, for which a recovery plan is in place. Additional income from Security has produced a £20k underspend, Print Services is forecasting an overspend of £8k and Library Services is forecasting an underspend of £8k.	20
Deputy Chief Executive	Human Resources, Communication and Engagement divisions are forecasting a £41k underspend following a review of the balance sheet.	(41)

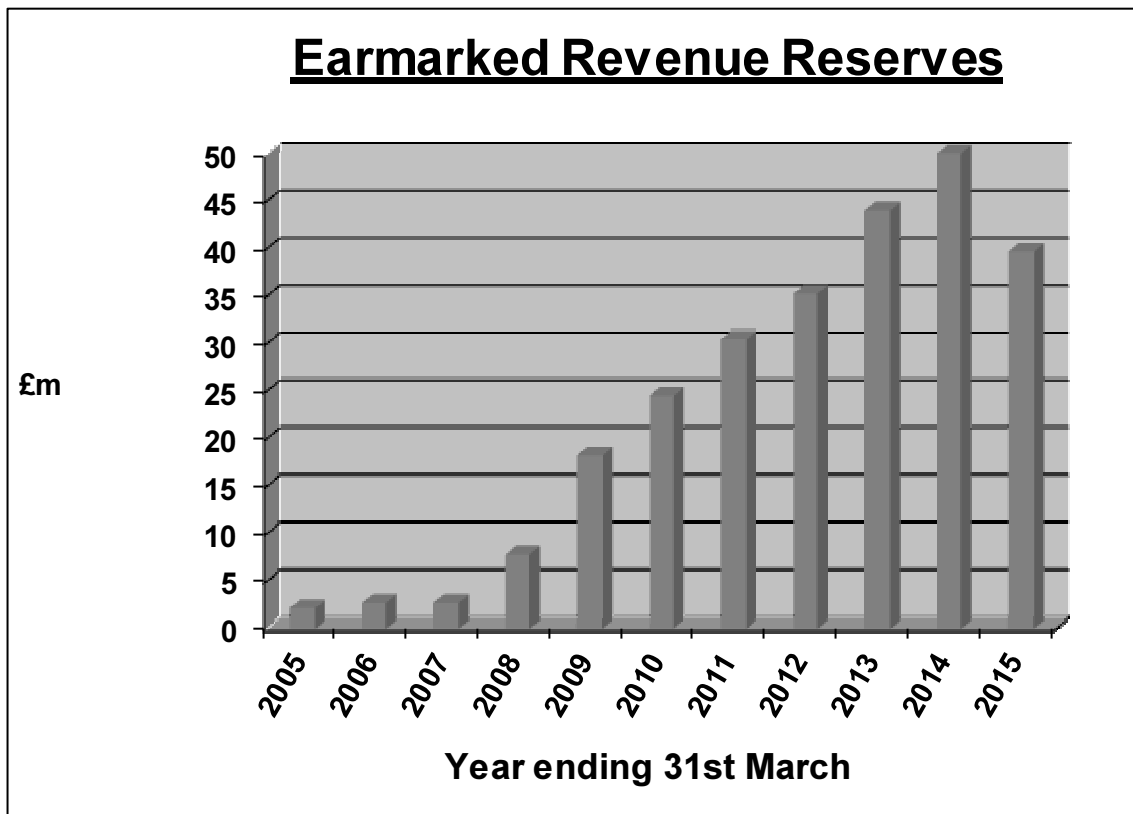


Area Forum and Ward Budgets	The forecast underspend of £400k is based on current commitments.	(400)
2013/14 Service underspends	As per the Executive decision of 8 <sup>th</sup> September 2014 that underspending services (with the exception of Area Forum and Ward Budgets) totalling £462k be redirected to bolster working balances.	(462)
Strategic Leisure Assets, Contingencies / Reserves	An underspend of £604k is forecast. This is due to the following: an adjustment to reserves to cover the net 2013/14 overspend; Strategic Leisure Assets forecasting an overspend of £333k due to vacant concession units and the funding of initiatives and the release of uncommitted Public Health/Contingencies funding which has offset the pressures.	(604)
Budgets Outside Cash Limit	Parking Services is £712k down on its income target. The Investment Portfolio will overspend by £63k as a consequence of the delay in demolishing the Syndicate building. Concessionary fares is forecasting a pressure of £274k due to an increase in bus patronage by 6%. Treasury Management has a £1,678k favourable position due to the continuing temporary windfall on low interest rates payable. The cost to the Council of supporting the subsidiary companies are forecasting an underspend of £47k.	(671)
<b>Total</b>		<b>714</b>

3.2 The graph below shows the impact on the level of Council working balances in-year together with the last 10 years' year-end balances for comparison:



3.3 Whilst the Council maintains working balances to address any in-year volatilities, it also maintains a number of Earmarked Revenue Reserves for such longer-term commitments as future Private Finance Initiative payments and uncertainties within the new Localised Business Rate system. In order to present a complete picture of the Council's strong financial standing an equivalent graph to the above is shown overleaf:



#### 4. Directorate Budget Savings Performance

4.1 As at 31st December 2014 88% of the 2014/15 savings target has already been delivered. The full-year forecast predicts that 87% (85% last month) will be achieved by the year-end, which takes into account new in-year pressures and savings.

#### 5. Collection Rates

##### 5.1 Council Tax

At the end of month 9 the collection rate for Council Tax was 80.6%. This compares to 80.6% at the same point in 2013/14.

In the light of the reductions in discount and the introduction of the Local Council Tax Reduction Scheme, the target collection rate is 98% over a 5-year collection period.

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

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

At the end of month 9 the collection rate for those who have to pay Council Tax Reduction Scheme, either for the first time or in addition to a proportion of their Council Tax, is 55.8%. This compares to 57.1% at the same point in 2013/14.

There is a possibility that for 2014/15 the underlying rate of collection of Council Tax Reduction Scheme will be lower than 2013/14 due to accumulated arrears.

### 5.3 Business Rates

Prior to 1st April 2013 Business Rate income was collected by billing authorities on behalf of central government and then redistributed among all local authorities and police authorities as part of Formula Grant. From 1<sup>st</sup> April 2013 the income relating to Blackpool is shared between central government (50%), the Council (49%) and the Fire Authority (1%). Consequential adjustments were made to the Formula Grant equivalent.

At the end of month 9 the collection rate for Business Rates was 76.5%. This compares to 82.5% at the same point in 2013/14.

From April 2014 Business Rate payers have been entitled to elect to pay by 12 monthly instalments instead of over 10 months. This has allowed businesses more time to pay which has had an impact on the percentage collection rate when compared to 2013/14.

The actual Business Rate deficit for 2013/14 was £5.28m. The Council's share of this is £2.59m (49%) and provision has been made for this.

## 6. Capital Monitoring Performance

6.1 All active capital schemes have been included within Appendix 4. The purpose is to present the overall position of capital spend. The schemes are shown individually where total scheme budget is greater than £500k and grouped as "other schemes" otherwise. As in previous financial years the emphasis regarding capital monitoring will be on scheme variance rather than in-year progress since many schemes cross financial years such as the major housing developments. Therefore, some degree of flexibility for the management of slippage is necessary in order to balance the overall capital programme each year to the funding allocations available.

6.2 As at month 9 an overall nil variance on capital schemes is anticipated.

## 7. Summary Cash Flow Statement

7.1 As part of the reporting format for this financial year a summary cash flow statement is included at Appendix 5. This provides a comparison of the actual cash receipts and payments compared to forecast for 2014/15.

7.2 During the first 9 months of the year the Council's net cashflow has resulted in an increase in the level of temporary borrowing to finance prudentially funded capital expenditure. While temporary investment rates and temporary borrowing rates are low the treasury team will delay taking any new long-term borrowing to fund planned capital expenditure. The interest charged by Lancashire County Council on the Local Government Reorganisation Debt is lower than anticipated. As a result, the delay in taking new long-term borrowing and the lower interest charge from Lancashire County Council mean that a favourable credit variance is once again forecast for 2014/15.

## 8. Summary Balance Sheet

8.1 In order to provide a complete picture of the Council's financial performance, Appendix 6 provides a snapshot of the General Fund balance sheet as at the end of month 9. The key areas of focus are any significant movements in debtors, cash and cash equivalents, bank overdraft and creditors, as these impact upon the Council's performance in the critical areas of debt recovery, treasury management and Public Sector Payment Policy.

8.2 Over the 9-month period there has been an increase in Property, Plant and Equipment of £26.7m

and an increase in short-term borrowing of £19.0m, which in the main reflects the timing of the receipt of capital grants and the phasing of the capital programme.

## **9. Conclusion and Recommendations**

- 9.1 Although an improvement upon month 8 position by £274k the Council is still predicting a significant deterioration in its financial standing in comparison with Budget. Working balances are estimated to fall by £714k against the budgeted position over the year. This fall is in the context of working balances at the start of the year of £5,869k, an erosion of 12.2%.
- 9.2 In response to the financial position the Director of Resources is holding regular meetings with individual Directors to discuss the robustness and integrity of current year budget forecasts; the plans in place to deliver an in-year breakeven position; specific directorate reserves and provisions and the 2015/16 budget-setting process that integrates with the consultation programme that the Deputy Chief Executive is scheduling.
- 9.3 The Executive is asked:
- i) To note the report; and
  - ii) To require the respective Directors and Director of Resources to continue to closely monitor and manage financial and operational performances, particularly in Children's Services, Community and Environmental Services, Parking Services, Adult Services and Strategic Leisure Assets; and
  - iii) To recommend the Finance and Audit Committee to continue to independently review the financial and operational performances of the services listed in ii).

Steve Thompson  
Director of Resources  
22nd January 2015

## Blackpool Council

**Revenue summary - budget, actual and forecast:**

3(a)	CHIEF EXECUTIVE	509	335	174	509	-	-
3(b)	DEPUTY CHIEF EXECUTIVE'S DIRECTORATE	172	453	(322)	131	(41)	-
3(c)	GOVERNANCE & REGULATORY SERVICES	1,148	853	316	1,169	21	-
3(c/d)	AREA FORUM & WARD BUDGETS	1,067	280	387	667	(400)	(639)
3(e)	RESOURCES	3,788	1,230	2,581	3,811	23	-
3(f)	PLACES	10,276	6,718	3,578	10,296	20	279
3(g)	STRATEGIC LEISURE ASSETS	(1,481)	(723)	(425)	(1,148)	333	-
3(h)	COMMUNITY & ENVIRONMENTAL SERVICES	45,559	24,031	22,425	46,456	897	-
3(i)	ADULT SERVICES	46,028	27,466	18,926	46,392	364	81
3(j)	CHILDREN'S SERVICES	36,420	23,503	14,484	37,987	1,567	-
3(k)	PUBLIC HEALTH	-	(931)	931	-	-	-
3(l)	BUDGETS OUTSIDE THE CASH LIMIT	20,228	14,792	4,765	19,557	(671)	-
	CAPITAL CHARGES	(26,340)	(19,755)	(6,585)	(26,340)	-	-
	<b>NET COST OF SERVICES:</b>	<b>137,374</b>	<b>78,252</b>	<b>61,235</b>	<b>139,487</b>	<b>2,113</b>	<b>(279)</b>
	CONTRIBUTIONS:						
	- TO / (FROM) RESERVES	2,488	2,765	(214)	2,551	63	
	- 2013/14 SERVICE UNDERSPENDS	-	-	(462)	(462)	(462)	
	- RENEWALS AND REPAIRS RESERVE	-	-	-	-	-	
	- REVENUE CONSEQUENCES OF CAPITAL CONTINGENCIES	150	-	150	150	-	
	NWREGIONAL FLOOD DEFENCE LEVY	981	(1,358)	1,339	(19)	(1,000)	
	<b>CONTRIBUTIONS, etc.</b>	<b>3,684</b>	<b>1,407</b>	<b>878</b>	<b>2,285</b>	<b>(1,399)</b>	
	<b>TOTAL NET EXPENDITURE TO BE MET FROM PUBLIC FUNDS</b>	<b>141,058</b>	<b>79,659</b>	<b>62,113</b>	<b>141,772</b>	<b>714</b>	
	ADDED TO/(TAKEN FROM) BALANCES	-	-	(714)	(714)	(714)	
	<b>NET REQUIREMENT AFTER WORKING BALANCES</b>	<b>141,058</b>	<b>79,659</b>	<b>61,399</b>	<b>141,058</b>	<b>-</b>	
<b>GENERAL BALANCES AS AT 1st APRIL 2014 PER AUDITED STATEMENT OF ACCOUNTS 2013/14</b>							<b>5,869</b>
In-year (reduction in) / addition to General Fund Working Balances							(714)
<b>ESTIMATED UN earmarked WORKING BALANCES AS AT 31st MARCH 2015</b>							<b>5,155</b>

NB The purpose of this spreadsheet is simply to enable the monthly monitoring document to be updated easily and accurately. All calculations are done elsewhere.

How to insert this spreadsheet into the monthly monitoring (word) document:

1. DONT change any formats or sizes - this will only fit properly as it is.
2. DONT change any links in such a way that you reintroduce rounding errors.

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# Blackpool Council

## Schedule of Service forecast annual overspendings over the last 12 months

Service	Audit Committee Report	Jan 2014 £000	Feb 2014 £000	Mar 2014 £000	Apr 2014 £000	May 2014 £000	Jun 2014 £000	July 2014 £000	Aug 2014 £000	Sept 2014 £000	Oct 2014 £000	Nov 2014 £000	Dec 2014 £000
Children's Social Care	18/04/13	2,035	1,962	1,962		896	932	1,055	1,220	1,199	1,172	1,249	1,308
Adult Commissioning Placements		996	940	940		1,620	1,218	1,076	1,085	1,072	1,071	999	754
Education Services Grant		240	237	237		763	688	713	726	726	726	726	726
Highways		303				588						437	407
Strategic Leisure Assets		3,299	2,765	2,765		2,765	2,765	2,765	2,765	398	398	191	333
Travel & Road Safety (Transportation)						389	352	352	317	270	270	270	270
Property & Asset Management			155	155		240	162	148	148	215	195	195	227
Building Services		98				183	192	192	242	270	240	220	220
Children's Safeguarding						92		75	91		78	118	119
Local Services Support Grant - Children's						82	82	82	82	82	82	82	82
Adult Safeguarding						450	346	341	94	96	93	78	82
Cemeteries & Crematorium						91	125	125	125	125	125	125	
Customer First						78	83	87	83	80	78	75	
Legal Services						95	103		81	89	81		
Visitor Economy (Visit Blackpool / Marketing company)		300	309	309		100	114	104	115	96			
Building Cleaning (Property & Facilities Management)			143	143		125	131	131					
Community Early Help for Children and Families						253	191						
Local Welfare Assistance Scheme			147	147									
Beach Patrol			89	89									
Dedicated Schools Grant		499											
<b>Sub Total</b>		<b>7,770</b>	<b>6,747</b>	<b>6,747</b>	<b>-</b>	<b>8,810</b>	<b>7,484</b>	<b>7,246</b>	<b>7,174</b>	<b>4,718</b>	<b>4,609</b>	<b>4,765</b>	<b>4,528</b>
Other General Fund (under) / overspends		(6,815)	(7,718)	(7,718)	-	(4,485)	(4,375)	(4,408)	(5,127)	(2,823)	(3,313)	(3,777)	(3,814)
<b>Total</b>		<b>955</b>	<b>(971)</b>	<b>(971)</b>	<b>-</b>	<b>4,325</b>	<b>3,109</b>	<b>2,838</b>	<b>2,047</b>	<b>1,895</b>	<b>1,296</b>	<b>988</b>	<b>714</b>

### Notes:

1. The Executive of 11th February 2004 approved a process whereby services which trip a ceiling for overspending against budget of £75,000 or 1.5% of net budget where the controllable budget exceeds £5m are required to be highlighted within this monthly budgetary control report. They are required to develop and submit a recovery plan over a period not exceeding 3 years which is to be approved by the respective Portfolio Holder. The services tripping this threshold are listed above together with their respective financial performance over a 12-month rolling basis for comparison of progress being made.

2. The Strategic Leisure Assets overspend from month 6 reflects the in-year position.

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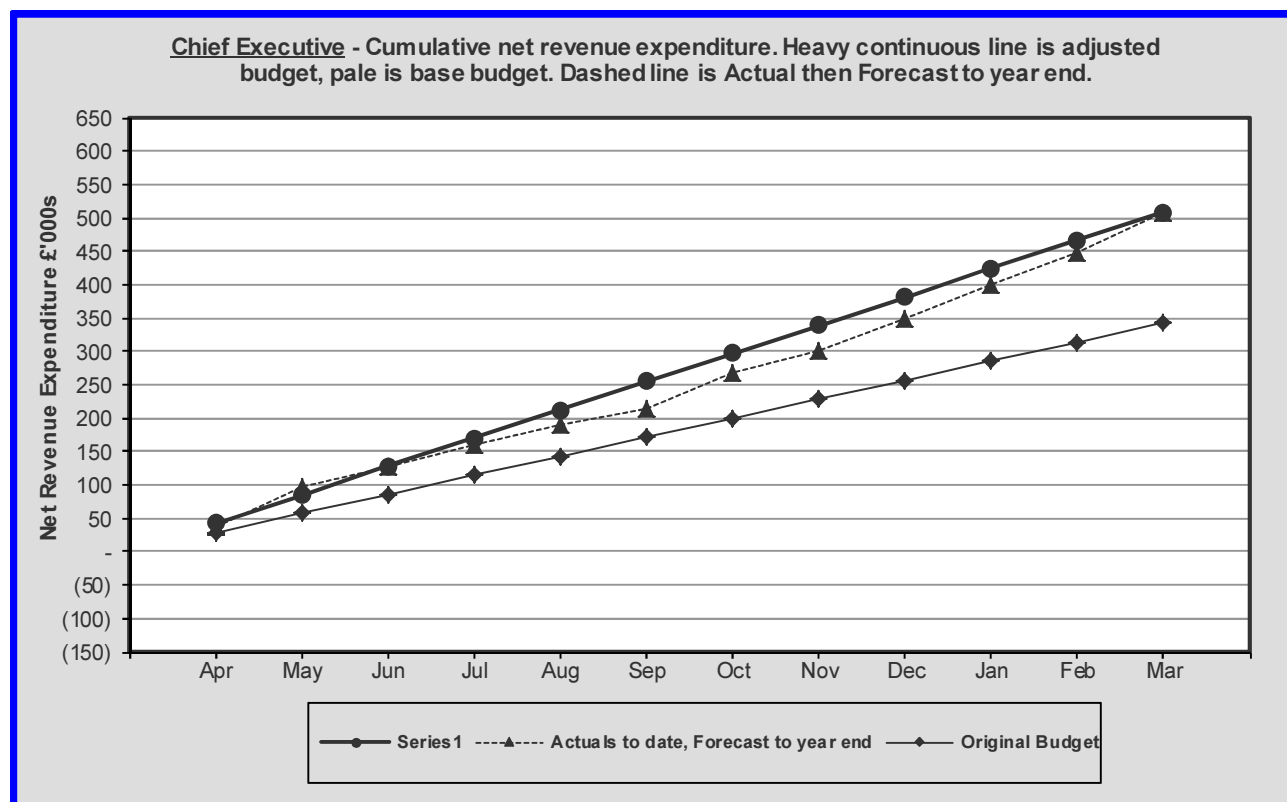


## Blackpool Council - Chief Executive

### Revenue summary - budget, actual and forecast:

FUNCTIONS OF THE SERVICE	BUDGET	EXPENDITURE			VARIANCE	2013/14 (UNDER)/OVER SPEND B/FWD £000
	2014/15					
	ADJUSTED CASH LIMITED BUDGET £000	EXPENDITURE APR - DEC £000	PROJECTED SPEND £000	FORECAST OUTTURN £000	F/CAST FULL YEAR VAR. (UNDER) / OVER £000	
	£000	£000	£000	£000	£000	
<b>NET EXPENDITURE</b>						
CHIEF EXECUTIVE	509	335	174	509	-	-
<b>TOTALS</b>	<b>509</b>	<b>335</b>	<b>174</b>	<b>509</b>	<b>-</b>	<b>-</b>

### Directorate revenue summary graph - budget, actual and forecast:



### Commentary on the key issues:

The Revenue summary (above) lists the outturn projection for the service against its respective, currently approved, revenue budget. Forecast outturns are based upon actual financial performance for the first 9 months of 2014/15 together with predictions of performance, anticipated pressures and efficiencies in the remainder of the financial year.

The department is forecasting a break even position for 2014/15.

Budget Holder – Mr N Jack, Chief Executive

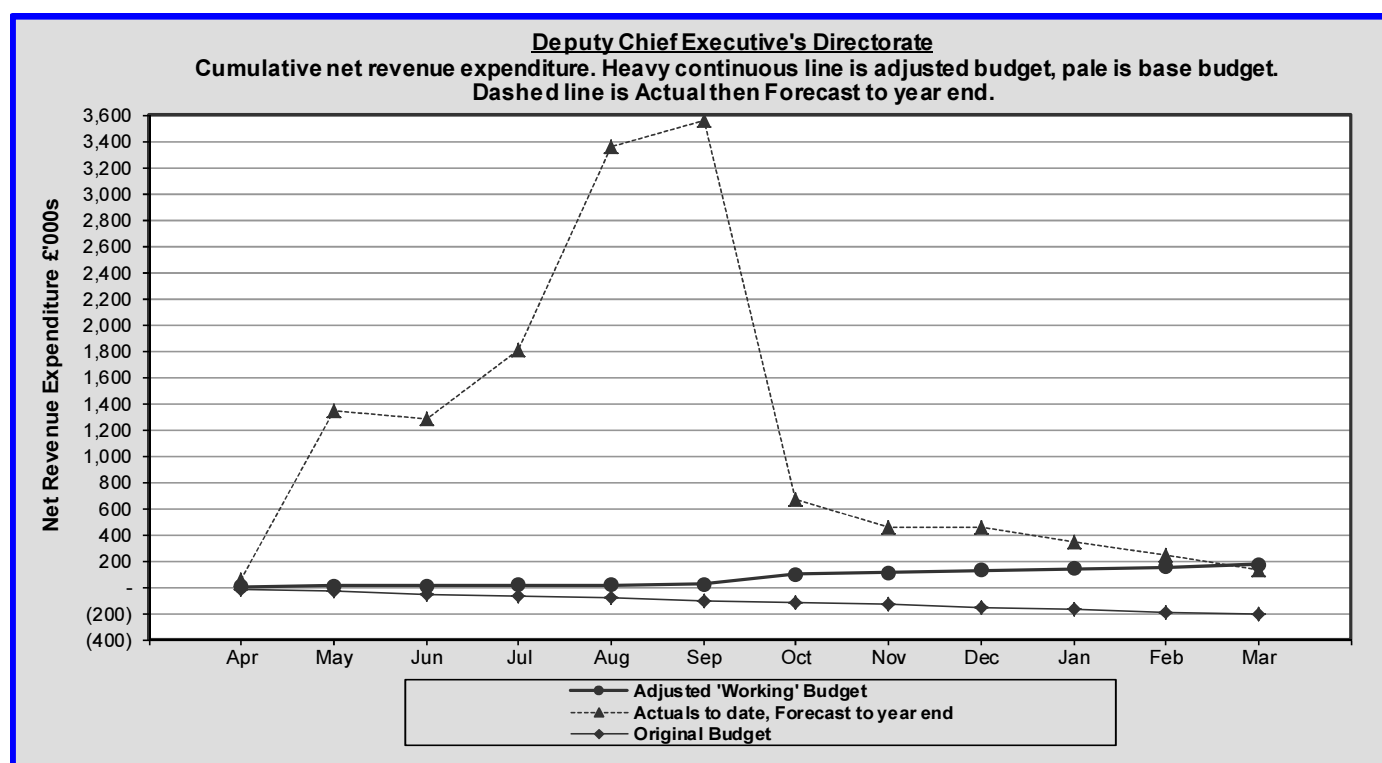
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## Blackpool Council – Deputy Chief Executive’s Directorate

### Revenue summary - budget, actual and forecast:

FUNCTIONS OF THE SERVICE	BUDGET	EXPENDITURE			VARIANCE	2013/14 (UNDER)/OVER SPEND B/FWD £000
	2014/15					
	ADJUSTED CASH LIMITED BUDGET £000	EXPENDITURE APR - DEC £000	PROJECTED SPEND £000	FORECAST OUTTURN £000	F/CAST FULL YEAR VAR. (UNDER) / OVER £000	
<b>DEPUTY CHIEF EXECUTIVE'S DIRECTORATE</b>						
<b>NET EXPENDITURE</b>						
HUMAN RESOURCES, COMMUNICATION & ENGAGEMENT	(40)	368	(449)	(81)	(41)	-
ICT	22	85	127	212	-	-
<b>TOTALS</b>	<b>172</b>	<b>453</b>	<b>(322)</b>	<b>131</b>	<b>(41)</b>	<b>-</b>

### Directorate revenue summary graph - budget, actual and forecast:



### Commentary on the key issues:

#### Directorate Summary – basis

The Revenue summary (above) lists the outturn projection for the Directorate against its currently approved revenue budget. The forecast outturn is based upon actual financial performance for the first 9 months of 2014/15 together with predictions of performance, anticipated pressures and efficiencies in the remainder of the financial year, all of which have been agreed with the Head of Service.

**Human Resources, Communication and Engagement**

After 9 months of the financial year the Human Resources, Communication and Engagement divisions are forecasting a £41k underspend for the year following a review of the balance sheet. The department are holding vacancies as they arise which will help to meet the 2015/16 savings requirements, and are looking at various “invest to save” opportunities to help meet savings targets going forward.

The service is forecast to meet its savings requirement in 2014/15.

**Information and Communication Technology**

After 9 months of the financial year the Information and Communication Technology division is forecasting a breakeven position for the year.

The service is forecast to meet its savings requirement in 2014/15.

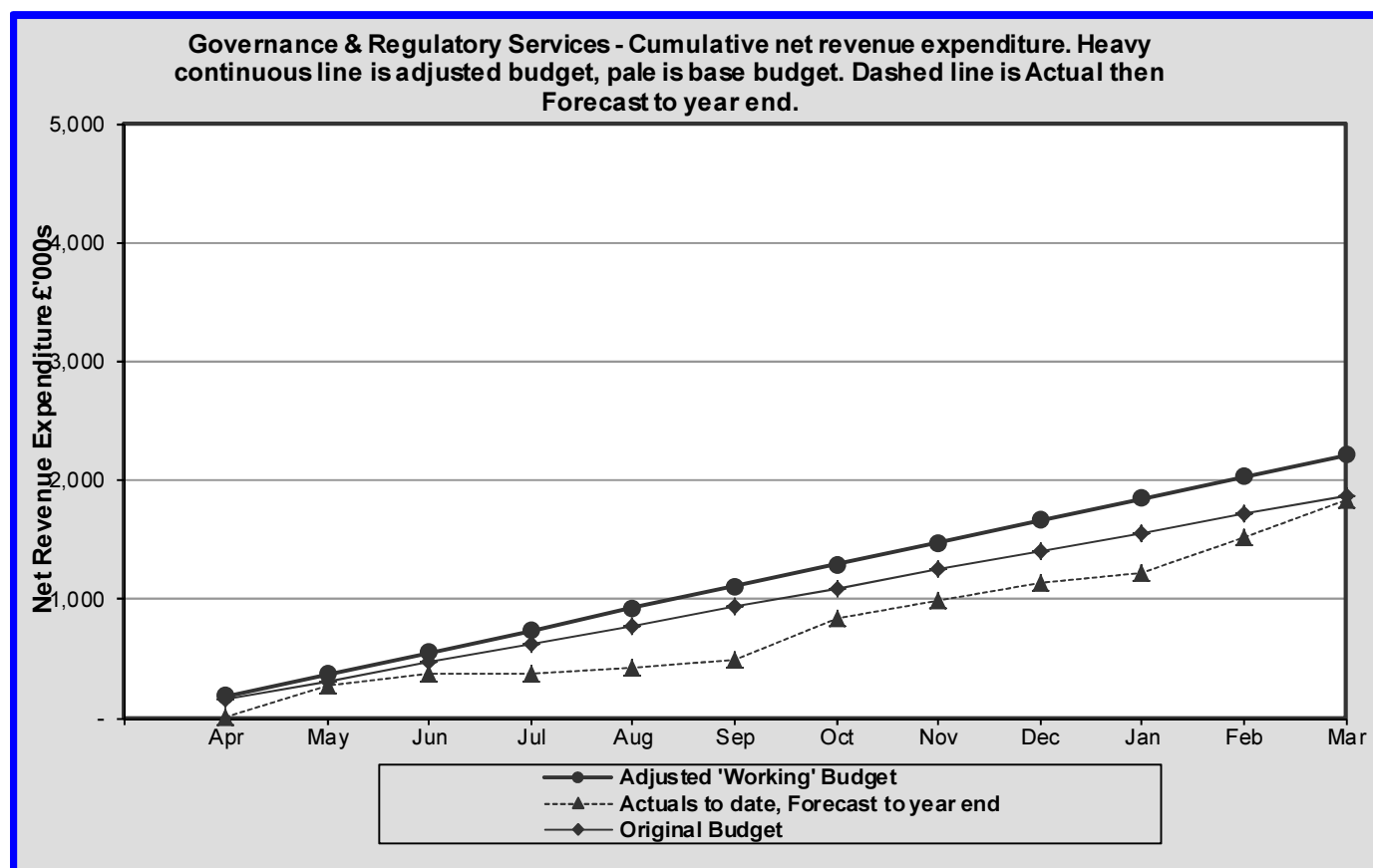
Budget Holder – Mrs C McKeogh, Deputy Chief Executive –Deputy Chief Executive’s Directorate

## Blackpool Council – Governance and Regulatory Services

### Revenue summary - budget, actual and forecast:

FUNCTIONS OF THE SERVICE	BUDGET	EXPENDITURE			VARIANCE	2013/14 (UNDER)/OVER SPEND B/FWD £000
	2014/15					
	ADJUSTED CASH LIMITED BUDGET £000	EXPENDITURE APR - DEC £000	PROJECTED SPEND £000	FORECAST OUTTURN £000	F/CAST FULL YEAR VAR. (UNDER) / OVER £000	
<b>GOVERNANCE &amp; REGULATORY SERVICES</b>						
<b>NET EXPENDITURE</b>						
GOVERNANCE & REGULATORY SERVICES	2,326	1,731	552	2,283	(43)	-
LICENSING	(379)	(353)	(31)	(384)	(5)	-
CEMETERIES & CREMATORIUM	(799)	(525)	(205)	(730)	69	-
<b>GOVERNANCE &amp; REGULATORY SERVICES</b>	<b>1,148</b>	<b>853</b>	<b>316</b>	<b>1,169</b>	<b>21</b>	<b>-</b>
AREA FORUMS AND WARDS	1,067	280	387	667	(400)	(639)
<b>TOTALS</b>	<b>2,215</b>	<b>1,133</b>	<b>703</b>	<b>1,836</b>	<b>(379)</b>	<b>(639)</b>

### Directorate revenue summary graph - budget, actual and forecast:



**Commentary on the key issues:**

**Directorate Summary**

- The Revenue summary on the previous page lists the outturn projection for Governance and Regulatory Services against its currently approved, revenue budget. The adjusted budget includes the approved 2013/14 underspend carried forward. Forecast outturns are based upon actual financial performance for the first 9 months of 2014/15 together with predictions of performance, anticipated pressures and efficiencies in the remainder of the financial year, all of which have been agreed with the head of service.

**Governance and Regulatory Services**

- Governance and Regulatory Services are forecasting a £43k underspend for 2014/15, staffing vacancies being the main factor. There are pressures in the Coroners and Mortuary Service due to changes in the way the Coroner operates following the implementation of the Coroners Act 2009 (which came into force on 1 July 2013) and the consequential demands on the service.
- Cemeteries and Crematorium are forecasting a pressure of £69k due to the delays in the completion of the remedial works at the Crematorium.
- Area Forums and Wards are forecasting a £400k underspend for 2014/15 based on current commitments.

Budget Holder - Mr M Towers, Director of Governance and Regulatory Services.

**Blackpool Council**  
**Area Forum and Ward Budgets**  
**2014/2015**  
**Month 9**

**Area Forums**

Area Forum	Total No. of Requisitions Submitted	No. of Requisitions Approved	No. Awaiting Approval	Total No. of Requisitions Completed	Total 2014-15 Budget	Budget Committed to <i>Approved</i> Schemes	Remaining 2014-15 Budget
Sandhurst Area Forum BC2008	7	7	0	4	£36,230.27	£22,116.96	£14,113.31
Beacon Area Forum BC2009	3	3	0	1	£37,743.46	£17,147.00	£20,596.46
The Gateway Area Forum BC2010	11	11	0	6	£37,817.52	£11,932.00	£25,885.52
Parklands Area Forum BC2011	12	12	0	6	£25,464.89	£23,864.03	£1,600.86
Revoe Area Forum BC2012	10	10	0	6	£37,176.28	£26,074.00	£11,102.28
Cherry Tree Area Forum BC2013	10	10	0	4	£40,370.86	£28,641.58	£11,729.28
South Shore Area Forum BC2014	12	12	0	4	£31,072.94	£28,108.94	£2,964.00

<b>Area Forum Totals</b>	<b>65</b>	<b>65</b>	<b>0</b>	<b>31</b>	<b>£245,876.22</b>	<b>£157,884.51</b>	<b>£87,991.71</b>
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**Wards**

Ward	Councillors	Total No. of Requisitions Submitted	No. of Requisitions Approved	No. Awaiting Approval	Total No. of Requisitions Completed	Total 2014-15 Budget	Budget Committed to <i>Approved</i> Schemes	Remaining 2014-15 Budget
Anchorholme Ward BC1001	Clr. Galley Clr. Williams	6	6	0	4	£36,374.95	£12,566.00	£23,808.95
Bispham Ward BC1002	Clr. Clapham Clr. H Mitchell	10	10	0	7	£15,457.57	£11,274.73	£4,182.84
Bloomfield Ward BC1003	Clr. Cain Clr. Jones	13	13	0	8	£42,586.48	£25,207.79	£17,378.69
Brunswick Ward BC1004	Clr. Blackburn Clr. G Coleman	6	6	0	5	£25,232.99	£9,450.44	£15,782.55
Claremont Ward BC1005	Clr. I Taylor Clr. Mrs Taylor	10	10	0	5	£43,537.95	£27,700.83	£15,837.12
Clifton Ward BC1006	Clr. Hutton Clr. L Taylor	10	10	0	4	£27,147.09	£14,539.00	£12,608.09
Greenlands Ward BC1007	Clr. Ryan Clr. Wright	10	10	0	5	£45,841.90	£10,377.08	£35,464.82
Hawes Side Ward BC1008	Clr. Mrs Jackson Clr. Mrs Haynes	13	13	0	9	£28,957.02	£28,957.02	£0.00
Highfield Ward BC1009	Clr. Mrs Henderson MBE Clr. Hunter	5	5	0	3	£36,934.68	£16,095.50	£20,839.18
Ingthorpe Ward BC1010	Clr. Cross Clr. Rowson	5	5	0	5	£54,455.53	£29,661.44	£24,794.09
Layton Ward BC1011	Clr. Mrs Benson Clr. M Mitchell	9	9	0	6	£34,798.90	£22,920.92	£11,877.98
Marton Ward BC1012	Clr. D Coleman Clr. Elmes	7	7	0	2	£32,303.91	£21,055.83	£11,248.08
Norbreck Ward BC1013	Clr. Callow Clr. Mrs Callow	6	6	0	3	£37,695.41	£33,339.00	£4,356.41
Park Ward BC1014	Clr. Campbell Clr. Doherty	8	8	0	5	£45,090.58	£10,253.39	£34,837.19
Squires Gate Ward BC1015	Clr. Cox Clr. Green	6	6	0	4	£58,466.91	£50,938.00	£7,528.91
Stanley Ward BC1016	Clr. Evans Clr. Stansfield	4	4	0	1	£47,901.81	£7,059.00	£40,842.81
Talbot Ward BC1017	Clr. I Coleman Clr. Smith	6	6	0	3	£26,479.31	£11,025.53	£15,453.78
Tyldesley Ward BC1018	Clr. Collett Clr. Matthews	7	7	0	5	£62,389.82	£46,234.60	£16,155.22
Victoria Ward BC1019	Clr. Jackson Clr. Owen	8	8	0	3	£42,229.04	£24,625.00	£17,604.04
Warbreck Ward BC1020	Clr. Brown Clr. Mrs Delves	11	11	0	4	£58,343.64	£25,425.78	£32,917.86
Waterloo Ward BC1021	Clr. O'Hara Clr. Robertson BEM	9	9	0	5	£29,397.22	£14,603.70	£14,793.52

<b>Ward Totals</b>	<b>169</b>	<b>169</b>	<b>0</b>	<b>96</b>	<b>£831,622.71</b>	<b>£453,310.58</b>	<b>£378,312.13</b>
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<b>Unallocated Budget</b>	-	-	-	-	<b>£34,001.07</b>	<b>£0.00</b>	<b>£34,001.07</b>
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<b>Income Budget</b>	-	-	-	-	<b>-£45,000.00</b>	<b>£0.00</b>	<b>-£45,000.00</b>
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<b>Area Forum &amp; Ward Totals</b>	<b>234</b>	<b>234</b>	<b>0</b>	<b>127</b>	<b>£1,066,500.00</b>	<b>£611,195.09</b>	<b>£455,304.91</b>
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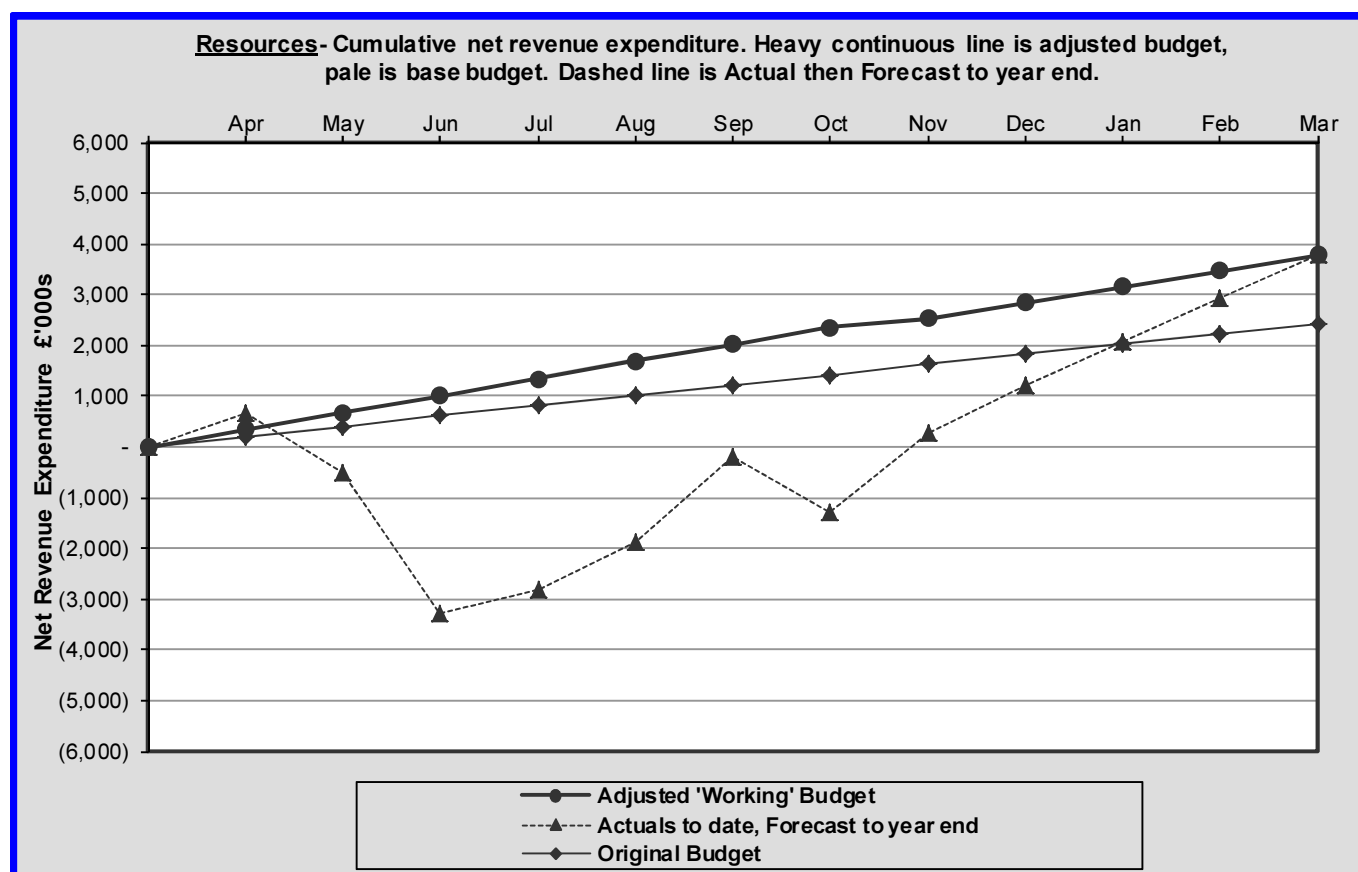


## Blackpool Council - Resources

### Revenue summary - budget, actual and forecast:

FUNCTIONS OF THE SERVICE	BUDGET	EXPENDITURE			VARIANCE	2013/14 (UNDER)/OVER SPEND £000
	2014/15					
	ADJUSTED CASH LIMITED BUDGET £000	EXPENDITURE APR - DEC £000	PROJECTED SPEND £000	FORECAST OUTTURN £000	F/CAST FULL YEAR VAR. (UNDER) / OVER £000	
<b>RESOURCES</b>						
<b>NET EXPENDITURE</b>						
PROCUREMENT & DEVELOPMENT	69	(12)	60	(52)	(121)	-
REVENUES, BENEFITS & TRANSACTIONAL	(633)	(1433)	620	(813)	(180)	-
LEGAL SERVICES	(103)	11	(80)	(69)	34	-
CUSTOMER FIRST	(402)	(305)	(42)	(347)	55	-
ACCOUNTANCY	(211)	(217)	28	(189)	22	-
RISK SERVICES	37	(73)	96	23	(14)	-
PROPERTY & ASSET MANAGEMENT	5,031	3,359	1899	5,258	227	-
<b>TOTALS</b>	<b>3,788</b>	<b>1,230</b>	<b>2,581</b>	<b>3,811</b>	<b>23</b>	<b>-</b>

### Directorate revenue summary graph - budget, actual and forecast:



### Commentary on the key issues:

#### Directorate Summary

- The Revenue summary (above) lists the outturn projection for each individual service within Resources against their respective, currently approved, revenue budget. Forecast outturns are based upon actual financial performance for the first 9 months of 2014/15 together with predictions of performance, anticipated pressures and efficiencies in the remainder of the financial year, all of which have been agreed with each head of service.

### Procurement and Development

- The favourable variance of £121k is due to efficiency savings, one-off staff savings and un-programmed income generation streams which will be achieved in-year.

### Revenues, Benefits and Transactional Services

- The service is forecast to meet its savings requirement in 2014/15. This service projects a £180k favourable position in 2014/15. Additional income has been received in-year from the Department for Work and Pensions (DWP) and Department for Communities and Local Government (DCLG) for welfare reform and implementation of the Council Tax Reduction Scheme (CTRS). This extra income is to provide the funding to assist Councils in their statutory duty to administer and process extra Housing Benefit/Council Tax Benefit (HB/CTB) workload during the economic downturn, implementation of welfare reforms and implementation of the Council Tax Reduction Scheme.

This additional funding has been used in part for software changes, process changes, additional staff and equipment due to the increased caseload. The head of service is managing this extra workload by using existing employees and overtime with some filling of posts on a temporary basis.

- The Local Discretionary Support Scheme is forecast to break even in-year.

### Legal Services

- Legal Services is forecasting a £34k overspend for 2014/15, which is partially due to pressures on staffing costs as a result of some increased salaries due to pay review. Pressures are also forecast on computer licence costs and a one-off contract fee relating to the time recording systems and postage costs. These pressures are mitigated in part by additional income received in-year.

### Customer First

- Customer First is forecasting a £55k pressure in 2014/15. The majority of this pressure falls within the staffing budget due to the need to keep as many staff as possible answering the phones and the extra duties involved while staff are migrating to Bickerstaffe House.

### Accountancy

- Accountancy is forecasting a £22k overspend position at month 9. This pressure is mainly due to income levels being lower than expected in 2014/15.

### Risk Services

- Risk Services is forecasting a £14k underspend position due to employee costs relating to temporary staffing being off-set by income generation and a staff saving within investigations.

### Property and Asset Management

- Property and Asset Management is forecasting an overspend of £227k. The overspend increased from month 8 due to increased energy costs.

### Summary of the revenue forecast

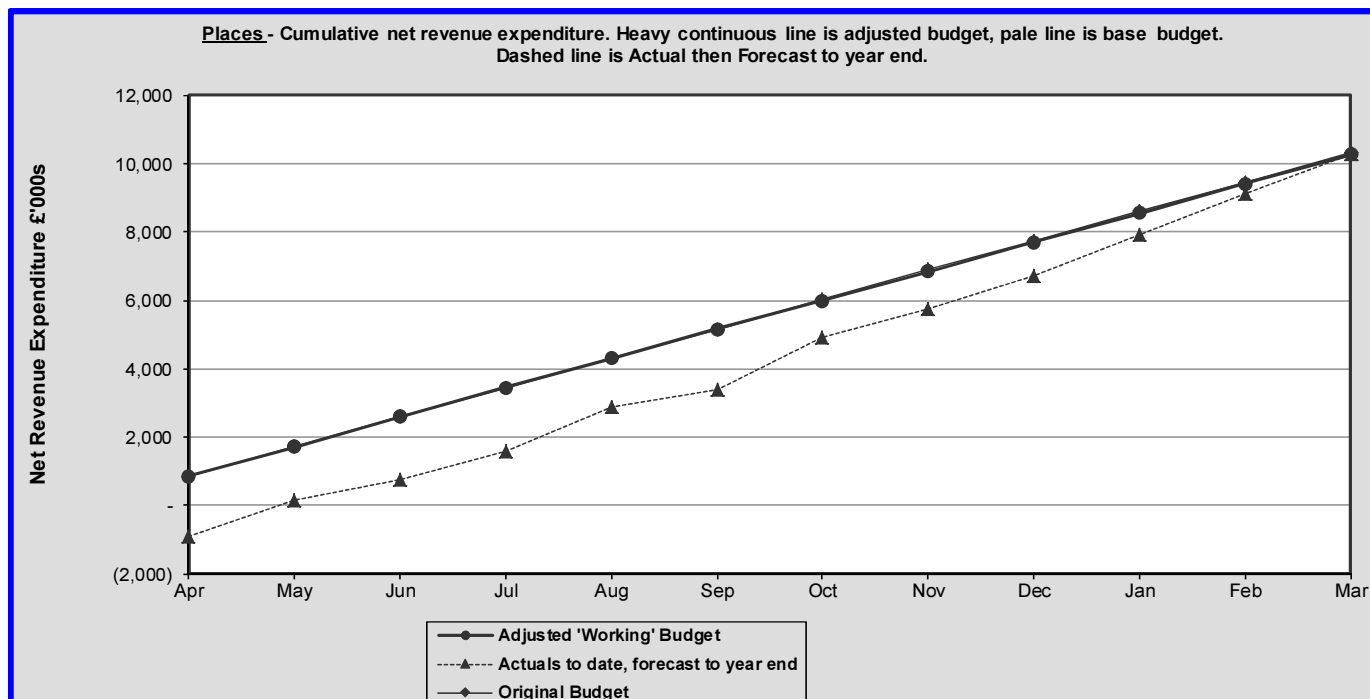
After 9 months of the financial year, Resources is forecasting a £23k overspend. The Directorate continues to operate on the basis of not filling staff vacancies other than in exceptional circumstances.

## Blackpool Council - Places

### Revenue summary - budget, actual and forecast:

FUNCTIONS OF THE SERVICE	BUDGET	EXPENDITURE			VARIANCE	2013/14 (UNDER)/OVER SPEND B/FWD  £000
	2014/15					
	ADJUSTED CASH LIMITED	EXPENDITURE APR -DEC	PROJECTED SPEND	FORECAST OUTTURN	F/CAST FULL YEAR VAR. (UNDER) / OVER	
	BUDGET £000	£000	£000	£000	£000	
<b>PLACES</b>						
<b>NET EXPENDITURE</b>						
ECONOMIC DEVELOPMENT	719	182	537	719	-	279
VISITOR ECONOMY	5,600	4,214	1,414	5,628	28	
ARTS & HERITAGE	523	(507)	1,030	523	-	
LIBRARY SERVICES	2,167	1,429	730	2,159	(8)	
HOUSING	717	836	(119)	717	-	
PLANNING	409	420	(11)	409	-	
TRANSPORT POLICY	141	144	(3)	141	-	
<b>TOTALS</b>	<b>10,276</b>	<b>6,718</b>	<b>3,578</b>	<b>10,296</b>	<b>20</b>	

### Directorate revenue summary graph - budget, actual and forecast:



### Commentary on the key issues:

#### Directorate Summary

- The Revenue summary (above) lists the outturn projection for each individual service within the Places directorate against their respective, currently approved, revenue budget. The adjusted Budget includes the approved 2013/14 overspend carried forward. The forecast outturn of £20k overspend is based upon actual financial performance for the first 9 months of 2014/15 together with predictions of performance, anticipated pressures and efficiencies in the remainder of the financial year, all of which have been agreed with each head of service.

### **Appendix 3 (f)**

- The Places Directorate is newly constituted following the recent Council restructure, and comprises elements of the old Regeneration, Tourism and Culture department, Housing, Planning, Transport Policy and Beach Patrol from the former Built Environment department, and Security, CCTV and Corporate Print Services, inherited from the former Leisure and Operational Services department.

#### **Visitor Economy**

- Visitor Economy comprises: Illuminations, Visit Blackpool, Partnerships and Business Development, Beach Patrol, Corporate Print Services, Community Safety, CCTV and Security.
- The £28k overspend is made up of a £20k underspend in Security (due to additional income), £8k overspend in Print Services and £40k being the remaining balance of 2013/14 overspend in Visit Blackpool. A recovery plan is already in place to address this overspend.
- The £8k underspend in Library Services relates to staff vacancies.

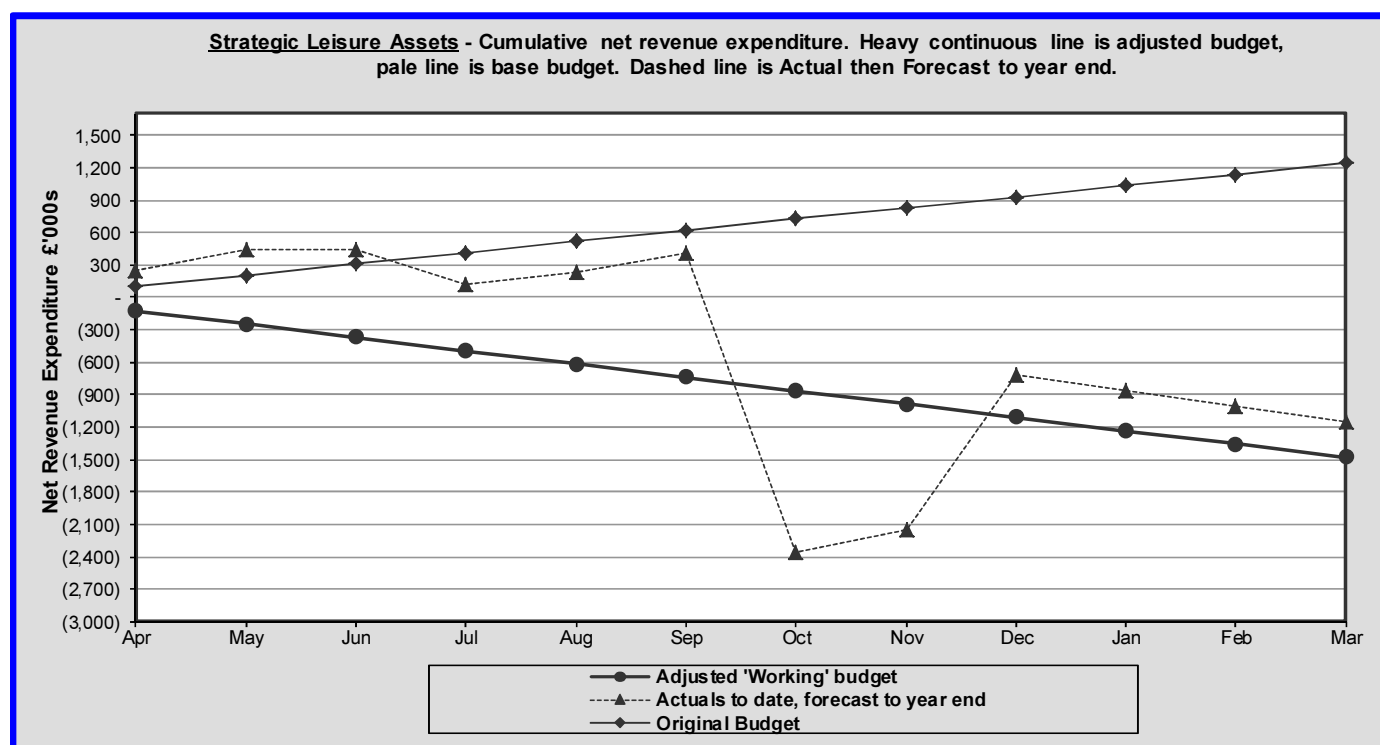
Budget Holder – Mr A Cavill, Director of Place

## Blackpool Council – Strategic Leisure Assets

### Revenue summary - budget, actual and forecast:

FUNCTIONS OF THE SERVICE	BUDGET	EXPENDITURE			VARIANCE	2013/14 (UNDER)/OVER SPEND B/FWD £000
	2014/15					
	ADJUSTED CASH LIMITED BUDGET £000	EXPENDITURE APR - DEC £000	PROJECTED SPEND £000	FORECAST OUTTURN £000	F/CAST FULL YEAR VAR. (UNDER) / OVER £000	
STRATEGIC LEISURE ASSETS						
NET EXPENDITURE						
STRATEGIC LEISURE ASSETS	(1,481)	(723)	(425)	(1,148)	333	-
TOTALS	(1,481)	(723)	(425)	(1,148)	333	-

### Directorate revenue summary graph - budget, actual and forecast:



### Commentary on the key issues:

#### Directorate Summary

- The Revenue summary (above) lists the 2014/15 outturn projection for the Service against its respective, currently approved, revenue budget. The forecast outturn is based upon actual financial performance for the first 9 months of 2014/15 together with predictions of performance, anticipated pressures and efficiencies in the remainder of the financial year, all of which have been agreed with the Head of Service.

#### Key Issues

The Leisure Asset portfolio financial position is £0.333m. There are a number of facets to the variance including items such as vacant concession units and the funding of initiatives. The service is performing within its recovery plan.

Budget Holder – Mr A Cavill, Director of Place

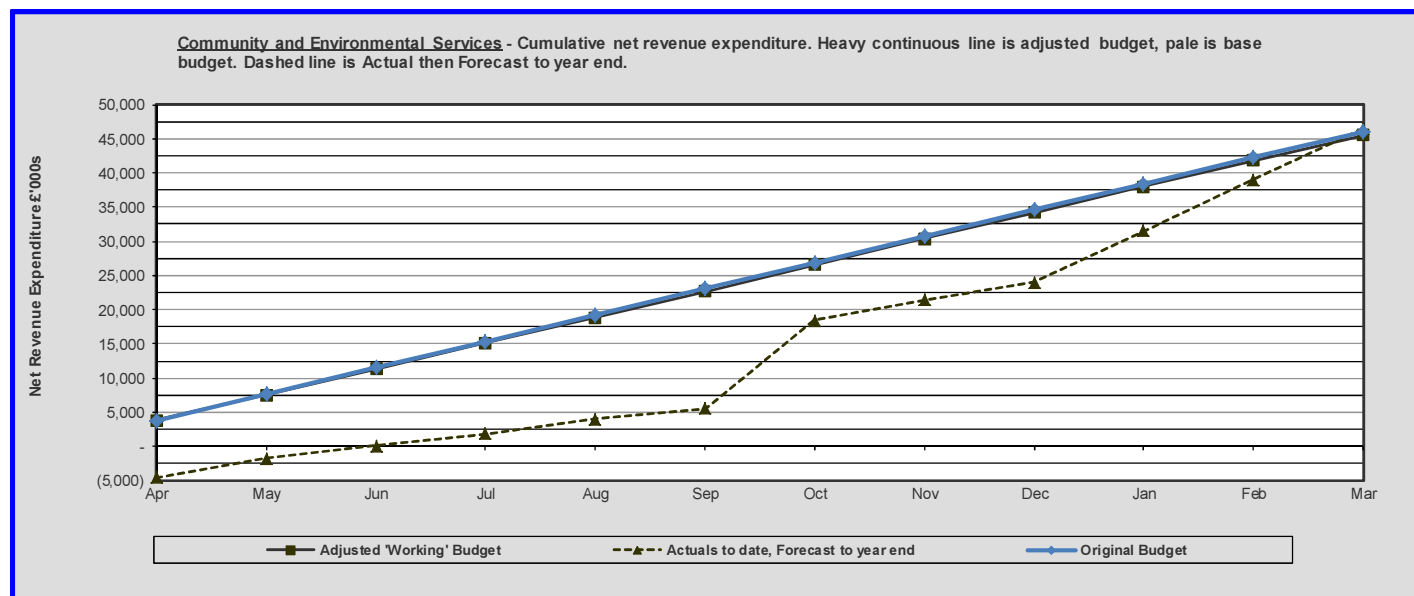
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## Blackpool Council – Community and Environmental Services

### Revenue summary - budget, actual and forecast:

FUNCTIONS OF THE SERVICE	BUDGET	EXPENDITURE			VARIANCE	2013/14 (UNDER)/OVER SPEND B/FWD £000
	2014/15					
	ADJUSTED CASH LIMITED BUDGET	EXPENDITURE APR - DEC	PROJECTED SPEND	FORECAST OUTTURN	F/CAST FULL YEAR VAR. (UNDER) / OVER	
	£000	£000	£000	£000	£000	
<b>COMMUNITY &amp; ENVIRONMENTAL SERVICES</b>						
<b>NET EXPENDITURE</b>						
BUILDING SERVICES	359	906	(327)	579	220	
BUILDING CLEANING	(124)	73	(197)	(124)	-	
CONVENIENCES	1029	499	530	1029	-	
CAPITAL PROJECTS	-	236	(236)	-	-	
HIGHWAYS	13,915	11,295	3,027	14,322	407	
TRANSPORT	581	(355)	936	581	-	
STREET LIGHT PFI & COASTAL PARTNERSHIP	4,352	2,033	2,319	4,352	-	
ENFORCEMENT AND QUALITY STANDARDS	1,541	544	997	1,541	-	
CVMU	64	86	(22)	64	-	
INTEGRATED TRANSPORT SERVICES	152	726	(574)	152	-	
TRAVEL AND ROAD SAFETY	64	272	62	334	270	
WASTE MANAGEMENT	16,787	3,510	13,277	16,787	-	
STREET CLEANSING AND LEAF	2,913	1,880	1,033	2,913	-	
PARKS	1,704	1,019	685	1,704	-	
CATERING SERVICES	290	151	139	290	-	
LEISURE FACILITIES & SPORT DEVELOPMENT	422	175	247	422	-	
BUSINESS SERVICES	1,510	981	529	1,510	-	
<b>TOTALS</b>	<b>45,559</b>	<b>24,031</b>	<b>22,425</b>	<b>46,456</b>	<b>897</b>	-

### Directorate revenue summary graph – budget, actual and forecast



**Commentary on the key issues:****Community and Environmental Services - Department Summary**

Community and Environmental Services is a new Directorate. The Directorate is constituted from the majority of services that were in Leisure and Operational Services and has inherited services from Neighbourhoods, Transportation and Quality from Built Environment.

The Revenue summary on the previous page lists the outturn projection for each individual service within Community and Environmental Services against their respective, currently approved, revenue budget. Forecast outturns are based upon actual financial performance for the first 9 months of 2014/15 together with predictions of performance, anticipated pressures and efficiencies in the remainder of the financial year, all of which have been agreed with each head of service

Building Services is a trading account and is not meeting its target for Day to Day income, and therefore the service has a pressure of £220k. The service has reduced core staffing to reduce overheads. Staff are due to transfer to Property and Asset Management which is undertaking a formal review of its service.

There is a net pressure of £407k within Highways as a result of Prudential Borrowing costs associated with Project 30. It was previously envisaged that the pressure would be fully funded, however expected insurance savings have not materialised, and there is therefore an additional pressure over and above the amount funded from LTP. The position has improved by £30k in the month due to an improvement in income from Transport schemes in period 9, which is partly offsetting the pressure.

Travel and Road Safety's position remains at £270k as additional savings are sought to offset previously agreed CSR savings. The main component of this pressure is a proposed CSR saving no longer deemed achievable and where no replacement saving has yet been identified.

**Conclusion – Community and Environmental Services financial position**

Community and Environmental Services' position has improved by £30k since period 8 and is currently forecasting a position of £897k pressure due to income pressures on Building Services, CSR pressures on Travel and Road Safety and the crystallisation of cost pressures on Project 30.

**Budget Holder - Mr. J. Blackledge, Director of Community and Environmental Services**

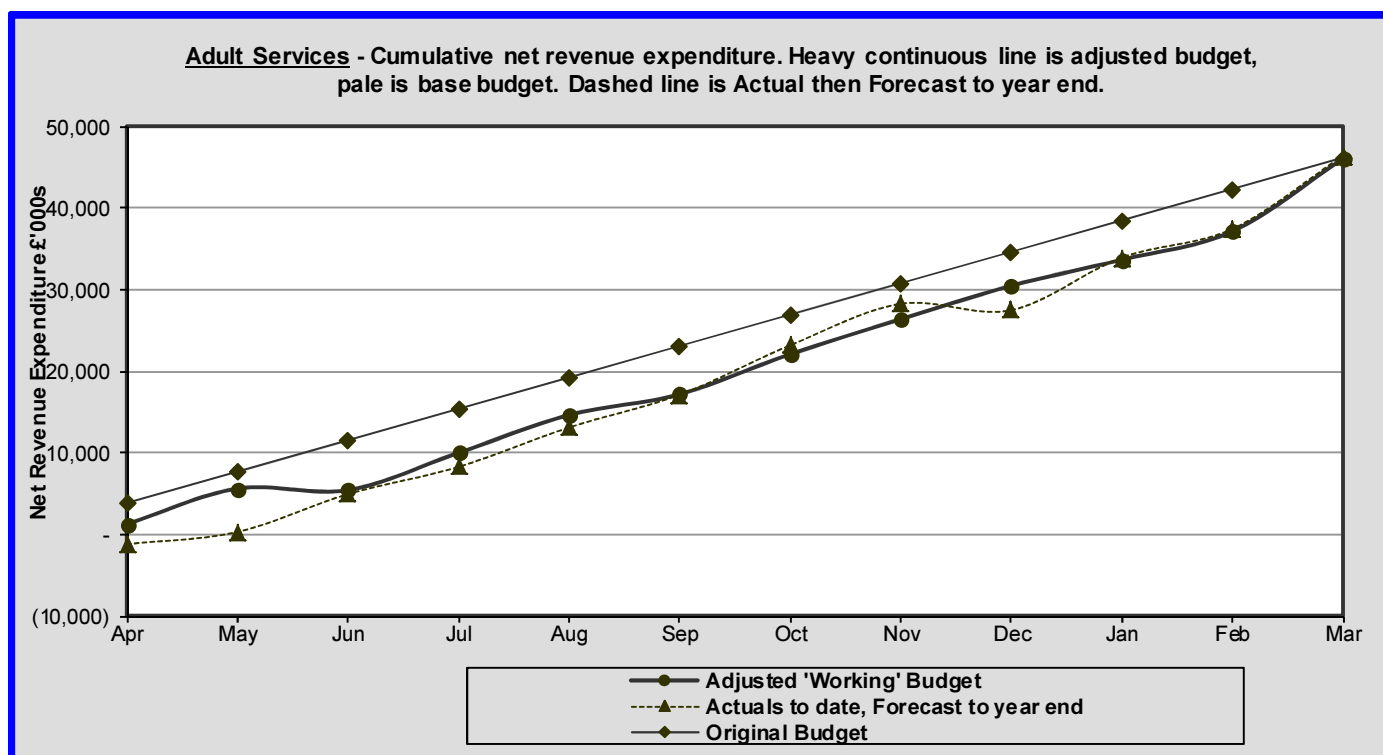


## Blackpool Council - Adult Services

### Revenue summary - budget, actual and forecast:

FUNCTIONS OF THE SERVICE	BUDGET	EXPENDITURE			VARIANCE	2013/14 (UNDER)/OVER SPEND B/FWD £000
	ADJUSTED CASH LIMITED BUDGET £000	2014/15			F/CAST FULL YEAR VAR. (UNDER) / OVER £000	
		EXPENDITURE APR - DEC £000	PROJECTED SPEND £000	FORECAST OUTTURN £000		
<b>ADULT SERVICES DEPARTMENT</b>						
<b>NET EXPENDITURE</b>						
ADULT SOCIAL CARE	5,455	3,805	1,523	5,328	(127)	-
CARE & SUPPORT	9,353	6,134	2,986	9,120	(233)	-
COMMISSIONING & CONTRACTS TEAM	1,379	737	609	1,346	(33)	-
ADULT COMMISSIONING PLACEMENTS	26,174	13,647	13,281	26,928	754	81
ADULT SAFEGUARDING	194	(299)	575	276	82	-
BUSINESS SUPPORT & RESOURCES	3,473	3,442	(48)	3,394	(79)	-
<b>TOTALS</b>	<b>46,028</b>	<b>27,466</b>	<b>18,926</b>	<b>46,392</b>	<b>364</b>	<b>81</b>

### Directorate revenue summary graph - budget, actual and forecast:



### Commentary on the key issues:

#### Directorate Summary – basis

- The Revenue summary (above) lists the latest outturn projection for each individual service within the Adult Services against their respective, currently approved revenue budget. The adjusted budget includes the approved 2013/14 overspend carried forward. Forecast outturns are based upon actual financial performance for the first 9 months of 2014/15 together with predictions of performance, anticipated pressures and efficiencies in the remainder of the financial year, all of which have been agreed with each head of service.

**Adult Commissioning Placements (Social Care Packages)**

- The Adult Commissioning Placements division is currently forecasting a £754k overspend. The budget in this area was reduced by £2.5m in 2013/14, following the Priority Led Budgeting process (PLB), with the aim to realise further savings from the extension of the Review Team Plus work. This team ensures there is a stricter adherence to the eligibility criteria whilst also ensuring client needs are met but in a different way. Once high cost packages had been reviewed it became increasingly evident that further savings would not be achieved based on care needs. However, the further integration of Health and Social Care services have released additional cost savings, budget right sizing around Ordinary Residence and Fairer Charging income has reduced the recurrent budget gap. 2014/15 demand increases were not funded via the Cash Limit, therefore the total recurrent gap is currently c£1.5m. One-off savings relating to the release of the Adults bad debt provision and review of the balance sheet have reduced this down to £754k in year.
- It should be noted that the forecast outturn within the Adults Commissioning Placements Division is based on trend analysis using invoiced amounts drawn from the financial ledger. A system called Frameworki is currently being implemented and will incorporate financial data in phase 2 of the development which should provide improved forecasting in the future.

**Safeguarding**

- Following recent Deprivation of Liberty (DoLs) case law this Division is forecasting a £100k overspend as a result of additional legal and staffing costs, this has been offset slightly by the removal of a senior management post.

**Summary of the Adult Services financial position**

As at the end of December 2014 the Adult Services Directorate is forecasting an overall overspend of £364k for the financial year to March 2015.

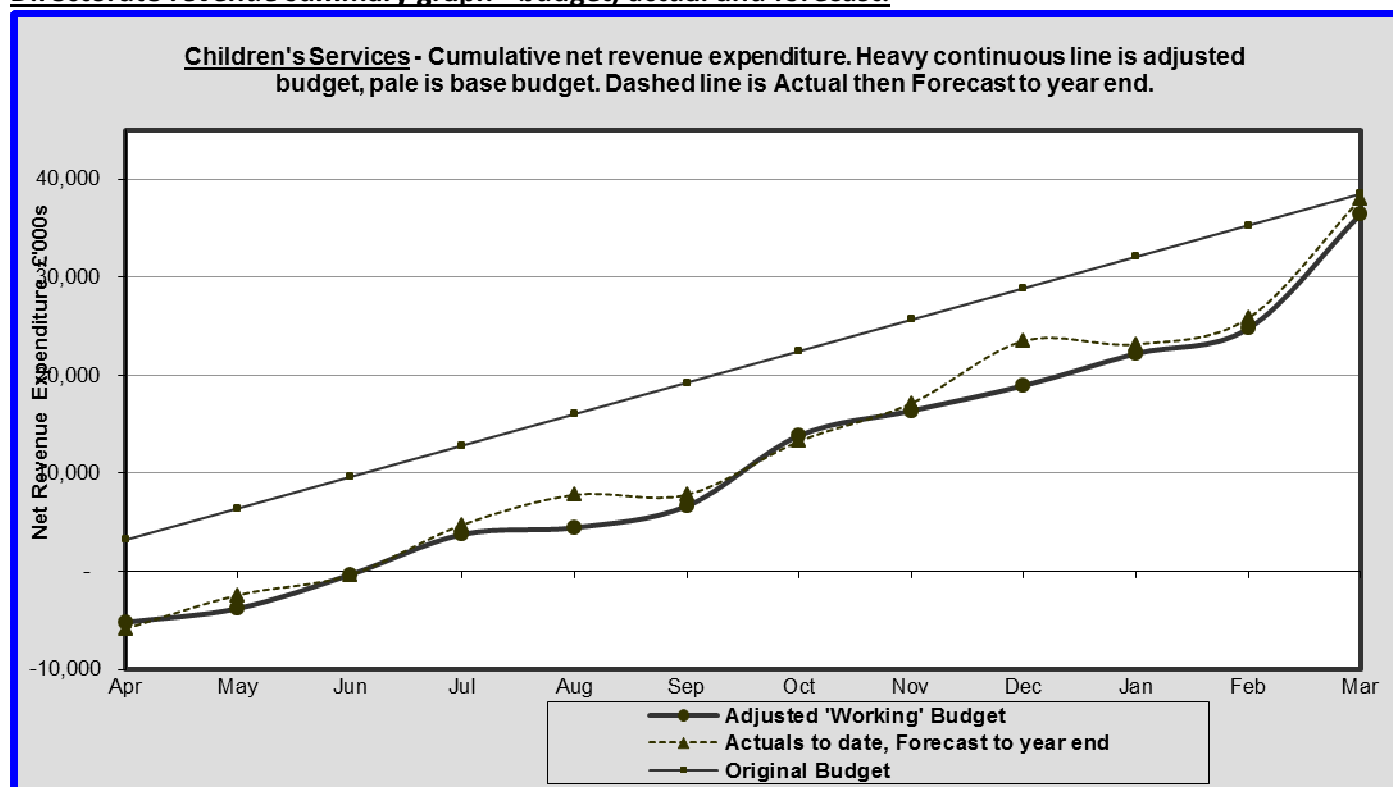
**Budget Holder – K Smith, Director of Adult Services**

## Blackpool Council – Children’s Services

### Revenue summary - budget, actual and forecast:

FUNCTIONS OF THE SERVICE	BUDGET	EXPENDITURE			VARIANCE	2013/14 (UNDER)/OVER SPEND B/FWD £000
	2014/15					
	ADJUSTED CASH LIMITED BUDGET £000	EXPENDITURE APR - DEC £000	PROJECTED SPEND £000	FORECAST OUTTURN £000	F/CAST FULL YEAR VAR. (UNDER) / OVER £000	
	£000	£000	£000	£000	£000	
<b>CHILDREN'S SERVICES</b>						
<b>NET EXPENDITURE</b>						
LOCAL SCHOOLS BUDGET - ISB	35,435	27,385	8,044	35,429	(6)	-
LOCAL SCHOOLS BUDGET - NON DELEGATED	550	610	102	712	162	-
LEARNING & SCHOOLS	20,436	12,700	7,323	20,023	(413)	-
COMMUNITY EARLY HELP FOR CHILDREN AND FAMILIES	302	191	111	302	-	-
CHILDREN'S SOCIAL CARE	98	74	24	98	-	-
DEDICATED SCHOOL GRANT	(57,821)	(43,136)	(14,691)	(57,827)	(6)	-
CARRY FORWARD OF DSG	-	-	263	263	263	-
<b>TOTAL DSG FUNDED SERVICES</b>	<b>(1,000)</b>	<b>(2,176)</b>	<b>1,176</b>	<b>(1,000)</b>	<b>-</b>	<b>-</b>
CHILDRENS SERVICES DEPRECIATION	3,191	2,393	798	3,191	-	-
LEARNING & SCHOOLS	4,634	2,455	1,856	4,311	(323)	-
COMMUNITY EARLY HELP FOR CHILDREN AND FAMILIES	5,460	1,367	3,748	5,115	(345)	-
CHILDREN'S SOCIAL CARE	25,326	19,841	6,793	26,634	1,308	-
CHILDRENS SAFEGUARDING	977	661	435	1,096	119	-
LOCAL SERVICES SUPPORT GRANT	(118)	-	(36)	(36)	82	-
EDUCATION SERVICES GRANT	(2,050)	(1,038)	(286)	(1,324)	726	-
<b>TOTAL COUNCIL FUNDED SERVICES</b>	<b>37,420</b>	<b>25,679</b>	<b>13,308</b>	<b>38,987</b>	<b>1,567</b>	<b>-</b>
<b>TOTAL CHILDREN'S SERVICES</b>	<b>36,420</b>	<b>23,503</b>	<b>14,484</b>	<b>37,987</b>	<b>1,567</b>	<b>-</b>

### Directorate revenue summary graph - budget, actual and forecast:

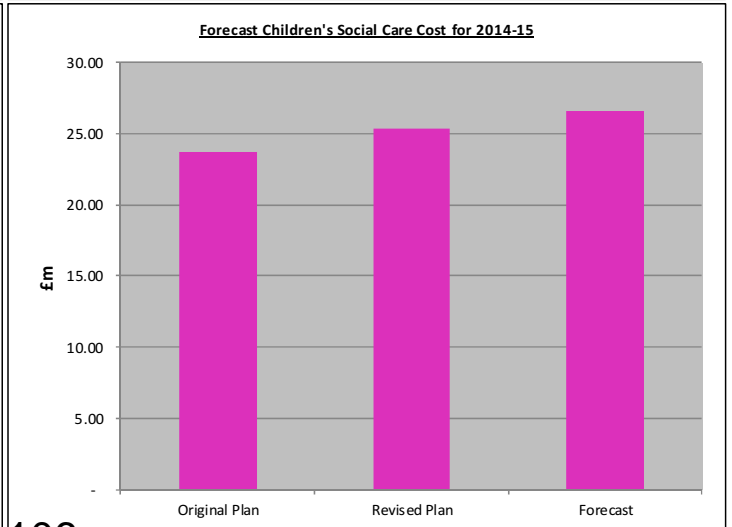
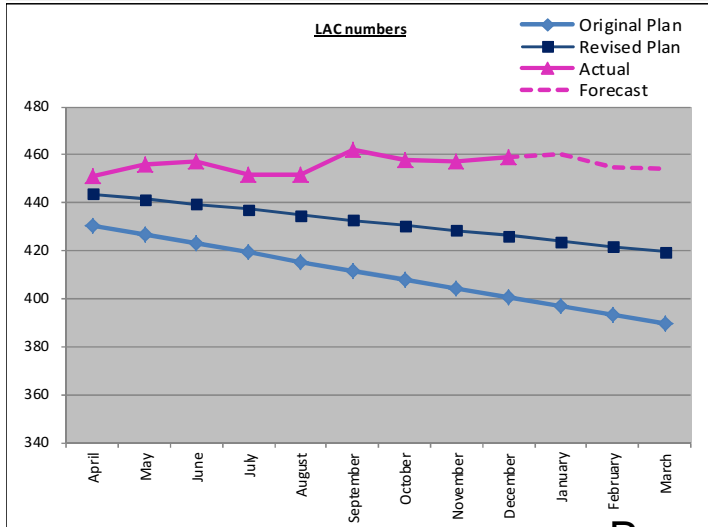
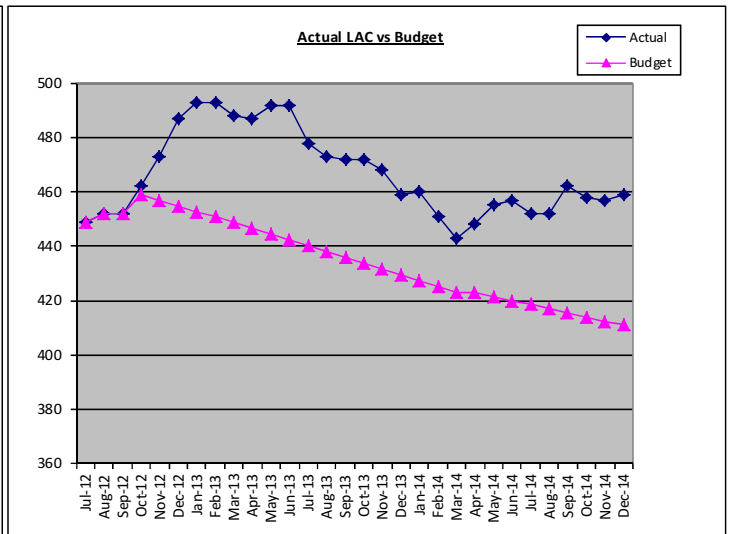
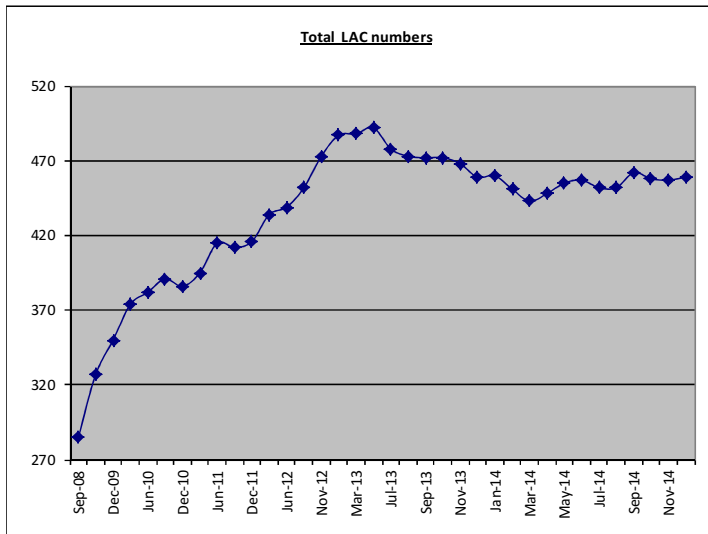


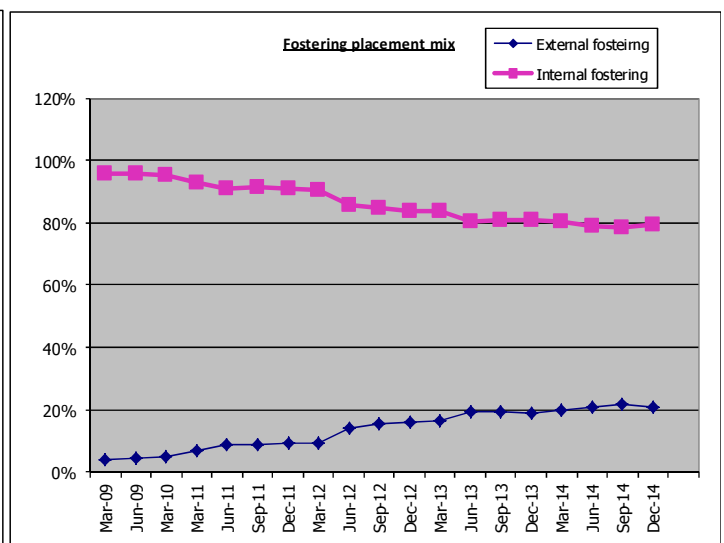
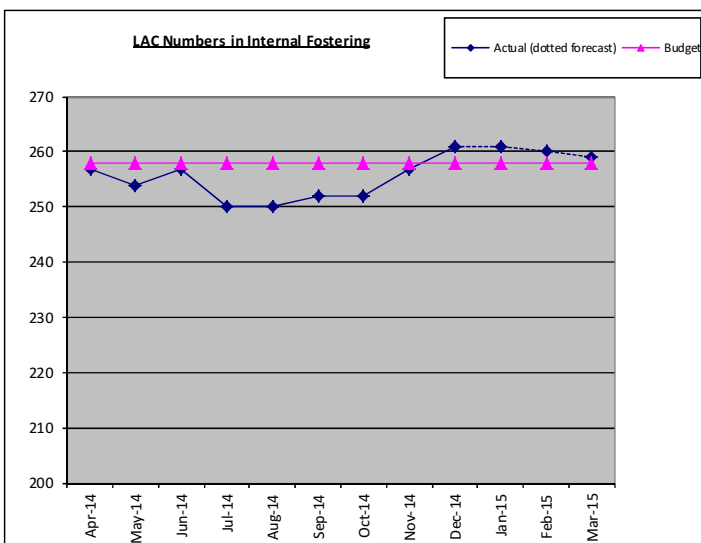
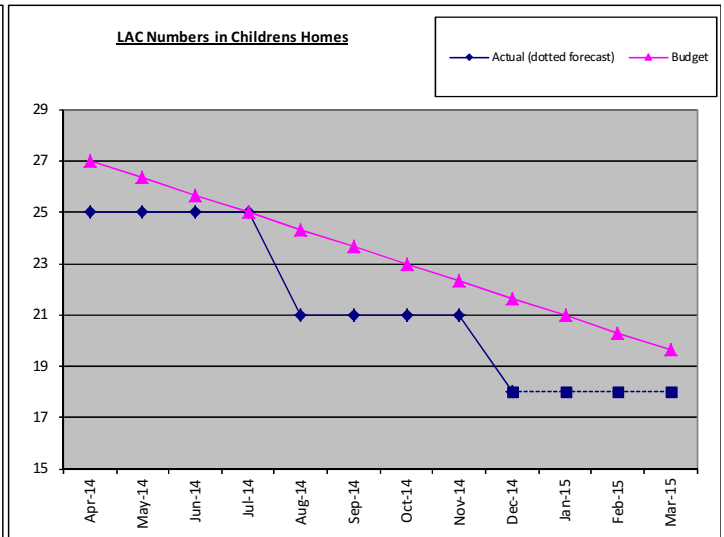
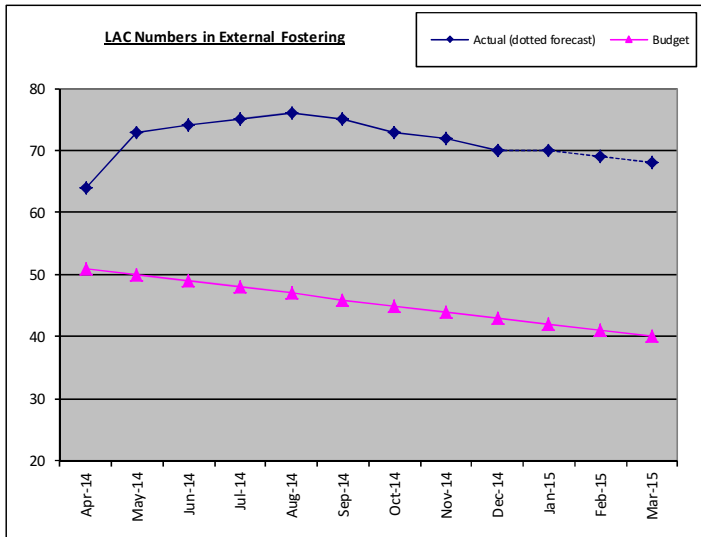
Childrens Social Care Trends

Date	External Placements						Total			Internal Fostering			Total LAC Numbers
	Fostering			Residential			FTE	£000's	£ per placement	FTE	£000's	£ per placement	No.
	FTE	£000's	£ per placement	FTE	£000's	£ per placement							
Dec-08	8.67	411	47,453	27.50	2,624	95,423	36.17	3,035	83,926	no data	no data	no data	285
Mar-09	8.77	403	45,979	28.07	2,772	98,747	36.84	3,175	86,186	208.91	2,510	12,015	323
Jul-09	12.10	466	38,549	40.85	4,290	105,007	52.96	4,757	89,820	no data	no data	no data	334
Mar-10	13.35	513	38,445	39.02	4,295	110,083	52.37	4,809	91,824	263.88	2,889	10,946	374
Jun-10	20.43	765	37,428	34.20	3,473	101,534	54.63	4,237	77,563	304.83	3,357	11,012	382
Mar-11	22.69	860	37,912	36.73	3,536	96,272	59.42	4,396	73,983	303.23	3,329	10,977	395
Jun-11	29.54	1,108	37,508	33.62	3,430	102,023	63.16	4,538	71,849	303.23	3,329	10,977	395
Sep-11	30.35	1,129	37,191	33.90	3,457	101,982	64.25	4,586	71,376	316.95	3,527	11,128	412
Dec-11	31.91	1,184	37,118	35.16	3,580	101,808	67.07	4,764	71,031	312.85	3,496	11,175	416
Mar-12	32.68	1,223	37,424	34.27	3,488	101,780	66.95	4,711	70,366	315.07	3,507	11,131	434
Jun-12	49.27	1,816	36,858	36.47	3,710	101,727	85.07	5,526	64,958	296.18	3,480	11,750	439
Sep-12	53.37	1,903	35,657	36.70	4,264	116,185	90.07	6,167	68,469	290.42	3,345	11,518	452
Dec-12	55.80	1,987	35,611	38.08	4,498	118,121	93.88	6,485	69,080	290.55	3,372	11,606	487
Mar-13	57.36	2,028	35,355	38.89	4,645	119,447	96.25	6,673	69,330	291.27	3,377	11,594	488
Jun-13	71.93	2,604	36,202	30.01	3,349	111,596	101.94	5,953	58,400	298.00	3,542	11,887	492
Sep-13	70.51	2,515	35,667	29.05	3,240	111,523	99.56	5,754	57,801	293.58	3,496	11,908	472
Dec-13	68.22	2,494	36,560	29.02	3,398	117,073	97.24	5,892	60,592	292.11	3,455	11,828	459
Mar-14	72.82	2,480	34,058	29.76	3,525	118,473	102.57	6,005	58,547	295.49	3,474	11,757	443
Apr-14	60.43	2,276	37,663	24.00	2,599	108,277	84.44	4,875	57,737	257.30	3,255	12,650	448
May-14	68.77	2,424	35,242	25.58	2,543	99,418	94.35	4,966	52,638	258.00	3,405	13,197	455
Jun-14	70.35	2,527	35,928	24.74	2,537	102,561	95.09	5,065	53,265	266.65	3,422	12,833	457
Jul-14	70.53	2,530	35,873	25.23	2,734	108,377	95.76	5,264	54,977	256.87	3,229	12,571	452
Aug-14	68.47	2,528	36,915	23.01	2,733	118,770	91.49	5,261	57,506	259.31	3,287	12,674	452
Sep-14	69.41	2,614	37,655	23.09	2,799	121,210	92.50	5,412	58,513	258.39	3,248	12,570	462
Oct-14	68.59	2,526	36,833	23.95	2,931	122,390	92.54	5,457	58,974	262.08	3,269	12,474	458
Nov-14	69.40	2,630	37,898	23.86	2,931	122,872	93.25	5,561	59,637	265.56	3,313	12,474	457
Dec-14	68.73	2,664	38,760	23.09	2,870	124,281	91.83	5,534	60,268	265.56	3,313	12,474	459

Note:

The variance between the total number of Looked After Children and the total internal fostering and external placement numbers is children with care orders etc. They are still classed as LAC but do not incur any commissioned costs.





**Commentary on the key issues:**

**Directorate Summary – basis**

- The Revenue summary on the first page of this appendix lists the latest outturn projection for each individual service within the Children’s Services Directorate against their respective, currently approved revenue budget. Forecast outturns are based upon actual financial performance for the first 9 months of 2014/15 together with predictions of performance, anticipated pressures and efficiencies in the remainder of the financial year, all of which have been agreed with each head of service.

**Dedicated School Grant Funded Services**

- The Dedicated School Grant (DSG) is the funding stream that supports the Schools Budget, which includes amounts that are devolved through the Individual School Budget, together with centrally-retained pupil-related services as listed in the revenue summary. Any under or overspends against services funded by the DSG will be carried forward to 2015/16 and, in the case of overspends, become the first call on the grant in that year.

**Children's Social Care**

- The Children's Social Care division is forecasting an overspend of £1,308k due to the continuing high numbers of Looked After Children (LAC). This cost pressure has already been offset by £162k of savings identified following a review of the balance sheet and maximisation of new grant funding. Looked After Children numbers peaked at around 500 in the early part of 2013, but a new recovery plan has now been implemented which targets a reduction to 420 by the end of 2014/15 and 400 by the end of 2015/16. Numbers had begun to fall with the figure at 443 as at the end of March 2014. However, referrals to social care are at the highest levels ever recorded and have been rising significantly since March. Extensive work is being undertaken by Children's Services and the Blackpool Safeguarding Children Board to understand this rise in demand but it is likely that as cases work their way through our system our progress in reducing Looked After Children numbers may slow. It is worth noting that placement mix, and not just Looked After Children numbers, has an impact on the financial forecast. The variation in unit costs can be significant with an average residential placement equivalent in cost to nine internal fostering placements and the most expensive placement equal to eighteen. Maximising less costly placements is, therefore, a key element of the recovery plan, and to this end placements are reviewed at a fortnightly panel.

**Children's Safeguarding**

- There have been a number of employee absences in the Safeguarding Team during the year. Due to the ongoing pressures in Children's Social Care, these have had to be covered by agency placements, which has created an overspend within the service staffing budget.

**Local Services Support Grant**

- The Local Services Support Grant (LSSG) is a grant allocated by central government directly to local authorities to help support and protect local services. One element of the grant is Extended Rights to Free Travel funding from the Department for Education, which provides additional transport money to support children from low income families to be able to attend schools further from home than the statutory walking distances. The grant has been cut from £118k in 2012/13 to £36k in the current financial year, and will be reduced to £15k from 2015/16.

**Education Services Grant**

- From April 2013, the education functions provided by local authorities have been funded from a new Education Services Grant (ESG). The Council receives £113 per pupil in relation to the pupils in schools maintained by the authority plus £15 for each pupil in all schools and academies in respect of responsibilities retained for every pupil within our boundary. A shortfall in grant of £726k is included in the forecast overspend, relating to the anticipated loss of funding due to both historical and in-year academy conversions.

**Summary of the Children's Services financial position**

As at the end of December 2014 the Children's Services Directorate is forecasting an overspend of £1,567k for the financial year to March 2015.

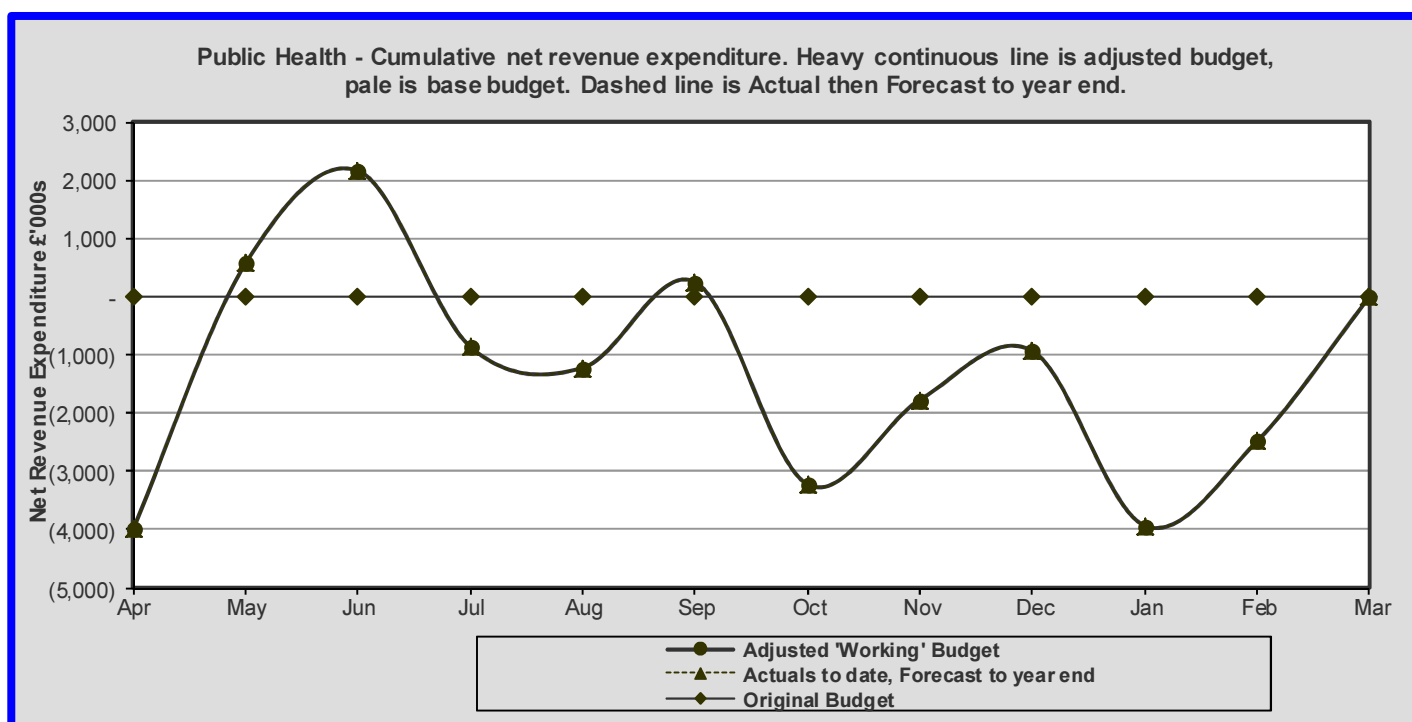
**Budget Holder - Mrs D Curtis, Director of Children's Services**

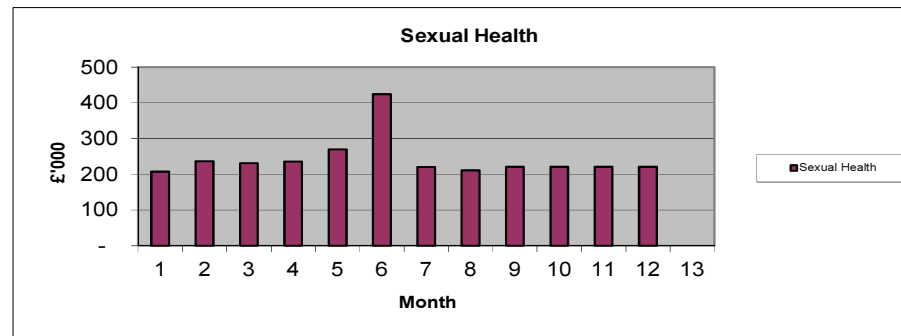
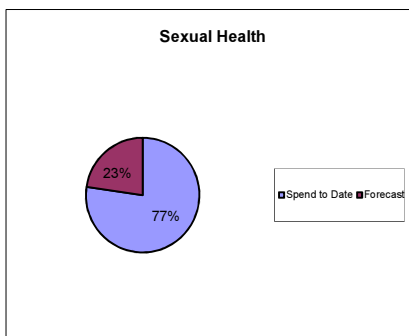
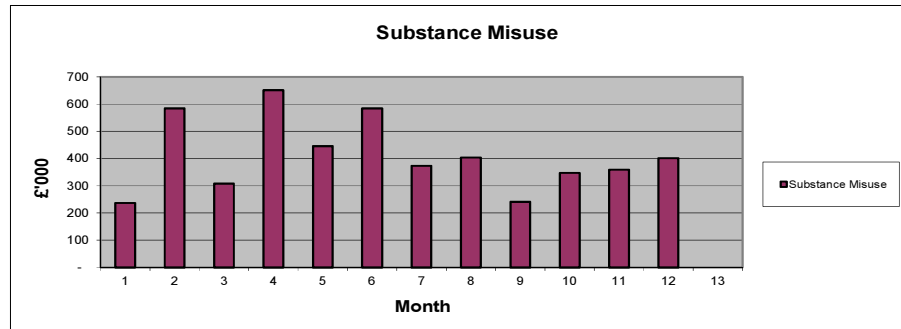
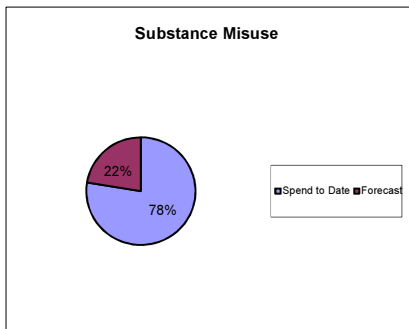
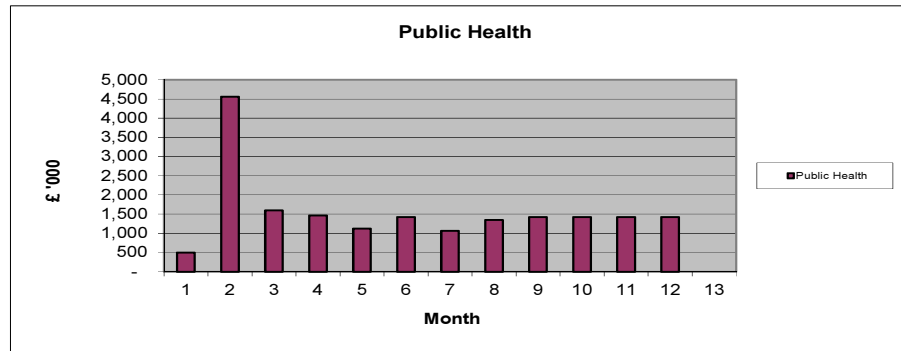
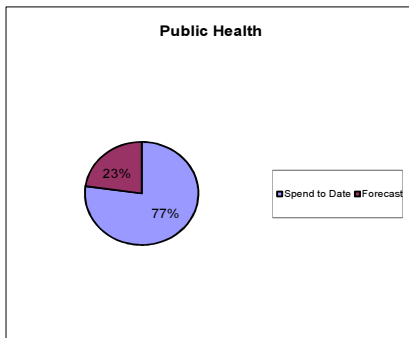
## Blackpool Council – Public Health

### Revenue summary - budget, actual and forecast:

FUNCTIONS OF THE SERVICE	BUDGET	EXPENDITURE			VARIANCE	2013/14 (UNDER)/OVER SPEND B/FWD £000
	ADJUSTED CASH LIMITED BUDGET £000	2014/15			F/CAST FULL YEAR VAR. (UNDER) / OVER £000	
		EXPENDITURE APR - DEC £000	PROJECTED SPEND £000	FORECAST OUTTURN £000		
<b>PUBLIC HEALTH</b>						
<b>NET EXPENDITURE</b>						
MANAGEMENT AND OVERHEADS	1677	1204	473	1677	-	
NHS HEALTH CHECKS - MANDATED	255	65	190	255	-	
CHILDREN (0-19) - NCMP MANDATED	1,195	893	302	1,195	-	
HEALTH PROTECTION - MANDATED	106	15	91	106	-	
TOBACCO CONTROL	723	389	334	723	-	
MENTAL HEALTH AND WELLBEING	611	394	217	611	-	
SEXUAL HEALTH SERVICES - MANDATED	3,010	2,256	754	3,010	-	
FALLS PREVENTION / ACCIDENTS	150	125	25	150	-	
SUBSTANCE MISUSE (DRUGS AND ALCOHOL)	5,019	3,753	1,266	5,019	-	
HEALTHY WEIGHT/WEIGHT MANAGEMENT	364	285	79	364	-	
OTHER PUBLIC HEALTH SERVICES	978	350	628	978	-	
MISCELLANEOUS PUBLIC HEALTH SERVICES	3,858	2,800	1,058	3,858	-	
GRANT	(17,946)	(13,460)	(4,486)	(17,946)	-	
<b>TOTALS</b>	-	(931)	931	-	-	-

### Directorate revenue summary graph – budget, actual and forecast:





### **Commentary on the key issues:**

#### **Directorate Summary – basis**

The Revenue summary on the front page of this appendix lists the latest outturn projection for each individual scheme against their respective, currently approved budget. Forecast outturns are based upon actual financial performance for the first 9 months of 2014/15 together with predictions of performance, anticipated pressures and efficiencies in the remainder of the financial year, all of which have been agreed with the services leads

#### **Public Health Grant**

The Public Health Grant is a central government grant which is ring-fenced until March 2015 after which the grant will be based on a national formula. The allocation for 2014/15 is £17,945,700.

The grant conditions require quarterly financial reporting of spend against a prescribed set of headings and spend of the grant must link explicitly to the Health and Wellbeing Strategy, Public Health Outcomes Framework and Joint Strategic Needs Assessment

#### **Payment by Results (PbR)/ Activity-based Commissioning**

A number of Public Health schemes payments are linked to activity. The aim of Payment by Results (PbR) is to provide a transparent, rules-based system for payment. It rewards outputs, outcomes and support patient choice and diversity. Payment will be linked to activity. This does, however, raise a number of challenges when determining accurate budgetary spend/forecast spend.

#### **Summary of the Public Health Directorate financial position**

As at the end of December 2014, the Public Health Directorate is forecasting an overall spend of the full grant, £17,945,700, for the financial year to March 2015.

**Budget Holder – Dr Arif Rajpura, Director of Public Health**

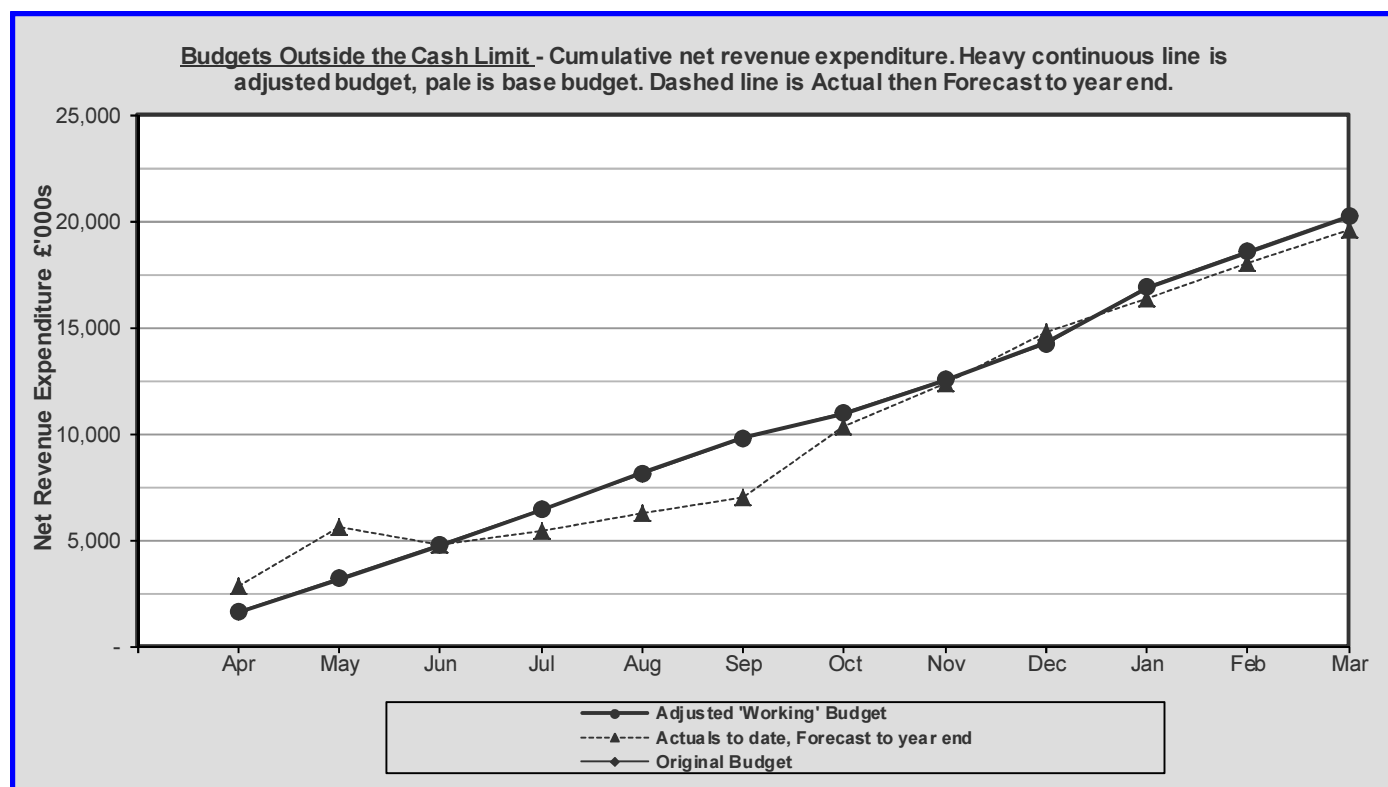


## Blackpool Council – Budgets Outside the Cash Limit

### Revenue summary - budget, actual and forecast:

FUNCTIONS OF THE SERVICE	BUDGET	EXPENDITURE			VARIANCE	2013/14 (UNDER)/OVER SPEND B/FWD £000
	ADJUSTED CASH LIMITED BUDGET £000	2014/15				
		EXPENDITURE APR - DEC £000	PROJECTED SPEND £000	FORECAST OUTTURN £000	F/CAST FULL YEAR VAR. (UNDER) / OVER £000	
<b>BUDGETS OUTSIDE THE CASH LIMIT</b>						
<b>NET EXPENDITURE</b>						
TREASURY MANAGEMENT	15,052	10,030	3,344	13,374	(1678)	-
PARKING	(3,672)	(1,991)	(969)	(2,960)	712	-
GRANTS DONATIONS AND SUBS.	439	367	72	439	-	-
HOUSING BENEFITS	1,654	1,274	388	1,662	8	-
COUNCIL TAX & NNDR COST OF COLLECTION	672	515	154	669	(3)	-
SUBSIDIARY COMPANIES	(503)	(273)	(277)	(550)	(47)	-
CONCESSIONARY FARES	3,915	2,703	1,486	4,189	274	-
LAND CHARGES	(48)	(67)	19	(48)	-	-
INVESTMENT PORTFOLIO	1,467	1,328	202	1,530	63	-
PREVIOUS YEARS' PENSION LIABILITY	2,821	2,116	705	2,821	-	-
NEWHOMES BONUS	(1,569)	(1,210)	(359)	(1,569)	-	-
<b>TOTALS</b>	<b>20,228</b>	<b>14,792</b>	<b>4,765</b>	<b>19,557</b>	<b>(671)</b>	<b>-</b>

### Directorate revenue summary graph - budget, actual and forecast:



### Commentary on the key issues:

#### Directorate Summary - basis

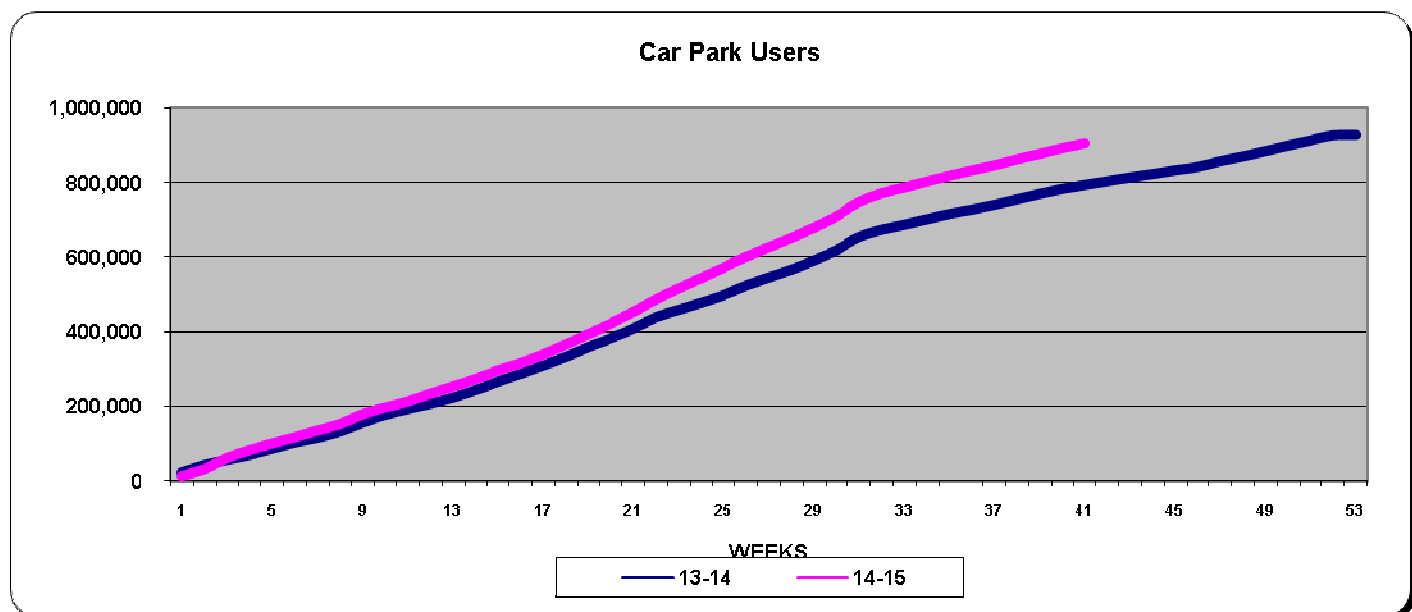
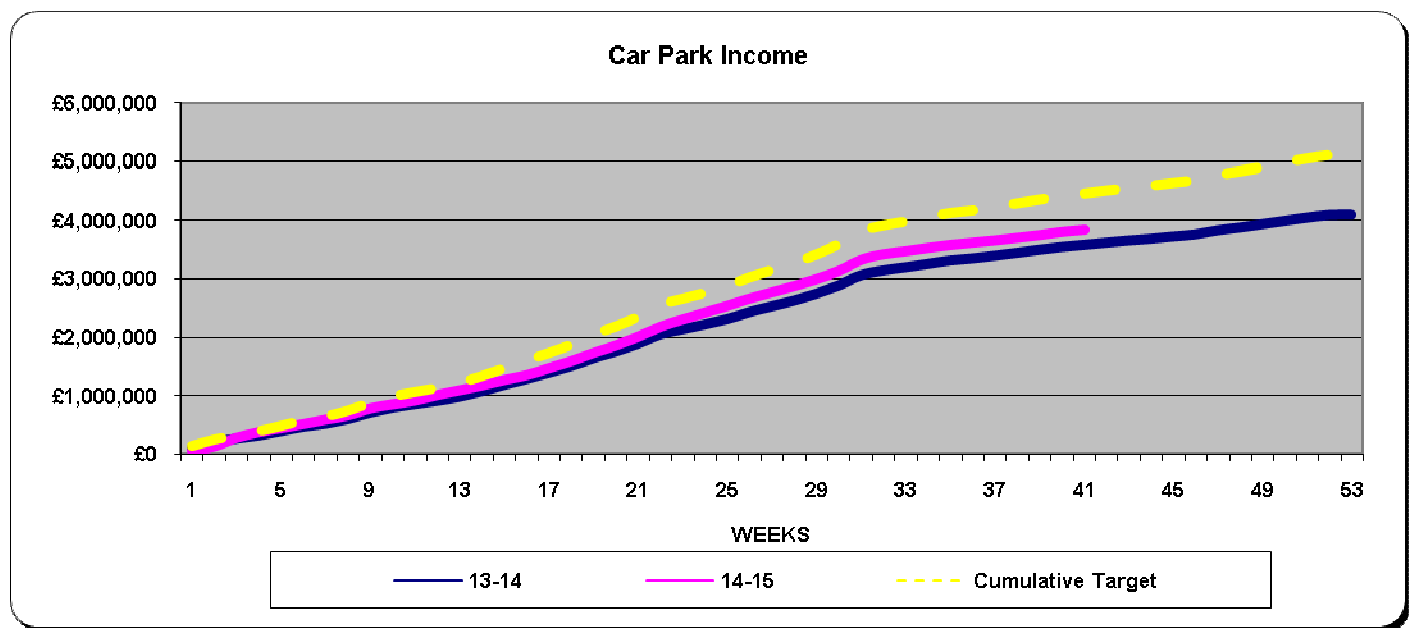
- The Revenue summary (above) lists the latest outturn projection for each individual service categorised as falling 'outside the cash limit' and thereby exempt from the cash limited budget regime. Forecast outturns are based upon actual financial performance for the first 9 months of 2014/15 together with predictions of performance, anticipated pressures and savings in the remainder of the financial year, which have been agreed by each designated budget manager.

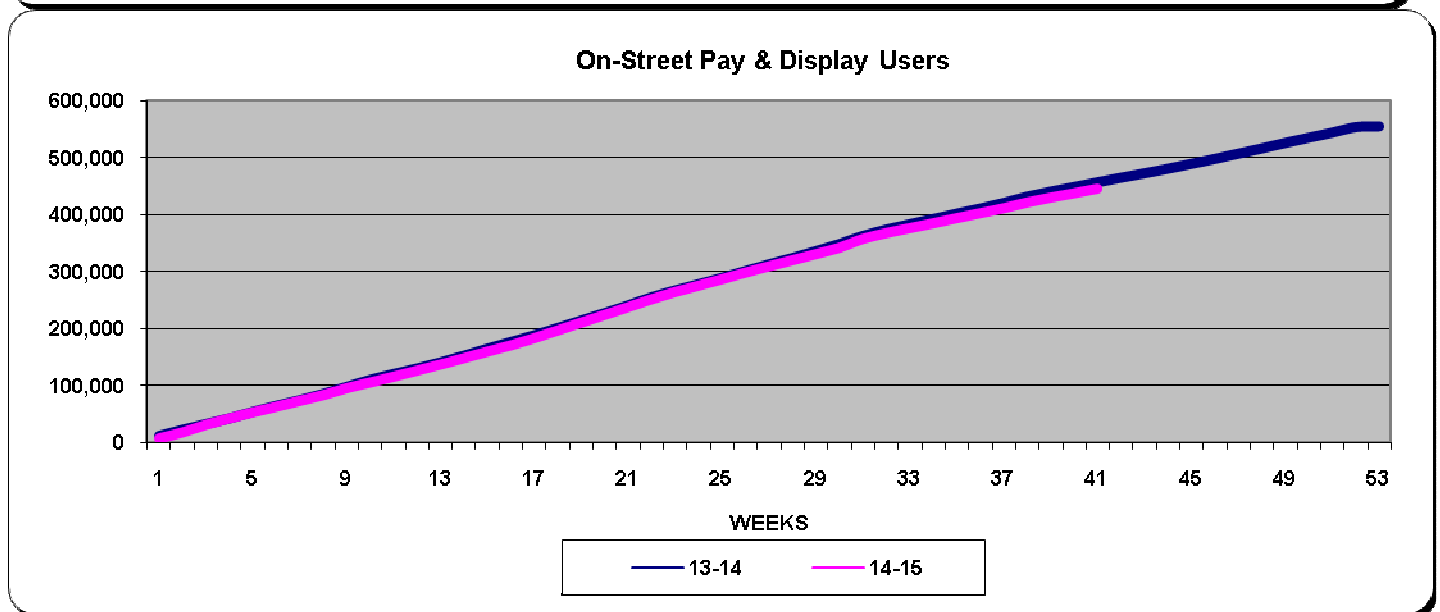
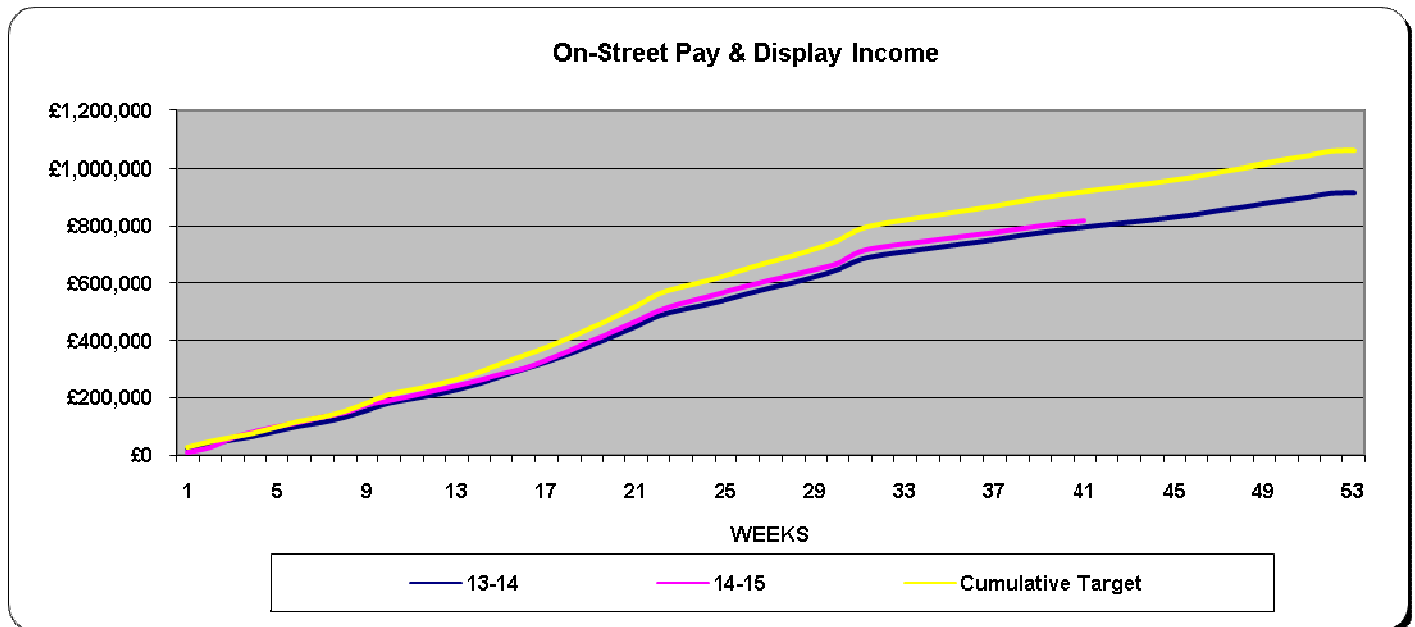
**Treasury Management**

- This revenue account is forecast to achieve a favourable variance of £1,678k for the year. This reflects a temporary windfall from the short-term interest rates currently being paid to finance recent capital expenditure, a lower interest charge by Lancashire County Council on the Local Government Reorganisation debt, and the cost of the LGA-led municipal bonds agency.

**Parking Services**

- Parking Services is performing well in comparison with last year, despite a number of car parks closing. As at Week 41 (w/e 11<sup>th</sup>Jan) Car Park patronage is up by 113,086, with income also up by £259,164 on 2013/14. On Street Pay and Display is down on patronage by 11,760, although up on income by £22,747. However the extremely challenging income target the service has means that it is £712k down on its income budget year to date.





#### Subsidiary companies

- The cost to the Council of supporting the subsidiary companies is forecasting an underspend of £47k.

#### Concessionary fares

- This service is forecasting a pressure of £274k during 2014/15, due to an increase in bus patronage by 6%.

#### Land Charges

- This service is forecasting to breakeven during 2014/15.

#### Investment Portfolio

- The forecast overspend of £63k is due to a delay in the demolition of the Syndicate due to the re-siting of the substation and the resultant loss of forecast parking income.

#### Summary of the revenue forecasts

After 9 months of the financial year the Budgets Outside the Cash Limit services are forecasting a £671k underspend.

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**2014/15 CAPITAL MONITORING  
MONTH 9**

Capital Schemes	Total Scheme Budget £000	Spend as at 31/3/14 £000	Budget Brought Forward 2013/14 £000	Adjusted Capital Programme 2014/15 £000	Total Available Budget 2014/15 £000	Spend to Date April - December £000	Forecast to Year End £000	Forecast Variance £000	Notes
<b>Director Responsible for Resources</b>									
<b>Property and Asset Management</b>									
Central Business District	40,832	35,544	2,472	2,816	5,288	840	545	-	
Office Accommodation Strategy	1,408	1,316	92	-	92	-	92	-	
Syndicate	1,300	938	362	-	362	176	186	-	
Other Resources Schemes	799	325	224	250	474	197	277	-	
<b>Total Resources</b>	<b>44,339</b>	<b>38,123</b>	<b>3,150</b>	<b>3,066</b>	<b>6,216</b>	<b>1,213</b>	<b>1,100</b>	<b>-</b>	
<b>Director Responsible for Adult Services</b>									
Langdale Learning Disability Centre	1,900	1,559	341	-	341	54	287	-	
Support to Vulnerable Adults - Grants	1,131	-	103	1,028	1,131	860	271	-	
Respite Care Project	655	650	5	-	5	30	(25)	-	
Other Adult Services Schemes	2,547	1,387	726	434	1,160	320	340	-	
<b>Total Adult Services</b>	<b>6,233</b>	<b>3,596</b>	<b>1,175</b>	<b>1,462</b>	<b>2,637</b>	<b>1,264</b>	<b>873</b>	<b>-</b>	
<b>Director Responsible for Deputy Chief Executive</b>									
ICT BSF	3,555	3,255	300	-	300	300	-	-	
ICT Refresh	800	-	-	800	800	773	27	-	
<b>Total Deputy Chief Executive</b>	<b>4,355</b>	<b>3,255</b>	<b>300</b>	<b>800</b>	<b>1,100</b>	<b>1,073</b>	<b>27</b>	<b>-</b>	

**2014/15 CAPITAL MONITORING  
MONTH 9**

Capital Schemes	Total Scheme Budget £000	Spend as at 31/3/14 £000	Budget Brought Forward 2013/14 £000	Adjusted Capital Programme 2014/15 £000	Total Available Budget 2014/15 £000	Spend to Date April - December £000	Forecast to Year End £000	Forecast Variance £000	Notes
<b>Director Responsible for Community and Environmental Services</b>									
Anchorholme Seawall	22,363	1,397	4,430	15,300	19,730	4,170	3,560	-	
Coast Protection Studies	2,621	2,114	169	338	507	86	-	-	
Marton Mere Dam	240	156	84	-	84	-	-	-	
Others	543	-	-	543	543	228	-	-	
Bispham Health Centre	4,290	4,290	-	-	-	(17)	-	-	
<b>Transport</b>									
Promenade Movement Strategy	2,500	2,670	(170)	-	(170)	-	-	-	
Blackpool/Fleetwood Tramway	99,990	88,840	11,150	-	11,150	(552)	7,702	-	
Sintropher	1,690	2,778	(1,088)	-	(1,088)	2	-	-	
Tramway Emergency Works	10,589	11,040	(451)	-	(451)	(294)	-	-	
Bus and Tram Shelter Upgrade	1,077	278	799	-	799	42	-	-	
Yeadon Way	2,520	-	252	2,268	2,520	515	2,005	-	
Other Transport Schemes	109	-	-	109	109	109	-	-	
<b>Total Community and Environmental Services</b>	<b>148,532</b>	<b>113,563</b>	<b>15,175</b>	<b>18,558</b>	<b>33,733</b>	<b>4,289</b>	<b>13,267</b>	<b>0</b>	
<b>Director Responsible for Governance and Regulatory Services</b>									
Carleton Crem Building Works	1,991	1,568	32	391	423	72	351	-	
<b>Total Governance and Regulatory Services</b>	<b>1,991</b>	<b>1,568</b>	<b>32</b>	<b>391</b>	<b>423</b>	<b>72</b>	<b>351</b>	<b>0</b>	

**2014/15 CAPITAL MONITORING  
MONTH 9**

Capital Schemes	Total Scheme Budget	Spend as at 31/3/14	Budget Brought Forward 2013/14	Adjusted Capital Programme 2014/15	Total Available Budget 2014/15	Spend to Date April - December	Forecast to Year End	Forecast Variance	Notes
	£000	£000	£000	£000	£000	£000	£000	£000	
<b>Director Responsible for Place</b>									
<b>Housing</b>									
Cluster of Empty Homes	1,614	502	1,112		1,112	391	221		
Tyldesley / Rigby Rd	16,411	6,406	3,244	5,500	8,744	1,929	1,815		
Other Housing	46	-	46	-	46	46	-		
Work towards Decent Homes Standard	24,670	6,858	172	4,154	4,326	2,185	2,141		
Queens Park Redevelopment Ph1	13,225	4,403	931	7,891	8,822	4,663	3,731		
Other HRA	3,977	430	845	898	1,743	316	414		
College Relocation/Illumination Depot	12,605	13,924	-	100	100	-	-	-	
Blackpool Leisure Assets Purchase	59,699	59,146	-	-	-	794	-	-	
Sandcastle Ph.4	607	543	64	-	64	26	-	-	
Central Library Redevelopment	3,125	3,018	107	-	107	-	-	-	
<b>Transport</b>									
Local Transport Plan 2012/13	2,086	2,086	-	-	-	-	-	-	
Local Transport Plan Project 30 2012/13	1,034	1,034	-	-	-	-	-	-	
Local Transport Plan 2013/14	2,439	1,123	1,316	-	1,316	1,139	177	-	
Local Transport Plan Project 30 2013/14	1,010	1,010	-	-	-	-	-	-	
Local Transport Plan 2014/15	1,984	-	-	1,984	1,984	788	696	-	
Local Transport Plan Project 30 2014/15	1,050	-	-	1,050	1,050	-	1,050	-	
Project 30	26,906	22,071	2,335	2,500	4,835	4,532	303	-	
Others	29	-	4	25	29	29	-	-	
<b>Total Place</b>	<b>172,517</b>	<b>122,554</b>	<b>10,176</b>	<b>24,102</b>	<b>34,278</b>	<b>16,838</b>	<b>10,548</b>	<b>-</b>	

**2014/15 CAPITAL MONITORING  
MONTH 9**

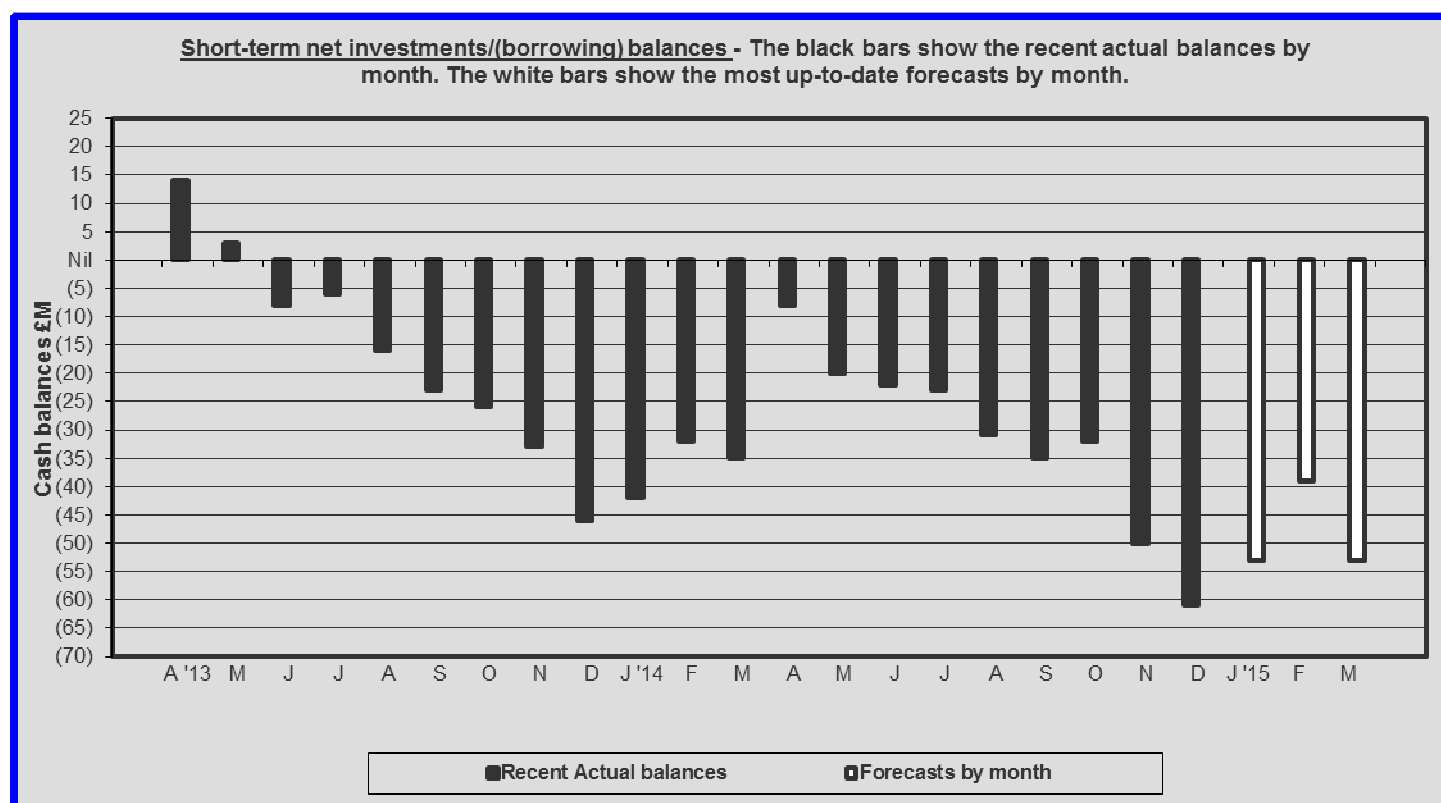
Capital Schemes	Total Scheme Budget £000	Spend as at 31/3/14 £000	Budget Brought Forward 2013/14 £000	Adjusted Capital Programme 2014/15 £000	Total Available Budget 2014/15 £000	Spend to Date April - December £000	Forecast to Year End £000	Forecast Variance £000	Notes
<b>Director Responsible for Childrens Services</b>									
Devolved Capital to Schools	742	-	470	272	742	78	164	-	
St. Mary's BSF Project	21,171	21,232	(61)		(61)	-	(61)	-	
Christ The King	5,183	3,473	(1,516)	1,626	110	1,638	84	-	
Anchorsholme Primary	2,917	2,916	1	-	1	-	1	-	
Mereside Primary	4,431	4,431	-	-	-	-	-	-	
Unity College	8,866	8,698	168	-	168	164	4	-	
My Place	4,430	4,305	125	-	125	2	123	-	
Gateway Academy	5,032	5,030	2	-	2	1	1	-	
Other Children's Schemes	685	554	90	41	131	89	42	-	
<b>Total Childrens Services</b>	<b>53,457</b>	<b>50,639</b>	<b>(721)</b>	<b>1,939</b>	<b>1,218</b>	<b>1,972</b>	<b>358</b>	<b>-</b>	
<b>CAPITAL TOTAL</b>	<b>431,424</b>	<b>333,298</b>	<b>29,287</b>	<b>50,318</b>	<b>79,605</b>	<b>26,721</b>	<b>26,524</b>	<b>-</b>	



## Blackpool Council

Cash summary - budget, actual and forecast:

CASH FLOW - SUMMARY - 14/15							
FULL YEAR CASH FLOW BUDGET (*)	APR-DEC CASH FLOW BUDGET (*)	APR -DEC CASH FLOW ACTUAL	JAN - MAR CASH FLOW FORECAST	(*) THE CASH FLOW BUDGET IS CONSISTENT WITH THE REVENUE BUDGET AND THE CAPITAL PROGRAMME IN TOTAL. THE BUDGETED CASH FLOW PHASING IS BASED ON DETAILED EXPECTATIONS AND PAST EXPERIENCE	APR - DEC MORE / (LESS) CASH ACTUAL vs BUDGET	JAN - MAR MORE / (LESS) CASH FORECAST vs BUDGET	FULL YEAR MORE / (LESS) AS NOW FORECAST vs BUDGET
£M	£M	£M	£M		£M	£M	£M
				<b>RECEIPTS</b>			
91	68	66	23	Housing Benefit & Subsidy	(2)	-	(2)
96	79	69	16	Council tax and NNDR	(10)	(1)	(11)
20	15	13	4	VAT	(2)	(1)	(3)
52	27	29	26	RSG & BRR	2	1	3
124	93	87	42	Other Grants	(6)	11	5
87	65	73	20	Other Income	8	(2)	6
-	-	167	22	MM Transactions Received	167	22	189
-	-	74	-	Receipt of Loans	74	-	74
470	347	578	153	<b>RECEIPTS - NORMAL ACTIVITIES</b>	231	30	261
				<b>PAYMENTS</b>			
8	6	6	2	Police & Fire	-	-	-
284	190	217	72	General Creditors	(27)	22	(5)
5	4	4	-	RSG & BRR	-	1	1
108	81	68	27	Salaries & wages	13	-	13
78	60	60	16	Housing Benefits	-	2	2
42	42	220	58	MM Transactions Paid Out	(178)	(58)	(236)
525	383	575	175	<b>PAYMENTS - NORMAL ACTIVITIES</b>	(192)	(33)	(225)
<b>(55)</b>	<b>(36)</b>	<b>3</b>	<b>(22)</b>	<b>NET CASH FLOW IN/(OUT)</b>	<b>39</b>	<b>(3)</b>	<b>36</b>
A	B	C	D		= C less B	= D less (A-B)	

Cash - short-term net investments/(borrowing) balances:

**Commentary on Cash Movements during the year:**

The summary on the previous page provides a comparison of the actual cash receipts and payments compared to the forecasted cash receipts and payments.

During the first 9 months of the year the Council's net cashflow has resulted in an increase in the level of temporary borrowing to finance prudentially funded capital expenditure. While temporary investment rates and temporary borrowing rates are low the treasury team will delay taking any new long-term borrowing to fund planned capital expenditure. The interest charged by Lancashire County Council on the Local Government Reorganisation Debt is lower than anticipated. As a result, the delay in taking new long-term borrowing and the lower interest charge from Lancashire County Council mean that a favourable credit variance is once again forecast for 2014/15.

The chart of actual and forecast month-end balances shows temporary investment and borrowing levels throughout the year. The forecast shows the level of borrowing that may be required to cover planned capital expenditure up to 31<sup>st</sup> March 2015.

## Blackpool Council

**Balance Sheet / Working capital:**

BALANCE SHEET 2014/2015				
LAST Y/END		CURRENT	CHANGE	NEXT Y/END
31 Mar 14		31 Dec 14	Movement since	31 Mar 15
Actual		Actual	31 Mar 14	Forecast
£000s		£000s	£000s	£000s
832,143	Property, Plant and Equipment	858,864	26,721	871,750
129	Intangible Assets	129	-	100
20,461	Long-term Assets	20,272	(189)	19,500
	<b>Current Assets</b>			
39,502	Debtors	46,700	7,198	45,000
550	Short Term Assets Held for Sale	550	-	-
607	Inventories and Work in Progress	724	117	700
6,854	Cash and cash equivalents	2,171	(4,683)	5,000
<b>900,246</b>	<b>Total Assets</b>	<b>929,410</b>	<b>29,164</b>	<b>942,050</b>
	<b>Current Liabilities</b>			
(41,500)	Borrowing Repayable within 12 months	(60,500)	(19,000)	(50,000)
(65,602)	Creditors	(54,300)	11,302	(62,140)
	<b>Long-term Liabilities</b>			
(98,434)	Borrowing Repayable in excess of 12 months	(97,941)	493	(98,000)
(10,852)	Capital Grants in Advance	(10,852)	-	(9,000)
(14,042)	Provisions	(16,653)	(2,611)	(15,000)
(273,073)	Other Long Term Liabilities	(273,073)	-	(270,000)
<b>396,743</b>	<b>Total Assets less Liabilities</b>	<b>416,091</b>	<b>19,348</b>	<b>437,910</b>
(74,637)	Usable Reserves	(64,349)	10,288	(62,159)
(322,106)	Unusable Reserves	(351,742)	(29,636)	(375,751)
<b>(396,743)</b>	<b>Total Reserves</b>	<b>(416,091)</b>	<b>(19,348)</b>	<b>(437,910)</b>

**Commentary on the key issues:**

In order to provide a complete picture of the Council's financial performance the above table provides a snapshot of the General Fund balance sheet as at the end of month 9. The key areas of focus are any significant movements in debtors, cash and cash equivalents, bank overdraft and creditors as these impact upon the Council's performance in the critical areas of debt recovery, treasury management and Public Sector Payments Policy.

The balance sheet has been prepared under International Financial Reporting Standards (IFRSs). Temporary investments are included within cash and cash equivalents along with bank balance and cash in hand. Usable reserves include unallocated General Fund reserves and earmarked revenue reserves. Unusable reserves are those that the Council is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold.

Over the 9-month period there has been an increase in Property, Plant and Equipment of £26.7m and an increase in short-term borrowing of £19.0m, which in the main reflects the timing of the receipt of capital grants and the phasing of the capital programme.

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<b>Report to:</b>	<b>FINANCE AND AUDIT COMMITTEE</b>
<b>Relevant Officer:</b>	Mark Towers, Director of Governance and Regulatory Services
<b>Date of Meeting</b>	5 <sup>th</sup> March 2015

## FINANCE AND AUDIT – TERMS OF REFERENCE

### 1.0 Purpose of the report:

1.1 To consider amendments to the Committee’s powers and duties as detailed in the Constitution.

### 2.0 Recommendation(s):

2.1 To consider the amended terms of reference, making suggestions and comments as appropriate.

2.2 To recommend Council considers the amended powers and duties at its Annual Meeting on 22 May 2015 when it appoints its Committees for the Municipal Year 2015/16.

### 3.0 Reasons for recommendation(s):

3.1 To ensure that the powers and duties as detailed in the Constitution accurately reflect the functions and responsibilities of the Finance and Audit Committee and are more aligned to the model terms of reference as recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) Practical Guidance for Local Authorities and Police 2013 Edition.

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

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

3.3 Other alternative options to be considered:

To retain the existing powers and duties but this would not accurately reflect the functions and responsibilities of the Finance and Audit Committee.

**4.0 Council Priority:**

4.1 The relevant Council Priority is:

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

**5.0 Background Information**

5.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) published a Practical Guidance for Local Authorities and Police 2013 Edition. The guidance contained a suggested terms of reference for Audit Committees.

5.2 The Audit Committee's current powers and duties as detailed in the Constitution have been reviewed and rewritten to better reflect the core functions and responsibilities of the Committee and to align more closely with CIPFA's model terms of reference.

5.3 Whilst the amended terms of reference are based on CIPFA's model terms of reference, changes have been made to ensure they meet local requirements.

5.4 The suggested terms of reference have been attached at Appendix 9(a) for Member's consideration.

Does the information submitted include any exempt information?

No

**List of Appendices:**

Appendix 9(a): Suggested terms of reference.

**6.0 Legal considerations:**

6.1 In drafting the terms of reference, account has been taken to ensure that the Finance and Audit Committee meets the requirements of The Accounts and Audit (England) Regulations 2011.

**7.0 Human Resources considerations:**

7.1 None

**8.0 Equalities considerations:**

8.1 None

**9.0 Financial considerations:**

9.1 None

**10.0 Risk management considerations:**

10.1 The Finance and Audit Committee is responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.

**11.0 Ethical considerations:**

11.1 None

**12.0 Internal/ External Consultation undertaken:**

12.1 The model terms of reference was discussed during a recent training session with the Members of the Finance and Audit Committee, at which time Members requested that it be brought to a meeting of the Committee.

**13.0 Background papers:**

13.1 None

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# Suggested Terms of Reference

## – Local Authorities

### **Statement of purpose**

1. Our Finance and Audit Committee is a key component of Blackpool Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
2. The purpose of our Finance and Audit Committee is to provide independent assurance to the members of the adequacy of the risk management framework and the internal control environment. It provides independent review of the Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

### **Governance, risk and control**

3. To review the Council's corporate governance arrangements against the governance framework and consider annual governance reports and assurances.
4. To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.
5. To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
6. To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.
7. To monitor the effective development and operation of risk management in the Council.
8. To monitor progress in addressing risk-related issues reported to the Committee.
9. To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
10. To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.

11. To monitor the counter-fraud strategy, actions and resources.
12. To review and approve the risk management strategy.

### **Internal audit**

13. To approve the internal audit charter.
14. To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
15. To receive updates on significant interim changes to the risk-based internal audit plan and resource requirements.
16. To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
17. To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:
  - a) Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work.
  - b) Regular reports on the results of the Quality Assurance and Improvement Programme.
  - c) Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement.
18. To consider the head of internal audit's annual report:
  - a) The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the Quality Assurance and Improvement Programme that supports the statement – these will indicate the reliability of the conclusions of internal audit.
  - b) The opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the Committee in reviewing the Annual Governance Statement.
19. To consider summaries of specific internal audit reports as requested.
20. To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

21. To contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years.
22. To consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations.
23. To support the development of effective communication with the head of internal audit.

### **External audit**

24. To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
25. To consider the external auditor's audit plan and subsequent reports as agreed with the external auditor.
26. To comment on the scope and depth of external audit work and to ensure it gives value for money including the fees charged.
27. To commission work from internal and external audit.
28. To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

### **Financial reporting**

29. To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
30. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
31. To undertake financial management monitoring including holding relevant budget holders to account.
32. To monitor and comment on the Council's treasury management strategy.

### **Accountability arrangements**

33. To report to those charged with governance on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangements, and internal and external audit functions.

34. To report to full Council on a regular basis on the Committee's performance in relation to the terms of reference and the effectiveness of the Committee in meeting its purpose.
35. On behalf of the Council's Scrutiny Committee undertaken a budget consultation exercise with the Trade Unions and Non-Domestic Ratepayers and feedback observations from the consultations to Executive.