

Public Document Pack

Blackpool Council

17 March 2021

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

Ms Gill Brown and Dr Stuart Green, Independent Members

The above Members are requested to attend the:

AUDIT COMMITTEE

Thursday 25 March 2021 at 6.00pm

Via Zoom

A G E N D A

1 DECLARATIONS OF INTEREST

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

(1) the type of interest concerned, either a

(a) personal interest

(b) prejudicial interest

(c) disclosable pecuniary interest (DPI)

and

(2) the nature of the interest concerned

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

2 MINUTES OF THE LAST MEETING HELD ON 21 JANUARY 2021 (Pages 1 - 8)

To agree the minutes of the last meeting of the Audit Committee held on 21 January 2021 as a true and correct record.

3 STRATEGIC RISK REGISTER 2021/2022 (Pages 9 - 26)

To present the Council's revised Strategic Risk Register to the Audit Committee.

4 ANNUAL GOVERNANCE STATEMENT HALF-YEAR REVIEW (Pages 27 - 46)

To provide the Audit Committee with an update on progress made on the actions identified in the Annual Governance Statement 2019/2020.

- 5 RISK SERVICES QUARTER THREE REPORT** (Pages 47 - 72)
- To provide the Audit Committee with a summary of the work completed by Risk Services in quarter three of the 2020/2021 financial year.
- 6 EXTERNAL AUDITOR'S REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260) AND STATEMENT OF ACCOUNTS 2019/2020** (Pages 73 - 310)
- To consider Deloitte's Governance Report and the audited Statement of Accounts for 2019/2020.
- 7 INTERNAL AUDIT ANNUAL PLAN 2021/2022** (Pages 311 - 326)
- To obtain approval from the Audit Committee for the Internal Audit Plan 2021/2022.
- 8 FRAUD PREVENTION CHARTER 2021/2022** (Pages 327 - 346)
- To obtain approval from the Audit Committee for the Fraud Prevention Charter 2021/2022.
- 9 AUDIT COMMITTEE ACTION TRACKER** (Pages 347 - 352)
- To consider the updates provided and to ask follow up questions as appropriate to ensure that all recommendations are implemented.
- 10 DATE OF NEXT MEETING**
- To note the date and time of the next meeting of the Audit Committee as 29 April 2021, commencing at 6pm.

Other information:

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

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Public Document Pack Agenda Item 2

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 21 JANUARY 2021

Present:

Councillor Galley (in the Chair)

Councillors

Burdess	Critchley	Roberts
Collett	Hugo	
Cox	Mitchell	

Ms Brown and Dr Green, Independent members

In Attendance:

Mr Neil Jack, Chief Executive
Mrs Tracy Greenhalgh, Head of Audit and Risk
Ms Louise Jones, Head of Revenues, Benefits and Customer Services
Ms Liz Petch, Consultant in Public Health
Mrs Chloe Pieri, Community Engagement and Partnership Manager
Dr Arif Rajpura, Director of Public Health
Mr Steve Thompson, Director of Resources
Mrs Elaine Ireland, Senior Democratic Governance Adviser

Mr Nick Rayner, Deloitte
Ms Nicola Wright, Deloitte
Councillor Mrs Callow JP, Chair of the Scrutiny Leadership Board

1 DECLARATIONS OF INTEREST

There were no declarations of interest on this occasion.

2 APPOINTMENT OF INDEPENDENT MEMBERS TO THE AUDIT COMMITTEE

The Committee noted the appointment of Ms Gill Brown and Dr Stuart Green as Independent members of the Audit Committee.

3 MINUTES OF THE LAST MEETING HELD ON 30 NOVEMBER 2020

The Committee agreed that the minutes of the meeting held on 30 November 2020 be signed by the Chairman as a true and correct record.

4 CLIENT FINANCES AUDIT FOLLOW-UP

Ms Louise Jones, Head of Revenues, Benefits and Customer Services presented a progress report on the recommendations made in the internal audit report of Client Finances which had been issued in February 2020.

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Ms Jones provided the Committee with an overview of the work undertaken by the Client Finances team and highlighted that demand had increased substantially since the service had transferred to the Resources Directorate in 2016. Ms Jones reported that the original internal audit of Client Finances undertaken in 2016 had found the systems within the team to be inadequate and had resulted in 14 recommendations for improvement. The audit from February 2020 had reported adequate assurance of the system controls and made six recommendations for improvement, none of which were priority one.

The Committee received updates in relation to the recommendations which had not been completed.

With regards to R2 'A record of the checks undertaken as part of the monthly audit visits by the Client Finances Specialist should be documented on the client's file,' Ms Jones advised that the monthly audit visits to Blackpool Football Stadium had been put on hold due to the pandemic and as a result the recommendation had not yet been implemented in full. The intention was for the visits to be reinstated once restrictions permitted.

Ms Jones advised that in relation to R4 'As part of the reconciliation process consideration should be given to selecting a sample of clients each month and checks made to ensure that the balance of the client's account on CASPAR agrees to the balance as per their bank statement,' the target date had not been met due to the pandemic and the resulting increase in online transactions and purchases the team had been called upon to deal with for clients. She informed the Committee that although the recommendation had called for a sample of clients to be checked, all clients' accounts would be reconciled on a monthly basis moving forward.

The Committee sought further details of the computerised reconciliation process and questioned whether a software upgrade would allow for the process to be undertaken automatically. Ms Jones clarified that all predictable and recurring client payments were automated but that any unanticipated transactions, such as refunds or one-off payments, could not be and instead needed to be reconciled manually by the team. She assured the Committee that all client bank statements remained correct and that the transaction adjustments were carried out via the internal IT system to ensure reconciliation.

With regards to the fraudulent activity discovered within the service in 2018, Ms Jones provided assurance that a thorough review of processes had occurred and was satisfied that the recent audit had confirmed adequate processes to now be in place. In response to a question regarding how the team was coping with the increased workload pressures, Ms Jones advised that additional resources could be called upon should the workload require more staff.

The Committee expressed thanks to Ms Jones and the Client Finance team for their continued efforts in supporting residents throughout the pandemic.

5 STRATEGIC RISK REGISTER - RESILIENCE

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

Mr Neil Jack, Chief Executive provided an overview of the sub-risk ‘Lack of capacity to deliver Council services.’ He summarised the existing controls and mitigations as outlined within the progress report and advised that the original target dates would require amendment. In response to the Committee’s suggestion that the Strategic Risk Register failed to adequately reflect the changing landscape of the Covid-19 response, Mr Jack advised that a separate report had been produced which detailed the Council’s ongoing response to the pandemic and that full Council had been identified as the most appropriate method of communicating the information to the public.

The Committee questioned the level to which the Council was able to oversee its partners’ risks, noting the importance of effective relationships with external agencies during the pandemic. Mr Jack reported close working between the Council and its partners, specifically through the work of the Lancashire Resilience Forum which had ensured a coordinated response across the region. He also identified the police as a key partner, acknowledging their role in helping to reduce the impact of unseen risks arising from school closures, such as the dangers posed to vulnerable children.

In relation to the utilisation of Council employees who were unable to fulfil their usual roles during the lockdown periods, for example due to the closure of leisure facilities, Mr Jack reported that colleagues from across the Council had been redeployed to a number of vital roles as required, as well as seeing an increase in engagement from volunteers. He explained that a group had been established to collate and analyse the examples of positive learning resulting from the pandemic, with the findings being used to influence future ways of working.

Dr Arif Rajpura, Director of Public Health addressed the sub-risk ‘Over reliance on public sector services.’ He reported that many of the proposed actions had been postponed due to the necessary focus on the response to the pandemic and the prioritisation of the Covid-19 vaccination programme. Dr Rajpura informed the Committee that on 25 January 2021 the Winter Gardens would be opening for use as a mass vaccination centre. Clarification was sought around which vaccination centres Blackpool residents were being allocated and the system in place should they wish to request an alternative location. Dr Rajpura explained that letters to patients would include a suggested vaccination venue but also the option to wait for allocation to a nearer centre if preferred, which would include the Winter Gardens from 25 January 2021.

Ms Liz Petch, Consultant in Public Health advised that the smoking cessation initiative had continued as planned, with the Smokefree Blackpool helpline offering access to free smoking cessation medications and behaviour support. She reported that the new Tobacco Addiction Treatment service was on target to commence in January 2021 as planned.

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With regards to the anticipated Community Engagement Strategy, Mrs Chloe Pieri, Community Engagement and Partnership Manager advised that the strategy, which incorporated an exploration of how digital methods could be used to target engagement, had been close to completion at the time of the initial outbreak of Covid-19. After reviewing the strategy it had been agreed that due to the changes brought about by the pandemic, the strategy would need to be revisited and amended.

Mrs Tracy Greenhalgh, Head of Audit and Risk informed the Committee that an audit of Community Engagement had taken place prior to the pandemic, which had resulted in an inadequate assurance rating and a number of priority one recommendations. She was in agreement that it was prudent to halt the launch of the Community Engagement Strategy in order to allow the inclusion of the recent valuable learning to be incorporated and to ensure that the strategy adequately reflected the changing picture of community engagement. Reference was made to the previously-commenced scrutiny review of Channel Shift, with the Committee proposing that the Scrutiny Leadership Board be asked to give consideration to revisiting the scope of the review with a view to including the work of the voluntary sector.

Further information was sought from Mrs Pieri on the development of the cited local Voluntary Community Faith Sector (VCFS) accord. She explained that the accord was an agreement between the Council and third sector organisations and was being led by Lancashire County Council. Due to the prioritisation of the Covid-19 response, Mrs Pieri advised that delays had been experienced but suggested that progress could be reported back at a later date.

The Committee sought clarification over whether the slippage of target dates within the Strategic Risk Register would negatively impact the reported nett risk scores. Dr Rajpura advised that the aim of the Risk Register was to report the current position and that scores had been adapted to reflect any changes to mitigations.

The Committee questioned the anticipated long-term future impact of the pandemic on Public Health, questioning whether sufficient resources and budgetary levels would be available to cope with the demand. Dr Rajpura acknowledged that the Covid-19 response had generated backlogs across the whole healthcare system as well as the potential widening of inequalities in poorer areas, despite efforts to minimise the impact as much as possible across Blackpool. He noted that restrictions remained in place and anticipated these to continue until at least Easter, stressing the need to reduce positive cases of the virus in conjunction with the delivery of the mass vaccination programme.

Mr Jack provided an update on the sub-risk 'Lack of individual resilience to work in a changing environment,' and reported that the recovery plan would include the lessons learnt with regards to the benefits of flexible working. The Committee questioned whether a thorough exploration of the sickness absence levels had been undertaken in order to gain an insight into influencing factors and to explore whether the current working from home requirements had impacted on absence levels. Mr Jack confirmed that the data had been thoroughly reviewed and had highlighted variations across different directorates. He stressed the importance of avoiding generic strategies and instead suggested that a variety

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of approaches would be required to address the varying stressors experienced by different roles.

Resolved: That the Scrutiny Leadership Board be asked to give consideration to revisiting the scope of the Channel Shift review.

6 STATEMENT OF ACCOUNTS 2019/2020 UPDATE

Ms Nicola Wright, Audit and Assurance Partner, Deloitte updated the Committee on the current status of the financial statement audit for the year ended 31 March 2020. She reported that a meeting had been held in December 2020 between Deloitte, the Council's Director of Resources and the Chair and Vice Chair of the Audit Committee in order to discuss the audit's progress and anticipated timeline for completion. Ms Wright noted that the external audit team had now received the updated accounts and were in the process of checking through the requested technical adjustments. Ms Wright informed the Committee that the anticipated target was for the statement of accounts to be presented to the Audit Committee at its next meeting on 4 March 2021, but she noted the necessity to adequately complete work on the additional procedures generated in response to the risks around the Covid-19 pandemic, as well as the previously cited capital works queries. Mr Steve Thompson, Director of Resources stressed the importance of providing assurance to the Audit Committee and hoped that the 4 March 2021 deadline could be successfully achieved by Deloitte.

Ms Wright agreed to the Committee's request for Deloitte's log detailing all additional work and the associated costs to be submitted to the Committee for review once completed, with any materially significant queries to be identified.

The Committee noted that prolonged delays to the approval of the accounts negatively impacted the Committee's ability to fulfil its other responsibilities and as such the Committee hoped to support the Council and the external auditors in developing a closer working relationship to reduce the likelihood of future delays. Ms Wright welcomed such support and the Committee was optimistic that as the following year's accounts would be the third consecutive year of Deloitte working with the Council that the process should be smoother.

Resolved: To receive, in due course, Deloitte's detailed log of all additional work and the associated costs, with any materially significant queries identified.

7 INTERNAL AUDIT CHARTER 2021/2022

Mrs Tracy Greenhalgh, Head of Audit and Risk introduced the Internal Audit Charter 2021/2022. She explained that the Internal Audit Charter established internal audit's position within the Council and defined the scope of internal audit activities and reporting lines. The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA) had set the internal audit standards in respect of local government across the UK and had adopted a common set of Public Sector Internal Audit Standards (PSIAS) in April 2013. The Charter as presented followed the model document

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provided by the CIAA.

Within the Charter reference had been made to data being communicated and reported to the Audit Committee. The Committee questioned the language used and suggested that a fair representation of the level of input of the Audit Committee had not been adequately reflected. Mrs Greenhalgh agreed with the assertion and informed the Committee that she would amend the relevant sections prior to adoption of the Charter.

The potential impact of the Redmond Review on the Internal Audit Charter was questioned by the Committee, with Mrs Greenhalgh reporting that whilst closer liaison between internal and external audit would be worked towards, the Charter would not be directly impacted by the recommendations arising from the Redmond Review.

Resolved: That the Internal Audit Charter 2021/2022 be approved subject to the agreed amendment to include appropriate reference to the input of the Audit Committee.

8 RISK MANAGEMENT FRAMEWORK 2021-2025

Mrs Tracy Greenhalgh, Head of Audit and Risk presented the Risk Management Framework 2021-2025, explaining that the revised framework set out the Council's approach to risk management for the period of 2021-2025. The Committee was informed that the document had been aligned to the government's Orange Book which incorporated the latest thinking in terms of risk management in the public sector and that the framework was intended to promote best practice in risk management at all levels and in all activities, including those delivered with external partners whilst linking into the Council's framework for good governance.

In response to a question around whether the revised framework reflected the lessons learnt from the pandemic, Mrs Greenhalgh reported that whilst such information had not been captured within the framework itself, the Risk Registers and associated Risk Assessments which sat beneath the framework did. With reference to the Council's risk management groups, as cited within the framework, the Committee questioned whether inclusion of a specific Public Health risk management group may be beneficial. Mrs Greenhalgh advised that due to the limited size of the directorate, Public Health did not have its own dedicated risk management group, however Public Health was included within discussions as part of the Corporate Risk Management group in addition to a number of separate Public Health groups established specifically to respond to the pandemic. The Committee suggested that consideration should be given to the creation of a 'Working from Home' risk management group in light of the ongoing changes to working practices across the Council. Mrs Greenhalgh informed the Committee of a new multi-disciplinary project which would be tasked with specifically examining future proposals for continued working from home and which would include health and safety considerations and the management of any associated risks.

Mrs Greenhalgh assured the Committee that the current risk management structure and arrangements were working well and that risk management was now significantly embedded within the organisation. She reported that all Chief Officers had approved the

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amended Risk Management Framework and as such she was confident that they would support its implementation. In addition, regular reporting and governance measures were in place to ensure compliance and to identify any occurrences whereby Risk Registers had not been adequately updated or agreed actions not completed.

Resolved: To approve the Risk Management Framework 2021-2025.

9 BUSINESS CONTINUITY FRAMEWORK 2021-2025

Mrs Tracy Greenhalgh, Head of Audit and Risk introduced the Business Continuity Management Framework 2021-2025 and explained that the revised framework set out how the Council would effectively manage business continuity across the organisation. She identified that learning taken from the pandemic response had been incorporated into the document, along with 'how to' information to ensure consistency of approach across the authority. The requirement to test business continuity plans had also been included within the framework, with suggested scenario planning to assist managers to undertake sufficient testing. In addition, support was being offered by the Risk Management team to assist departments to create robust continuity plans. In respect of Chief Officer compliance, Mrs Greenhalgh reported that the pandemic had raised awareness of the need to ensure business continuity planning was up to date and that any areas of non-compliance would be reported to the Audit Committee.

The Committee questioned whether the Council's previous disaster management plans had proven effective during the pandemic and whether they had been fit for purpose. Mrs Greenhalgh advised that the majority of the Council's emergency planning was undertaken in conjunction with the Lancashire Resilience Forum and due to the sensitive nature of the information contained within the documents they were largely not suitable for release within the public domain. Dr Arif Rajpura, Director of Public Health confirmed that an Outbreak Management Plan as well as a Pandemic Influenza Plan had been in place and had proven helpful, although he noted that specific occurrences and features of the virus resulted in necessary adjustment and amendment of the plans as more was learnt.

Resolved: To approve the Business Continuity Framework 2021-2025.

10 DATE OF NEXT MEETING

The date of the next meeting of the Committee was noted as 4 March 2021, commencing at 6pm.

Chairman

(The meeting ended at 8.03pm)

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Any queries regarding these minutes, please contact:
Elaine Ireland, Senior Democratic Governance Adviser
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Report to:	AUDIT COMMITTEE
Relevant Officer:	Tracy Greenhalgh, Head of Audit and Risk
Date of Meeting	25 March 2021

STRATEGIC RISK REGISTER 2021/2022

1.0 Purpose of the report:

1.1 To present the Council's revised Strategic Risk Register to the Audit Committee.

The Strategic Risk Register was last approved by the Audit Committee in March 2020 and this revised version has been subject to a review and amended accordingly.

2.0 Recommendation(s):

2.1 The Audit Committee is asked to consider the Strategic Risk Register for 2021/2022.

3.0 Reasons for recommendation(s):

3.1 To ensure that strategic risks are effectively managed.

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

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

4.0 Other alternative options to be considered:

4.1 None

5.0 Council priority:

5.1 The Strategic Risk Register covers all Council priorities.

6.0 Background information

6.1 Blackpool Council's Risk Management Framework 2021-2025 was agreed by the Corporate Leadership Team in December 2020 and the Audit Committee in January 2021. This sets out the roles and responsibilities of the Audit Committee in terms of its oversight of the Strategic Risk Register.

The Strategic Risk Register is reviewed and updated by the Corporate Risk Management Group and the Corporate Leadership Team. It receives annual approval from the Audit Committee.

Risk Owners are required to attend meetings of the Audit Committee on a periodic basis to provide an update in terms of how each risk is being managed. The proposed timetable for deep dives into

specific risks by the Audit Committee is as follows:

Date	Strategic Risk	Risk Owner
April	Pandemic Infection	Director of Public Health Director of Adult Services Chief Executive Director of Resources
June	Sustainability of the Council	Director of Resources Director of Adult Services Director of Children's Services Director of Governance and Partnerships Director of Strategy (Assistant Chief Executive)
September	Unsustainable Local Economy / Increased Deprivation	Director of Communication and Regeneration Director of Strategy (Assistant Chief Executive) Director of Community and Environment Director of Children's Services
November	Service Failure	Director of Children's Services Chief Executive Director of Resources Director of Community and Environment
January	Inadequate Change Management	Director of Children's Services Director of Governance and Partnerships Director of Communication and Regeneration
March	Full risk register for 2022/2023 to be brought to Audit Committee for consideration.	Head of Audit and Risk

6.2 Does the information submitted include any exempt information? No

7.0 List of Appendices:

7.1 Appendix 3(a) – Strategic Risk Register 2021/2022

8.0 Financial considerations:

8.1 Where possible, risks will be managed within current budgets. Where it is not feasible to do so, this will be escalated to the Corporate Risk Management Group and the Corporate Leadership Team where a decision will be made to accept the risk or identify additional funding to implement the required controls.

9.0 Legal considerations:

9.1 The Council needs to ensure that it effectively manages its risks to avoid the potential of legal challenge or prosecution.

10.0 Risk management considerations:

10.1 The Strategic Risk Register is a key component of the Council's overall Risk Management Framework.

11.0 Equalities considerations:

11.1 The risk register is based on a risk assessment of all Council services.

12.0 Sustainability, climate change and environmental considerations:

12.1 Climate change and sustainability feature on the risk register.

13.0 Internal/external consultation undertaken:

13.1 The Strategic Risk Register has been prepared in consultation with the Corporate Risk Management Group and Chief Officers.

14.0 Background papers:

14.1 None

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APPENDIX 3(a)

No	Risk	Sub No.	Sub-Risk	% Overall Weighting	Impact / Consequences	Opportunity	Gross Risk Score			Controls and Mitigation			Nett Risk Score			Further Actions	Risk Manager	CLT Risk Owner	Target Date	Council Priority
							I	L	GS	I	L	NS	I	L	NS					
1	Sustainability of the Council	1a	Insufficient funding to deliver services.	30%	Insufficient capacity to deliver stretched budget savings plans, income recovery and external funding applications.	Income generation opportunities.	5	5	25	Medium Term Financial Sustainability Strategy in Place.	5	4	20	Ongoing financial modelling to assess the impact of funding cuts particularly given the level of uncertainty beyond 2021/22 such as the review of the Fair Funding Formula, Business Rate Retention and New Homes Bonus.	Chief Accountant	Director of Resources	March 2022	Organisational Resilience		
					Unplanned overspends for a variety of reasons including demographic pressures, political and /or economic factors such as interest rate rises.	Partnership working.				Statutory requirement to balance the budget.										
					Erosion of working balances and earmarked reserves.	Mid-year budget reviews.				Financial assurance processes set out in the Medium Term Financial Plan. Priority led budgeting process including investment of resources where needed.										
					Impact on staff morale and recruitment and retention.				The impact on the Council's finances due to Covid-19 has been identified, and planning for the financial implications continues. Monthly financial monitoring including achievement of saving targets and collection of income. Financial governance including Statutory Finance Officer, Corporate Leadership Team, Treasury Management Panel, Executive, Scrutiny Committee, Audit Committee and Full Council.											
		1b	Insufficient central government funding for Social Care.	40%	Council unable to balance budget.	Consider options for shared services and opportunities for flexible use of new funding streams.	5	5	25	Priority led budgeting process including investment of resources where needed.	5	4	20	Participate in financial modelling exercises to challenge government assumptions and support lobbying for resource.	Heads of Services	Director of Adult Services / Director of Children's Services	March 2022	Organisational Resilience		
					Council unable to meet statutory duties and deliver reforms.				Head of Service reports budget issues to the Directors so that these can be addressed.				Ensure delivery of the medium term financial plan for Children's Services to stabilise expenditure across the service.	Assistant Director of Children's Social Care	Director of Children's Services	March 2023				
					External care market becomes unsustainable.				Heads of Services actively contribute to commissioning reviews and potential service developments.											
					Lack of clarity around the Adult Social Care Green paper which has yet to be issued.				Performance and quality impact information is accurate and kept up to date to ensure a comprehensive view of actual performance.											
									National association of Directors of Children's Services and Directors of Adult Services lobbying government for additional funding.											
									New social care grant, however this is paid on an annual basis and carries a level of uncertainty.											
									Participation in national reviews, such as the children's care review, to consider wider system issues with the care service.											
									Use of the CIPFA predictive financial model for Adult and Children's Services to help budget setting.											
		1c	The Council's wholly owned companies are no longer financially viable.	20%	Failure of the Councils Wholly Owned Companies.	Effectively supporting Council companies during the pandemic to enable them to continue to make a positive contribution to Blackpool.	5	4	20	Five year recovery plans in place which are reviewed and authorised by the Council's Director of Resources.	5	3	15	Continued robust conversations between the Council and its companies to ensure that recovery plans are deliverable.	Chief Accountant	Director of Resources	March 2025	Organisational Resilience		
					Negative financial impact on the Council.				Regular meetings between the Director of Resources and relevant company directors to discuss the financial position.				Regular review of company financial performance by the Council.	Chief Accountant	Director of Resources	March 2022				
					Companies debts underwritten by the Council, and Council loans issued default.				Cash flow loans issued by the Council to support the companies in the short to medium term.				Continue to learn lessons from issues between other Councils and their companies which have lead to significant financial risks.	Company Secretary	Director of Governance and Partnerships	March 2022				

		1d	The Council fails to reduce carbon emissions and proactively take action to address the climate emergency.	10%	Global warming and rising sea levels. Reputational damage to the Council if it does not take robust action to reduce carbon.	Strong policies to cut emissions have associated health, wellbeing and economic benefits. Preserve Blackpool's ecological and environmental heritage.	5	5	25	Establishment of four work streams to consider how the Council can reduce emissions, change organisational culture, engage the town, and influence national policy. Climate Emergency Working Group established to consider emerging solutions and funding bids, and ensure the systematic consideration of potential change impact of each area of the Council's activities.	5	4	20	Implement robust plans in order to make the Council's activities net-zero carbon by 2030. Establish a Climate Change Partnership group to consider strategies and actions being developed by the Council and other partner organisations. Ensure that the Council's energy management arrangements are robust.	Head of Commissioning, Performance and Corporate Development Head of Commissioning, Performance and Corporate Development Head of Procurement	Director of Strategy (Assistant Chief Executive) Director of Strategy (Assistant Chief Executive) Director of Resources	January 2030 March 2022 March 2022	Organisational Resilience
Overall Nett Risk Score																		
19																		
2	Service Failure	2a	Removal of Children's Services from the Council's control.	40%	Loss of direct managerial and financial control. Increased insurance premiums. Recruitment and retention issues. Reputational damage.	Implementation of robust working practices in a Council run Children's Services.	5	5	25	Recommendations made by OFSTED have been articulated in clear plans which have driven the work of the senior leadership team in Children's Social Care. Plans are being monitored through the "Getting to Good" board and regularly reviewed by the Chief Executive, lead member for Children's Services and Leader of the Council. Since the inspection the Council has been subject to scrutiny from the DfE appointed commissioner who confirmed that the authority was leading the required change effectively. In August 2019 and December 2019, OFSTED have undertaken monitoring visits to review progress and have noted areas of improvement against their recommendations, particularly with reference to the Multi Agency Safeguarding Hub; the "front door" to children's social care services.	5	4	20	Plans continue to align with the OFSTED recommendations and will continue to reference them until the point of a re-inspection. Continue to work with the DfE Improvement Advisor to continue to embed changes in practice. Appoint a new Director of Children's Services to continue to lead the improvement journey. Implement robust transition arrangements until the new Director of Children's Services is appointed.	Assistant Director of Children's Social Care Assistant Director of Children's Social Care Head of Organisational and Workforce Development Head of Organisational and Workforce Development	Director of Children's Services Director of Children's Services Chief Executive Chief Executive	March 2022 March 2022 June 2021 April 2021	Organisational Resilience
		2b	Failure of a service provider in high risk contracted areas for statutory services.	15%	Increased costs. Possible loss of capacity in the market place. Legal challenges resulting in contract award being delayed. Contracts are not effectively managed resulting in inadequate service provision / unnecessary costs. Reputational damage to the Council.	Robust service provision. Added value delivered through contracted services.	5	5	25	Robust procurement procedures in place to help ensure appropriate due diligence of potential contractors. Corporate procurement team in place to support the procurement process and tender evaluation. Contract management guide in place to advise responsible officers how to undertake contract management. Intelligent clients who have oversight of the market, high level contingency planning, and staff experienced in dealing with service failure. Commissioning Team in place to work with the marketplace to ensure access to appropriate services. The domestic waste service has been brought back under the umbrella of the Council's wholly owned companies portfolio.	5	3	15	Implement the new Lancashire and Blackpool Waste Strategy that the Lancashire Waste Partnership are currently producing which will be out to consultation early Spring. Key elements relate to a non-landfill solution for residual waste, disposal, markets sustainability, and food waste collection. Strengthen contract management across the Council through addressing the recommendations made in the internal audit report 2019/20.	Head of Waste and Environmental Operations Head of Procurement	Director of Community and Environmental Services Director of Resources	September 2021 March 2022	Organisational Resilience
		2c	Loss of key infrastructure and resource which results in Council services not being delivered.	15%	Inability to deliver critical services. Deterioration of Council assets beyond economic repair.	Build a resilient and agile organisation.	5	5	25	Business continuity programme in place which links to the Council's Major Emergency Plan. Corporate business continuity plan in place supported by a critical activity list. Corporate ICT and Property business continuity guidance in place.	5	3	15	Look for provisions for data centre refresh in the coming years to continue to provide resilience. Implement the new HR and Payroll system across the Council. Implement the new finance system across the Council.	Head of ICT Services Head of Organisational and Workforce Development / Chief Accountant Chief Accountant	Director of Resources Chief Executive / Director of Resources Director of Resources	March 2022 April 2022 April 2023	Organisational Resilience

								Annual review of planned property maintenance undertaken and agreed with the Corporate Asset Management Group. Vehicle maintenance and inspection programme in place. Business continuity is included for discussion at the various risk management groups. Links with the Lancashire Resilience Forum to consider business continuity in the local government sector. Ongoing review of vehicle usage, and the vehicle replacement programme, to increase resilience and efficiency.						Complete the roll-out of the revised service level business continuity plan template. ENVECO Phase 2 proposal to integrate fleets to result in increased vehicle efficiency and sustainability. Consider lessons learned from the pandemic in terms of ways of working, and seek to maximise opportunities to increase better use of technology and rationalisation of the property portfolio.	Head of Audit and Risk Head of Waste and Environmental Operations Head of Property Services / Head of ICT	Director of Resource Director of Community and Environmental Services Director of Resources	September 2021 September 2021 June 2021	
2d	Cyber Threats	30%	Cyber fraud. Reputational damage. Loss of compliance with security regimes. Loss of confidence in using Council on-line services. Monetary penalties / fines.	Improved knowledge and awareness across departments on identifying phishing emails. Participate in training and knowledge gathering opportunities. Robust cyber security controls in place.	5	5	25	Investment in Sandbox technology. SEIM (Security Information Event Management) implemented to proactively monitor activity on the network. The use of blacklists / reputation to authenticate emails received. Proactive engagement with regional and national cyber security agencies. ICT Security Policy in place supported by mandatory Cyber Awareness Training. Contracted specialist third party cyber breach advice in place. Two internet connections maintained to provide resilience. Artificial intelligence being used to further detect and reduce the amount of SPAM e-mails. Cyber incident exercises undertaken with partner organisations. Cyber policy in place with reputable insurer providing breach response and liability cover. Full Sender Policy Framework (SPF) checking in place and adherence to the NCSC guidelines for Securing Government email. Cyber risk awareness sessions held at the various risk management groups across the Council.	5	4	20	Continue to develop and refine technologies to provide proactive altering and monitoring of the changing threats. Review use of white listing to mitigate risk of being hijacked.	Head of ICT Services Head of ICT Services	Director of Resources Director of Resources	March 2022 March 2022	Organisational Resilience		
Overall Nett Risk Score										18.5								
3	Inadequate Change Management	3a	Preventative / early intervention services are unfunded or need to be made sustainable. Policy decisions create expectations for residents.	Increased financial obligations. Improved service provision for residents.	Transformed ways of working.	4	5	20	Commissioning reviews undertaken where appropriate. HeadStart, Better Start and Opportunity Area projects in place to help improve opportunities for early years and build resilience in young people aiming to prevent the need for children to move into care. The Chief Executive and Director of Adult Services are part of the Fylde Coast Executive which helps promote coordination between the Council and Health.	4	4	16	Deliver the sustainably phase of the HeadStart Resilience Revolution, increasing mental health resilience amongst 10-16 years olds across the town, which is being supported by 12 months funding. Implement and embed learning from HeadStart project. Ensure appropriate arrangements are in place regarding the sustainability of key services due to Troubled Families funding ending. Continue to implement the NSPCC led Better Start initiative, improving life chances for 0-3 year olds. Continue to work with partners to deliver the Opportunity Area programme, raising attainment and aspirations of our young people.	Head of HeadStart Head of Commissioning, Performance and Corporate Development Head of Targeted Intervention Services Better Start Director Head of Adult Learning / Senior Programme Manager (Opportunity Areas)	Director of Children's Services Director of Children's Services Director of Children's Services Director of Children's Services Director of Communication and Regeneration	March 2022 March 2022 March 2022 March 2022 March 2022	Communities	

								Business continuity plans in place across the Council. Arrangements in place for the storage of protective equipment if needed. Multi-agency working via the Lancashire Resilience Forum.										
Overall Nett Risk Score													15.0					
5	Failure to Keep People Safe	5a	Death or injury to a member of staff.	25%	Trauma for family, colleagues and victim. Corporate manslaughter changes, prosecution with unlimited fines and potential prison sentences for those in control. Civil compensation claims. Reputational damage.	Creation of a safe working environment. Safe and useable property portfolio in place.	5	4	20	Full suite of health and safety arrangements and guidance notes available on the Hub. Production of an Annual Health and Safety Report with recommendations outlining actions which CLT need to undertake to further embed health and safety. Programme of health and safety management system audits in place. A structure of health and safety committee meetings are in place. Suite of health and safety training available for all employees. Significant work has been undertaken to ensure that the Council is a Covid Secure workplace to enable those staff who need to be in work to undertake their roles safely. Team of qualified health and safety advisors in post to advise managers to discharge their duties. In house Occupational Health team and Employee Assistant Programme in place.	5	3	15	Consider the potential of introducing an integrated health and safety IT system to enable the efficient reporting of accidents, recording of risk assessments and improving the functionality of the corporate warning register. A process to undertake property compliance audits at the Council's wholly owned companies to be implemented particularly in light of the Social Housing White Paper which could see further responsibility fall to the Council.	Head of Audit and Risk Head of Property Services	Director of Resources Director of Resources	March 2022 March 2022	Organisational Resilience
		5b	Death, serious injury or harm of a vulnerable adult / child.	25%	Inspection failure (Ofsted / CCQ). Trauma for family and victim. Potential criminal charges for staff involved. Significant liability claim received.	Continuous Improvement Plan.	5	4	20	Safeguarding processes and procedures in place including regular audit. Pan Lancashire children's safeguarding assurance governance in place. Robust supervision, training and personal development for social workers and managers. Contract monitoring and quality assurance procedures in place for commissioned services.	5	3	15	Maintain the improvement made since Ofsted inspection and proactively engage with re-inspection of the service. Use the DFE advisor support which is available. Engage in independent external challenge to validate improvements. Continued support to the care home sector to help ensure that Covid Secure arrangements are working and minimise outbreaks.	Heads of Service Heads of Service Heads of Service Head of Adult Care and Support	Director of Children's Services Director of Children's Services Director of Children's Services Director of Adult Services	March 2022 March 2022 March 2022 March 2022	Communities
		5c	Death or injury to a member of the public.	25%	Trauma for family and victim. Civil compensation claims.	A safe environment for residents to enjoy.	5	4	20	All trees in the borough are inspected and a programme of works is in place to protect against dangerous trees caused by storm damage or disease. Documented site inspection regimes for playgrounds and sporting areas.	5	3	15	Blackpool's first Tree Management and Maintenance Strategy is out for public consultation for formal agreement in May 2021.	Head of Leisure, Parks & Catering Services	Director of Community and Environmental Services	May 2021	Communities

				Reputational damage.				Daily checks of life saving equipment on the promenade undertaken by the Beach Patrol Service.			The current system for playground equipment is robust, however a new electronic systems will be place for Summer 2021.	Head of Cleansing and Environmental Operations	Director of Community and Environmental Services	August 2021			
								Health and Safety Management framework in place covering risk assessments, safe systems of work, accident / incident reporting and investigations, and enforcement activity relating to shop signage, canopies and swimming pools safety prioritised in the Public Protection business plan.									
								Funding arrangements for the Public Protection Service have been reviewed on an ongoing basis. Resources are being considered in light of national guidance in terms of the multi-training of staff, which is helping in terms of resilience and service sustainability, to ensure adequate resource to effectively undertake enforcement activity.									
								Council drivers assessed for driving competency, and a programme of driving licence checks is in place.									
5d	Residents do not feel safe in their communities.	25%	Inadequate funding available to deliver crime reduction projects.	Residents feel safe in their communities and the town centre.	4	4	16	Secure external funding bids for community safety projects.	4	3	12	Proposal in relation to the replacement of CCTV in the Town Centre and relocation of the team to the Municipal Buildings has been completed. Funding is currently being considered and identified in order to make progress.	Head of Public Protection	Director of Community and Environmental Services	March 2022	Communities	
			Increased anti-social behaviour across communities.					Multi agency response to close/restrict, enforce and curtail problematic HMO's.				Continue to increase numbers accessing drug and alcohol services at an earlier stage and sustaining a positive outcome.	Consultant in Public Health	Director of Public Health	March 2022		
			Inability to relocate the CCTV from its current location at the former Police Station.					Community involvement providing ownership of parks and green spaces.									
			Increased incidents of crime and antisocial behaviour in parks and green spaces.					Joint working arrangements in place between the Council and the Police.									
								Funding provided for Police Officers dedicated to working in the Town Centre to tackle issues such as anti-social behaviour and begging.									
								Community Safety Team in place.									
Overall Nett Risk Score									14.25								
6	Unsustainable Local Economy / Increased Deprivation.	6a	Increased deprivation and unemployment.	30%	Over dependency on Council services.	Better opportunities for Blackpool residents.	4	5	20	4	4	15	Implement the annual targets from the Blackpool Enterprise Zone Delivery Plan 2030, facilitating the growth of energy, aviation and other sectors.	Growth and Prosperity Programme Director	Director of Communication and Regeneration	March 2022	Economy
								Social value an integral part of the Council's procurement process and includes opportunities such as job creation for local people.				Get hundreds of people back into work via job schemes for the most vulnerable, young people, disadvantaged and those who have lost their job due to the pandemic through various employment schemes delivered via HealthWorks and outreach provision.	Head of Economic & Cultural Services	Director of Communication and Regeneration	March 2022		
								Commitment to use local suppliers where possible.				Support local businesses to grow, expand and recover post pandemic by maximising take up of the Business Loan Fund and available grants.	Head of Economic & Cultural Services	Director of Communication and Regeneration	March 2022		
								Secured the status of the Blackpool Airport Enterprise Zone.				Commence delivery of the Central Leisure Quarter through the delivery of the first key milestones including seeking planning permission and obtaining agreements for the initial stage of the development.	Growth and Prosperity Programme Director	Director of Communication and Regeneration	March 2022		
												Complete development of 21st Century conference offer at the Winter Gardens and increase numbers of new conferences and events.	Head of Strategic Leisure Assets	Director of Communication and Regeneration	March 2022		

6c	Lack of appropriate transport infrastructure.	20%	Loss of trade, reputation and confidence from residents.	Improve transport infrastructure for the benefit of residents and visitors.	4	5	20	Road Asset Management Strategy in place which sets out budget requirements based on whole life costs, and the Department for Transport Code of Practice. Highways Investment Group in place to review network capacity and regeneration of the town. Highways Risk Management Group in place which meets quarterly. A review of parking undertaken and a strategy in place. Blackpool Transport Services ticketing app with live travel information in place. Significant investment has taken place in Highways with upgrading works including upgrading of bridges, Yeadon Way and Quality Corridors.	4	3	12	Complete the tram extension at Blackpool North Station and start delivering a service up the new track. E4.5million has been awarded recently to Blackpool to deliver Project Amber, which will provide significant investment in the highways going forward and there is a need to deliver this project. Deliver the programme of road works around the Enterprise Zone to improve access to the area. Commission and consider a feasibility study into possible improvements to the South Fylde line.	Growth and Prosperity Programme Director Head of Highways and Traffic Management Growth and Prosperity Programme Director Growth and Prosperity Programme Director	Director of Communication and Regeneration Director of Community and Environmental Services Director of Communication and Regeneration Director of Communication and Regeneration	November 2022 March 2022 March 2022 March 2022	Economy	
6d	Lack of educational attainment / appropriate training to meet the needs of the economy.	20%	Loss of, or lack of, talent to take up employment in Blackpool. Increased exclusions and children missing education. Statutory requirement for local authority to ensure the adequate provision of school places in local area would not be met.	Schools Improvement Funding.	4	5	20	School Improvement Board in place. Links with the Regional Schools Commissioner and OFSTED embedded. School improvement strategy in place which is challenged through the school improvement governance structure. Ten year strategy in place for 2020 to 2030 and Inclusion Strategy in place. School Organisation Plan in place to predict requirements for school places so that provision can be made as demand increases.	4	4	16	Further enhance the tracking system for school performance and work in conjunction with the Regional Schools Commissioner to hold schools to account. Refine the Inclusion Plan for schools. Review Medical Admission Policy to ensure the right young people receive specialist support and maintain a good understanding of academies as admissions authorities to prevent delay in school allocation. Further develop a school led system which improves attainment at Key Stage 3 and 4 whilst holding individual Trusts to account. Continue to gatekeep the process for making referrals to the Pupil Referral Units and ensure a robust Admissions Policy and Right of Appeal is in place.	Head of Schools, Standards and Effectiveness Head of Schools, Standards and Effectiveness	Director of Children's Services Director of Children's Services Director of Children's Services Director of Children's Services Director of Children's Services	August 2021 September 2021 August 2021 March 2022 August 2021	Economy	
Overall Nett Risk Score											14						
7	Lack of Resilience	7a	Lack of capacity to deliver Council services.	50%	Inability to deliver an effective service. Unable to recruit into difficult to recruit roles. Loss of corporate memory.	Employee commitment. Change organisational structure / increase joint working arrangements to deliver services with reduced resource.	4	4	16	4	3	12	Analyse the results of the employee survey and act on any findings arising from this.	Head of HR	Chief Executive	March 2022	Organisational Resilience
													Development programmes implemented such as coaching and mentoring. Annual IPA system linked to learning and development needs. Workforce Strategy in place underpinned by individual succession planning by service areas utilising the Individual Performance Appraisal process. Launch of new jobs portal and new preferred agency in place. Manage relationships with the Trade Unions in order to embrace employee change. Targeted marketing campaigns in place for difficult to recruit to posts. New Next Step Blackpool portal developed. Business planning process links to resource requirements with planned objectives and outcomes.				

							Health and Social Care career academy has been launched.									
							Leadership Charter and survey in place to measure current leadership performance / capacity the results of which are analysed and acted on.									
							Promotion of the apprenticeship levy across the Council.									
							Better use of expertise in the wholly owned companies and wider partnerships.									
							A package of health and wellbeing support in place including an annual health check survey for social workers.									
7b	Over reliance on public sector services.	30%	Unable to deliver core services / statutory duties to residents.	Build a more resilient community to reduce reliance on the public sector.	4	5	20	Council Plan in place setting out key priorities and actions supported by a performance management framework.	4	4	16	Implement a new approach to delivering smoking cessation support and initiative in town.	Public Health Consultant	Director of Public Health	March 2022	Communities
							The Fairness Commission has succeeded in making Blackpool a Fairtrade Town and achieving Dementia Friendly town status through focused work within communities.					Continue with regular comms re Covid-19 re: community covid briefings.	Community Engagement Manager	Director of Public Health	March 2022	
							Continued work with grass root community groups to advise / signpost them to support.					Develop partnership working with the third sector via supporting the development and implementation of VCFS grants alongside the CCG.	Community Engagement Manager	Director of Public Health	March 2022	
							Integration 2020 project, which involves multi-agency work to encourage connecting people and organisations in a coordinated approach to solution focused community engagement and development, in order to improve peoples health and wellbeing.					Exploring the development of a local VCFS accord in conjunction with Lancashire County Council.	Consultant in Public Health	Director of Public Health	March 2022	
							Work being undertaken to encourage and support greater levels of community engagement and development in neighbourhoods, pushing health and social care services to consider factors that influence people's health and wellbeing beyond the medical model of intervention.					Continue to support VCFS leaders board and work alongside VCFS delivering the Covid champions work.	Consultant in Public Health	Director of Public Health	March 2022	
							Channel shift project underway to look at ways to enable residents to contact the Council for services using alternative methods such as the internet.					Focused work with the Primary Care Networks (NHS) to ensure multi agency work continues focused around place based solutions.	Consultant in Public Health	Director of Public Health	March 2022	
												Develop a process for staff volunteering which has been on hold as a result of Covid.	Head of Leisure, Parks & Catering Services	Director of Community and Environment	March 2022	
												Development of a Community Engagement Policy & Strategy to ensure a consistent council wide approach to engagement delivery.	Community Engagement & Partnerships Manager	Director of Public Health	September 2021	
												A quarterly steering group with internal stakeholders will take place to allow overview of community engagement activity.	Community Engagement & Partnerships Manager	Director of Public Health	July 2022	
												Exploring how digital methods can be used to target engagement activity via a channel shift review.	Community Engagement & Partnerships Manager	Director of Public Health	June 2022	
												Develop joint working with the NHS to develop neighbourhoods.	Public Health Consultant	Director of Public Health	May 2022	
7c	Lack of individual resilience to work in a changing environment.	20%	Workplace stress.	Motivated workforce.	4	4	16	Arrangements for managing work related pressure, supported by an online stress work tool, iPool module and face to face training.	4	3	12	Roll out the attendance management module of the new HR system which is being implemented.	Head of HR	Chief Executive	April 2022	Organisational Resilience

				Decreased staff morale.					A range of training courses in place to help build individual resilience skills.									
				Increasing workloads impacting on work life balance.					Absence management procedures in place.									
									Leadership Charter and survey conducted to ensure employees are well led.									
									Annual staff conference and awards ceremony.									
									A network of Council wide Health Champions has been established.									
									Corporate Health and Wellbeing Group has been established chaired by the Director of Public Health with a senior representative from each Directorate in attendance.									
									Change management e-learning package in place.									
									Access to an Employee Assistance Programme.									
									Occupational health service in plan which provides access to support services such as Cognitive Behaviour Therapy.									
Overall Nett Risk Score										13.2								
8	Uncertainty around the impact of Brexit after the transition period.	8a	Hinders the Council's ability to deliver services efficiently or effectively.	100%	IT system contracts and cloud solutions do not adequately support flow of data to and from the UK. EU organisations could refuse to supply information to the Council unless we meet adequacy statement with the EU. Failure to keep abreast of specific areas of law concerning parental responsibility matters, including jurisdiction, recognition and enforcement. Failure to adhere to changes in procurement legislation and custom procedures. Concerns regarding legal status of contracts. Providers are not prepared for the impact on supply chains, budgets, workforce and data availability.	The move to more Cloud based solutions ensures increased security, and reliable storage of data. Adapt and transform procurement processes. Simplification of UK procurement laws.	5	4	20	Participation in planning with the Lancashire Resilience Forum. Regular discussions at various local government meetings. The Council has identified a strategic lead for Brexit. A Brexit task and finish group has been established at the Council.	5	2	12	Respond appropriately to the final decision in relation to the sharing of data with the EU. Revise procurement procedures in line with any changes arising as a result of the current Government consultation.	Head of Information Governance Head of Procurement	Director of Governance and Partnerships Director of Resources	September 2021 March 2022	Organisational Resilience
Overall Nett Risk Score										12.0								
9	Reputational Damage	9a	Visitors negative image of Blackpool.	30%	Local economy impacted due to reduced jobs. Growth in the visitor economy market.	4	5	20	Identification of potential external funding streams to assist with the tourism offer for Blackpool. Successful events programme including the Illuminations.	4	3	12	Promote the offer of a 'staycation' in Blackpool in order to assist the tourism economy to recover post pandemic. Deliver the moderation of the illuminations by delivering the actions identified as part of the Town Fund to help ensure onward sustainability.	Head of Tourism and Communication Head of Tourism and Communication	Director of Communication and Regeneration Director of Communication and Regeneration	March 2022 March 2023	Economy	

			Inability to underwrite tourism initiatives due to reduced resources.				Advertising campaigns possible through strong links with partners across Blackpool. Media / filming requests handled by an in-house resource. Awarded World Host Recognised Destination status training 2,500 employees in the tourism sector.			Explore the potential of creating a Tourism Business Improvement District which if implemented will be used to undertake additional marketing of the town.	Head of Tourism and Communication	Director of Communication and Regeneration	July 2021				
9b	Residents negative image of Blackpool.	30%	Lack of investment due to poor image of Blackpool. Lack of partner engagement.	Potential to attract external investment to Blackpool. Generate local pride in Blackpool.	4	4	16	Increased use of new communication channels such as social media and newsletters. Increased commitment to one brand for the Blackpool resident. Merger of the Communications Team and Visit Blackpool to increase overall capacity and resilience in terms of communications. The Council has proactively engaged with residents during the pandemic using a range of channels including social media and it will continue to build on this engagement throughout the rest of the pandemic and going forward. Communications Grid in place which identifies potential stories / events which are coming up over a three month period to enable the Council to effectively plan for its response / communication strategy. Green and Blue Infrastructure Strategy in place.	4	3	12	Deliver the actions identified in the Green and Blue Infrastructure Strategy. Deliver the Blackpool Museum project to share heritage and foster local pride. Continue to grow the Council's communication with residents, particularly through the use of social media and lessons learned during the pandemic.	Head of Leisure, Parks & Catering Services Head of Heritage Head of Tourism and Communication	Director of Community and Environmental Director of Communication and Regeneration Director of Communication and Regeneration	March 2022 June 2022 March 2022	Communities	
9c	No private sector investment to support regeneration due to negative perceptions of Blackpool.	40%	Lack of regeneration in the town.	Improved economy and employment opportunities through regeneration.	4	5	20	Diversification of the sectors where investments are taking place. Market research undertaken to understand peoples attitude towards Blackpool.	4	3	12	Delivery of the Town Fund and Enterprise Zone both of which will attract private sector investment in the town	Growth and Prosperity Programme Director	Director of Communication and Regeneration	March 2022	Economy	
Overall Nett Risk Score																	
10	Ineffective Governance	10a	Non-compliance with data protection legislation.	Significant fines from the Information Commissioner. Reputational damage. Claims submitted for non-compliance with data protection legislation.	Increased understanding of the Council's information assets. Build a more resilient community to reduce reliance on the public sector. Increased transparency and trust with data subjects.	4	5	20	Statutory Data Protection Officer appointed. Updated Retention Schedule in place for the Council. Revised Privacy Notices developed and uploaded to the Council's website. Information Governance Group in place to share best practice and ensure continued compliance with data protection legislation. Process in place to ensure that all documents and equipment is identified as part of the office moves process to reduce the risk of a data breach. Mandatory GDPR training rolled out. Robust suite of data protection policies and procedures implemented. Data Privacy Impact Assessment process implemented.	4	3	12	Compliance audit programme to be expanded across the Council by the Information Governance Team. All employee groups to be set up in the HR system including agency staff, contractors, NHS staff, students and partners. This will enable the better control of IT kit issued and improve data management. Participation in the consensual audit with the Information Commissioners Office and implementation of any identified actions. Complete the project to transfer currently unstructured shared drives into Microsoft 365 to better facilitate the application of retention periods.	Head of Information Governance Head of Organisational and Workforce Development Head of Information Governance Head of ICT Services	Director of Governance and Partnerships Chief Executive Director of Governance and Partnerships Director of Resources	March 2022 April 2022 March 2022 June 2021	Organisational Resilience
		10b	Increased risk of fraud.	Erosion of internal controls and less resource to tackle fraud.	Increased use of forms of sanctions.	4	5	20	Fraud Prevention Charter in place and reviewed annually. Robust election procedures in place including a risk plan for all elections held.	4	3	12	Deliver the actions identified in the Fraud Prevention Charter 2021/22.	Head of Audit and Risk	Director of Resources	March 2022	Organisational Resilience

The risk of procurement fraud is included in the iPool training course relating to procurement.
Participation in the National Fraud Initiative.
Anti-Money Laundering Policy and Procedure in place supported by an iPool course.
Joint working arrangements in place between the Council and the Department for Work and Pensions.
Annual internal and external audit plans in place.
Mandatory fraud awareness training in place for key staff.

			Disruption to community, services and businesses.				Lancashire wide community risk register in place which the Council contributes to.									
			Loss of community cohesion and potential reputational damage.				Planning for potential incidents through the Lancashire Resilience Forum.									
							Training programme in place for staff who could be involved in dealing with a major incident.									
							Shared service arrangement for the delivery of an emergency planning service.									
11c	Injury / death to members of the public or staff.	30%	Trauma faced by families and work colleagues.	Ability to effectively support people during a major incident.	5	3	15	Emergency response group in place to provide humanitarian support in a major emergency.	5	2	10	Ongoing training for Emergency Response Group volunteers to ensure that they have the skills to deliver the role.	Head of Commissioning, Performance and Corporate Development	Director of Adult Services	March 2022	Organisational Resilience
							Arrangements in place for staff to work collaboratively with emergency services, and familiarisation with supporting mechanisms which are on offer.					Regular check of Emergency Response Group members to ensure continued support and to check contact information correct.	Head of Commissioning, Performance and Corporate Development	Director of Adult Services	March 2022	Organisational Resilience
							Employee Assistance Programme in place.									
							Lancashire Volunteer Agreement and Mutual Aid Agreements in place to support with the Emergency Response Group.									
							Partnership working arrangements in place via the Lancashire Resilience Forum.									
Overall Nett Risk Score									10.00							

Report to:	AUDIT COMMITTEE
Relevant Officer:	Mark Towers, Director of Governance and Partnerships
Date of Meeting:	25 March 2021

ANNUAL GOVERNANCE STATEMENT 2019/2020 HALF-YEAR REVIEW

1.0 Purpose of the report:

1.1 To provide the Audit Committee with an update on progress made on the actions identified in the Annual Governance Statement 2019/2020.

2.0 Recommendation(s):

2.1 The Audit Committee is asked to note the report.

3.0 Reasons for recommendation(s):

3.1 The Accounts and Audit Regulations (2015) require the Council to conduct a review on the effectiveness of its system of internal control and publish an Annual Governance Statement reporting on the review with the Statement of Accounts. Best practice states that this should be a continual process throughout the year and not just undertaken as an annual exercise.

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

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

4.0 Other alternative options to be considered:

4.1 None

5.0 Council priority:

5.1 The Annual Governance Statement is relevant to all Council priorities.

6.0 Background Information

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

The Chartered Institute of Public Finance and Accountancy (CIPFA) Delivering Good

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

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

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

This report provides an update in terms of the progress which has been made in implementing the actions identified in the Annual Governance Statement.

Does the information submitted include any exempt information? No

7.0 List of Appendices:

7.1 Appendix 4(a) – Annual Governance Statement 2019/2020 Half-Year Review.

8.0 Financial considerations:

8.1 Each of the actions identified in the Annual Governance Statement will be delivered within the constraints of the agreed budget for 2019/2020.

9.0 Legal considerations:

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

10.0 Risk management considerations:

10.1 Risk management and the control environment have been considered throughout the draft of the Annual Governance Statement.

11.0 Equalities considerations:

11.1 There are no equalities considerations as this is a monitoring report.

12.0 Sustainability, climate change and environmental considerations:

12.1 None

13.0 Internal/ External Consultation undertaken:

13.1 In October 2016 a Good Governance Group was formed at the Council. One of the roles of the group will be to prepare the Annual Governance Statement and oversee the delivery of the identified actions.

The Good Governance Group comprises of:

- Director of Governance and Partnerships
- Head of Audit and Risk
- Chief Accountant
- Head of ICT
- Transformation Manager
- Head of Democratic Governance
- Head of HR and Organisational Development
- Head of Legal Services
- Head of Information Governance

14.0 Background papers:

14.1 None.

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Annual Governance Statement 2019/2020 Half-Year Review

Issue	Actions	Responsible Officer (s)	Target Date	Half-Year Progress
Code of Conduct and Behaviours	Consider the potential national changes to the Standards Framework and implement any changes identified as part of this.	Director of Governance and Partnerships	After mid-term review	<u>On Track</u> The Council's Standards Committee considered the latest position regarding national changes in December and adopted a new complaints procedure. A new model code of conduct has been produced by the LGA and this will be taken to the next Standards Committee for consideration.
	Develop a Local Code of Governance document which brings together and summarises the Council's overall approach to corporate governance.	Director of Governance and Partnerships	After mid-term review	<u>On Track</u> A draft code of governance is due to come to the 15th April Audit Committee meeting. This will be based on the framework used to undertake the self-assessment of the Annual Governance statement used by CIPFA/ SOLACE.
Commitment to Openness, Communication and Consultation	Continue to deliver the channel shift agenda to improve accessibility to residents and reduce demand on Council resources with a focus on helping with the recovery of Blackpool following the pandemic.	Director of Resources / Director of Communication and Regeneration	After mid-term review	<u>On Track</u> Whilst certain channel shift projects have been put on hold due to increased demand, services with existing online application forms have seen on average of a 10%

Issue	Actions	Responsible Officer (s)	Target Date	Half-Year Progress
				increase in usage compared to 2019. Development of online application forms has helped deliver some key responses to the pandemic including business grants, uniform grants and the winter grant scheme.
	Implement a Community Engagement Strategy and supported guidance to ensure a coordinate and robust approach is in place building on the learning gained during responding to the current pandemic.	Director of Public Health	After mid-term review	<p><u>On Track</u></p> <p>This has been put on hold due to the impacts of the pandemic and changes in engagement taking place within communities. The strategy document will be reviewed and amended to reflect any necessary changes and ensure a more comprehensive approach.</p>
	Continue to deliver the web development plan ensuring that the Council adheres to the new accessibility requirements which are being introduced.	Director of Communication and Regeneration	After mid-term review	<p><u>On Track</u></p> <p>The new requirements around accessibility are now law. Any new content or additions to the website are now accessible and departments are encouraged to ensure their content is also accessible.</p> <p>Any external website outside the corporate website must be approved by the corporate web team.</p>

Issue	Actions	Responsible Officer (s)	Target Date	Half-Year Progress
				iPool web accessibility training is being created and will be available soon.
	Explore ways in which to improve communication with ward councillors so that they are aware of major developments in their areas.	All Chief Officers	Before mid-term review	<p><u>Implemented</u></p> <p>This issue has been highlighted with all members of the Senior Leadership Team and each directorate is now asked to have as a standard item on their Directorate Management teams, 'Issues for Ward Members' which will hopefully assist in coordinating communication with ward Councillors from Directorates.</p>
	Further strengthen how we communicate to residents building on the findings of the Corporate Peer Review.	Director of Communication and Regeneration	After mid-term review	<p><u>On Track</u></p> <p>The team continue to build on the recommendations of the LGA Peer Review of Communications and actively encourage other departments to take note of those recommendations too. Further work will be undertaken to implement the findings of the Corporate Peer review.</p>

Issue	Actions	Responsible Officer (s)	Target Date	Half-Year Progress
	Identify ways in which data relating to the use of our green and blue spaces can be collated to help inform future decisions in relation to development of these areas.	Director of Community and Environmental Services	After mid-term review	<p><u>On Track</u></p> <p>A parks and green space improvement survey has been established and trailed on Anchorsholme Park in partnership with the Friends Group.</p> <p>Additional data sources are currently being explored and fed into Park Development Plans for each site.</p>
Developing, Communicating and Translating the Vision	Consider how to deliver a thank you to all employees for the work that they have undertaken during the pandemic.	Chief Executive	Before mid-term review	<p><u>Implemented</u></p> <p>The Big Thank You event was held in December 2020 which consisted of a half hour video presentation from the Chief Executive and Leader of the Council to thank all their staff for their hard work during the pandemic. In addition, all staff were given a day's extra annual leave to use on Christmas Eve or another date if they were required to work on Christmas Eve.</p>
	Complete the review of the Council Plan to ensure that the impact of the pandemic is captured and ensure that Council strategies	Assistant Chief Executive and Director of Strategy	After mid-term review	<p><u>On Track</u></p> <p>Initial approach to the format and scope of the review has been determined. A post-pandemic</p>

Issue	Actions	Responsible Officer (s)	Target Date	Half-Year Progress
	are reviewed in light of the pandemic and amended accordingly.			directorate 2021/22 business planning exercise is planned for the Spring, and the Council plan will be refreshed on the basis of this work.
Performance Management	Ensure that the changes implemented as a result of the Ofsted Report on Children's Services are adequately embedded to drive performance improvements.	Director of Children's Services	After mid-term review	<p><u>On Track</u></p> <p>The improvement journey is making significant progress albeit without having external inspectorate oversight given Covid.</p> <p>Our performance and quality assurance tells us that practice and performance continues to improve.</p> <p>Governance arrangements are embedded.</p>
	The suite of Council Plan headline KPIs will be reviewed so that some of the measures around post-COVID recovery can be incorporated into ongoing performance reporting. This review will also look to incorporate KPIs for a new corporate priority around organisational resilience, as recommended in the Corporate Governance Peer Review which took place in March 2020.	Assistant Chief Executive and Director of Strategy	After mid-term review	<p><u>Implemented</u></p> <p>Key Performance Indicators' (KPIs) have been developed with Scrutiny Committee involvement. Measures now include Covid monitoring and recovery KPI's. Suite of indicators includes new organisational resilience indicators.</p>

Issue	Actions	Responsible Officer (s)	Target Date	Half-Year Progress
	Implement the recommendations from the Corporate Peer Review once the report is received.	Assistant Chief Executive and Director of Strategy	After mid-term review	<p><u>Partially Implemented</u></p> <p>The three key themes arising from the Corporate Peer Review related to:</p> <ul style="list-style-type: none"> - Climate Change - Medium Term Financial Sustainability - Communications <p>Work is being progressed in each of these areas. In addition, the Internal Audit Plan 2021/22 includes reviews of the three identified areas to gain assurance that adequate progress is being made.</p>
Compliance with Relevant Laws, Regulations, Internal Policies and Procedures	Ensure that data protection training is rolled out to staff who do not have IT access, monitor and renew the Council's Information Asset Register and develop a programme of GDPR compliance audits to ensure continued compliance with GDPR.	Director of Governance and Partnerships	After mid-term review	<p><u>On Track</u></p> <p>A retrospective exercise was completed prior to the pandemic to ensure data protection training material was distributed to non-IT users via line managers. Any employees who are still marked as outstanding will receive the information directly due to the pandemic before the end of March. HR hope to have this material</p>

Issue	Actions	Responsible Officer (s)	Target Date	Half-Year Progress
				<p>automatically embedded in their induction process soon after.</p> <p>Significant progress has been made in reviewing the Council's Information Asset Register and this is hoped to be completed by the 31st March 2021 in advance of the ICO inspection.</p> <p>A programme of GDPR compliance audits has been developed and rolled out with three completed in 2019/20 and further audits having taken place or scheduled in 2020/21.</p>
	Continue to explore procurement opportunities with local suppliers and look to provide training to local suppliers and elected members on procurement.	Director of Resources	After mid-term review	<p><u>On Track</u></p> <p>Guidance released by Central Government in November 2020 gives some limited scope to focus more on local providers for below threshold tenders, only in relation to services contracts and where it is for economic growth purposes - we will explore our process and practice to determine if this may be built in.</p> <p>National Contractors are encouraged to use the local supply chain through the social value agenda which is</p>

Issue	Actions	Responsible Officer (s)	Target Date	Half-Year Progress
				<p>embedded into the procurement framework.</p> <p>Training and working with providers is carried out on a project by project basis as appropriate.</p>
Audit Arrangements	Continue to embed effective working relations with the Council's new external auditors.	Director of Resources	After mid-term review	<p><u>Partially Implemented</u></p> <p>Professional working relations have been maintained throughout what has been a difficult and challenging period. It is hoped that these will continue to develop during the next twelve months.</p>
	Appoint to the vacant independent Audit Committee member post.	Director of Governance and Partnerships	Before mid-term review	<p><u>Implemented</u></p> <p>A recruit exercise has taken place and two independent members appointed to the committee with their first meeting being the 21st January 2021. They are currently going through their induction programme.</p>
	Opportunities to benchmark with other Audit Committees to continue to build on the success of the Committee will be explored.	Director of Governance and Partnerships	After mid-term review	<p><u>Not Yet Started</u></p> <p>Further work is required to seek appropriate opportunities for benchmarking and this will continue to be considered as part of the</p>

Issue	Actions	Responsible Officer (s)	Target Date	Half-Year Progress
				development of the Audit Committee.
Risk Management	The Audit Committee should seek assurance that systems of internal control have met the demands of the emergency response to Covid-19 and that where issues have been identified action has been taken to remedy these.	Director of Resources	After mid-term review	<p><u>On Track</u></p> <p>Throughout 2020/21 the Audit Committee has received regular updates in relation to the impact of the pandemic as part of their detailed review of the strategic risk register. Areas considered to date include the pandemic response, impact on the economy and organisational resilience. This will be an ongoing exercise during the life of the pandemic and also the recovery phase.</p>
	Ensure that the Council has robust arrangements in place in preparation for the UK's exit from the European Union.	Director of Resources	Before mid-term review	<p><u>Implemented</u></p> <p>An EU Exit Task and Finish group met through the transition period to ensure that risks associated with EU exit have been addressed. Any outstanding risks are now embedded into service level risk registers and business continuity plans.</p>

Issue	Actions	Responsible Officer (s)	Target Date	Half-Year Progress
	Ensure that robust arrangements are in place to take effective action regarding the Climate Emergency.	Chief Executive	After mid-term review	<p><u>On Track</u></p> <p>The Carbon Trust has been commissioned to undertake work mapping routes to achieve net-zero, due to conclude in early May 2021.</p> <p>Climate Assembly with Blackpool residents is underway and due to report in March 2021.</p> <p>Climate Emergency Delivery Officer recruitment underway.</p>
Learning and Developing	Continue the roll-out of Windows 10 incorporating training on how to work smarter using Office 365 and Microsoft Teams.	Director of Resources	After mid-term review	<p><u>On Track</u></p> <p>The Windows10 rollout is nearly completed.</p> <p>There are 23 devices remaining requiring replacement out of the initial 2,500. The majority of these devices and connected to Chip and PIN machines and an upgrade is required from Civica to support Windows10, Civica have postponed the update several times due the pandemic.</p> <p>The adoption of Office 365 and use of Microsoft Teams has grown massively throughout the pandemic.</p>

Issue	Actions	Responsible Officer (s)	Target Date	Half-Year Progress
	<p>A process will be put in place to enable all elected members to attend the modular training delivered to specific Committees.</p> <p>Where training is delivered virtually then consideration will be given to recording these sessions and make them available to all elected members.</p>	Director of Governance and Partnership	Before mid-term review	<p>There are 2,263 active users in Microsoft Teams.</p> <p><u>Implemented</u></p> <p>This has commenced as is undertaken via Microsoft Teams, there is also a monthly update to Members on Covid 19. Some training has been recorded and then made available. In some areas attendance at the training is preferred to ensure training needs are met.</p>
	Undertake further work on succession planning to build on the Aspiring Leadership programme which has been developed.	Chief Executive	After mid-term review	<p><u>On Track</u></p> <p>Work has been undertaken to introduce a framework for succession planning and to identify with CLT which SLT posts have a succession plan in place and which do not. The further work needed to progress this has been impacted by capacity as a result of the pandemic.</p>
Partnership and Joint Working	Consideration will be given to developing an overarching partnership governance framework document setting out partnership governance principles and	Director of Governance and Partnership	After mid-term review	<p><u>On Track</u></p> <p>A report is being brought to the 15th April Audit Committee meeting on the setting up of a partnership governance framework.</p>

Issue	Actions	Responsible Officer (s)	Target Date	Half-Year Progress
	including a register of significant partnerships.			
	Continue to work in partnership with the Lancashire Resilience Forum to ensure a pan-Lancashire approach to dealing with the current pandemic including longer term impacts on economic, social and environmental sustainability.	Chief Executive	After mid-term review	<p><u>On Track</u></p> <p>The Council continues to play a proactive role in the Lancashire Resilience Forum with a number of officers involved in a range of work streams including the response and also recovery.</p>
	Continue to strengthen communication with and support for the business sector particularly in terms of recovery from the pandemic and seek to maximise the benefits from opportunities such as the Enterprise Zone.	Director of Communication and Regeneration	After mid-term review	<p><u>On Track</u></p> <p>In the first round of business grants, the Council paid £32.5m to 3,250 businesses who were in receipt of small business rate relief. This was followed by a further £12.5m to 710 businesses as part of the Retail, Hospitality and Leisure grants scheme. Since September a total of £23.88m has been paid to over 2,300 businesses either as part of the national schemes or the discretionary Blackpool Business Recovery Fund.</p>

Issue	Actions	Responsible Officer (s)	Target Date	Half-Year Progress
				<p>The Business Support team and the blackpoolunlimited.com website have provided a 'COVID 19 Helpdesk' for businesses, giving local businesses quick access to information about the rapidly changing business support available. This has included information about grants provided through the Council and access to application forms for 'discretionary' grant schemes. The content was promoted through various email newsletters to the database of 4,500 local businesses and social media activity. The Covid 19 pages on blackpoolunlimited.com were viewed 42,000 times between March and December 2020.</p> <p>Work continues to progress the Enterprise Zone implementation strategy and identify procurement partners. In addition a delivery plan is in place and an exercise undertaken to recruit an external delivery manager to help move the scheme forward.</p>

Issue	Actions	Responsible Officer (s)	Target Date	Half-Year Progress
	<p>Maximise the opportunity for digital literacy via the Fibre Blackpool project in order to improve the health and wellbeing of our residents.</p>	<p>Director of Resources</p>	<p>After mid-term review</p>	<p><u>On Track</u></p> <p>One of the Fibre Blackpool coop members has made significant investment in FY1 and FY2 and is now offering residential services via a new Blackpool based full fibre broadband provider.</p> <p>The number of free Wireless Blackpool WiFi access points has been increased at Tramstops.</p> <p>Conversations are taking place with BCH and BHC in regards to further investment from the coop Members to install fibre connectivity and offer full fibre broadband at a number of residential properties and developments.</p> <p>ICT Services has also been working closely with Adult Learning with the procurement and commissioning of 50+ tablets to support Adult Learning digital training courses.</p> <p>One of the Fibre Blackpool coop Members has also sponsored and developed a partnership with Innovate Her to support 60 girls to</p>

Issue	Actions	Responsible Officer (s)	Target Date	Half-Year Progress
				access a new digital skills programme.

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Report to:	AUDIT COMMITTEE
Relevant Officer:	Tracy Greenhalgh, Head of Audit and Risk
Date of Meeting	25 March 2021

RISK SERVICES QUARTER THREE REPORT

1.0 Purpose of the report:

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

2.0 Recommendation(s):

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

3.0 Reasons for recommendation(s):

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

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

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

4.0 Other alternative options to be considered:

4.1 None

5.0 Council priority:

5.1 The work of the internal audit team contributes to the achievement of all of the Council's priorities.

6.0 Background information

6.1 Each quarter the Head of Audit and Risk produces a report summarising the work of Risk Services and this includes the overall assurance statements for all audit reviews completed in the quarter. The Risk Services Quarterly Report is reported to the Corporate Leadership Team prior to being presented at Audit Committee.

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

considered to be inadequate or uncontrolled.

6.2 Does the information submitted include any exempt information? No

7.0 List of Appendices:

7.1 Appendix 5(a) – Risk Services Quarter Three Report

8.0 Financial considerations:

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

9.0 Legal considerations:

9.1 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.

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 to provide support to all services in relation to risk and control. Risks that have been identified in the quarter are reported in the summary report.

11.0 Equalities considerations:

11.1 None

12.0 Sustainability, climate change and environmental considerations:

12.1 None

13.0 Internal/external consultation undertaken:

13.1 The report was considered by the Corporate Leadership Team on 9 February 2021.

14.0 Background papers:

14.1 Chartered Institute of Internal Auditors - Risk in Focus 2021.
Cabinet Office - National Fraud Initiative Report 2020.

Risk Services Quarter Three Report 1st October to 31st December 2020

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Blackpool Council: Risk Services

1. *Quarter Three Summary*

Service Developments

1.1 *Internal Audit*

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

Directorate	Internal Audits
Chief Executives	<ul style="list-style-type: none">• Safeguarding (Recruitment)
Children's Services	<ul style="list-style-type: none">• Schools x 7
Communication and Regeneration	<ul style="list-style-type: none">• Strategic Leisure Assets• Enterprise Zone
Community and Environmental	<ul style="list-style-type: none">• School Meals• Household Waste Recycling Centre
Corporate	<ul style="list-style-type: none">• Management of Investment Properties• IT Admin Rights• Personal Protective Equipment
Governance and Partnerships	<ul style="list-style-type: none">• Executive Decisions• Individual Access Rights
Resources	<ul style="list-style-type: none">• Social Care Benefit Team• Covid Income Loss Grant Returns

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

Two changes to the internal audit plan were made in the quarter to enable coverage of additional areas of risk relating to the pandemic. The planned audits of Energy Management and Climate Change have been deferred to 2021/22 and have been replaced by audits of Personal Protective Equipment and the Covid Income Loss Grant Return.

The Chartered Institute of Internal Auditors released their 'Risk in Focus' report for 2021 which horizon scans for emerging risks for organisations to consider as part of their internal audit planning and risk assessment process. The risks identified will be considered as part of planning for 2021/22 and included:

- Information security in the expanded work environment
- Regulatory forbearance and the return to normal
- Strategic relevance and the digital imperative
- Liquidity risk and cost-cutting amid depressed demand
- Managing talent, staff wellbeing and diversity challenges
- Disaster and crisis preparedness: lessons from the pandemic
- Rising nationalism and social tensions amid unprecedented economic volatility
- Supply chain disruption and vendor solvency
- Fraud and the exploitation of operational and economic disruption
- Climate change: the next crisis

1.2 *Corporate Fraud*

The Senior Counter Fraud Advisor has continued to support the Head of Revenues and Exchequer Services and the Head of Economic and Cultural Services in the administration of various grants available to local businesses who have been impacted by the pandemic which qualify for the various schemes in place.

Blackpool Council: Risk Services

The team are also involved in a cross-departmental project relating to Supported Housing where the Council have obtained six months funding to run an oversight pilot with a view to identifying and addressing local quality and value for money issues.

The team has been preparing for the National Fraud Initiative 2020 with new matches expected to be received by January 2021. The Cabinet Office have also issued their National Fraud Initiative Report 2020 which focuses on the impact of the previous exercise. This provides details of the national results from the programme based on the exercise just completed (2020) and the previous exercise (2018) and provides a good indication of fraud risks in the public sector:

Dataset	Example Activity Area	2020 £ million	2018 £ million
Pensions	Individuals obtaining the pension payments of a dead person.	55.5	136.9
Council Tax	Individuals who did not qualify for the council tax single person discount because they were living with other countable adults.	43.9	32.6
Housing benefits	Individuals claiming housing benefit who failed to declare an income or change of circumstances.	35.0	24.9
Blue badges	Potential misuse of blue badge parking passes belonging to someone who has died.	26.9	18.0
Housing waiting lists	Social housing waiting list applicants who were not entitled to social housing.	20.1	25.5
Council tax reduction scheme	Individuals claiming Council Tax reduction who failed to declare an income or change of circumstances.	6.5	2.8
Housing tenancy	Social housing tenants who were subletting or had multiple tenancies unlawfully.	5.6	5.5
Private residential care homes	Payments to private care homes by a council for the care of a resident where the resident had died.	5.1	4.4
Trade creditors	Traders who intentionally or unintentionally submitted duplicate invoices for payment.	5.1	4.3
Pilots	Various (excludes HMRC information sharing).	3.5	-
Concessionary travel	Potential misuse of concessionary travel passes belonging to someone who has died.	3.4	5.6
Personal budgets	Individuals claiming a personal budget who failed to declare an income or change of circumstances or were deceased.	2.1	0.5
Right to Buy	Social housing tenants who were not entitled to right to buy because they had multiple tenancies unlawfully.	1.8	1.0
Other	Other miscellaneous outcomes not linked specifically to the above categories.	0.8	0.3
Payroll	Employees working for one organisation while being on long-term sick leave at another.	0.6	4.0
State benefit	Individuals claiming state benefits who failed to declare an income or change of circumstances.	-	0.9
Total		215.8	267.4

Blackpool Council: Risk Services

1.3 *Risk and Resilience*

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

During the period the team reviewed the Councils Risk Management Framework and Business Continuity Framework to ensure that these remain fit for purpose and reflect current best practice in these two areas.

An actuary has been appointed to undertake a review of the Council's self-insurance provisions and the team have been supporting this process through the provision of claims data, financial reserves and historical supporting information.

Overall 100% of the scheduled risk management groups were held in the quarter and of these 75% are now proactively using the risk management SharePoint sites.

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

1.4 *Health and Safety*

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

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

The team have also been preparing for any changes to health and safety legislation as a result of the EU Exit and will be updating the Council's management arrangements to reflect these changes. In addition, the review of the corporate health and safety management system is underway with a particular focus on the corporate arrangements.

Two health and safety audits were completed in the quarter including Electoral Services and Grundy Art Gallery. However, the usual programme of health and safety management audits has now been paused to enable the team to continue to focus on providing Covid Secure advice across the Council.

Face to face health and safety training has been delivered where necessary in a Covid Secure way and progress is being made on developing virtual training to ensure all staff who require training are able to access the training.

1.5 *Equality and Diversity*

The compliance assessment of the Council's wholly owned companies with the Public Sector Equality Duty is underway with draft reports issued to Blackpool Transport Services and Blackpool Operating Company Limited. Work has also now commenced on the next review which is Blackpool Coastal Housing.

Support is being provided to Chief Officers as part of the budget setting process to help ensure that adequate equality analysis is undertaken for any services which may be impacted by future budget cuts.

Blackpool Council: Risk Services

Performance

Risk Services performance indicators

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

Internal Audit Team performance indicators

Performance Indicator (Description of measure)	2020/21 Target	2020/21 Actual
Percentage audit plan completed (annual target).	90%	47%
Percentage draft reports issued within deadline.	96%	100%
Percentage audit work within resource budget.	92%	97%
Percentage of positive satisfaction surveys.	85%	95%
Percentage compliance with quality standards for audit reviews.	85%	93%

Risk and Resilience Team performance indicators

Performance Indicator (Description of measure)	2020/21 Target	2020/21 Actual
Percentage of Council service business continuity plans up to date.	100%	95%
Percentage of risk registers revised and up to date at the end of the quarter.	100%	98%
Number of risk and resilience training and exercise sessions held (annual target).	6	0
Number of trained Emergency Response Group Volunteers. (for monitoring purposes only – responsibility lies with Adult Social Care)	50	35
Percentage of property risk audit programme completed (annual target).	100%	0%

A further breakdown of the business continuity plans received by the end of the quarter can be seen in the following table:

Risk Management Group	Percentage Updated	BC Plans Not Updated
Adult Services	100%	
Chief Executive	100%	
Children's Services	79%	<ul style="list-style-type: none"> • EDT • Safeguarding, Quality & Review

Blackpool Council: Risk Services

Risk Management Group	Percentage Updated	BC Plans Not Updated
		<ul style="list-style-type: none"> Supporting & Strengthening Families
Communications & Regeneration	100%	
Community & Environmental Services	94%	<ul style="list-style-type: none"> Community Safety
Governance & Partnerships	100%	
Public Health	100%	
Resources	100%	

Health and Safety performance indicators

Performance Indicator (Description of measure)	2020/21 Target	2020/21 Actual
RIDDOR Reportable Accidents for Employees	0	7
Training Delivered to quarterly plan	100%	100%

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

- Adult Services – Employee fell down the stairs and fractured their ankle.
- Catering Services - Employee trapped their fingertip between a door and a trolley whilst walking backwards and was absent for over 7 days.

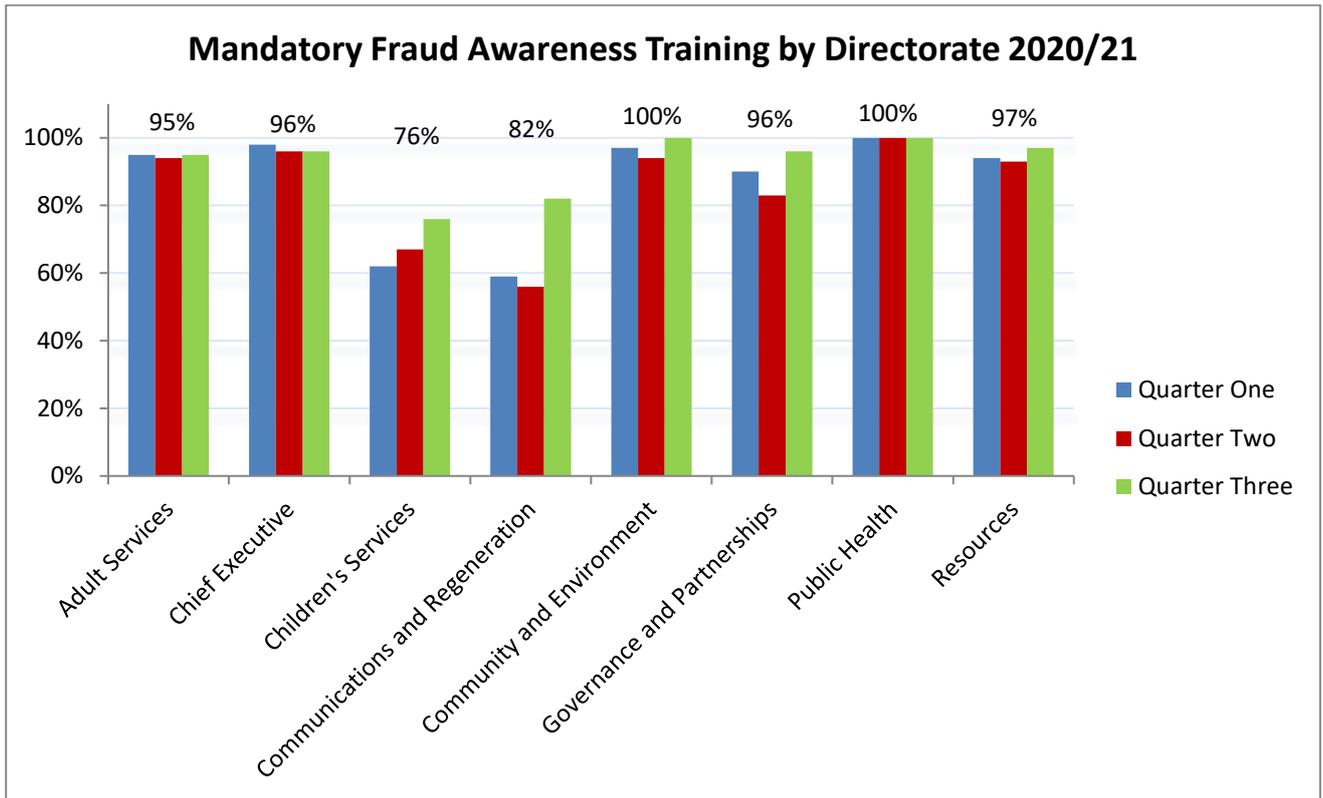
Equality and Diversity performance indicators

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

Corporate Fraud Team performance indicators

Performance Indicator (Description of measure)	2020/21 Target	2020/21 Actual
% of agreed Council employees completed i-Pool fraud awareness course.	100%	90%

The improved performance is mainly attributable to the improvements within Communications and Regeneration (up to 82% from 56%) and Children’s Services (up to 76% from 67%). This overall figure is broken down by Directorate in the following graph:



Blackpool Council: Risk Services

<u>CORPORATE FRAUD STATISTICS - 2020/2021</u>	Number of Cases Brought Forward from 2019/20	Total Number of Referrals Received	Case Closures		Total Value of Fraud Proven / Error Identified	Action Taken on Closed Cases					Number of Cases Currently Under Investigation	
			Fraud/Error Proven	No Fraud/Error Identified		No Further Action	Recommendation	Disciplinary	Administrative Penalty	Prosecution		
Type of Fraud		ANNUAL SUMMARY 2020-21										
Council Tax - Single Person Discount	14	47	20	31	£9,312.94	51	0	0	0	0	10	
Council Tax Reduction (CTR)	4	10	0	10	-	10	0	0	0	0	4	
Business Rates	3	4	0	2	-	2	0	0	0	0	5	
Procurement	0	1	0	1	-	1	0	0	0	0	0	
Fraudulent Insurance Claims	8	0	0	0	-	0	0	0	0	0	8	
Social Care	1	1	0	0	-	0	0	0	0	0	2	
Economic & Third Sector Support	0	0	0	0	-	0	0	0	0	0	0	
Gross Misconduct (Disciplinary Code)	2	1	0	0	-	0	0	0	0	0	3	
Pension	0	0	0	0	-	0	0	0	0	0	0	
Investment	0	0	0	0	-	0	0	0	0	0	0	
Payroll & Employee Contract Fulfilment	0	0	0	0	-	0	0	0	0	0	0	
Expenses	0	0	0	0	-	0	0	0	0	0	0	
Abuse of Position - Financial Gain	2	0	0	0	-	0	0	0	0	0	2	
Abuse of Position - Manipulation of Financial or Non-Financial Data	0	1	0	0	-	0	0	0	0	0	1	
General Financial Fraud	2	9	1	4	£89,200.00	5	0	0	0	0	6	
Disabled parking concessions	2	0	0	2	-	1	0	1	0	0	0	
NFI 2018	58	2960	518	2460	£263,711.19	2978	0	0	0	0	40	
NFI Single Person Discount Proactive Exercise	0	971	21	942	£10,805.11	963	0	0	0	0	8	
Totals:	96	4005	560	3452	£373,029.24	4011	0	1	0	0	89	

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

Internal Audit reports issued in period

Directorate	Review Title	Assurance Statement								
Adult Services	Personal Health Budgets	<p><u>Scope</u></p> <p>The scope of this audit was to review:</p> <ul style="list-style-type: none"> • The processes in place to administer the scheme; • Governance arrangements; and • Interim arrangements which have been put in place to enable the service to work virtually. <p><u>Overall Opinion and Assurance Statement</u></p> <table border="1" data-bbox="746 725 1465 763"> <tr> <td colspan="2" style="text-align: center;">Adequate</td> </tr> </table> <p>We consider that the controls in relation to personal health budgets regarding partnership working, the role in the NHS England mentorship programme, the response to the impact of COVID-19, reclaim of monies for the CCG, processes for the recovery of Council PHB expenditure from the CCG, and the governance and policy and decision making framework are good, with most risks identified and assessed and only minor control improvement required.</p> <p>We consider that the controls in relation to personal health budgets regarding regular patient account auditing and ensuring evidence is retained on file explicitly confirming signed acceptance of agreements and care and support plans whilst working virtually are adequate overall, with some risks assessed and identified and some changes necessary.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" data-bbox="746 1442 1465 1554"> <tr> <td>Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">2</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">2</td> </tr> </table> <p><u>Management Response</u></p> <p>The audit status checklist will continue to be monitored to ensure that all audits are completed at the due time.</p> <p>The Mosaic Direct Payment module project will be progressed as soon as possible.</p> <p>With the ongoing impact of COVID-19, the new ways of working will be reviewed, appropriate amendments agreed and documented as appropriate.</p> <p>A system to ensure there is always written evidence retained on file of explicit client acceptance of Direct Payment and CCG agreements and care and support plans whilst working virtually will be implemented.</p>	Adequate		Priority 1	0	Priority 2	2	Priority 3	2
Adequate										
Priority 1	0									
Priority 2	2									
Priority 3	2									

<p>Communication and Regeneration</p>	<p>Blackpool Museum Project</p>	<p><u>Scope</u></p> <p>The scope of this audit was to review:</p> <ul style="list-style-type: none"> • The management and progress of the Blackpool Museum Project; • The creation of the new company and the governance arrangements between the new company and the Council, particularly in relation to Charity Commission regulations; and • The impact of Covid 19 on the project, including projected timescales and potential funding/grants pressures. <p><u>Overall Opinion and Assurance Statement</u></p> <table border="1" data-bbox="746 719 1465 757"> <tr> <td style="text-align: center;">Adequate</td> </tr> </table> <p>We consider that the controls in place are adequate with some risks identified and recommendations made as to how these can be further mitigated. The impact of the Covid-19 pandemic and how it will affect the Blackpool Museum once open is unknown, but we have made recommendations as part of the audit to further strengthen the approach in this area.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" data-bbox="746 1115 1465 1227"> <tr> <td>Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">4</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">0</td> </tr> </table> <p><u>Management Response</u></p> <p>Steps have be taken to agree the financial contribution for the acoustic separation between the hotel and museum with the contractor.</p> <p>Reviews of the base build, exhibition, activities and business plan have now taken place and a number of actions have been identified which can easily be incorporated to enable Covid Secure compliance. This will be an ongoing process in terms of what Covid-related adjustments are required to enable the Museum to adapt and will be managed via the Project Risk Register.</p> <p>Scenarios around the impact of Covid-19 have been considered and a methodology for testing has been presented to the Board. This approach will continue as time progresses leading up to the Museum opening in 2022, to ensure that the project is as prepared as possible for whatever the Covid-19 situation may be at that time.</p> <p>Lessons learned from Covid-19 experiences will be achieved via involvement with various groups such as the Lancashire Museum Forum and the Museums Association, as well as learning from the experiences of local attractions.</p>	Adequate	Priority 1	0	Priority 2	4	Priority 3	0
Adequate									
Priority 1	0								
Priority 2	4								
Priority 3	0								

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement								
Communication and Regeneration	Tourist Information Centre	<p><u>Scope</u></p> <p>The scope of our audit was to review compliance with a number of standard procedures including financial transactions, training, health and safety and security.</p> <p><u>Overall Opinion and Assurance Statement</u></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td colspan="2" style="text-align: center;">Adequate</td> </tr> </table> <p>We consider that the controls in place are adequate with some risks identified and assessed and several changes necessary. Our testing revealed minor lapses in compliance with the controls.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="width: 70%;">Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">6</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">3</td> </tr> </table> <p><u>Management Response</u></p> <p>Archived customer details, collected prior to the introduction to GDPR, have now been disposed of.</p> <p>The manager has agreed to review documented procedures each month with immediate effect, to ensure that they remain up-to-date.</p> <p>Work is now planned to contact other seaside Tourist Information Centres to identify other potential income streams that could be pursued.</p> <p>Cash handling procedures will be strengthened and documented.</p> <p>The value of cash to be banked will be checked and countersigned by a second member of staff to confirm that it is accurate and reconciles to the till system report.</p> <p>The fault with the CCTV installed at the Tourist Information Centre has now been resolved. The manager has also requested that a Service Level Agreement is developed with Property Services.</p> <p>The manager has been in contact with the Risk and Resilience Team in order to increase the insurance limits of the safes.</p> <p>The manager will implement a new procedure whereby two members of staff will transfer excess cash from the till using a box or a money bag.</p> <p>Monthly stock-taking will be introduced to analyse product performance and identify discrepancies in expected stock.</p>	Adequate		Priority 1	0	Priority 2	6	Priority 3	3
Adequate										
Priority 1	0									
Priority 2	6									
Priority 3	3									

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement							
Community and Environmental	Anti-Social Behaviour	<p><u>Scope</u></p> <p>The scope of our audit was to review:</p> <ul style="list-style-type: none"> • What the Council’s role is in terms of addressing anti-social behaviour issues and; • Whether resources are sufficient and being used effectively to fulfil that role. <p><u>Overall Opinion and Assurance Statement</u></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">Adequate</td> </tr> </table> <p>The application of tools and powers relating to ASB are appropriately and effectively utilised by the Council. We therefore consider that the controls in place are adequate, however we have made recommendations to further improve the approach, particularly in relation to the focus and resourcing of the ASB Team.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="width: 60%;">Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">3</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">1</td> </tr> </table> <p><u>Management Response</u></p> <p>The Community Safety Team work closely with the Police, and will continue to ensure that the balance of involvement with more serious forms of ASB is appropriate on an ongoing basis.</p> <p>After assessing the activities currently performed, consideration will be given as to how the balance of ASB resources can be addressed in order to alleviate the current resource pressure, if it persists.</p> <p>In line with the previously obtained Barrister’s advice, consideration will be given to discussing with BCH the possibility of allowing BCH ASB Officers to develop and serve their own Community Protection Warnings. If this is deemed practical and beneficial, a suitable process will be established and training will also be arranged to ensure that wording used in the Community Protection Warnings remains appropriate and effective.</p> <p>The telephone number for Customer First will be included on the Council’s ASB web page for completeness.</p>	Adequate	Priority 1	0	Priority 2	3	Priority 3	1
Adequate									
Priority 1	0								
Priority 2	3								
Priority 3	1								

<p>Community and Environmental</p>	<p>Vehicle Operators License Compliance</p>	<p>Scope</p> <p>The scope of the audit included:</p> <ul style="list-style-type: none"> • Compliance with the Operator’s Licence statutory requirements including the checks undertaken to ensure the roadworthiness of Council vehicles (3.5 tonnes and over), driver competence and accident investigation and management; and • Local and wider Council capacity to effectively deliver statutory duties. <p>Overall Opinion and Assurance Statement</p> <table border="1" data-bbox="746 645 1465 685"> <tr> <td style="text-align: center;">Inadequate</td> </tr> </table> <p>We consider that the controls in place are inadequate with a number of material risks identified and significant improvement required.</p> <p>Number of Recommendations Made</p> <table border="1" data-bbox="746 898 1465 1010"> <tr> <td>Priority 1</td> <td style="text-align: center;">1</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">9</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">2</td> </tr> </table> <p>Management Response</p> <p>The Transport Manager’s current responsibilities have been reviewed to ensure statutory hours of work as stipulated by the Traffic Commissioner are met. The Transport Manager is also responsible for SEND transport which owing to resources has required a significant proportion of hours being prioritised. This has been addressed immediately in order to implement the recommendations.</p> <p>Weekly spot checks at Layton Depot and the Illuminations Depot be reinstated to ensure compliance with the requirements of the Operator Licence.</p> <p>The systems in place to evidence that vehicle inspections have been undertaken will be strengthened.</p> <p>Gate checks will be regularly undertaken to ensure drivers have complied with the mandatory daily vehicle checks.</p> <p>A process has been be put in place to ensure drivers’ log sheets are submitted and countersigned by the relevant line manager on a weekly basis and appropriate action taken in cases of non-compliance.</p> <p>The Transport Manager will ensure that drivers are prohibited from driving Council vehicles when failing to undertake the six monthly licence check. Details of penalty points will also be recorded as part of these checks.</p> <p>Driver competency training records will be brought up to date.</p>	Inadequate	Priority 1	1	Priority 2	9	Priority 3	2
Inadequate									
Priority 1	1								
Priority 2	9								
Priority 3	2								

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement							
Corporate	Business Loans Fund	<p><u>Scope</u></p> <p>The scope of the audit included:</p> <ul style="list-style-type: none"> • The operational process for selecting and approving business loans; • Review mechanism particularly concerning risk of loan defaults; • Robustness of due diligence process; • Analysis of risk vs return of loans; • Evaluation of the impact of the loan fund in terms of economic development; and • Potential impacts arising from Covid 19. <p><u>Overall Opinion and Assurance Statement</u></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td>Adequate</td> </tr> </table> <p>There is a good process in place to appraise and award loans, with some necessary improvements made since the inception of the business loans fund. However we found there is a need to strengthen the audit trail through the thorough maintenance of complete records and clear recording of due diligence tasks and processes having been completed and concluded. We consider that the controls in place are adequate with some risk identified and assessed and several changes necessary. Our testing revealed minor lapses in compliance with the controls.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td>Priority 1</td> <td>0</td> </tr> <tr> <td>Priority 2</td> <td>4</td> </tr> <tr> <td>Priority 3</td> <td>5</td> </tr> </table> <p><u>Management Response</u></p> <p>Work is underway to make the due diligence checklist a live document which is regularly updated by Officer Due Diligence members.</p> <p>Management will look to set some minimum standards for supporting information to be provided at the application stage for a loan.</p> <p>Work is continuing to improve files and storage to ensure a comprehensive audit trail is maintained.</p> <p>Panel reports are present for all loans however some were not located at the time of the audit and this will be addressed through the introduction of better file management.</p> <p>An issues log will be maintained throughout the appraisals process, clearly recording on-going and cleared issues and this will be presented to the Business Loans Panel.</p>	Adequate	Priority 1	0	Priority 2	4	Priority 3	5
Adequate									
Priority 1	0								
Priority 2	4								
Priority 3	5								

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement								
Resources	Cashiers / Payments Financial Control Assurance Testing	<p><u>Scope</u></p> <p>The scope of the audit was to ensure that adequate and effective controls are in place to minimise financial risk in relation to the cashiers / payments system.</p> <p><u>Overall Opinion and Assurance Statement</u></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td colspan="2" style="text-align: center;">Adequate</td> </tr> </table> <p>We consider that the controls in place are adequate with some risks identified and assessed and several changes necessary. Our testing revealed minor lapses in compliance with the controls.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="width: 70%;">Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">6</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">5</td> </tr> </table> <p><u>Management Response</u></p> <p>The Payment Card Industry (PCI) compliance policy is currently being updated to reflect updated PCI Regulations and will be put forward for approval.</p> <p>Staff with cash handling responsibilities will complete the updated Anti-Money Laundering iPool course.</p> <p>DBS checks will be conducted for staff with cash handling responsibilities.</p> <p>Steps are been undertaken to pursue the development of a report that allows system administrators to review the access rights of CivicaPay users. Additional access right checks for users of the system will also be introduced.</p> <p>Best practice guidance will be produced and issued to services with cash handling responsibilities so that they are aware of expectations.</p> <p>Procedure notes will be produced to document the reconciliations performed between the payment system and the ledger.</p> <p>The safe list will be reviewed with responsible officers on an annual basis.</p> <p>A spreadsheet and procedure notes have been produced to allow transactions that need to be transferred from the Council Tax and NNDR Suspense Funds to be promptly allocated to the appropriate cost centre and account code.</p> <p>Steps will be taken to ensure that a clear audit trail is in place for Customer First staff who record receipt of payment on the system.</p>	Adequate		Priority 1	0	Priority 2	6	Priority 3	5
Adequate										
Priority 1	0									
Priority 2	6									
Priority 3	5									

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement								
Resources	Business Rates Financial Control Assurance Testing	<p><u>Scope</u></p> <p>The scope of the audit was to ensure that adequate and effective controls are in place to minimise financial risk in relation to the business rates system.</p> <p><u>Overall Opinion and Assurance Statement</u></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td colspan="2" style="text-align: center;">Adequate</td> </tr> </table> <p>We consider that the controls in place are adequate with some risks identified and assessed and several changes necessary. Our testing revealed minor lapses in compliance with the controls.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="width: 70%;">Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">3</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">4</td> </tr> </table> <p><u>Management Response</u></p> <p>Management will consider documenting procedures for Business Rate processes which are not built in as system controls.</p> <p>Quality checks are to be reviewed to ensure that they are undertaken and recorded by all teams.</p> <p>The frequency of the management review of the Diary Dates Report will be reviewed to ensure that inappropriate holds on accounts are identified.</p> <p>Steps will be taken to ensure the recovery of arrears is recorded so that further proactive recovery action can be undertaken as required. Further staff training will take place to ensure this happens.</p> <p>Steps will be taken to ensure that accounts with recovery stops in place are reviewed and all action is documented accordingly. Further staff training will take place to ensure this happens.</p> <p>The Blackpool Recovery Guidelines will be reviewed to ensure that they are up to date.</p>	Adequate		Priority 1	0	Priority 2	3	Priority 3	4
Adequate										
Priority 1	0									
Priority 2	3									
Priority 3	4									

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement							
Resources	Treasury Management	<p><u>Scope</u></p> <p>The scope of the audit included:</p> <ul style="list-style-type: none"> • Governance arrangements established to determine suitable investment opportunities, while minimising the financial risk to the Council, including the establishment and approval of the Treasury Management Strategy and Medium Term Financial Sustainability Strategy; • Treasury Management Strategy, including charging Minimum Revenue Provision (MRP) and interest; • Operational controls designed to safeguard the Council's funds, including the process for transferring money; • The level of Prudential Borrowing and how it is managed by the Council including review of a sample project involving such borrowing; and • The impact of Covid 19. <p><u>Overall Opinion and Assurance Statement</u></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">Good</td> </tr> </table> <p>We consider that the controls in respect of Treasury Management are good. Our testing revealed minor lapses in compliance with the controls.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="width: 60%;">Priority 1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 2</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Priority 3</td> <td style="text-align: center;">3</td> </tr> </table> <p><u>Management Response</u></p> <p>Treasury Management Practices and corresponding annexes will be brought up to date and reviewed annually so that they reflect current working practices.</p> <p>A separate CHAPS proformas will be developed for investments and borrowing. The proformas will be pre-populated with the relevant cost centre and account code to ensure that transactions are posted correctly.</p> <p>The temporary increase in the investment limit with banks, building societies and the Debt Management Office will be reduced to the original limit once the final business support grant payment has been made.</p>	Good	Priority 1	0	Priority 2	0	Priority 3	3
Good									
Priority 1	0								
Priority 2	0								
Priority 3	3								

Blackpool Council: Risk Services

Directorate	Review Title	Assurance Statement								
Resources	Covid Income Return (September)	<p><u>Scope</u></p> <p>The scope of the audit included compliance testing in relation to the data return submitted by the authority in September 2020 to ensure the following:</p> <ul style="list-style-type: none"> • Eligible income loss that is covered by the compensation scheme is claimed for; • Income loss that falls outside the scope of the compensation scheme is not claimed for; • Sufficient justifications and evidence exists to support each claim made. <p><u>Overall Opinion and Assurance Statement</u></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td colspan="2">Adequate</td> </tr> </table> <p>Having carried out an appropriate level of testing, we are satisfied that the Covid Income Compensation Scheme return submitted in September 2020 complies with the MHCLG guidance.</p> <p><u>Number of Recommendations Made</u></p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td style="width: 70%;">Priority 1</td> <td style="width: 30%;">0</td> </tr> <tr> <td>Priority 2</td> <td>0</td> </tr> <tr> <td>Priority 3</td> <td>0</td> </tr> </table> <p><u>Management Response</u></p> <p>Management were pleased that the compliance audit did not identify any issues.</p>	Adequate		Priority 1	0	Priority 2	0	Priority 3	0
Adequate										
Priority 1	0									
Priority 2	0									
Priority 3	0									

Progress with Priority 1 audit recommendations

A number of priority one recommendations were implemented in the quarter including:

- Contract Management and Social Value x 1
- ICT Security / Unstructured File Stores x 1
- Water Self-Supply x 1
- Non-contract IT software x 1

A number of priority one recommendations which were due in the quarter have had their deadline extended following discussion between the relevant Head of Service and the Head of Audit and Risk and these include:

- Community Engagement x 1
- Water Self-Supply x 1
- Non-contract ICT Software x 1
- Managing the Leavers Process x 1

Blackpool Council: Risk Services

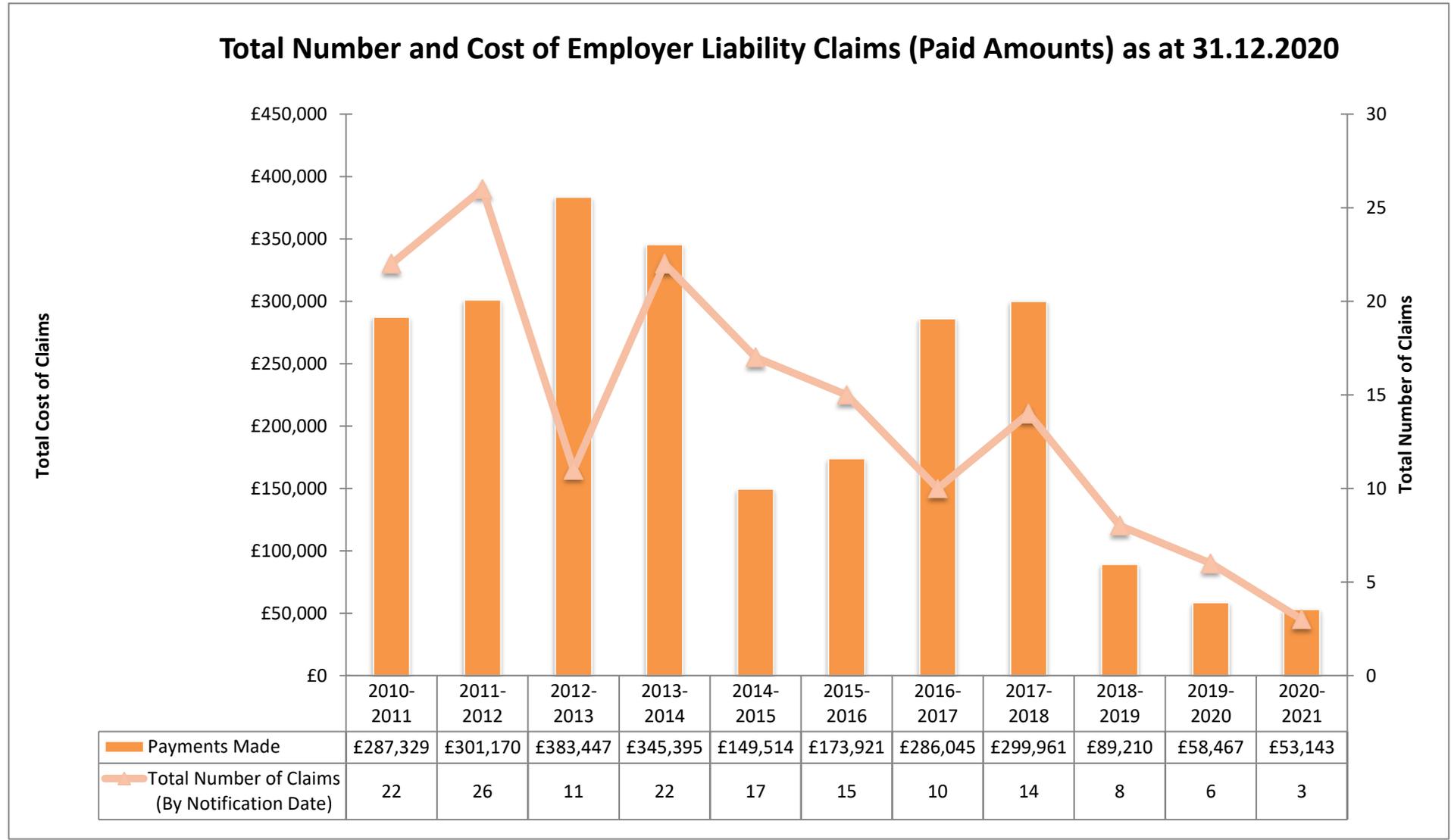
The Regulation of Investigatory Powers Act 2000

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

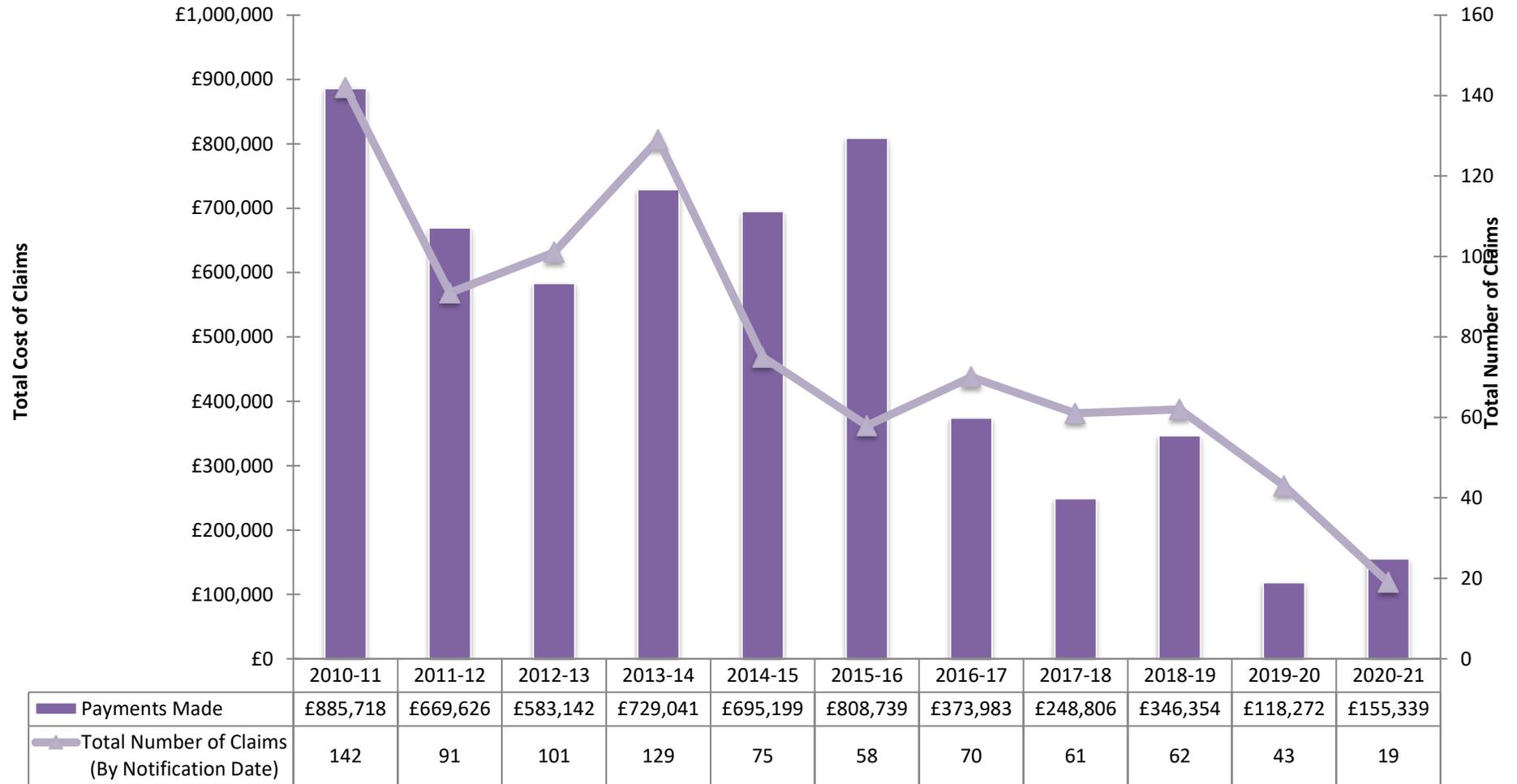
Insurance claims data

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

3. Appendix B – Insurance Claim Payments by Financial Year



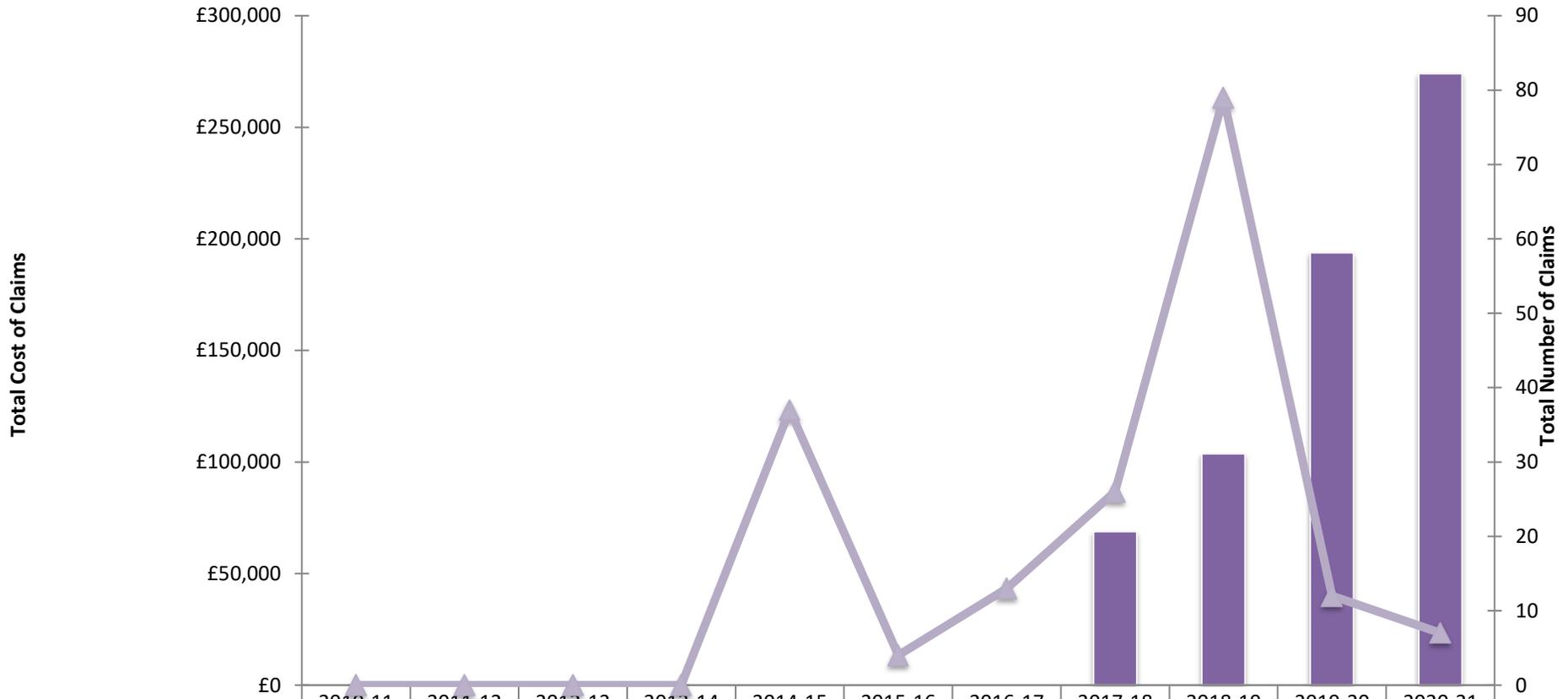
Total Number and Cost of Public Liability Claims (Paid) as at 31.12.2020



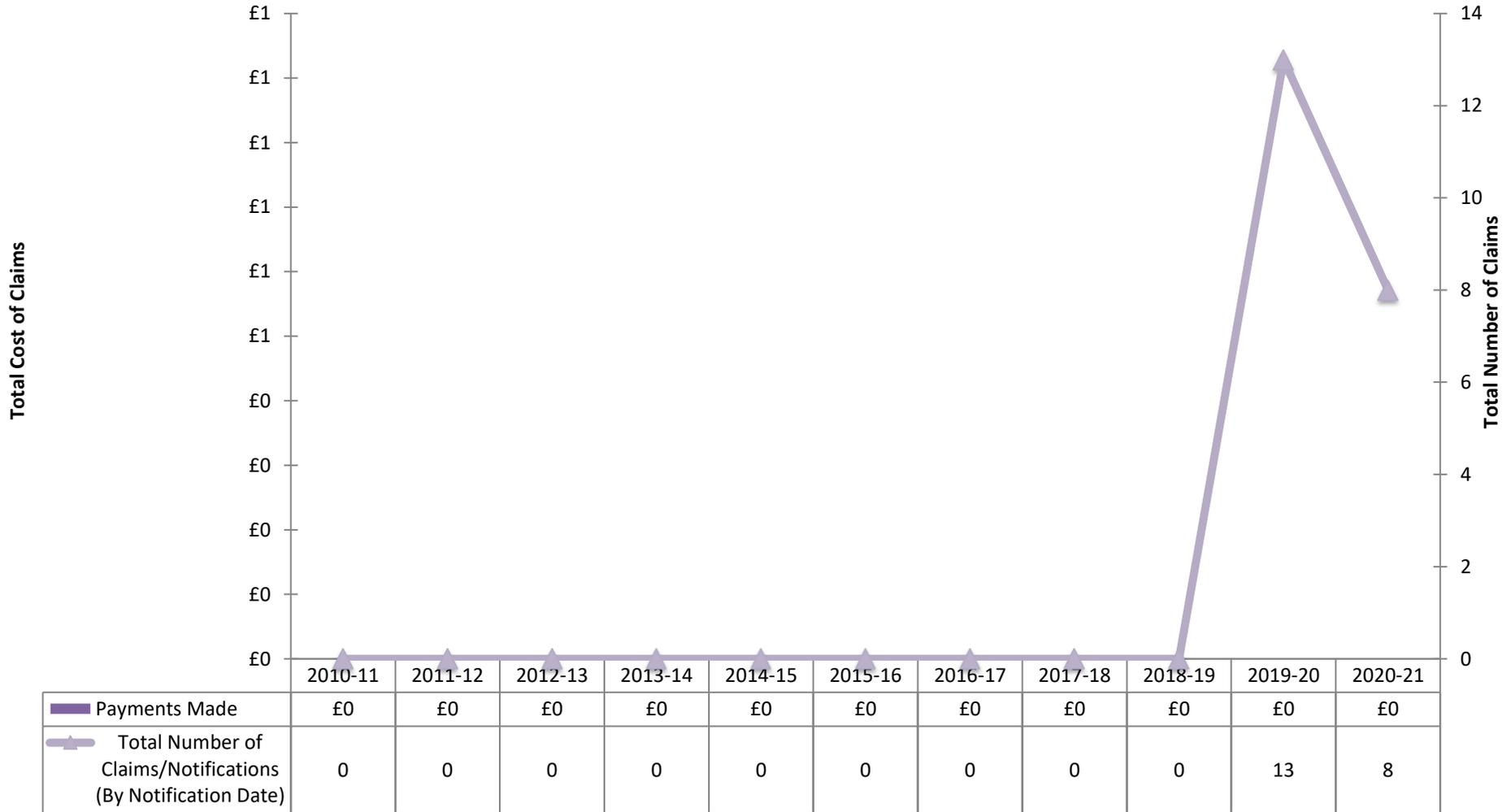
Total Number and Cost of Public Liability Highways Claims (Paid) as at 31.12.2020



Total Number and Cost of Sensitive Claims/Notifications (Paid) as at 31.12.2020



Total Number and Cost of Data Breach Claim (Paid) as at 31.12.2020



Report to:	AUDIT COMMITTEE
Relevant Officer:	Steve Thompson, Director of Resources
Date of Meeting	25 March 2020

EXTERNAL AUDITOR'S REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260) AND STATEMENT OF ACCOUNTS 2019/2020

1.0 Purpose of the report:

1.1 To consider Deloitte's Governance Report and the audited Statement of Accounts for 2019/2020.

2.0 Recommendation(s):

2.1 To consider the External Auditor's Report to those charged with Governance (ISA 260) for 2019/2020.

2.2 To approve the audited Statement of Accounts for 2019/2020.

3.0 Reasons for recommendation(s):

3.1 To enable the Committee to approve the Statement of Accounts to ensure compliance with the Accounts and Audit Regulations (England) Regulations 2015.

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

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

4.0 Other alternative options to be considered:

4.1 None, as the Committee is required to approve the Statement of Accounts.

5.0 Council Priority:

5.1 The relevant Council Priority is: The economy - maximising growth and opportunity across Blackpool.

6.0 Background Information

6.1 The *Accounts and Audit (England) Regulations 2015* require that "the responsible financial officer of a larger relevant body must, no later than 31 May immediately following the end of

a year, sign and date the statement of accounts” with the final audited version approved by Members by 31 July. However due to the Covid-19 pandemic these dates were extended to 31 August for the draft accounts and 30 November for the audited version.

- 6.2 The draft Statement of Accounts 2019/2020 was signed off by the Council’s statutory finance officer, the Director of Resources on 3 July 2020.
- 6.3 The audit is now complete and the final Statement of Accounts 2019/2020 is included at Appendix 6(a).
- 6.4 Once the governance report has been considered and the letter of representation signed by the Director of Resources, it is expected that the Auditor will finalise his statements in order that the final audited accounts can be published.
- 6.5 Does the information submitted include any exempt information? No

7.0 List of Appendices:

- 7.1 Appendix 6(a) - Statement of Accounts 2019/2020
Appendix 6(b) - External Auditor’s Report ISA 260 2019/2020

8.0 Financial considerations:

- 8.1 As contained within the attached Statement of Accounts and ISA260 report.

9.0 Legal considerations:

- 9.1 The Audit Committee is required to approve the Statement of Accounts to ensure compliance with the Accounts and Audit Regulations (England) Regulations 2015.

10.0 Risk management considerations:

- 10.1 None

11.0 Equalities considerations:

- 11.1 None

12.0 Sustainability, climate change and environmental considerations:

- 12.1 None

13.0 Internal/External Consultation undertaken:

- 13.1 None

14.0 Background papers:

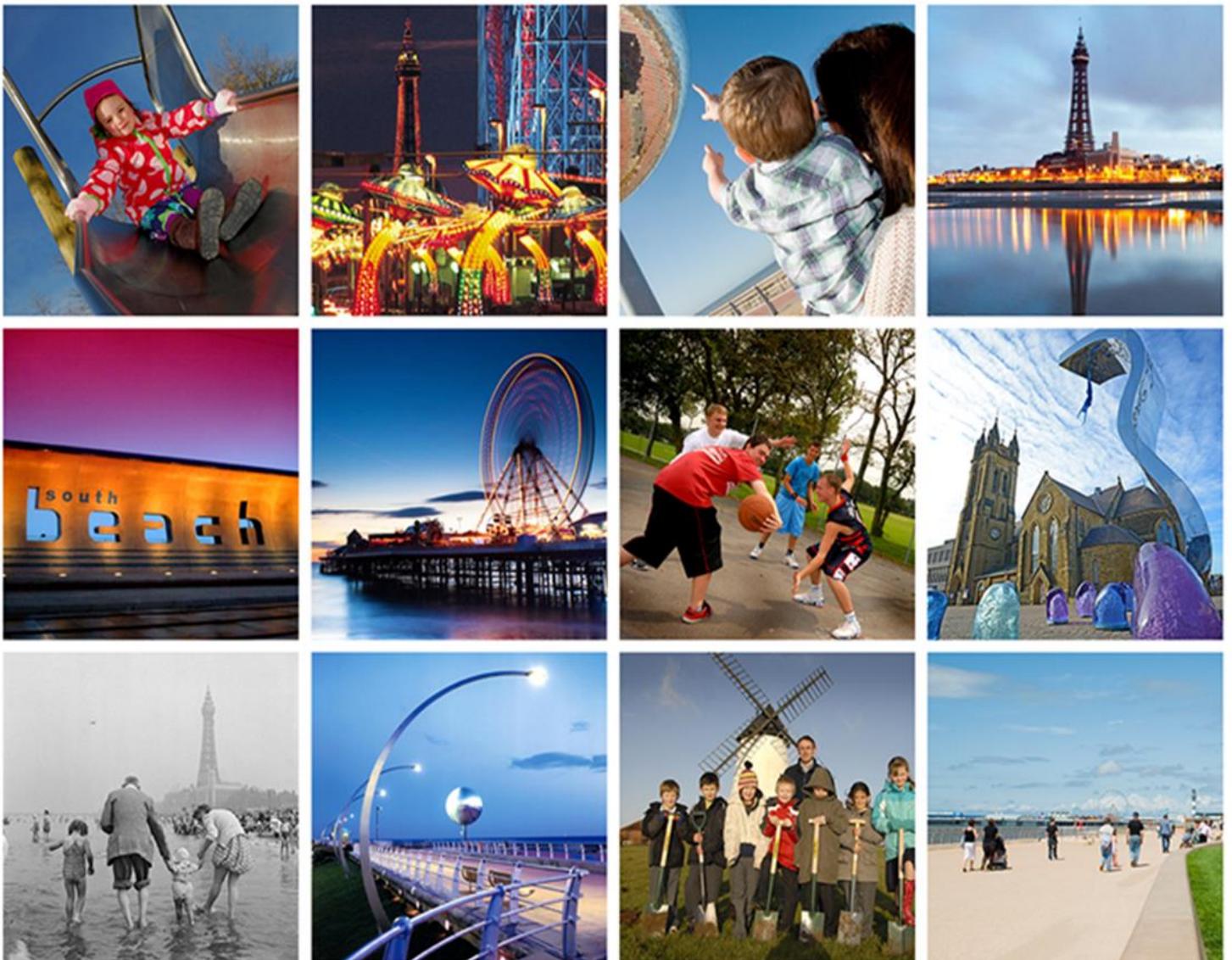
14.1 None

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Blackpool Council

Statement of Accounts

For the Year Ended 31st March 2020



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Introduction by Director of Resources – Steve Thompson

Blackpool Council's accounts show the financial results of the Council for the financial year 2019/20 and the financial position as at 31st March 2020.

It is intended that these accounts will provide a useful and important source of financial information for the community, stakeholders, Council Members and other interested parties. The style and format of the accounts complies with Chartered Institute of Public Finance and Accountancy (CIPFA) standards and is similar to those of previous years.

The 2019/20 Budget was again challenging with a budget savings target of £9.0m on the back of successfully delivering £143.3m over the previous 8 years. This Budget has undergone detailed consideration and scrutiny over a lengthy formulation period. From the very outset this has involved the Council's Cabinet Members, who have ensured that resources are aligned more than ever before to the Council's specific priorities, followed by extensive engagement and consultation with key stakeholders such as the trade unions, business representatives, equality and diversity forums and of course our residents.

Despite the financial constraints, the Council made sufficient provision within the Budget to accommodate:

- internal pay levels rises by at least 2.0% for the period from 1st April 2019 to 31st March 2020 in line with the latest employer's pay offer and the payment of at least the National Living Wage to all contracted staff;
- the payment of annual increments;
- voluntary 5 days' unpaid leave on average to continue;
- Auto-enrolment based on previous uptakes
- a non-pay inflation contingency, to address contractual commitments and valid non-pay pressures @ 2.0%
- Treasury Management budget predicated on a Base Rate of 1.00% (0.25% above current Base Rate)
- the latest estimates of Settlement Funding Assessment
- interest rates to remain at low levels
- the Council fulfils its statutory obligation to balance its Budget.

These were all big challenges, but by working more collaboratively across Council directorates and indeed with other public sector partners where appropriate we have achieved common goals and efficiencies together.

The Covid 19 pandemic impacted towards the very end of 2019/20 and therefore the full impact of this is not reflected in this Statement of Accounts. However the Council is expecting significant challenges in 2020/21 and beyond as it deals with the on-going crisis.

The Narrative Report provides information about Blackpool, including key issues affecting the Council and its accounts. It also provides a summary of the financial position as at 31st March 2020.

Steve Thompson
Director of Resources

Narrative Report

An Introduction to Blackpool

Blackpool is a seaside town situated on the north-west coast of England. It is the world's first mass market seaside resort, with a proud heritage stretching back over 150 years. It covers an area of approximately 13.46 square miles and has a population of around 139,305.

In addition to its sandy beaches, Blackpool's major attractions and landmarks include Blackpool Tower, Blackpool Illuminations, the Pleasure Beach, Blackpool Zoo, Sandcastle Water Park, the Winter Gardens, and the UK's only surviving first-generation tramway.

Key Facts about Blackpool

The profile of the local population dictates the direction and substance of the services provided by the Council, for example, there is an increasing demand for children's and adult social care in Blackpool.

The Mid 2018 population estimate shows older people (65 years and above) account for a greater proportion of Blackpool's population than observed at national level.

	Total Population	Aged 0 - 14 years		15 - 64 years		Age 65 and over	
	Number	Number	%	Number	%	Number	%
England	55,977,178	10,144,712	18.1	35,653,213	63.7	10,179,253	18.2
Blackpool	139,305	24,506	17.6	86,397	62.0	28,402	20.4

Source: Office for National Statistics (ONS) – Mid-year population estimates

Political Structure

Blackpool Council is split into 21 wards each represented by 2 Councillors elected every four years. Following the local elections in May 2019 the political make-up of the Council during 2019/20 was as follows:

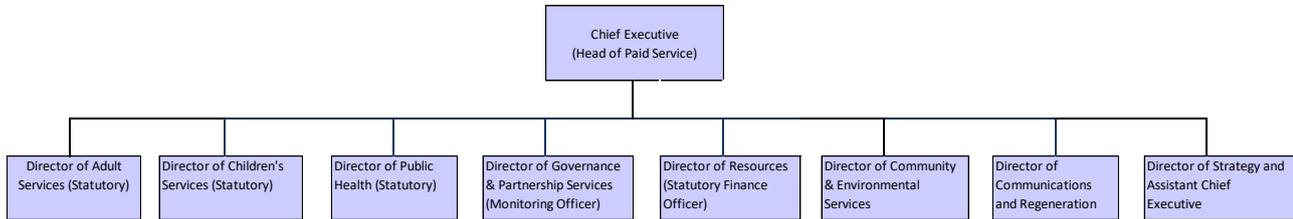
Labour Party	23 Councillors
Conservative Party	15 Councillors
Independent	4 Councillors

The Executive is the part of the Council which is responsible for most day-to-day decisions. The Executive is made up of a Leader and a Cabinet of nine other councillors whom the Leader has appointed. The Leader of the Council has also appointed one of these Cabinet Members as his deputy along with a Cabinet Assistant.

When major decisions are to be discussed or made, these are published in the Executive's Forward Plan in so far as they can be anticipated. If these major decisions are to be discussed at a meeting of the Executive, this will generally be open for the public to attend except where personal or confidential matters are being discussed. The Executive has to make decisions which are in line with the Council's overall policies and budget. If it wishes to make a decision which is outside the budget or policy framework, this must be referred to the Council as a whole to decide.

Corporate Leadership Team

Supporting the work of the Councillors is the Corporate Leadership Team which is led by the Chief Executive Neil Jack. The make-up of the Corporate Leadership Team is as follows:

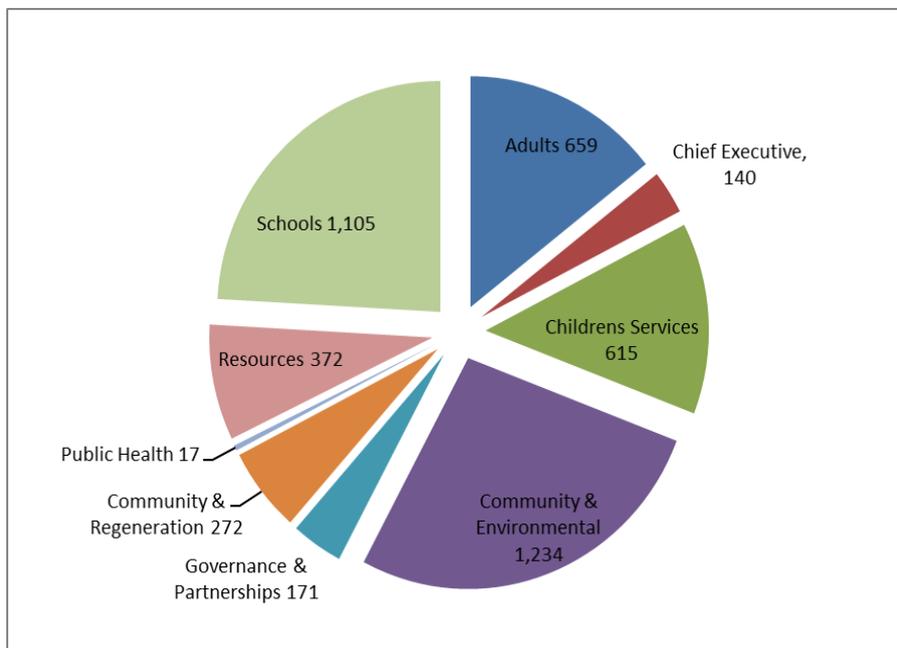


The Corporate Leadership Team provides managerial leadership and supports Councillors in:

- developing strategies
- delivering plans.

Staffing

At 31st March 2020 the Council employed 3,480 people (31st March 2019: 3,686) and also employed a further 1,105 (31st March 2019: 1,099) people in maintained schools. This represents 2,189 Full Time Equivalent Council staff (2018/19: 2,120) and 676 Full Time Equivalent schools staff (2018/19: 660). The chart below shows how these support the Council’s services.



Blackpool Council Plan 2019 - 2024

The Council Plan 2019-2024 seeks to build on the successes of the previous plan which already delivered hundreds of millions of pounds worth of improvements and investment. It will do this through its two key priority areas: Maximising economic growth and opportunity across Blackpool; and creating increasingly stronger and more resilient communities by giving greater focus on prevention issues before they become a problem.

Priority One - The Economy

Visitor Experience - Tourism and Culture

- Complete development of a new 21st century conference facility at the Winter Gardens and increase the number of conferences.
- Finalise design and funding, then deliver the Blackpool Museum Project.
- Implement a new model of funding and delivery to sustain the Illuminations, events programme and cultural services.
- Deliver the first phase of a £300m investment into Blackpool Central, to include world class visitor attractions including the UK's first flying theatre.

Infrastructure and Regeneration

- Complete the tram extension, transport interchange and new 4* hotel at Blackpool North station.
- Implement the Blackpool Enterprise Zone Delivery Plan, facilitating the growth of energy, aviation and food sectors.
- Deliver extensions to the Central Business District at Talbot Gateway.
- Further investment in highways, including completing the Quality Corridor programme, Yeadon Way upgrade and bridge renewal programme.

Enterprise, Skills and Economic Inclusion

- Get hundreds of people back into work via job schemes for the most vulnerable and disadvantaged, including Healthworks and More Positive Together.
- Support local businesses to grow and expand by maximising take-up of the Business Loans Fund.
- Work with partners to deliver the Opportunity Area programme, raising attainment and aspirations of our young people.

Improving Housing

- Deliver hundreds more affordable new homes, including the re-development of land at Grange Park and further properties at Foxhall Village.
- Enable further housing delivery through pro-active assistance to developers, including use of Compulsory Purchase Order powers where necessary.
- Enable My Blackpool Home to deliver at least an additional 455 new quality affordable homes for rent.

Priority Two – Communities

Young People

- Continue to implement the NSPCC led A Better Start initiative, improving life chances for 0-3 year olds.
- Improve the experiences and outcomes of young people in our services by improving relationships between organisations.
- Facilitate a school led system which improves attainment at Key Stage 4.
- Development of family hub model in local neighbourhoods for all age engagement and building community resilience.

Health and Social Care

- Implement a new approach to delivering smoking cessation support and initiatives in the town.
- Shape the work of the Council towards delivering the Green and Blue Infrastructure strategy, greening the town.
- Continue to increase numbers accessing drug and alcohol services at an earlier stage and sustaining a positive outcome.

Safeguarding

- Reduce the number of Looked After Children in a safe, sustainable way through incremental improvements of the social care system.
- Work in partnership across Blackpool to review our approach to delivering safeguarding and support for families.

Increasing Resilience

- Deliver whole system change by sustaining the HeadStart Resilience Revolution, increasing mental health resilience amongst 10-16 year olds across the town.
- Stabilise our communities through additional activity to regulate private sector housing, reducing supply and improving quality.
- Improving the co-ordination of volunteers across the town.
- Develop a placed-based approach to service delivery in community settings in partnership with public and voluntary sector organisations.

Performance Commentary for 2019/20

The Council is committed to making Blackpool better and a number of significant schemes are being undertaken.

On 1st July 2019 the Council's domestic waste service was transferred from an external contractor to a Local Authority Trading Company, Blackpool Waste Services Limited which is an arms-length company which is wholly-owned by the Council. By transferring the service to a new company annual savings of £760,000 will be made and it allows the service to operate more flexibly for future improvements and savings.

The redevelopment of Troutbeck Crescent, Mereside commenced in 2019/20 following the decision to demolish the existing flats and work on the development of 75 new council homes.

2019/20 saw the delivery of the Council's £1bn Growth and Prosperity programme continue apace with contracts signed for phase 2 Talbot Gateway (4 Star hotel, restaurant and tram terminal), a £300m deal for a world class multi-use development at Blackpool Central (creating approximately 1000 jobs) and the delivery of over 1,470 jobs and 156,000 square feet of new commercial development at Blackpool Enterprise Zone.

A major town centre regeneration programme was also bolstered by the £47.6m acquisition of the Houndshell Shopping Centre, ongoing construction of the new Winter Gardens Conference Centre, several new hotels and a transformative quality corridor improvement programme. These investments will help to stimulate growth in the economy and improve quality of life for Blackpool residents, bringing about much needed regeneration of the town.

£4.478m has been invested in Children's Social Care in response to the Directorate's Ofsted improvement plan. This figure includes the cost of a number of on-going interventions which were put in place immediately following the review, but also reflects the outcome of a detailed evaluation of the service model, which has taken place in the early part of 2019/20, and has resulted in the introduction of a new staffing structure for the longer term.

Blackpool Council has continued to support its vulnerable residents throughout 2019/20, some of the initiatives/achievements include:

- an additional £521,400 in new and increased welfare benefits for Blackpool residents
- generating £262,710 in financial grants, discretionary payments and utility bill reductions for some of its most vulnerable residents
- supporting customers with the transition to Universal Credit
- supporting the Blackpool Food Bank to supply food parcels to front line workers for distribution to families and individuals who are most in need
- providing advice and support to those in need through dedicated advice teams.

In the summer of 2019 a partnership was formed with the Council and the voluntary sector to provide a 6 week summer holiday activity programme which was funded through the Opportunity Area. The aim of the programme was to offer a programme of activities across 5 locations which also included the provision of food. The programme supported 567 children over the 6 week scheme.

The Council, in partnership with Living Streets, has successfully secured £2.5m from the Department for Transport to continue the work promoting walking and cycling within the town. Blackpool is the lead partner for 9 local authorities and the programme is specifically designed to support schools, improving the number of children walking to school, promoting active travel to and from work and encouraging people to walk or cycle rather than taking the car or using public transport.

The Council has been successful in obtaining 3 grants from the Warm Homes Fund totalling £2,668,638. This will enable the authority to support those households in fuel poverty and to have either first time central heating systems installed in properties, boiler repairs and installation of energy saving measures in properties.

The Council has successfully secured a grant from the Department for Digital, Media and Sport for £3.1m to deliver a local full fibre network across Blackpool. This will provide fibre optic connectivity across 2 enterprise zones within the Fylde Coast, and also benefit businesses and residents with high speed full fibre connectivity within the vicinity of the promenade and town centre. This combined with the Aqua Comms transatlantic fibre connection puts Blackpool in a very good place to develop its digital economy and attract further inward investment.

In 2019/20 a large extension was completed at Carleton Crematorium to allow for the instalment of 3 fully abated cremators. The cremators are the industry's most fuel efficient therefore reducing the Council's carbon emissions greatly. 2019/20 also saw the start of a development at Carleton Cemetery to create a further 800 burial plots.

Blackpool's libraries had over 500,000 visits in 2019/20 a 25% increase on the previous year and around 25,000 people attended over 2,000 library events and activities a 20% increase on the previous year.

Summary of the Financial Year

Revenue Summary

The budget for 2019/2020 was set by the Council on 27th February 2019 in the sum of £128.574m as shown in the table below. There was an increase in Council Tax Band D equivalent to £1,556.31 (£1,511.14 in 2018/2019) to fund services which are the responsibility of the Council to deliver. There was an increase in Council Tax Band D to £1,827.24 (£1,756.05 in 2018/2019) when precepts for the Police and Crime Commissioner for Lancashire and Lancashire Fire Authority are included. The budget was financed as follows:

	£000
Non-Domestic Rate Baseline	28,515
Non-Domestic Rate Top-UP	27,137
Section 31 grants	15,915
Transfer from Reserves	496
Collection Fund Deficit	(326)
Council Tax	56,837
	<u>128,574</u>
	<u>128,574</u>

The Revenue Outturn for 2019/2020 (before allowing for changes to working balances) is £134,339,000 compared with the approved budget of £128,574,000 – a net overspend of £5,765,000.

The following table shows the reconciliation between the revenue outturn of £134,339,000 and the Deficit on Provision of Services in the Comprehensive Income and Expenditure Account of £50,759,000.

	£000
Revenue Outturn	134,339
Housing Revenue Account net requirement	(3,072)
NNDR Baseline	(28,515)
NNDR Top Up	(27,137)
Council Tax Demand	(56,838)
Add back Capital Charges	30,037
IAS 19 Pension and Annual Leave	13,443
Capital Grants	(19,099)
S31 grants	(15,915)
Impairment	23,170
Minimum Revenue Provision	(9,534)
Gains/Losses on sale of assets	1,232
Movements to/from Earmarked Reserves	(6,379)
Revenue contributions to capital	(8,682)
Other	(340)
Deficit on Provision of Services	26,710

The year-end variance to the budgeted position of £5,765,000 is summarised as follows for each directorate:-

Summary	2019/20 Variance £000
Directorates	15,606
Budgets Outside the Cash Limit	(375)
Leisure Assets – overspend	4,970
Leisure Assets – financed from Earmarked Reserves	(4,970)
Contributions and Contingencies, Levies and Capital Charges	(9,466)
Total	5,765

The main reasons for this net service overspends / (underspends) are:-

Service	Reasons	£000
Children's Services	<p>The Children's Social Care division has significantly overspent due to ongoing pressures relating to Looked After Children (LAC) numbers.</p> <p>When budgets were set, £3.570m was earmarked to cover the forecast overspend in Children's Social Care. Over the financial year there has been an increase in LAC numbers and an adverse change in the mix of LAC placements, resulting in an additional pressure of £8.077m.</p> <p>In addition to this, an amount of £4.478m was invested in response to the Directorate's Ofsted improvement plan. This figure includes the cost of a number of on-going interventions which were put in place immediately following the review, but also reflects the outcome of a detailed evaluation of the service model, which has taken place in the early part of 2019/20, and has resulted in the introduction of a new staffing structure for the longer term.</p> <p>The new structure represents a fundamental shift in the management of Children's Social Care in Blackpool – a shift from managing the problems, to addressing the source of them. It proposes additional capacity to enable Social Workers to spend more time with children and families to build better relationships, have more effective interventions, building on the strengths within each family, and thereby preventing escalation. Independent analysis suggests that the approach should result in a long-term reduction in the number of cases open to Children's Social Care at any one time and through the year. It will also reduce the number of children on child protection plans, or in the care of the Local Authority.</p> <p>In addition to this, there was a £739k overspend due to a historical, unmet target saving on the Special Educational Needs (SEN) transport Service. Part of this overspend has been offset by staffing savings and the release of one-off funding in other areas of the service.</p>	12,893
Communications and Regeneration	<p>£4,183k of the pressure in Communications and Regeneration has been in the Growth and Prosperity service. Due to the complex nature of these projects, delays have arisen which will now result in an in-year overspend. Whilst this is disappointing, it is not a result of a failure of projects or even an unexpected shortfall in income but rather a question of timing. All projects that were to contribute to the target are still proceeding well and should deliver beyond the target if taken over the 2 year period from 2019/20 to 2020/21. The 'Cash Limited Budgeting' policy allows for overspends to be carried forward if there is a plan in place to deliver. The accounting mechanism is that the pressure is to be funded from Earmarked Reserves in 2019/20 and recovered in 2020/21.</p>	4,472

	£289k balance of the pressure related to a small number of under and over spends within the Directorate.	
Governance and Partnership Services	<p>Governance and Partnership Services has seen pressure in both Corporate Legal Services and in the Life Events and Customer Care Service. These pressures have been offset in part by a saving in Democratic Governance (£51k, due mainly to vacant posts) and Information Governance (£7k).</p> <p>A £93k pressure within Life Events and Customer Care is due to a shortfall in income in relation to cremations and burials and additional Coroner costs relating to post mortems and inquests. This has been offset in part by a transfer of budget from Revenue Contributions to Capital Outlay (RCCO) to cover the borrowing costs on the cremators.</p> <p>The remaining pressure of £314k comes from Corporate Legal Services and is due to an increase in spend on Children's Counsel fees resulting from an increasing caseload and the need to increasingly use external legal firms.</p>	349
Public Health	The Public Health directorate managed a grant of £17,941,000, for the financial year to March 2020 which was spent in full.	(0)
Chief Executive	£32k of this saving came from vacancies across the directorate, whilst £20k came from the release of reserves held and no longer needed. The remaining £53k came from underspends in supplies and services across the directorate, mainly in relation to development and consultant budgets.	(105)
Ward Budgets	Scheme commitments of £206k are being carried forward into 2020/21.	(206)
Community and Environmental Services	<p>An under-spend was achieved within the Directorate in 2019/20 due to savings within Business Services, Highways and Traffic, and Street Cleansing and Waste Services.</p> <p>The main variances were a saving of £128k in Business Services, where income was received in relation to capital projects, but this was offset slightly by projects carried out within the Directorate which were funded centrally. Highways underspent by £215k mainly due to increased scheme income and vacancies within the service. Street Cleansing and Waste underspent by £163k mainly due to staffing vacancies and increased income generation.</p> <p>Other variances include an overspend of £148k in Leisure, mainly the result of a shortfall in Leisure income, but this has been offset</p>	(436)

	by savings within the Parks area, amounting to £94k, relating to utilities savings and increased fees and charges.	
Adult Services	Adult Commissioning Placements underspent by £239k as a result of complex cases expenditure being less than forecast. The Adult Social Care division underspent by £338k mainly due to staffing vacancies within the service. Care & Support overspent by £25k mainly due to a pressure within the Vitaline service and Adults Safeguarding overspent by £20k due to a pressure from Deprivation of Liberty (DoLs) assessments.	(534)
Resources	The Resources directorate has achieved an under-spend of £827k during 2019/20. Property services underspent by £272k as a result of additional rental & service charge income & reduced maintenance spend towards the end of the year. ICT achieved an under-spend of £283k as a result of additional income and vacancies across the service. The remaining underspend of £272k is mainly due to staffing vacancies, supplies and services savings and increased income generation across the directorate.	(827)
Total		15,606

The financial outturn for budgets 'outside the cash limit' shows an aggregate underspending of £375,000. The main reasons for this are:-

Service	Reasons	£000
Concessionary Fares	£201k of the pressure relates to an under provision based on external forecasts. Subsequent increased pricing by the operators and operating costs has led to a £148k pressure. Overall, concessionary fare numbers grew costing £140k. This meant that the 2019/2020 target saving of £340k wasn't achieved.	829
Parking Services	An income shortfall of £776k has arisen in Parking Services, mainly due to "on-street" parking schemes not being feasible, a loss of parking spaces, prudential borrowing costs and reduced income from staff parking.	776
Corporate Subscriptions, Land Charges, New Homes Bonus, Council Tax and NNDR Cost of Collection	Reduction in costs of subscriptions taken out (£10k) Additional New Homes Bonus grant received as part of final settlement (£8k) Increased fees on business rate valuations to be offset by increased business rates in future years £34k. Land Charges savings (£5k)	11
Subsidiary Companies	A saving in supplies and services spend coupled with reduced debt management charges.	(38)

Housing Benefit	Increase in overpayments recovered.	(51)
Treasury Management	Treasury Management has a favourable position due to cash flow management. Due to low short term borrowing rates the Council has used mainly temporary borrowing to finance Prudentially-funded capital expenditure.	(1,902)
Total		(375)

Children's Services

The demand pressures within Children's Services were once again the primary challenge facing the Council in its attempt to balance its Budget in-year.

This is not a local problem, an analysis by the Local Government Association (LGA) reported that English local authorities had overspent by some £770m on children's social care during 2018/19 with a projection that this will double to £1.4bn for 2019/20.

The chair of the LGA Children and Young People Board was quoted that *"In order to keep children at most risk safe, councils up and down the country have been forced to find savings from non-statutory or discretionary budgets, which includes valuable early intervention and prevention support that can stop children and families reaching crisis point. This is not sustainable."*

The Council fully supports the LGA's take on the current position. Indeed, whilst spending on children's social care nationally represents 18% of total local authority spend (excluding Education and Police), in Blackpool this proportion is much greater at 27%, implying by deduction that other services are receiving proportionately less funding as a result.

The £12.9m overspend on Children's Social Care represents a variance of +41% on its gross budget of £31.2m. In order to address this issue on a more sustainable footing, the 2020/21 Revenue Budget includes unprecedented investment in the service with £4.3m to address the additional staffing requirement, some 30% more children's social worker staffing than 12 months ago, and £10.1m to address the demographic demand pressures of children in need and the increasing intensity of care required – a total recurrent investment of £14.4m. The upshot of this is that in 2020/21 Children's Social Care will represent 33% of the Council's revenue spend compared with 17% a decade earlier.

Treatment of Revenue Budget Variances

As part of the year-end process an analysis of budget variances is undertaken in order to determine the treatment of under/overspendings on service budgets. The conventional Cash Limited Budgeting approach requires that:-

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

However, having considered the Provisional Revenue Outturn 2019/20 in detail and the financial outlook and consulted Corporate Leadership Team colleagues, it is recommended that:-

- the underspending of £206,000, in respect of the scheme commitments, on Ward Budgets is carried forward to 2020/21 in full;
- the 'Cash Limited Budgeting' policy allows for overspends to be carried forward if there is a plan in place to deliver. As such the Growth and Prosperity overspend of £4,183k is to be funded from Earmarked Reserves in 2019/20 and recovered in 2020/21;
- the following under and overspendings are to be written off:

Directorate	£000
Chief Executive	(105)
Governance & Partnership Services	349
Resources	(827)
Communications & Regeneration	289
Community & Environmental Services	(436)
Adult Services	(534)
Children's Services	12,893
Total	11,629

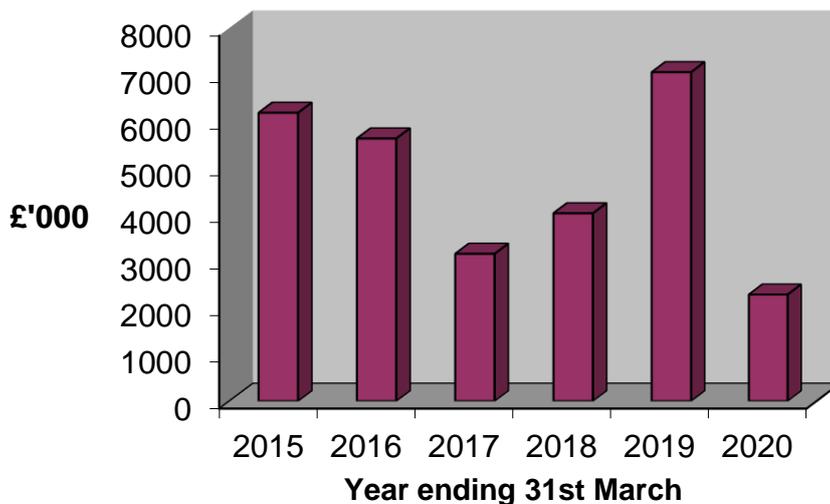
This will allow services to enter the new financial year in a balanced position and give directorates a realistic chance of meeting their budget savings for what will be the 10th consecutive year of material budget cuts.

Unallocated General Fund Working Balances

In setting the Council's original budget for 2019/2020 the target Unallocated General Fund working balances as at 31st March 2020 were approximately £6,000,000. However the outturn position means that the actual Unallocated General Fund working balances as at 31st March 2020 were £2,292,000. Although there is uncertainty around the level of funding the Council will receive towards Covid-19 pressures, the Council will aim for working balances to be approximately £6,000,000 by 31st March 2021

The next graph shows the change in the Unallocated General Fund Working Balances over the last 6 years. Further information is shown in Note 11.

Unallocated General Fund Balances



Capital Summary

The total of the Council's capital spending in 2019/2020 was £95,737,000, which is a 96.2% increase from the previous year (£48,786,000 in 2018/2019). The main reason for the increase is the £47.6m acquisition of Houndshill Shopping Centre, the development of the Tramway and spend on the Conference Centre. The net book value of the Council's non-current assets as at 31st March 2020 was £815,778,000 (31st March 2019 - £773,825,000).

The main areas of capital spending during the year were:

	2018/2019 £000	2019/2020 £000
Children's Services	1,666	4,611
Adult Services	2,889	2,687
Community and Environment	12,274	10,048
Governance and Partnership Services	468	1,798
Transport	4,903	5,449
Housing - Private Sector Housing	7,310	3,807
Housing - HRA	2,214	4,574
Communication and Regeneration	15,406	59,146
Resources	1,656	3,617
Total	48,786	95,737

The funding of capital expenditure came from a number of sources as summarised below:

	2018/2019 £000	2019/2020 £000
Capital receipts	1,773	0
Grants	28,018	22,780
Borrowing	12,854	64,408
Other	6,141	8,549
Total	48,786	95,737

As at 31st March 2020 the Council held a balance of usable capital receipts amounting to £11,411,000 (2018/19 £7,527,000) most of these capital receipts are earmarked to already approved schemes. The Council plans future capital developments within the financial constraints placed upon it. Key policy objectives for the future include regeneration and renewal of the town on a significant scale.

- A Tramway upgrade linking the Tramway on the Promenade with Blackpool North Train station, creating a transport hub and a new 4 star hotel. The majority of funding will come from the Lancashire Enterprise Partnership and prudential borrowing.
- Town Centre Car Parking strategy to provide the additional car parking spaces required to service the increased demand.
- A three year programme to refurbish all trams.
- The development of new council homes at Troutbeck Crescent, Mereside creating a vibrant family friendly living area.

Housing Revenue Account (HRA)

Under the *Local Government and Housing Act 1989* expenditure on council housing is “ring-fenced” meaning no contribution can be made to or from the General Fund.

Housing Revenue Account Reserves

The balance on the HRA reserve stands at £4,830,000 at 31 March 2020 (31st March 2019 £5,705,000).

Treasury Management

At 31st March 2020 the Council had total borrowings of £332,644,000 (31st March 2019 £249,347,000), being £87,460,000 (2018/19 £89,895,000) long term and £245,184,000 short term (2018/19 £159,452,000).

At 31st March 2020 the Council has short term investments of £21,350,000 which is an increase of £13,550,000 from 31st March 2019. The long term investments were £27,410,000 which is a decrease of £1,340,000 from 31st March 2019. This is mainly related to a reduction in valuation of the Council’s subsidiary companies due to the uncertainty over forecast income during the covid-19 pandemic.

Business Rate Retention Pilot Scheme

From 1st April 2013 up to 31st March 2019, the local government finance regime was revised with the introduction of a retained business rates scheme. The main aim of the scheme was to give Councils a greater incentive to grow businesses in the area. It does, however, also increase the financial risk due to non-collection and the volatility of the NNDR tax base. The scheme allows Councils to retain 49% of the total NNDR received. The remaining 51% is paid to Central Government (50%) and Lancashire Fire Authority (1%).

On 13th December 2018 the Ministry of Housing, Communities and Local Government (MHCLG) approved the establishment of a Lancashire-wide 75% Business Rate Pilot Pool (including Blackpool) in 2019/20 to share risk and reward. As part of this, the 50% rate retention scheme increased to 75% and authorities in the pool forego Revenue Support Grant. The value of the Revenue Support Grant was taken into account when revised business rate tariffs and top-ups for the pilot authorities were set. The Government also increased the Safety Net from 92.5% to 95% for the new pilot pools. Consequently, from 1st April 2019 to 31st March 2020 the income relating to Blackpool is shared between central government (25%), the Council (73.5%) and the Fire Authority (1.5%).

From 1st April 2020 the pilot scheme ceased and the business rates shares reverted back to the previous shares of 50% Central Government, 49% Blackpool Council and 1% Lancashire Fire Authority.

Pension Fund Liability

The actuarial valuation of the Council's pension scheme liabilities and pension reserve shown in the balance sheet has decreased by £1,510,000 during the year. Further details are given in note 50 to the accounts. The figures reported in the Balance Sheet are valued in line with IFRS accounting standard IAS 19.

Pension Fund Pooling Arrangement with Blackpool Transport Services

In October 1986, when Blackpool Transport Services Limited was formed it was determined that there could be no more admissions to the Local Government Pension Scheme (LGPS) by new employees. Existing employees were deemed to be employed by Blackpool Council for pension purposes and they continued as active members of the scheme. Blackpool Transport Services set up its own pension scheme to provide retirement benefits to new employees.

Blackpool Transport Services' part of the Lancashire County Pension Fund has been in surplus since that time and Blackpool Transport Services Limited has never made an employer's contribution.

At the 31 March 2016, the date of the last actuarial valuation, Blackpool Transport Services Limited had a surplus of around £5.4m in the Local Government Pension Scheme. As a result of this surplus, Blackpool Transport Limited has not been making any contributions to the pension fund during the period 1 April 2017 and 31 March 2020.

Actuarial advice estimates it could take up to 50 years for Blackpool Transport Limited to utilise this surplus based on current actuarial valuations since a surplus cannot be paid to an employer unless it has no active members.

On 15th July 2019 the Executive agreed to enter into a pooling arrangement with Blackpool Transport Services (BTS) to use BTS's pension fund surplus to partly offset the Council's pension fund deficit. As part of the arrangement the Council made a payment of £2m to Blackpool Transport Services Limited, funded from its reserves and repayable via pension contribution savings over an estimated 10 years, in respect of pooling this surplus. Blackpool Transport Services Limited proposes to invest this £2m into the business and thereby guarantee future dividend payments to the Council.

It is estimated that the pooling arrangement will reduce the Council's contributions to the Pension Fund by up to £200,000 per year, net of any liabilities relating to active members. In 2019/20 the pooling of the pension fund reduced the Council's pension deficit by £4,872,000 and more information can be found in Note 50 to the accounts.

Pension Fund Advanced Payment

The triennial valuation of the Council's pension fund was completed by Lancashire County Pension Fund (LCPF) in February 2017. Following the valuation, an option was made available to the Council allowing the payment of its employer pension contributions over the next 3 years in advance (rather than on a monthly basis) on 1st April 2017. In return a discount would be given to the Council resulting in an annual budget saving.

In setting the 2017/18 budget the Council opted to make the 3 year advance payment of its employer pension contributions totalling £36,680,000. This means the Council has paid its employer pension contributions to LCPF for 2017/18, 2018/19 and 2019/20. This has resulted in a budget saving of £827,000 in each of these years. 2019/20 is the final year of the current advanced payment.

An advanced payment will be made for financial years 2020/21, 2021/22 and 2022/23. More details are in Note 9.

Covid-19 Pandemic

Covid-19 pandemic is perhaps the UK's single greatest domestic emergency since the Second World War and the worst public health crisis this country has faced in generations.

The final months of the financial year have witnessed a huge upheaval in the way we work and live. The financial impact of Covid-19 on 2019/20 has been limited resulting in a loss of income/additional costs of £396,000 during the last few months of the year. This has been funded by a Covid-19 grant of £6,085,000 issued by Ministry for Housing, Communities and Local Government (MHCLG) on 27th March 2020. The balance of this grant has been placed in earmarked revenue reserves at 31st March 2020 to be used to fund income losses and increased expenditure in 2020/21. In 2020/21 it is forecast that the cost of Covid-19 on the Council's budget will be £27,172,000 which will be met by additional government grants and contributions from reserves of £22,009,000 leaving a balance of £5,163,000 which is yet to be funded.

It is important to highlight how the Council has responded to the challenge of managing services during a pandemic.

As the health crisis gathered momentum, resulting in a UK wide lockdown, the Council's ability to deliver services in the usual manner altered virtually overnight as some non-essential services temporarily closed, many staff moved to home working and essential care services found themselves facing a rapidly escalating demand. Some of the crisis measures that are in place are likely to last for the foreseeable future and as a "new normal" emerges, the Council will find ways of delivering services. At the same time the Council have a duty to plan for the future and map out a road to recovery for the local economy.

Blackpool Council is a core partner in the Lancashire Local Resilience Forum (LRF). The LRF is responsible for the coordination of a range of critical activities in emergency situations between the county's public services. The LRF is coordinating activity on crucial issues such as hospital capacity, procurement of adequate supplies of personal protective equipment and emergency stocks of food to support the vulnerable.

The pandemic and emergency restrictions placed upon the population necessitated the urgent need for the Council to take a lead role in the shaping and delivering vital support services to help residents and protect the most vulnerable people in the community.

The immediate response was the launch of the Council's unique Corona Kindness Campaign on 23rd March 2020, closely followed by the establishment of 12 community hubs across Blackpool. The principle of bringing together those who need help with those who can offer help has been the key to success of this initiative.

Corona Kindness is being delivered in partnership with a number of community based organisations, private companies and voluntary services. Services initially on offer ranged from the provision of food and

pharmaceuticals to dog walking and talking to those who feel socially isolated. The services were expanded to also include advice on fuel supplies and household finances and provision of lists of local suppliers who can deliver food to the doorstep.

In the first three weeks of operation, the Corona Kindness service received over 3,500 calls and emails requesting help. There are now 19 lines available a day to support this work and up to 250 calls a day are being taken by call handlers.

A critical part of the Council's response to this crisis has been enhanced level of support to our providers of adult social care. Social care is at the forefront of the crisis along with the NHS.

The Council recognised this situation early and built a new Provider Support and Resilience Hub to offer direct support to our providers through this very difficult and challenging period.

This hub provides hands on, practical support to any social care provider (residential care and care at home) requiring assistance. This includes supply and correct use of personal protective equipment; infection prevention and control; help with staffing; and supporting people who move where their needs deteriorate suddenly.

A critical part of the response to the pandemic has been the immediate establishment of an enhanced support service to help protect the local economy. With thousands of Blackpool's businesses and their employees facing huge upheaval after the Government lockdown announcement, it was vital that we were able to deliver a dedicated service that gave credible help and guidance to those who needed it.

As part of its emergency measures the Government announced £10,000 Small Business Grants to eligible small businesses and grants of up to £25,000 through Retail, Hospitality and Leisure Grant Fund. On 1st April 2020 the Council received a total of £59m from the Government to start the process of paying business support grant payments to local businesses.

Despite the disruption caused by the pandemic the Council were determined to do everything possible to protect children and to continue the Council's Childrens Service improvement journey. Children with the greatest concerns are in receipt of face-to-face visits by social workers. Other children with access to the service now get virtual visits using technology with which the family is familiar, or by phone.

The vast majority of Blackpool schools have remained open providing care for vulnerable children and children of key workers. In June 2020 the Council was committed to re-opening the schools safely and was working with local schools for the inclusion of early years, reception, year 1 and year 6 children. Since the new school year has started in September all schools are open to all pupils and are operating in line with government guidelines should there be any cases on Covid-19 within the schools.

Central Government directed all local authorities to try to accommodate anyone rough sleeping, homeless, or at serious risk of becoming homeless. Accommodation being used allows people to self-isolate as necessary and follow Government guidelines. Our Homeless Partnership, Food Partnership and community hubs are supporting all affected individuals.

For all categories, wraparound support is in place ranging from housing, physical health, mental health, substance misuse services, the Food Partnership and many others, through the coordination of Public Health. In addition, the Council's Housing Options service continues to work with our partners to provide outreach services to identify any new rough sleepers, and provide advice to people who might be at risk of homelessness and supporting them to remain in their own homes as long as it is safe to do so.

The Council has relaxed compliance measures in relation to Council Tax and Business Rates collection and allowed Council Tax payers and businesses to defer payments for the first two months of 2020/21 with revised payment plans over June to March 2021. The Council is also applying the Governments hardship relief scheme to Council Tax payers of working age in receipt of Council Tax Reduction.

Other income streams, such as car parking, school catering, registrars services, property rental income, licencing, planning and building control have all been interrupted. The challenge for 2020/21 will be for the Council to regain the lost or deferred income to avoid placing an additional burden on the people and businesses of Blackpool whilst at the same time attempting to manage its finances effectively.

Central Government has provided several cash grants including two Covid-19 un-ring-fenced grants totalling £9.9m (£6.1m of which was received on 27 March 2020, £0.4m of it used in 2019/20 and £5.7m has been carried forward into 2020/21 via an earmarked reserve) to meet urgent and unforeseen costs and financial pressures impacting on the Council and the Blackpool economy. On 27 March 2020 the Council also received £6m to support cash flow. This was a cash advance of Government funding anticipated in 2020/21. These additional resources have been carried forward as a receipt in advance.

The level of Government support so far notified will not be sufficient to address the impact of increased costs of service provision and the impact of lost income from fees, charges. This shortfall is forecast to be £5,163,000 however this may increase if further lockdowns are brought in.

A key part of the Councils recovery activity is the consideration of the future shape of the Council together with a clear financial plan covering both the revenue budget and capital programme. This financial plan will set out how the Council can respond to the potential significant deficit in 2020/21, higher demand for certain services together with increased budget reduction requirement for future years whilst making the most effective use of reserves and balances. The plan will also highlight the uncertainty and significant risks that the Council is facing.

Other Key Financial Risks

Achieving Further Savings

The Council had a savings programme to realise £9,000,000 savings in 2019/20. Further savings are expected to be required in the next 3 years including a budgeted savings target of £19,650,000 for 2020/21. As the Council's budget reduces finding additional savings becomes more difficult. Covid-19 will also have a significant impact on the Council's budget for 2020/21 and beyond.

Brexit

On 31st January 2020 the UK left the European Union and is currently in a transition period until 31st December 2020 while the government seeks agreement of the terms of the departure.

It is not yet possible to predict whether asset values and discount rates will consequently change in relation to property, plant and equipment and pension liability.

Demand Led Budgets

The rising demand placed on the Council's social care services continues to be a major pressure on the Council's budget.

Explanation of the Statements

The statements presented in the following pages comprise:-

Statement of Responsibilities for the Statement of Accounts

This sets out the respective responsibilities of the Council and the Director of Resources for the accounts.

The accounts are supported by notes to the financial statements. These notes include a summary of significant accounting policies, further detail relating to items in the main financial statements and assumptions made about the future.

Movement in Reserves Statement

This statement shows the movement in year on the different reserves held by the Council, analysed into “usable” reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

Comprehensive Income and Expenditure Account

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Balance Sheet

This sets out the overall financial position of the Council as at 31st March 2020. It shows the reserves and balances of the Council, its long-term indebtedness and the value of non-current assets and net current assets.

Cash Flow Statement

This summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

Housing Revenue Account

This reflects a statutory obligation to account separately for local authority housing provision. It shows the major elements of housing revenue expenditure and income.

Collection Fund

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund which shows the transactions on non-domestic rates and council tax and illustrates the way in which these are distributed to Central Government, Police and Crime Commissioner for Lancashire, Lancashire Fire Authority and the Council’s General Fund.

Group Accounts

This summarises group financial statements prepared in order to show the overall financial position and results of the council, its interests in subsidiaries and associates. Inclusion in the Council’s group is dependent upon the extent of the council’s interest and control over the entity. When an entity is considered to be below materiality levels, it is not included in the group accounts. Companies included in the group accounts are Blackpool Transport Services, Blackpool Coastal Housing, Blackpool Housing Company, Blackpool Entertainment Company, Blackpool Operating Company, Blackpool Airport, Lancashire Management Operations Limited and Blackpool Waste Services Limited. Further details can be found in Section 7.

Accounting Practice Compliance

These accounts have been prepared in accordance with the Accounts and Audit Regulations 2015, the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and the CIPFA Bulletin 05 Closure of the Financial Statements issued in March 2020.

The Council prepares its accounts on a going concern basis under the assumption that it will continue in existence into the foreseeable future.

Further Information

The Statement of Accounts forms one element of the Council's financial reporting to local taxpayers, employees and other interested parties. Further information can be found on the Council's website www.blackpool.gov.uk

Transparency

The Government's Transparency Agenda encourages local authorities to make public data openly available. Details of the Council's spend over £250 and senior managers' salaries can be found on the above website.

Further information about this Statement of Accounts is available from:

Director of Resources
Blackpool Council
P O Box 4
Town Hall
Blackpool
FY1 1NA

Section 2

Statement of Responsibilities for the Statement of the Accounts

Statement of Responsibilities for the Statement of Accounts

1. The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the proper responsibility for the administration of those affairs. In this council that officer is the Director of Resources;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

2. The Director of Resources' Responsibilities

The Director of Resources is responsible for the preparation of the council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in United Kingdom* ("the Code of Practice").

In preparing this Statement of Accounts, the Director of Resources has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code of Practice.

The Director of Resources has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- assessed the Authority's (and the Group's) ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumptions that the functions of the Authority (and the Group) will continue in operational existence for the foreseeable future; and
- maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

3. Certification of the Accounts

I certify that the Statement of Accounts gives a true and fair view of the financial position of Blackpool Council and its income and expenditure for the year ended 31st March 2020.

Steve Thompson
Director of Resources
25th March 2021

4. Approval of the Accounts

In accordance with the Accounts and Audit Regulations (England) 2015, I certify that the Statement of Accounts have been approved by the Audit Committee on 25th March 2021.

Councillor Paul Galley
Chair of Audit Committee
25th March 2021

Section 3

Independent Auditor's Report

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Section 4

Core Financial Statements

Comprehensive Income and Expenditure Statement for the Year Ended 31st March 2020

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation or rents. Authorities raise taxation and rents to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Restated 2018/2019				2019/2020		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
6,440	(5,026)	1,414	Chief Executive	13,055	(6,366)	6,689
5,942	(3,431)	2,511	Governance and Partnership Services	11,992	(3,846)	8,146
552	(5)	547	Ward Budgets	190	(2)	188
32,132	(10,805)	21,327	Resources	30,924	(9,867)	21,057
13,889	(9,894)	3,995	Communications & Regeneration	28,870	(9,840)	19,030
8,090	(4,696)	3,394	Strategic Leisure Assets	10,157	(4,818)	5,339
67,827	(34,067)	33,760	Community and Environmental Services	69,090	(21,323)	47,767
81,074	(28,381)	52,693	Adult Services	83,339	(22,447)	60,892
125,193	(71,672)	53,521	Children's Services	134,919	(75,311)	59,608
22,475	(21,807)	668	Public Health	13,182	(21,120)	(7,938)
62,025	(77,323)	(15,298)	Budgets Outside the Cash Limit	58,051	(69,619)	(11,568)
1,306	(5,276)	(3,970)	Contingencies, Levies etc	3,385	(24,244)	(20,859)
17,384	(19,119)	(1,735)	Housing Revenue Account	15,745	(18,817)	(3,072)
444,329	(291,502)	152,827	Net Cost of Services	472,899	(287,620)	185,279
		3,104	Other Operating Expenditure (Note 12)			1,787
		10,118	Financing & Investment Income & Expenditure - Other (Note 13)			6,230
		1,395	Income & Expenditure in relation to Investment Properties and changes in their fair value (Note 17)			(3,067)
		(158,718)	Taxation and Non-Specific Grant Income - Other (Note 14)			(163,519)
		8,726	Deficit on Provision of Services			26,710
		(6,561)	(Surplus) or Deficit on revaluation of non-current assets (Note 31)			3,384
		(4,190)	Impairment (gains)/losses on non-current assets charged to Revaluation Reserve (Note 30)			(12,286)
		(1,125)	(Surplus) or deficit on revaluation of available for sale financial assets (Note 19 and Note 31)			4,465
		(6,749)	Remeasurement of the net defined benefit liability (Note 31 and Note 50)			(27,364)
		(18,625)	Other Comprehensive Income and Expenditure			(31,801)
		(9,899)	Total Comprehensive Income and Expenditure			(5,091)

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax or rents for the year. The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

2019/2020

	General Fund Balance	Earmarked General Fund Reserves	HRA	Capital Receipts Reserve	Major Repairs Reserve	Capital Reserves	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 1st April 2019	(8,988)	(41,662)	(5,705)	(7,527)	-	(3,112)	(66,994)	(171,901)	(238,895)
Movements in Reserves in 2019/2020									
(Surplus) or Deficit on the provision of services	30,124	-	(3,414)	-	-	-	26,710	-	26,710
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	(31,801)	(31,801)
Total Comprehensive Income and Expenditure	30,124	-	(3,414)	-	-	-	26,710	(31,801)	(5,091)
Adjustments between accounting basis and funding basis under regulations (Note 9)	(30,868)	-	4,289	(576)	-	-	(27,155)	27,155	-
Net (Increase) or Decrease before Transfer to Earmarked Reserves	(744)	-	875	(576)	-	-	(445)	(4,646)	(5,091)
Transfer (to)/from Earmarked Reserves (Note 10)	8,156	(8,156)	-	(3,308)	-	-	(3,308)	3,308	-
(Increase)/Decrease in 2019/2020	7,412	(8,156)	875	(3,884)	-	-	(3,753)	(1,338)	(5,091)
Balance as at 31st March 2020	(1,576)	(49,818)	(4,830)	(11,411)	-	(3,112)	(70,747)	(173,239)	(243,986)

Restated 2018/2019

	General Fund Balance	Earmarked General Fund Reserves	HRA	Capital Receipts Reserve	Major Repairs Reserve	Capital Reserves	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Restated balance as at 1st April 2018	(6,131)	(36,819)	(5,870)	(4,508)	-	(4,477)	(57,805)	(171,191)	(228,996)
Movements in Reserves in 2018/2019									
(Surplus) or Deficit on the provision of services	11,608		(2,882)	-	-	-	8,726	-	8,726
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	(18,625)	(18,625)
Total Comprehensive Income and Expenditure	11,608	-	(2,882)	-	-	-	8,726	(18,625)	(9,899)
Adjustments between accounting basis and funding basis under regulations (Note 9)	(18,227)	-	3,047	169	-	-	(15,011)	15,011	-
Net (Increase) or Decrease before Transfer to Earmarked Reserves	(6,619)	-	165	169	-	-	(6,285)	(3,614)	(9,899)
Transfer (to)/from Earmarked Reserves (Note 10)	3,762	(4,843)	-	(3,188)	-	1,365	(2,904)	2,904	-
(Increase)/Decrease in 2018/2019	(2,857)	(4,843)	165	(3,019)	-	1,365	(9,189)	(710)	(9,899)
Restated Balance as at 31st March 2019	(8,988)	(41,662)	(5,705)	(7,527)	-	(3,112)	(66,994)	(171,901)	(238,895)

Balance Sheet as at 31st March 2020

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category of reserves 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; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Restated 1st April £000	Restated 31st £000		Notes	31st March 2020 £000
702,000	714,178	Property, Plant and Equipment	14	748,553
8,185	8,185	Heritage Assets	15	8,364
32,519	50,565	Investment Property	16	57,642
-	-	Intangible Assets	18	466
1,110	897	Surplus Assets	17	753
24,250	28,750	Long Term Investments	20	27,410
38,031	57,924	Long Term Debtors	21	78,273
806,095	860,499	Long Term Assets		921,461
416	445	Inventories	22	642
44,688	43,034	Short Term Debtors	23	46,670
6,406	6,465	Payments in Advance	24	10,385
-	800	Short Term Loans		774
9,366	7,618	Cash and Cash Equivalents	25	19,504
60,876	58,362	Current Assets		77,975
(153,776)	(159,452)	Short Term Borrowing	19	(245,184)
(38,125)	(54,809)	Short Term Creditors	27	(51,700)
(20,867)	(14,339)	Receipts in Advance	26	(18,012)
(15,151)	(14,551)	Short Term Provisions	28	(13,123)
(227,919)	(243,151)	Current Liabilities		(328,019)
(91,730)	(99,161)	Long Term Creditors	27	(96,511)
(90,343)	(89,895)	Long Term Borrowing	19	(87,460)
(214,422)	(232,296)	Pension Liability	48	(230,786)
(364)	(63)	Other Long Term Liabilities		(63)
(13,197)	(15,400)	Capital Grants in Advance	43	(12,611)
(410,056)	(436,815)	Long Term Liabilities		(427,431)
228,996	238,895	Net Assets		243,986
(57,805)	(66,994)	Usable Reserves	29	(70,747)
(171,191)	(171,901)	Unusable Reserves	30	(173,239)
(228,996)	(238,895)	Total Reserves		(243,986)

Cash Flow Statement for the Year Ended 31st March 2020

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flow by providers of capital (i.e borrowing) to the authority.

Restated 2018/2019 £000		Notes	2019/2020 £000
8,726	Net deficit on the provision of services		26,710
(63,375)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	32	(41,125)
17,409	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	32	17,253
(37,240)	Net cash flows from Operating Activities		2,838
20,922	Investing Activities	33	111,692
14,570	Financing Activities	34	(102,644)
(1,748)	Net increase or (decrease) in cash and cash equivalents		11,886
9,366	Cash and cash equivalents at the beginning of the reporting period		7,618
7,618	Cash and cash equivalents at the end of the reporting period	35	19,504

Section 5

Notes to the Accounts

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1. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison to those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The segments are shown by directorate and are in line with the monthly budget monitoring reported to Members. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2019/20 Service Area	Outturn as reported to Executive (including HRA) £000	Adjustments to arrive at the net amount chargeable to the General Fund and HRA balances £000	Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Chief Executive	528	766	1,294	5,395	6,689
Governance and Partnership Services	3,974	(53)	3,921	4,225	8,146
Ward Budgets	188	-	188	-	188
Resources	1,004	13,487	14,491	6,566	21,057
Communications & Regeneration	2,022	4,407	6,429	12,601	19,030
Strategic Leisure Assets	5,339	-	5,339	-	5,339
Community and Environmental Services	42,637	2,694	45,331	2,436	47,767
Adult Services	54,015	1,104	55,119	5,773	60,892
Children's Services	55,032	(2,518)	52,514	7,094	59,608
Public Health	21	(7,955)	(7,934)	(4)	(7,938)
Budgets Outside the Cash Limit	13,416	(6,330)	7,086	(18,654)	(11,568)
Contingencies, Levies etc	(16,049)	(4,784)	(20,833)	(26)	(20,859)
Housing Revenue Account	3,128	(314)	2,814	(5,886)	(3,072)
Net Cost of Services	165,255	504	165,759	19,520	185,279
Other Income and Expenditure	(156,958)	(9,246)	(166,204)	7,635	(158,569)
(Surplus) or Deficit on Provision of Services	8,297	(8,742)	(445)	27,155	26,710

	£'000
Opening General Fund and HRA Balance	(56,355)
Surplus/Deficit on General Fund and HRA Balance in Year	(445)
Transfers between Reserves	576
Closing General Fund and HRA Balance at 31st March 2020*	<u>(56,224)</u>

* Reserves Balances at 31st March	
General Fund Balance	(1,576)
Earmarked General Fund Reserves	(49,818)
Housing Revenue Account Reserves	(4,830)
	<u>(56,224)</u>

Restated 2018/19 Service Area	Outturn as reported to Executive (including HRA) £000	Adjustments to arrive at the net amount chargeable to the General Fund and HRA balances £000	Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Chief Executive	524	(45)	479	935	1,414
Governance and Partnership Services	1,949	(109)	1,840	671	2,511
Ward Budgets	547	-	547	-	547
Resources	4,732	5,118	9,850	11,477	21,327
Communications & Regeneration	4,007	5,244	9,358	(5,363)	3,995
Strategic Leisure Assets	2,597	(662)	1,935	1,459	3,394
Community and Environmental Services	40,103	(15,053)	25,050	8,710	33,760
Adult Services	52,551	(3,395)	49,156	3,537	52,693
Children's Services	43,857	(1,019)	42,838	10,683	53,521
Public Health	107	290	397	271	668
Budgets Outside the Cash Limit	12,581	(3,685)	8,896	(24,194)	(15,298)
Contingencies, Levies etc	(5,754)	1,784	(3,970)	-	(3,970)
Housing Revenue Account	(2,882)	(1,900)	(4,782)	3,047	(1,735)
Net Cost of Services	154,919	(13,432)	141,594	11,233	152,827
Other Income and Expenditure	(157,611)	9,839	(147,879)	3,778	(144,101)
(Surplus) or Deficit on Provision of Services	(2,692)	(3,593)	(6,285)	15,011	8,726

	£'000
Opening General Fund and HRA Balance	(48,820)
Surplus/Deficit on General Fund and HRA Balance in Year	(6,285)
Transfers between Reserves	(1,250)
Closing General Fund and HRA Balance at 31st March 2019*	<u>(56,355)</u>
* Reserves Balances at 31st March	
General Fund Balance	(8,988)
Earmarked General Fund Reserves	(41,662)
Housing Revenue Account Reserves	(5,705)
	<u>(56,355)</u>

2a. Notes to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis 2019/2020				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for capital purposes (Note i)	Net change for the Pensions Adjustments (Note ii)	Other Statutory Differences (Note iii)	Total Adjustments
	£000	£000	£000	£000
Chief Executive	4,049	1,360	(14)	5,395
Governance and Partnership Services	3,118	1,071	36	4,225
Ward Budgets	-	-	-	-
Resources	2,722	3,853	(9)	6,566
Communications and Regeneration	10,361	2,240	-	12,601
Strategic Leisure Assets	-	-	-	-
Community and Environmental Services	(1,893)	4,371	(42)	2,436
Adult Services	(21)	5,845	(51)	5,773
Children's Services	(185)	7,299	(20)	7,094
Public Health	-	-	(4)	(4)
Budgets Outside the Cash Limit	(6,187)	(12,467)	-	(18,654)
Contingencies	-	-	(26)	(26)
Housing Revenue Account	(5,886)	-	-	(5,886)
Net Cost of Services	6,078	13,572	(130)	19,520
Other income and expenditure from the Expenditure and Funding Analysis	11,375	-	(3,740)	7,635
Difference between General Fund surplus or deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	17,453	13,572	(3,870)	27,155

Adjustments between Funding and Accounting Basis Restated 2018/2019				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for capital purposes (Note i)	Net change for the Pensions Adjustments (Note ii)	Other Differences (Note iii)	Total Adjustments
	£000	£000	£000	£000
Chief Executive	16	908	11	935
Governance and Partnership Services	69	621	(19)	671
Ward Budgets	-	-	-	-
Resources	8,745	2,702	30	11,477
Communications and Regeneration	(6,595)	1,225	7	(5,363)
Strategic Leisure Assets	1,459	-	-	1,459
Community and Environmental Services	5,455	3,100	48	8,603
Adult Services	(457)	3,973	21	3,537
Children's Services	(526)	11,145	64	10,683
Public Health	-	268	3	271
Budgets Outside the Cash Limit	(11,096)	(12,862)	(236)	(24,194)
Contingencies	-	-	-	-
Housing Revenue Account	3,047	-	-	3,047
Net Cost of Services	117	11,080	(71)	11,126
Other income and expenditure from the Expenditure and Funding Analysis	(1,552)	5,437	-	3,885
Difference between General Fund surplus or deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	(1,435)	16,517	(71)	15,011

i) Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the service line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off against those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

ii) Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pension related expenditure and income:

- **For services** this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- **Financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Account.

iii) Other Statutory Adjustments

Other statutory adjustments between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For **Financing and investment income and expenditure** the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is the timing difference as any difference will be brought forward in future Surplus or Deficits on the Collection Fund.

2b. Expenditure and Income Analysed By Nature

The authority's expenditure and income is analysed as follows:

	2018/2019	2019/2020
	£000	£000
Expenditure		
Employee expenses	127,306	135,171
Other Services expenses	307,490	342,282
Depreciation, amortisation, impairment	39,398	52,788
Interest payments	7,685	7,586
Precepts and Levies	68	68
Payments to Housing Capital Receipts Pool	449	487
Loss on the disposal of assets	2,587	1,232
Pension Interest Cost and return on assets	5,437	5,449
Total Expenditure	490,420	545,063
Income		
Fees, charges and other service income	122,610	145,249
Interest and investment income	2,089	8,805
Income from council tax, non-domestic rates	99,599	116,109
Government grants and contributions	257,396	248,190
Total Income	481,694	518,353
Surplus or Deficit on the Provision of Services	8,726	26,710

3. Prior Period Adjustments

- a. A non-current asset had been recognised in Other Land and Buildings and Infrastructure Assets which has resulted in Property, Plant and Equipment – Other land and Buildings being overstated by £17.475m. This adjustment goes back to 2015/16 and therefore a 3rd balance sheet with restated balances at 1st April 2018 is required.
- b. A non-current asset has been leased by the Council and brought on balance sheet in 2019/20. This property is managed by a wholly owned subsidiary of the Council. The lease commenced in 2018/19 before the subsidiary company was established and the asset should have gone on balance sheet in 2018/19. An adjustment has been made to reflect this.

Effect on the Comprehensive Income and Expenditure Statement

	2018/19 Statement of Accounts			Non Current Assets		2018/19 Restated		
	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Gross Expenditure £000	Gross Income £000	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
Chief Executive	6,440	(5,026)	1,414			6,440	(5,026)	1,414
Governance and Partnership Services	5,942	(3,431)	2,511			5,942	(3,431)	2,511
Ward Budgets	552	(5)	547			552	(5)	547
Resources	32,132	(10,805)	21,327			32,132	(10,805)	21,327
Communications & Regeneration	13,889	(9,894)	3,995			13,889	(9,894)	3,995
Strategic Leisure Assets	8,090	(4,696)	3,394			8,090	(4,696)	3,394
Community and Environmental Services	67,827	(34,067)	33,760			67,827	(34,067)	33,760
Adult Services	81,074	(28,381)	52,693			81,074	(28,381)	52,693
Children's Services	125,193	(71,672)	53,521			125,193	(71,672)	53,521
Public Health	22,475	(21,807)	668			22,475	(21,807)	668
Budgets Outside the Cash Limit	62,025	(77,323)	(15,298)			62,025	(77,323)	(15,298)
Contingencies, Levies etc	1,306	(5,276)	(3,970)			1,306	(5,276)	(3,970)
Housing Revenue Account	17,384	(19,119)	(1,735)			17,384	(19,119)	(1,735)
Net Cost of Services	444,329	(291,502)	152,827			444,329	(291,502)	152,827
Other Operating Expenditure (Note 11)			3,104					3,104
Financing & Investment Income & Expenditure - Other (Note 12)			10,118					10,118
Income & Expenditure in relation to Investment Properties and changes in their fair value (Note 16)			1,502	-107				1,395
Taxation and Non-Specific Grant Income - Other (Note 13)			(158,718)					(158,718)
(Surplus) or Deficit on Provision of Services			8,833					8,726
(Surplus) or Deficit on revaluation of non-current assets (Note 30)			(6,561)					(6,561)
Impairment (gains)/losses on non-current assets charged to Revaluation Reserve (Note 30)			(4,190)					(4,190)
(Surplus) or deficit on revaluation of available for sale financial assets (Note 19 and Note 30)			(1,125)					(1,125)
Remeasurement of the net defined benefit liability (Note 30 and Note 49)			(6,749)					(6,749)
Other Movements			-					
Other Comprehensive Income and Expenditure			(18,625)					(18,625)
Total Comprehensive Income and Expenditure			(9,792)		-107			(9,899)

Effect on the opening Balance Sheet as at 1st April 2018

	Balances at 31st March 2018 as previously stated £000	2017/18 Restated £000	Change to Balances at 31st March 2018 £000
Property, Plant and Equipment	719,475	702,000	(17,475)
Long Term Assets	823,570	806,095	(17,475)
Net Assets	246,471	228,996	(17,475)
Unusable Reserves	(188,666)	(171,191)	17,475
Total Reserves	(246,471)	(228,996)	17,475

Effect on the Balance Sheet 2018/19

	Balances at 31st March 2019 as previously stated £000	2018/19 Restated £000	Change to Balances at 31st March 2019 £000
Property, Plant and Equipment	731,653	714,178	(17,475)
Investment Properties	36,425	50,565	14,140
Long Term Assets	863,834	860,499	(3,335)
Short Term Creditors	(54,105)	(54,809)	(704)
Current Liabilities	(242,447)	(243,151)	(704)
Long Term Creditors	(85,832)	(99,161)	(13,329)
Long Term Liabilities	(423,486)	(436,815)	(13,329)
Net Assets	256,263	238,895	(17,368)
Unusable Reserves	(189,269)	(171,901)	17,368
Total Reserves	(256,263)	(238,895)	17,368

Effect on the Movement in Reserves Statement – General Fund Balances

	Balances at 31st March 2019 as previously stated £000	2018/19 Restated £000	Change to Balances at 31st March 2019 £000
(Surplus) or Deficit on the provision of services	8,833	8,726	(107)
Total Comprehensive Income and Expenditure	8,833	8,726	(107)
Adjustments between accounting basis and funding basis under regulations (Note 10)	(15,118)	(15,011)	107

Effect on the Movement in Reserves Statement – Unusable Reserves

	Balances at 31st March 2019 as previously stated £000	2018/19 Restated £000	Change to Balances at 31st March 2019 £000
Balance as at 1st April 2018	(188,666)	(171,191)	17,475
Adjustments between accounting basis and funding basis under regulations (Note 9)	15,118	15,011	(107)
Net (Increase) or Decrease before Transfer to Earmarked Reserves	(3,507)	(3,614)	(107)
(Increase)/Decrease in 2018/2019	(603)	(710)	(107)
Balance as at 31st March 2019	(189,269)	(171,901)	17,368

4. Accounting Policies

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2019/2020 financial year and its position at the year-end 31st March 2020. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices, under Section 21 of the 2003 Act, primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2019/2020 (the 'Code') supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The accounts have been prepared on a going concern basis under the assumption that the Council will continue in existence for the foreseeable future.

ii. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- ❑ Revenue from contracts with service recipients whether for services or the provision of goods is recognised when (or as) the goods and services are transferred to the service recipient in accordance with the performance obligations in the contract.
- ❑ Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- ❑ Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- ❑ Interest payable on borrowing and receivable on investments is accounted for respectively as expenditure and income on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- ❑ Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- ❑ The Council has adopted IFRS 15 Revenue from Contracts with Customers from 1st April 2018. Under IFRS 15 an entity recognises revenue when (or as) a performance obligation is satisfied i.e. when control of goods and services underlying a particular performance obligation is transferred to the customer. Many of the major sources of revenue for local authorities, including council tax, national non domestic business rates and grants fall outside the scope of IFRS 15. The Council has some rental contracts where the level of rent is affected by the customer's profit/turnover. The total rental received in 2019/20 for these contracts is £827,680 (2018/19 £776,655).

iii. Acquired and Discontinued Operations

All operations acquired and discontinued in year are treated in line with the Council's accounting policies. There were no acquired or discontinued operations in year.

iv. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature within three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

v. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable and relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

vi. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service;
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- Amortisation of intangible fixed assets attributable to the service.

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision (MRP)), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

vii. Council Tax and Non-Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (ie the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of the likelihood arising from a past event that payments due under the statutory arrangements will not be made the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

viii. Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements and flexi time earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement on Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or where applicable to a corporate service segment in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post - Employment Benefits

Employees of the Authority are members of three separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The Local Government Pension Scheme, administered by Lancashire County Council.
- The NHS Pension Scheme administered by NHS Business Services Authority.

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Authority.

However, the arrangements for the NHS and teachers' schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the Teachers pensions in the year. The Public Health line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the NHS Pension Scheme in the year.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Lancashire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – ie an assessment of the future payments that will be made in relation to retirement benefits earned to date by the employees, based on assumptions about mortality rates, employee turnover rates, etc and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.3% to 2.4% (2.4% to 2.5% in 2018/2019) based on a yield on corporate bonds.
- The assets of the Lancashire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price
 - Unquoted securities – professional estimate
 - Unitised securities – current bid price
 - Property – professional estimate and market value

The change in the net pension liability is analysed into the following components:

- Service cost comprising:
 - Current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts for services for which the employees worked.
 - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
 - Net interest on the net defined benefit liability (asset), ie net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Re-measurements comprising:
 - The return on plan assets – excluding amounts included in net interest on the defined benefit liability (asset) – charged to the Pension Reserve as Other Comprehensive Income and Expenditure.
 - Actuarial gains and losses – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - Contributions paid to the Lancashire County Council pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions

Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

ix. Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

x. Financial Instruments

Financial Liabilities

Financial Liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. However if funds allow, the premium or discount will be charged to the Comprehensive Income and Expenditure Statement in full in the year it is incurred. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement of Reserves Statement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (ie where the cash flows do not take the form of a basic debt instruments).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure for interest receivable are based on the carrying amount of the asset multiplied by the effective interest rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the balance sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, the Council has a 10% share in a loan made to Lancashire County Developments at less than market rates (soft loans) – see Note 22. When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate than the rate receivable from the organisation, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains and losses that arise on the de-recognition of the asset are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant FVOCI) either on a 12 month or a lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised (i.e. repayments have not been made), losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

The Council has a portfolio of a significant number of loans made to local businesses under the Business Loans Fund. It does not have reasonable and supportable information that is available without undue cost or effort to support the measurement of lifetime expected losses on an individual instrument basis. It has therefore assessed losses for the portfolio on a collective basis.

The Council has grouped the loans into 3 categories for assessing loss allowances:

- Group 1 – these loans have been made on the agreement that the loans are secured upon property up to the value of the loan. In the event of a default on the loan repayments the secured property will transfer to the Council.
- Group 2 – these loans were made with variations to the contract/interest rate during the life of the loan. The council reviews contract variations to assess the credit risk since initial recognition.

- Group 3 – for the remaining loans the council relies on past due information and calculates losses based on lifetime credit losses for all loans more than 30 days past due.

Financial Assets Measured at Fair Value through Profit and Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis

The inputs to the measurement techniques are categorised in accordance with the following 3 levels:

Level 1 inputs – quoted prices (unadjusted) in active markets for identified assets that the Authority can access at the measurement date.

Level 2 inputs – inputs other than quoted prices included within level 1 that are observable for the asset, either directly or indirectly.

Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

IFRS 9 Financial Instruments sets out that investments in equity should be classified as fair value through profit and loss unless there is an irrevocable election to recognise changes in fair value through other comprehensive income. The Council will assess each investment on an individual basis and assign an IFRS 9 category. The assessment will be based on the underlying purpose for holding the financial instrument.

Any changes in the fair value of instruments held at fair value through profit and loss will be recognised in the net cost of service in the CIES and will have a General Fund impact.

Financial Assets at Fair Value through other Comprehensive Income (FVOCI)

Financial assets that are measured at FVOCI are recognised on the balance sheet when the Council becomes party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in Other Comprehensive Income and Expenditure. The Council has equity instruments designated at fair value through other Comprehensive Income (FVOCI). These were previously classified as an Available for Sale asset at 31st March 2018.

The Council has made an irrevocable election to designate its equity instruments as FVOCI on the basis that they are held for non-contractual benefits, they are not held for trading but for strategic purposes. The assets were transferred to the new asset category on 1st April 2018. The asset is initially measured and carried at fair value.

The value is based on the principle that the equity shares have no quoted market prices and is based on an independent appraisal of the company valuations.

Dividend income is credited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

When the asset is de-recognised, the cumulative gain or loss previously recognised in Other Comprehensive Income and Expenditure is transferred from the Financial Instruments Revaluation Reserve and recognised in the Surplus or Deficit on the Provision of Services.

The same accounting treatment was adopted in the prior year when the asset was classified as Available for Sale, except that accumulated gains and losses on the available for sale asset were previously held in an Available for Sale Financial Instrument Reserve at 31st March 2018. The balance on this reserve was transferred to the new Financial Instruments Revaluation Reserve as at 1st April 2018.

xi. Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end they are reconverted at the spot exchange rate at 31st March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

xii. Government Grants and Contributions

Whether paid on account, by instalment or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- The Council will comply with the conditions attached to the payments, and
- The grants and contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried on the Balance Sheet as creditors. When conditions have been satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has not yet been used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Business Improvement District

A Business Improvement District (BID) scheme applies across the whole of the Council. The scheme is funded by a BID levy paid by non-domestic ratepayers. The Council acts as principal under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the Comprehensive Income and Expenditure Statement.

xiii. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods and services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds over £10,000) the Capital Receipts Reserve.

xiv. Heritage Assets

Tangible and Intangible Heritage Assets

Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on property, plant and equipment. However some of the measurement rules have been relaxed in relation to heritage assets as detailed below. The Authority's collections of heritage assets are accounted for as below:

Illuminations Historic Collection

This is a collection of illuminations that have been on display in the past but no longer form part of the annual display (i.e. non-operational). They are kept for their historical significance. These items are reported in the Balance Sheet at insurance valuations that are based on market values. These insurance valuations are reviewed on a 4 yearly basis.

Due to the unique nature of the collection it is deemed to have an indeterminate life and a high residual value hence, the Authority does not consider it appropriate to charge depreciation.

The collection is fairly static. Any transfers of operational illuminations to this collection would be recognised at a value ascertained by the Illuminations Manager in accordance with the Authority's policy.

Art Collection

The art collection consists of paintings (both oil and watercolour), oriental works of art, European works of art and furniture, and is reported in the Balance Sheet at market value. Due to funds being unavailable for professional valuations the collection has not been revalued for many years. However, the valuation is adequate for insurance purposes and has been reported in the Balance Sheet.

The collection is deemed to have an indeterminate life and a high residual value hence the Authority does not consider it appropriate to charge depreciation.

The collection is fairly static; any acquisitions and donations are rare. Where they do occur acquisitions are initially recognised at cost and donations are recognised at a valuation ascertained by the Head of Arts in accordance with the Authority's policy on art collection.

Tower Company Collection and Local and Family History Collections

These collections are not as large as the art collection but contain some rare items. They include paintings, tourism memorabilia (e.g. model of Blackpool Tower) and other items of significant local interest. The collections have been valued by the Head of Heritage using estimated market valuations (although some items are rare and unique to the area so it is difficult to assess their true value) and have been reported in the Balance Sheet on this basis.

The collections are deemed to have indeterminate lives and a high residual value hence the Authority does not consider it appropriate to charge depreciation.

The collections are fairly static and any acquisitions and donations are rare. Where they do occur acquisitions are initially recognised at cost and donations are recognised at a valuation ascertained by the Head of Heritage in accordance with the Authority's policy on the collections.

Civic Regalia

This collection includes the Mayoral chain, Deputy Mayor's chain, Mace and many other civic items. They are reported in the Balance Sheet at market value. The collection is revalued every four years by external valuers.

The collection has been revalued in 2018/19 using current market prices.

The collection is deemed to have an indeterminate life and a high residual value hence the Authority does not consider it appropriate to charge depreciation.

The collection is static and any acquisitions and donations are highly unlikely. Where they do occur acquisitions are initially recognised at cost and donations are recognised at a valuation ascertained by the Head of Democratic Services in accordance with the Authority's policy on the collections.

Cenotaph

This had previously been included within community assets in the balance sheet and is valued by external valuers every four years.

Stanley Park Statues

These are being held for purposes of knowledge and culture and are therefore considered to be heritage assets. Due to the cost of obtaining external valuations, they have been reported in the Balance Sheet based on insurance valuations.

They are deemed to have indeterminate lives and a high residual value hence the Authority does not consider it appropriate to charge depreciation.

The collection is fairly static; any acquisitions and donations are rare. Where they do occur acquisitions are initially recognised at cost and donations are recognised at a valuation ascertained by valuers in accordance with the Authority's policy on the collections.

xv. Interests in Companies and Other Entities

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures and require it to prepare group accounts. In the Council's own single entity accounts, the interests in companies and other entities are recorded as financial assets at cost less any provision for losses.

xvi. Inventories and long Term Contracts

Items of stock held by the Council are measured at the lower of cost and current replacement cost where they are held for distribution at no charge or for a nominal charge; or consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

xvii. Investment Property

Investment properties are those that are solely used to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of the service or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Investment properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xviii. Joint Operations

Joint operations are arrangements where parties that have joint-control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the authority as a joint operator recognises:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output arising from the joint operation
- its expenses, including its share of any expenses incurred jointly.

xix. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey the right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

Property, Plant and Equipment held under finance leases is recognised in the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the assets estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant and equipment. Charges are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent free period at the commencement of the lease).

The Authority as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant and equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xx. Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the authority's arrangements for accountability and financial performance.

The main basis for charging of overhead costs is percentage time, floor area and actual time allocation.

xxi. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost (deminimis value for capitalisation is £15,000), comprising

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction. The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historical cost
- Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- Surplus Assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- All other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end, but as a minimum every four years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- ❑ Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- ❑ Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable useful life (ie freehold land and certain Community Assets) and assets that are not yet available for use (ie assets under construction).

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the estimated useful life of the property as estimated by the valuer. Estimated useful lives range from 3 to 125 years.
- Vehicles, plant, furniture and equipment – straight line allocation over 2 to 40 years, as advised by a suitably qualified officer.
- Infrastructure – straight line allocation over 25 years.

Where an item of Property, Plant and Equipment asset has major components whose cost is at least 20% of the total cost of the item, the components are depreciated separately. Only assets with a value in excess of £1m were determined material for component accounting.

Revaluation gains are also depreciated with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through the sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income

and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains that have accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of the receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

xxii. Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services where the responsibility for making available the Property, Plant and Equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes and as ownership of the Property, Plant and Equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on the Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the Property, Plant and Equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- **Fair value of services received during the year** - debited to the relevant service in the Comprehensive Income and Expenditure Statement
- **Finance cost** – an interest charge of a percentage of the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- **Payment towards liability** – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write downs is calculated using the same principles as for a finance lease)
- **Lifecycle replacement costs** - proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.
- **Contingent rent** – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Street Lighting & Signals PFI

The project commenced on 4th January 2010 and is for 25 years. The total value of the project is £128,076,000 and includes the replacement of approximate 16,000 streetlights and signals. The service provider is Community Lighting Partnership.

The project was refinanced in 2015/16 which has resulted in annual revenue savings of £298,000. The financing of the scheme was remodelled and the street lighting and signals are now depreciated across the remaining period of the contract to 2035.

xxiii. Provisions, Contingent Liabilities and Contingent Assets**Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party, this is only recognised as income in the relevant revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xxiv. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant accounting policies.

xxv. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

xxvi. Schools

The Code of Practice on Local Authority Accounting in the UK confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the Schools Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those school assets, liabilities, income, expenditure, reserves and cash flows are recognised in the local authority financial statements. Therefore schools transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions cash flows and balances of the authority.

xxvii. Fair Value Measurement

The Council measures some of its non-financial assets, such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:-

- In the principal market for the asset or liability, or
- In the absence of a principal market in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability on the same basis that market participants would use when pricing the asset or liability (assuming those market participants were acting in their economic best interest).

When measuring the fair value of a non-financial asset, the Council takes into account a market participants ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy as follows:

- Level 1 – quoted prices(unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

xxviii. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

5. Accounting Standards That Have Been Issued But Not Yet Adopted

Under the Code of Practice on Local Authority Accounting in the UK 2019/2020 (the Code), the Council is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the Code. At the balance sheet date the following new standards and amendments to existing standards have been published but not yet adopted by the Code.

- IFRS 16 Leases will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases). CIPFA have deferred implementation of IFRS 16 for local government to 1st April 2021.
- Amendments to IAS 28 Investment in Associates and Joint Ventures: Long term interests in Associates and Joint Ventures
- Annual improvements to IFRS Standards 2015-2017 Cycle
- Amendments to IAS 19 Employee Benefits; Plan Amendment, Curtailment and Settlement
- Amendments to References to the Conceptual Framework in IFRS Standards

6. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 4 the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgments made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not sufficient to provide an indication that the assets of the Council might be impaired as a result of the need to close facilities and reduce levels of service provision.
- The Council is deemed to control the services provided under the agreement for the replacement and upgrade of street lighting and also to control the residual value of the lighting at the end of the agreement. The accounting policies for PFI schemes and similar contracts have been applied to the arrangements and the assets are recognised as Property, Plant and Equipment on the Council's Balance Sheet.
- The following claims have potentially significant settlement values:
 - There are a number of claims against the Authority regarding accidents and injuries sustained on Council land.
 - There are a number of claims against the Authority regarding injuries sustained on roads and footpaths.
- Schools which have converted to Academies are not included in the Council's Balance Sheet. When a school which is held on the Council's Balance Sheet transfers to Academy status the Council accounts for this as a disposal for nil consideration, on the date the school converts to Academy status. All other schools except one voluntary aided school are included on the Council's balance sheet in line with accounting standards following an assessment of the ownership of these schools.

- The Council is liable to make contributions towards the cost of post-employment benefits. For the 3 year period 2017/18 to 2019/20 the Council has agreed with Lancashire Pension Fund that the employer contributions payable to the Local Government Pension Scheme (LGPS) can be paid as a single up-front payment. In 2017/18 the Council paid £36m to the Lancashire Pension Fund in order to make budget savings. The amounts relating to 2017/18 and 2018/19 have been accounted for in the relevant year with the amounts for 2019/20 being offset against the pension reserve in the balance sheet. The pension reserve will align with the pension liability in 2019/20 as the upfront payment arrangements are accounted for.
- The Council has shareholdings in Blackpool Transport Services, Blackpool Housing Company and Blackpool Airport. Up to 31st March 2018 the shareholdings were held as “Available for Sale Financial Assets” and measured at fair value each year. Any change in fair value was included in Other Comprehensive Income and Expenditure and accumulated gains and losses have been held in an Available for Sale Financial Instruments Reserve.

With the adoption of *IFRS 9 Financial Instruments*, the “Available for Sale Financial Asset” is no longer available. The new standard sets out that investments in equity should be classified as fair value through profit and loss unless there is an irrevocable election to designate the asset as fair value through Other Comprehensive Income. Including the shareholdings as fair value through profit and loss would mean that changes in valuation are immediately recognised within the Council’s Cost of Services. This would mean the Council’s revenue budget would be subject to the increased risk of volatility in the share valuations. Any major fluctuations in the valuations of the shareholding would have a significant impact on the General Fund balance.

The shareholdings are strategic investments and not held for trading therefore the Council has the option to designate it as fair value through Other Comprehensive Income and Expenditure. This would mean that there is no impact on the revenue budget. Having considered the impact that future share valuations could have on the Council’s revenue budget the more prudent approach is to designate the shareholding as a strategic investment with changes in fair value treated as Other Comprehensive Income and Expenditure. This means any gains and losses on the revaluation of the shareholding are transferred to a Financial Instruments Revaluation Reserve.

7. Assumptions Made About The Future and Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority’s Balance Sheet at 31st March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are shown below:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property Plant and Equipment	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.</p> <p>The outbreak of Covid-19 has had an impact on valuation of property, plant and equipment at 31st March 2020. Valuations have been reported on the basis of "material valuation uncertainty". Further information is shown in Note 15.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £1.5m in these circumstances.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p> <p>Grant Thornton, the pension fund's auditors have raised an Emphasis of Matter regarding the valuation of the pension fund's property valuations during the global pandemic. More information is disclosed in Note 50.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured although the assumptions interact in complex ways. During 2019/2020 the Council's actuaries advised that the Council's net pension liability had increased by £3.45m. However by entering into a pension pooling arrangement with Blackpool Transport Services limited the overall net pension liability reduced by £1.5m. Also see disclosures in Note 50.</p>
Arrears	<p>At 31/3/20 the Authority had a balance of sundry debtors of £66.7m. £28.1m of this balance was expected to be paid in full. A review of the remaining £38.6m suggested that an impairment of doubtful debts of approximately 40% was appropriate. However, in the current economic climate and the unknown effect of the Covid-19 pandemic it is not certain that such an allowance would be sufficient.</p>	<p>If collection rates were to deteriorate additional amounts would need to be set aside as an allowance. A 1% fall in the recoverable rate will decrease the debtor recovered by £0.4m</p>

Business Rates	<p>Since the introduction of the Business Rates Retention Scheme on 1st April 2013, local authorities are liable for a share of successful appeals against the business rates charged to businesses. Therefore a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31st March 2020. The estimate has been calculated using the Valuation Office (VO) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of the total provision up to and including 31st March 2020.</p>	<p>If the level of appeals were to increase by 1% it would require the Council to set aside an estimated additional £110,000 in the provision.</p>
Fair Value Measurements	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (ie Level 1 inputs), their fair value is measured using valuation techniques (eg quoted prices for similar assets or liabilities in active markets or discounted cash flow (DCF) model).</p> <p>Where possible, the inputs to these valuation techniques are based on observable data but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the authority employs relevant experts to identify the most appropriate valuation techniques to determine (for example investment properties, the authority's chief valuation officer and external valuer).</p> <p>Information regarding the valuation techniques and inputs used in determining the fair value of the authority's assets and liabilities is disclosed in Notes 17, 20 and 21.</p>	<p>The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors (for both investment properties and some financial assets).</p> <p>Significant change in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets.</p>

8. Material Items of Income and Expense

On 6th November 2019 the Council purchased the Houndshill Shopping Centre. This has increased the Property Plant and Equipment held on the Council's balance sheet by £47.6m, however, following a revaluation at 31st March 2020 this resulted in a reduction in value to £39.6m.

Long term debtors increased during the year by £20.3m. This mainly related to new loans issued from the Business Loans Fund – see Note 22.

9. Events After The Reporting Period

The Draft Statement of Accounts was authorised for issue by the Director of Resources on 25th March 2021. Since that date the accounts have been amended following audit. Events taking place after this date are not reflected in the financial statements and notes. Where events taking place before this date provide information about conditions existing at 31st March 2020. The figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

On 7th May 2020 the Council again took advantage of the option by the pension fund to make a one off payment in advance to cover its employer's future service contributions and deficit recovery payments for the three years

2020/21 to 2022/23. The value of the payment totalled £33.579m and resulted in a saving to the Council of £1.989m.

The Covid-19 pandemic has had a significant effect on the way the council operates. Although Covid-19 has had a limited impact on 2019/20 the main financial focus is on the level of income losses and additional expenditure in 2020/21 and beyond. The main impact is on the following:

- Fees and charges income losses as a result of closing facilities such as leisure centres, reduction in parking income due to reduction in the number of visitors and property rental income.
- Market sustainability with care providers
- Procurement of Personal Protective Equipment (PPE)
- Business rates and council tax
- Impact on 2020/21 and beyond savings targets.

To help fund the above, the government have provided a number of funding streams. Details of the various funding streams are below:

Funding	Description	Blackpool's Allocation
Emergency Funding 1 (Received 27th March 2020)	Initial government non-ringfenced funding of £1.6bn to support councils with the Covid-19 pandemic	£6.085m
Emergency Funding 2 (Received 14th May 2020)	Second tranche of non-ringfenced funding of £1.594bn to support councils with Covid-19 pandemic	£3.811m
Emergency Funding 3 (Received 3rd August 2020)	Third tranche of non-ringfenced funding of £500m to support councils with the Covid-19 pandemic	£1.767m
Covid-19 Council Tax Hardship Fund (Received 3rd April 2020)	Established to deliver relief to council tax payers during 2020/21 by reducing council tax liability using discretionary powers under S31A(1)(C) of the Local Government Finance Act 1992	£2.803m
Business Grant Scheme (Received 1st April 2020)	Grants to be passed onto eligible businesses to support them during Covid-19 pandemic	£59.124m (£45.135m anticipated to be paid out) 5% of this is to be used for the discretionary scheme below with the balance being returned to the government
Discretionary Business Scheme	Government directed that a proportion of the business grant scheme can be used on a discretionary basis to support other eligible business categories	£2.257m (see above)
Infection Control Fund (Received in May and June)	£600m fund to support infection control in care homes	£2.194m
Track and Trace (Received May 2020)	£300m fund to support the governments track and trace initiative	£1.694m
Re-opening the High Street (Received May 2020)	£50m European Regional Development Fund grant. Councils need to claim back this money from government as opposed to it being awarded directly	£0.123m
Local Authority Compliance and Enforcement Grant	£30m fund to support councils in compliance and enforcement of Covid-19 restrictions	£0.114m

10. Adjustment Between Accounting Basis And Funding Basis Under Regulations

This note details the adjustments that are made to the Comprehensive Income and Expenditure recognised by the Authority in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against:-

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an Authority are required to be paid and out of which all liabilities of the Authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year. However the balance is not available to be applied in funding Housing Revenue Account services.

Housing Revenue Account (HRA)

The HRA balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act, that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Major Repairs Reserve

The authority is required to maintain the Major Repairs Reserve which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year end.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land and other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

Capital Grants Unapplied

The Capital Grant Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require replacement of monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to capital expenditure against which it can be applied and/or the financial year in which this can take place.

2019/2020	Usable Reserves				
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Reserves £000
Adjustments to the Revenue Resources					
Amounts by which the income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
Pensions costs (transferred to/(from) the Pensions Reserve)	(13,572)	-	-	-	-
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	31	-	-	-	-
Council Tax and NDR (transfers to or (from) Collection Fund Adjustment Account)	3,710	-	-	-	-
Holiday Pay (transferred to the Accumulated Absences Reserve)	129	-	-	-	-
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account).	(50,421)	(3,283)	(1,063)	-	-
Total Adjustments to Revenue Resources	(60,123)	(3,283)	(1,063)	-	-
Adjustments between Revenue and Capital Resources					
Payments to the government housing receipts pool (funded by transfer from the Capital Receipts Reserve)	(487)	-	487	-	-
Posting of HRA resources from revenue to the Major Repairs Reserve	-	-	-	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	9,533	-	-	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	2,538	6,144	-	-	-
Total Adjustments between Revenue and Capital Resources	11,584	6,144	487	-	-
Adjustments to Capital Resources					
Application of capital grants to finance capital expenditure	17,671	1,428	-	-	-
Total Adjustments to Capital Resources	17,671	1,428	-	-	-
Total Adjustments	(30,868)	4,289	(576)	-	-

	Usable Reserves				
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Reserves £000
Restated 2018/2019					
Adjustments to the Revenue Resources					
Amounts by which the income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
Pensions costs (transferred to/(from) the Pensions Reserve	(16,517)				
Financial Instruments (transferred to the Financial Instruments Adjustment Account	46				
Council Tax and NDR (transfers to or from Collection Fund Adjustment Account)	246				
Holiday Pay (transferred to the Accumulated Absences Reserve)	(176)				
Reversal of entries included in the Surplus and Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account).	(34,736)	(6,516)			
Total Adjustments to Revenue Resources	(51,137)	(6,516)	-	-	-
Adjustments between Revenue and Capital Resources					
Payments to the government housing receipts pool (funded by transfer from the Capital Receipts Reserve)	(449)		449		
Transfer of non current asset sale proceeds from revenue to the Capital Receipts Reserve	1,099	840	(1,939)		
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	9,596				
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(1,465)	7,160			
Total Adjustments between Revenue and Capital Resources	8,781	8,000	(1,490)	-	-
Adjustments to Capital Resources					
Application of capital grants to finance capital expenditure	24,129	1,563			
Use of capital receipts reserve to finance capital expenditure			1,659		
Total Adjustments to Capital Resources	24,129	1,563	1,659	-	-
Total Adjustments	(18,227)	3,047	169	-	-

11. Transfers To/From Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from Earmarked Reserves to meet General Fund and HRA expenditure in 2019/2020.

	Balance at 1st April 2018 £000	Transfers Out 2018/2019 £000	Transfers In 2018/2019 £000	Balance at 31st March 2019 £000	Transfers Out 2019/2020 £000	Transfers In 2019/2020 £000	Balance at 31st March 2020 £000
General Fund:							
Balances held by schools under scheme of delegation	(2,072)	95	(376)	(2,353)	286	(317)	(2,384)
School DSG (Under)/Overspend	(25)	986	(539)	422	3,161	(483)	3,100
Unallocated Reserves	(4,034)	-	(3,023)	(7,057)	4,765	-	(2,292)
Total General Fund	(6,131)	1,081	(3,938)	(8,988)	8,212	(800)	(1,576)
Earmarked Reserves							
Potential Pay Liabilities	(488)	1,148	(3,579)	(2,919)	1,240	(2,811)	(4,490)
Public/Private Partnership Reserve	(6,064)	4,177	(2,946)	(4,833)	6,431	(633)	965
Council Tax & Non-Domestic Rates Deficits	(13,459)	6,399	(5,514)	(12,574)	11,669	(7,323)	(8,228)
Service Underspends	-	-	-	-	-	-	-
Museum Reserve	(875)	581	-	(294)	11	(1,337)	(1,620)
Transformation Reserve	(425)	969	(1,062)	(518)	692	(1,298)	(1,124)
Specific Settlements in Dispute	(539)	-	-	(539)	-	-	(539)
Strategic Investments	(320)	-	-	(320)	-	-	(320)
Financial systems upgrade, renewals & replacements	(51)	119	(186)	(118)	45	(428)	(501)
Financial Instruments	(14)	-	-	(14)	14	-	-
Treasury Management - Prudential borrowing	(2,251)	1,970	(184)	(465)	-	(332)	(797)
Insurances	(1,100)	-	-	(1,100)	-	(5,943)	(7,043)
Enterprise Zone	-	293	(463)	(170)	429	(496)	(237)
Opportunity Area	-	-	(3,096)	(3,096)	3,096	(1,631)	(1,631)
Covid 19 S31 grant	-	-	-	-	380	(6,085)	(5,705)
Other	(11,233)	3,604	(7,073)	(14,702)	9,201	(13,047)	(18,548)
Total Earmarked Reserves	(36,819)	19,260	(24,103)	(41,662)	33,208	(41,364)	(49,818)
HRA							
Housing Revenue Account	(5,870)	165	-	(5,705)	875	-	(4,830)

12. Other Operating Expenditure

2018/2019 £000		2019/2020 £000
68	Flood Defence Levy	68
449	Payments to the Government Housing Capital Receipts Pool	487
2,587	(Gains)/losses on the disposal of non-current assets	1,232
3,104	Total	1,787

13. Financing And Investments Income And Expenditure

2018/2019 £000		2019/2020 £000
7,685	Interest payable and similar charges	7,586
5,437	Net interest on the net defined benefit liability/(asset)	5,449
	- Pension Pooling - Business Combinations	(2,872)
(2,089)	Interest receivable and similar income	(3,092)
(915)	Dividend - Council Owned Subsidiaries	(841)
10,118	Total	6,230

14. Taxation And Non Specific Grant Income

2018/2019 £000		2019/2020 £000
(54,732)	Council Tax Income	(56,837)
(1,604)	Collection Fund (surplus)/deficit	(3,690)
(19,735)	Retained Business Rates	(28,515)
(23,528)	Business Rates Top Up	(27,137)
(33,427)	Non-ringfenced government grants	(28,241)
(25,692)	Capital Grants & contributions	(19,099)
(158,718)	Total Taxation and Non-Specific Grant Income	(163,519)

15. Property, Plant And Equipment (PPE)

The movements on property, plant and equipment during the year were as follows:-

2019/20

	Council							PFI Assets Included in PPE £000
	Dwellings & Other HRA	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	PP&E Under Construction	Total PP&E	
	£000	£000	£000	£000	£000	£000	£000	
Cost or Valuation								
Restated Balance as at 1 April 2019	117,887	245,301	46,313	515,506	66	22,199	947,272	32,705
Additions	7,571	55,564	3,886	11,126	-	8,591	86,738	-
Revaluation increases/decreases to Revaluation Reserve	-	7,663	-	-	-	1,431	9,094	-
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(258)	(31,775)	-	-	-	(7,785)	(39,818)	-
Derecognition - Disposals	(1,835)	(221)	-	-	-	(224)	(2,280)	-
Transfer	-	(1,904)	-	-	-	-	(1,904)	-
Balance as at 31 March 2020	123,365	274,628	50,199	526,632	66	24,212	999,102	32,705
Depreciation and Impairment								
Balance as at 1 April 2019	-	(14,558)	(38,651)	(179,885)	-	-	(233,094)	(8,220)
Depreciation Charge	(2,253)	(8,417)	(2,450)	(17,282)	-	-	(30,402)	(1,199)
Depreciation written out on Revaluation Reserve	-	6,051	-	-	-	-	6,051	-
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	6,887	-	-	-	-	6,887	-
Derecognition - Disposals	-	9	-	-	-	-	9	-
Balance as at 31 March 2020	(2,253)	(10,028)	(41,101)	(197,167)	-	-	(250,549)	(9,419)
Net Book Value								
Balance as at 31 March 2020	121,112	264,600	9,098	329,465	66	24,212	748,553	23,286
Restated Balance as at 31 March 2019	117,887	230,743	7,662	335,621	66	22,199	714,178	24,485

The significant increase in additions under other land and buildings includes the purchase of the Houndshill for £47.6m in November 2019.

Restated Comparative Movements 2018/19

	Council							PFI Assets Included in PPE £000
	Dwellings & Other HRA	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	PP&E Under Construction	Total PP&E	
	£000	£000	£000	£000	£000	£000	£000	
Cost or Valuation								
Restated balance as at 1 April 2018	119,206	238,614	44,638	499,978	66	16,506	919,008	32,705
Additions	9,319	6,334	1,675	15,666	79	10,311	43,384	-
Revaluation increases/decreases to Revaluation Reserve	(1,213)	4,959	-	-	-	(63)	3,683	-
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(8,457)	(3,906)	-	-	(79)	-	(12,442)	-
Derecognition - Disposals	(968)	-	-	-	-	(3,558)	(4,526)	-
Derecognition - Other	-	(700)	-	-	-	-	(700)	-
Transfer	-	-	-	(138)	-	(997)	(1,135)	-
Restated Balance as at 31 March 2019	117,887	245,301	46,313	515,506	66	22,199	947,272	32,705
Depreciation and Impairment								
Balance as at 1 April 2018	(2,909)	(15,447)	(35,464)	(163,188)	-	-	(217,008)	(7,022)
Depreciation Charge	(2,857)	(8,006)	(3,187)	(16,697)	-	-	(30,747)	(1,198)
Depreciation written out on Revaluation Reserve	-	6,561	-	-	-	-	6,561	-
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	5,766	2,334	-	-	-	-	8,100	-
Derecognition - Disposals	-	-	-	-	-	-	-	-
Derecognition - Other	-	-	-	-	-	-	-	-
Balance as at 31 March 2019	-	(14,558)	(38,651)	(179,885)	-	-	(233,094)	(8,220)
Net Book Value								
Restated Balance as at 31 March 2019	117,887	230,743	7,662	335,621	66	22,199	714,178	24,485
Restated Balance as at 31 March 2018	116,297	223,167	9,174	336,790	66	16,506	702,000	23,286

Depreciation

The following assets have been depreciated at varying rates in relation to their useful economic lives:

- Council Dwellings and Other Buildings – straight line allocation over the useful life of the property as estimated by the valuer.
- Plant, Furniture and Equipment – a percentage of the value of each class of asset in the Balance Sheet as advised by a suitably qualified officer
- Infrastructure - straight line allocation over 25 years

The useful economic lives are reviewed at least every four years as is the likely residual value.

Where an item of Property, Plant and Equipment asset has major components whose cost is at least 20% of the total cost of the item, the components are depreciated separately. Only items with a value in excess of £1m were deemed material for component accounting.

Capital Commitments

At 31st March 2020 the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in future years budgeted to cost £20.5m. Similar commitments at 31st March 2019 were £22m. The major commitments are in relation to tram refurbishment, the Conference Centre, Enterprise Zone and Foxhall Village.

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every four years. Valuations were carried out both internally and externally during 2019/2020. These valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS).

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

COVID-19 (Coronavirus) has impacted on the global economic outlook, with economists anticipating global economic contraction. This could have an impact on the UK not only economically but also on the UKs property market. There is no current tangible evidence to point to any specific impact as the problems created by the virus are in their early stages and could be eliminated quickly if containment is achieved.

The valuation is therefore reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to the valuation than would normally be the case. The inclusion of this clause does not mean that the valuations cannot be relied upon, only that the declaration has been included to confirm the fact that in the current unprecedented circumstances less certainty can be attributed to the valuations than would ordinarily be the case.

The significant assumptions in estimating fair values are:-

	Council Dwellings £000	Other Land & Buildings £000	Surplus Assets £000	Total £000
Valued at fair value as at:				-
31/03/2020	117,314	102,438	460	220,212
31/03/2019	114,704	83,406	897	199,007
31/03/2018	113,452	55,965	1,110	170,527
31/03/2017	114,470	20,001	654	135,125
Total Cost or Valuation	459,940	261,810	3,121	724,871

Component Accounting

Council Dwellings

Within the Net Book Value of Assets – Council Dwellings (Note 15) are the following assets which have been accounted for on a component basis. This means they are written off according to their own unique economic life.

Asset Type	Land £000	Kitchens and Bathrooms £000	Structure £000	Total £000
Houses & Bungalows	15,307	5,386	40,534	61,227
Flats	14,022	7,711	34,354	56,087
Total	29,329	13,097	74,888	117,314

Other Land and Buildings

Items valued at £1m and above have been subject to component accounting. A component must be worth at least 20% of the value of the asset. The valuations are on a 4 year rolling programme. A number of properties in excess of £1m were identified for valuation and were not componentised as they had been completed within the last 4 years.

16. Heritage Assets

Reconciliation of the carrying value of heritage assets held by the Authority is as follows;

	Art Collection £000	Civic Regalia £000	Other £000	Tower & Local History Collection £000	Illuminations £000	Stanley Park Statues £000	Total £000
Cost or Valuation 1st April 2019	5,655	510	20	1,450	550	-	8,185
Purchases	-	-	-	-	-	-	-
Revaluations	-	179	-	-	-	-	179
Balance 31st March 2020	5,655	689	20	1,450	550	-	8,364

	Art Collection	Civic Regalia	Other	Tower & Local History Collection	Illuminations	Stanley Park Statues	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation 1st April 2018	5,655	510	20	1,450	550	-	8,185
Revaluations	-	-	-	-	-	-	-
Balance 31st March 2019	5,655	510	20	1,450	550	-	8,185

17. Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

2018/2019 £000		2019/2020 £000
(3,497)	Rental income from investment property	(6,905)
6,170	Direct operating expenses arising from investment property	5,121
(1,171)	Net (gains)/losses from fair value adjustments	(1,283)
1,502	Net (gain)/loss	(3,067)

There are no restrictions on the Authority's ability to realise the value of its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance and enhancement.

The following table summarises the movement in the fair value of investment properties over the year.

Restated 2018/2019 £000		2019/2020 £000
32,519	Balance at start of the year	50,565
	Additions -	
17,356	- Purchases	226
-	- Construction	181
	Transfer -	
304	- (To)/from PPE	2,074
	- Upward Revaluation	5,474
	- Impairment	(878)
	Net gains/(losses) from fair value adjustments to	
386	Surplus/(Deficit) on Provision of Services	-
50,565	Balance at end of the year	57,642

Fair Value Hierarchy

All the Council's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes (see Note 3 Accounting Policies xxvii for an explanation of the fair value levels).

Valuation Techniques Used to Determine Level 2 Fair Values for Investment Property

The fair value of investment property has been measured using a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's Investment Asset portfolio. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as level 2 on the fair value hierarchy.

There has been no change in the valuation techniques used during the year for investment properties.

Highest and Best Use

In estimating the fair value of the Council's investment properties, the highest and best use is their current use.

Valuation Process for Investment Properties

The Council's investment property has been valued as at 31 March 2020 by the authority's Chief Valuation Officer in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Due to the Covid-19 pandemic the valuation is reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to the valuation than would normally be the case. The inclusion of this clause does not mean

that the valuations cannot be relied upon, only that the declaration has been included to confirm the fact that in the current unprecedented circumstances less certainty can be attributed to the valuations than would ordinarily be the case.

18. Surplus Assets

	Non Current	
	2019/20 £000	2018/19 £000
Balance outstanding at start of year	897	1110
Assets newly classified as surplus assets:		
- property, plant and equipment	-	831
Revaluation gains/(losses)	57	(348)
Impairment losses	(3)	(696)
Disposals	(25)	-
Assets declassified as surplus assets:		
- property, plant and equipment	(173)	-
Balance outstanding at year end	753	897

19. Intangibles

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. The intangible assets consist of purchased software licenses.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to intangibles is 5 years.

The carrying amount of intangible assets is amortised on a straight line basis. As the assets were purchased in 2019/20 they will start to be amortised in 2020/21. The cost will be charged to the IT administration cost centre and then absorbed as an overhead across all the service headings in the cost of services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on intangible asset balances during the year is as follows:

2018/2019 £000		2019/2020 £000
0	Balance at start of year	0
	Additions:	
0	Purchases	466
0	Balance at end of year	466

20. Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non exchange contracts such as those relating to taxes and government grants do not give rise to financial instruments.

Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

Financial Assets

	Non Current				Current			
	Investments		Debtors		Investments		Debtors	
	31/03/2019 £000	31/03/2020 £000	31/03/2019 £000	31/03/2020 £000	31/03/2019 £000	31/03/2020 £000	31/03/2019 £000	31/03/2020 £000
Amortised Cost								
Principal	-	-	57,924	78,273	7,800	21,350	-	7
Cash & Cash Equivalents	-	-	-	-	(182)	-	-	-
Total Amortised Cost	-	-	57,924	78,273	7,618	21,350	-	7
Fair Value through Other Comprehensive Income - Equity Instruments	28,750	27,410	-	-	-	-	-	-
Trade Debtors	-	-	-	-	-	-	43,034	46,670
Total Financial Assets	28,750	27,410	57,924	78,273	7,618	21,350	43,034	46,670

Fair Value of Financial Assets

Some of the Council's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Recurring Fair Value Measurement	Input Level in Fair Value Hierarchy	Valuation Technique used to Measure Fair Value	As at 31st March 2020 £000	As at 31st March 2019 £000
Share Valuations- Blackpool Transport Services Ltd	Level 3	Earnings based	9,800	14,440
Share Valuations- Blackpool Housing Company	Level 3	Earnings based	13,150	10,200
Share Valuations- Blackpool Airport Ltd	Level 3	Earnings based	3,650	4,100
Share Valuations- Blackpool Waste Services Ltd	Level 3	Earnings based	800	0
			27,400	28,740

Equity Shareholding in Blackpool Transport Services Ltd

The Council's shareholding in Blackpool Transport Services Ltd – the shares in this company are not traded in an active market and fair value of £9.8m has been based on valuation techniques that are not based on observable current market data or available market data.

The valuation method used is the revenue method, which uses multiples of turnover. The Multiples of Turnover method of valuation has been selected, on the basis that that if the business were to be offered for sale in the future, a purchaser is more than likely to be another bus operator, with knowledge and experience in the sector who would be able to enhance the economies of scale within the organisation.

Based on the company's existing structure, its' branding, reputation and longevity, a multiple of 0.4 times the average turnover has been used. This is a decrease in the multiplier applied in 2018/19 which was 0.6. The reason for the 0.2 reduction is a follows:

- 0.1 reduction has been imposed due to the fact that the pension asset was transferred to Blackpool Council during the course of the financial year which significantly reduced the share-holders funds; and
- 0.1 has been deducted due to loss of income due to "lockdown" and the uncertain impact of the Covid-19 pandemic. This may also affect the capital expenditure plans for 2020/21.

Equity Shareholding in Blackpool Housing Company Ltd

The Council's shareholding in Blackpool Housing Company Ltd – the shares in this company are not traded in an active market and fair value of £13.15m has been based on valuation techniques that are not based on observable current market data or available market data.

The valuation method used is the return on properties owned by the Company. In 2019 the Board outlined the targets for the yield on the different types of investment as follows:

- "Good to Go" – 4.5%
- "Turnkey and Rolling Investment" – 4%
- Refurbishment – 3.5%

Based on the size of the portfolio the above yields were used for the purposes of valuing the Company.

Equity Shareholding in Regional and City Airports (Blackpool) Holdings Limited

The Council's shareholding in Regional and City Airports (Blackpool) Holdings Limited – the shares in this company are not traded in an active market and fair value of £3.65m has been based on valuation techniques that are not based on observable current market data or available market data.

In arriving at the valuation, a method has been used which uses multiples of profit or turnover and an EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) comparison between this and share-holder funds. Whilst the Covid-19 pandemic will have major implications for the aviation industry the Council's valuers believe it won't materially affect Blackpool Airport Limited as the site from which it operates is of significant value. Should the worst case scenario occur and the Airport ceases trading, the sale of the land alone would generate a significant amount of revenue.

Equity Shareholding in Blackpool Waste Services Limited

The Council's shareholding in Blackpool Waste Services Limited – the shares in this company are not traded in an active market and fair value of £0.8m has been based on a revenue method which uses multiples of turnover. This method has been selected because if the business were to be offered for sale at any time now or in the near future a purchaser would more than likely be another waste company with knowledge and experience in the sector, who would manage any inefficiencies in current operations.

Transfers between Levels of Fair Value Hierarchy

There are no transfers between input levels during the year.

Changes in Valuation Technique

There has been no change in the valuation techniques used during the year for the financial instruments.

Reconciliation of Fair Value Measurement for Financial Assets carried at Fair Value Categorised within Level 3 of the Fair Value Hierarchy for Financial Assets

2018/2019 Unquoted Shares £000		2019/2020 Unquoted Shares £000
24,250	Opening Balance	28,750
	Total Gains and (Losses) of the Period:	
1,125	- Included in Other Comprehensive Income and Expenditure	(4,465)
3,375	Additions	3,115
28,750	Closing Balance	27,400

Losses included in the Other Comprehensive Income and Expenditure for the current year relate to unquoted shares in Blackpool Transport Services Ltd, Blackpool Airport Limited and Blackpool Housing Company and are taken to the Financial Instruments Revaluation Reserve. Gains and losses included in the Other Comprehensive Income and Expenditure for the previous year relate to unquoted shares in Blackpool Housing Company (gain),

Blackpool Transport Services (gain) and Blackpool Airport (loss) are also taken to the Financial Instruments Revaluation Reserve. Additions in 2019/20 relate to the purchase of further shares in Blackpool Housing Company and the addition of Blackpool Waste Services Limited which commenced operation on 1st July 2019.

Financial Liabilities

	Non Current				Current			
	Borrowings		Creditors		Borrowings		Creditors	
	31/03/2019 £000	31/03/2020 £000	Restated 31/03/2019 £000	31/03/2020 £000	31/03/2019 £000	31/03/2020 £000	31/03/2019 £000	31/03/2020 £000
Amortised Cost								
Principal & accrued loan interest	89,895	87,460	-	-	159,452	245,184	1,817	793
PFI and Finance Lease	-	-	97,215	96,408	-	-	-	4,243
Total Financial Liabilities	89,895	87,460	97,215	96,408	159,452	245,184	1,817	5,036
Non Financial Liabilities	-	-	1,946	103	-	-	52,992	46,664
Total	89,895	87,460	99,161	96,511	159,452	245,184	54,809	51,700

Soft Loan made by the Authority to Lancashire County Developments

Upon Local Government Reorganisation in 1998 the Authority took over a 10% share in a loan made to Lancashire County Developments by Lancashire County Council. The loan is now due to be repaid in 2031. Under requirements of IAS 32 this loan has been revalued to fair value. The original amount of the loan was £721,000. The fair value of the loan in 2019/2020 was £447,247 (£427,362 in 2018/2019).

The interest rate at which the fair value of this soft loan has been made is arrived at by taking the authority's prevailing cost of borrowing and adding an allowance for the risk that the loan might not be repaid, in this case a zero rate.

Income, Expense, Gains and Losses

	2019/2020				2018/2019			
	Financial Liabilities measured at amortised cost	Financial Assets - loans & receivables	Financial Assets - Share Valuations	Total	Financial Liabilities measured at amortised cost	Financial Assets - loans & receivables	Financial Assets - Share Valuations	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Interest expense	7,586	-	-	7,586	7,685	-	-	7,685
Total expense in Surplus or Deficit on the Provision of Services	7,586	-	-	7,586	7,685	-	-	7,685
Interest income	-	(3,092)	-	(3,092)	-	(2,089)	-	(2,089)
Total income in Surplus or Deficit on the Provision of Services	-	(3,092)	-	(3,092)	-	(2,089)	-	(2,089)
Gains/(Losses) on revaluation	-	-	(4,465)	(4,465)	-	-	1,125	1,125
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	-	-	(4,465)	(4,465)	-	-	1,125	1,125
Net gain/(loss) for the year	7,586	(3,092)	(4,465)	29	7,685	(2,089)	1,125	6,721

Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- The ranges of interest rates at 31st March 2020 were 1.48% to 6.75% for loans from the PWLB and 3.93% to 8.875% for other long term loans payable
- no early repayment or impairment is recognised
- where an instrument will mature in the next 12 months, carrying amount is assumed to be approximate to fair value
- fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated as follows:

	31st March 2020		Restated 31st March 2019	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial Liabilities	332,644	365,031	249,347	249,502
Long term creditors	96,511	96,511	99,161	99,161

The fair value of the liabilities reflects the cost to the Council if it chose to repay its Public Works Loan Board (PWLB) loans early. There is a calculation for each PWLB loan at 31st March 2020 as the aggregate net present value of future cash flows, discounted using the appropriate discount rate taken from the premature repayment set of rates in force at the close of business on the last working day of the financial year.

	31st March 2020		31st March 2019	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Loans and receivables	20,920	20,920	8,063	8,063
Long term debtors	78,547	76,135	58,218	57,924
Short term debtors	57,055	57,055	49,499	49,499

The fair value of the assets is lower than the carrying amount because the Authority's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is lower than the rates available for similar

loans at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2020) attributable to the commitment to receive interest below current market rates.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

21. Long Term Investments

31st March 2019 £000		31st March 2020 £000
	Ordinary Shares (£1 per share) in:-	
14,440	Blackpool Transport Services Ltd	9,800
10,200	Blackpool Housing Company	13,150
4,100	Blackpool Airport	3,650
0	Blackpool Waste Services	800
0	Lancashire Management Operations Ltd	0
10	Municipal Bonds Agency	10
28,750	Total	27,410

Blackpool Transport Services Ltd

Investments in Blackpool Transport Services Limited consist of share capital (£2,789,000 at historic cost) in the company which was set up in accordance with the provisions of the Transport Act 1985 to operate the Council's municipal bus operation. The company provides a comprehensive passenger transport service in the Fylde coast area through its bus and tram operations. The Council leases the tramway and associated premises to Blackpool Transport Services Limited. The company is wholly owned by the Council.

Note 19 describes the basis used to arrive at a formal valuation for the Council's shareholding of the company. In 2019/2020 there was a decrease in value of £4,640,000. The loss on revaluation was debited to the Financial Instruments Revaluation Reserve via the Movement in Reserves Statement.

Blackpool Housing Company

Blackpool Housing Company Limited was set up on 26th January 2015. The company is a housing regeneration company and is wholly owned by the Council. The shares have been purchased at a cost of £13,600,000.

Note 19 describes the basis used to arrive at a formal valuation for the Council's shareholding of the company. The investment value included within the Council's Balance Sheet represents the value of Total Equity Shareholder Funds. In 2019/2020 there was a decrease in value of £175,000. This loss on revaluation was debited to the Financial Instruments Revaluation Reserve via the Movement in Reserves Statement.

The movement in share value in 2019/20 is as follows:

	2019/20 £000	2018/19 £000
Shares as at 1st April	10,200	7,050
Purchase of shares	3,125	3,375
Decrease in valuation	(175)	(225)
Shares as at 31st March	13,150	10,200

Regional and City Airports (Blackpool) Holdings Ltd

On 12th September 2017 the Council purchased 100% shares in Regional and City Airports (Blackpool) Holdings Limited for £4,250,000.

Note 19 describes the basis used to arrive at a formal valuation for the Council's shareholding of the company. The investment value included within the Council's Balance Sheet represents the value of Total Equity Shareholder Funds. In 2019/2020 there was a decrease in value of £450,000. This loss on revaluation was debited to the Financial Instruments Revaluation Reserve via the Movement in Reserves Statement.

Blackpool Waste Services Limited

Blackpool Waste Services Limited was set up on 1st July 2019. The company was set up to deliver the domestic waste service in Blackpool. The Council owns 100% of the shares valued at £1.

Note 19 describes the basis used to arrive at a formal valuation for the Council's shareholding of the company. The investment value included within the Council's Balance Sheet represents the value of Total Equity Shareholder Funds. In 2019/2020 there was an increase in value of £800,000. This gain on revaluation was credited to the Financial Instruments Revaluation Reserve via the Movement in Reserves Statement.

Municipal Bonds Agency

A Local Government Association backed firm called Local Capital Finance Company (Municipal Bonds Agency) has been formed to issue bonds. The money raised from investors will then be lent onwards to Councils to either invest in capital projects or to refinance existing loans. At 31st March 2020 the Council had purchased £10,000 worth of shares in the Company which equates to 0.13%.

Lancashire Management Operations Limited

Lancashire Management Operations was set up on 15th November 2018. The company is wholly owned by the Council and was set up to manage and operate the Tramshed student accommodation in Preston.

The investment value included within the Council's Balance Sheet represents the value of Total Equity Shareholder Funds. In 2019/2020 the value of the company was nil.

Blackpool Operating Company Ltd (Sandcastle Waterpark)

The Council purchased the operation of the centre from a private company on 20th June 2003 and now wholly owns both the building and the commercial operator - Blackpool Operating Company Limited (BOCL). The Council's shares in Blackpool Operating Company Limited are valued at £2.

Blackpool Entertainment Company Ltd

The Council purchased the operation of the Winter Gardens from a private company on 16th May 2014 and now wholly owns both the building and the commercial operator - Blackpool Entertainment Company Limited (BECL). The Council's shares in BECL are valued at £1.

As 100% shareholders Blackpool Council agrees to meet all accumulated deficits or losses of Blackpool Transport Services Limited, Blackpool Operating Company Limited, Blackpool Entertainment Company Limited, Blackpool Housing Company Limited and Blackpool Airport Limited.

Lancashire Renewables Ltd

On the 31st July 2014 Lancashire County Council and Global Renewables Lancashire Limited agreed to the consensual termination of the Waste Disposal PFI contract. The former operating company, Global Renewables Lancashire Operations Ltd (GRLOL) now Lancashire Renewables Ltd, transferred into the ownership of Lancashire County Council with Blackpool Council owning 12.5% of the share capital in that company. The consideration paid for the shareholding of GRLOL by LCC was £1.

22. Long Term Debtors

Long-term debtors relate to amounts that are due to be repaid in over twelve months' time. These include a business loans and share in land held for use under what was formerly the Lancashire Waste Disposal contract.

Due to the Covid-19 pandemic a number of businesses had to close during the national lockdown. The council offered all businesses with a business loan a six month repayment holiday from 1st April to 30th September 2020

31st March 2019 £000		31st March 2020 £000
12,881	Blackpool Transport Services	17,742
7,384	Blackpool Teaching Hospital (NHS)	6,461
3,500	Blackpool Pleasure Beach	2,812
14,200	Blackpool Housing Company	19,200
4,488	Create Developments (Blackpool) Ltd	4,488
5,045	Coolsilk	8,988
6,748	Ocean Boulevard III	11,845
996	Laila's Fine Foods	912
0	Blackpool Airport Operations Ltd	814
1,009	Small Business Loans	1,215
552	Waste Disposal Site (prev PFI)	552
687	Adult Social Care Deferred Payments	652
427	Lancashire County Developments	447
0	Envenco Refuse Vehicles	2,138
7	Council Mortgages - (Right to Buy)	7
57,924	Total	78,273

Blackpool Transport Services Limited

On 23rd May 2016 the Executive agreed to offer Blackpool Transport Services a loan facility of £7,740,000 to fund the purchase of 10 double buses and 25 vehicles between June 2016 and June 2017. Each loan (including interest) is repayable over 10 years with 120 monthly repayments.

On 11th September 2017 the Executive agreed to offer Blackpool Transport Services Limited a further loan facility of £16.2m. The release of the funds was phased with the purchase 20 double buses in October 2017 (£4,659,000), 4 buses in March 2018 (£934,000), 18 buses in October 2018 (£2,997,000), 15 buses in March 2020 (£3,635,000) along with sundry depot assets (totalling £217,000). Each loan (including interest) is due to be repaid over 10 years with 120 monthly payments. The loan facility also includes a £200,000 contingency to allow for price change over the life of the renewal programme.

Blackpool Teaching Hospitals NHS Foundation Trust

On 13th March 2017 the Executive agreed to the provision of a £9,230,000 loan to Blackpool Teaching Hospitals NHS Foundation Trust from the Business Loan Fund. The loan (including interest) is repayable over 10 years with 20 half yearly repayments.

The loan is secured upon income generating, non-operational property assets of the Foundation Trust to at least the value of the loan and with such valuation costs together with any loan arrangement fee being met by the Foundation Trust.

Blackpool Pleasure Beach

In 2010/2011 the authority granted a loan of £5m to Blackpool Pleasure Beach towards the development of Nickelodeon Land. The loan is due to be repaid by November 2020 and interest is charged at the market rate.

Blackpool Housing Company

On 20th July 2015 Executive agreed to draw down the funding offered in the Growth Deal of £26m from Public Works Loan Board to fund Blackpool Housing Company's housing regeneration programme. An additional £1.6m was met from earmarked revenue reserves.

Interest on the loans is charged at market rates and loan repayments will be made once revenue streams are established and are of sufficient scale.

Create Development (Blackpool) Ltd

On 18th July 2016 the Executive agreed to the provision of a £4.5m loan to Create Developments (Blackpool) Ltd. The loan is to facilitate the development of a 135 bedroom hotel at Bourne Crescent. The loan, including interest, is repayable over 5 years.

Coolsilk

At its meeting on 16th April 2018 the Executive agreed to the provision of a £10m loan to Coolsilk. The loan is to facilitate the redevelopment of Palatine Building into a 5 star Sands Venue Resort hotel. The loan, including interest, is repayable over 25 years and is secured against the completed development.

Ocean Boulevard III Ltd

At its meeting on 24th April 2017 the Executive agreed to the provision of a £12m loan to Ocean Boulevard III Ltd. The loan is to facilitate the building of a 120 bedroom hotel on the site of the former Star Public House. The loan, including interest, is repayable over 12 years and is secured as a first charge over the 125 year leasehold interest in the property and a fixed and floating charge over all other assets.

Laila's Fine Foods

On 10th September 2018 the Executive agreed to the provision of a £1m loan to Laila's Fine Foods. The loan is towards the working capital requirements for their food manufacturing business. The loan, including interest, is repayable over 10 years and is secured in the form of a second charge against named commercial and residential property.

Blackpool Airport Operations Limited

At its meeting on 23rd March 2020 the Executive agreed to the provision of a £1m business loan to Blackpool Airport Operations Ltd (BAOL) over a 25 year repayment term towards essential capital investment at Blackpool Airport.

Business Loans Fund

The Council set up a £3m fund for businesses to safeguard and create jobs and help Blackpool get through the recession. The fund was increased to £10m in 2015/16. Subsequently as part of the 2017/18 budget approval the fund has been increased to £100m. The aim of the fund is to provide a lifeline for businesses that are currently experiencing difficulty in getting finance from the banks because of the global slow down.

All of the loans above have been taken from the Business Loans Fund along with a number of smaller loans totalling £1.2m.

Waste Disposal Site

The total value of land held under the Waste Disposal contract at current market value is estimated at £4.4m. In 2015/16 this value was £3.385m. The increase of £1.015m is due to a revaluation in 2016/17 carried out by Lancashire County Council Estates Department. Under the terms of the Joint Working Agreement, Blackpool Council will be due a 12.5% share of this at the end of the contract.

Adult Social Care Deferred Payments Scheme

The Health & Social Care Act 2001 introduced the concept of a Deferred Payment Scheme. This legislation provides for the possibility of eligible service users putting off the sale of their home when they move into residential care and delaying the payment of the fees. Instead of paying the care home fees in full the resident will be financially assessed ignoring the value of the property and asked to contribute the lesser amount towards the cost of their care. The Council effectively provides an interest free loan and pays the difference between the amount contributed by the service user and the usual fee paid to the care home by the local authority.

The Council take out a legal charge on the service user's property. When the property is sold, the debt will usually be recovered in full. Interest is not charged on the amount due until 56 days after the person has died.

Lancashire County Developments

The loan to Lancashire County Developments is due to be repaid in 2031. Under the requirements of IAS 32 this loan has been revalued to fair value. The original amount of the loan was £721,000. The fair value of the loan in 2019/2020 was £447,247 (£427,362 in 2018/2019). The movement in fair value of £19,885 has been charged to the Comprehensive Income and Expenditure Account and then transferred to the Financial Instruments Adjustment Account via Movement in Reserves. This does not affect the loan repayment due to the authority in 2031.

Enveco Refuse Vehicles

At its meeting on 16th July 2018 the Executive agreed to form a Local Authority Trading Company known as Blackpool Waste Services Limited (also referred to as Enveco) to manage the Council's domestic waste service following the termination of the contract with an external supplier.

As part of the new arrangement the Executive agreed to the Council purchasing a number of new refuse vehicles and funding them through prudential borrowing. The vehicles were then leased by the Council to Enveco who are repaying the lease to the Council over 84 monthly equal instalments including interest.

23. Inventories

2019/2020	Consumables £000	Materials £000	Total £000
Balance outstanding at start of the year	66	379	445
Purchases	77	2,189	2,266
Recognised as an expense in the year	(26)	(2,043)	(2,069)
Balance outstanding at year end	117	525	642

2018/2019	Consumables £000	Materials £000	Total £000
Balance outstanding at start of the year	62	354	416
Purchases	26	1,905	1,931
Recognised as an expense in the year	(22)	(1,880)	(1,902)
Balance outstanding at year end	66	379	445

24. Debtors

31st March 2019 £000		31st March 2020 £000
2,513	Central government bodies	3,256
2,251	Other local authorities	1,701
522	NHS bodies	1,861
57,664	Other entities and individuals	59,724
(19,916)	Total impairment	(19,872)
43,034	Net Value of Debtors	46,670

The past due but not impaired amount for local taxation (Council Tax and Non-Domestic Business Rates) can be analysed by age as follow:

31st March 2019 £000		31st March 2020 £000
1,526	Less than three months	1,657
1,526	Three to six months	1,657
3,053	Six months - one year	3,315
7,713	More thn one year	8,296
13,818	Total	14,925

25. Payments In Advance

31st March 2019 £000		31st March 2020 £000
6	Chief Executive	25
691	Adult Services	8,531
54	Community & Environmental Services	65
256	Children's Services	159
2	Governance & Partnership Services	2
4,539	Public Health	-
624	Community and Regeneration	861
278	Resources	726
15	Budgets Outside Cash Limit	16
6,465	Total Payments in Advance	10,385

26. Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

31st March 2019 £000		31st March 2020 £000
1,166	Cash held by the Authority	26
7,800	Short term deposits with institutions	21,350
(1,348)	Bank current accounts	(1,872)
7,618	Total Cash and Cash Equivalents	19,504

27. Receipts In Advance

31st March 2019 £000		31st March 2020 £000
(738)	Adult Services	(198)
(4,194)	Community & Environmental Services	(6,182)
(1,163)	Children's Services	(702)
(42)	Governance & Partnership Services	(18)
(199)	Chief Executive	(25)
(3,420)	Communications & Regeneration	(1,293)
(196)	Resources	(550)
(351)	Housing Revenue Account	(763)
(2,239)	Capital	(108)
(1,054)	Collection Fund	(1,298)
(532)	Public Health	(749)
(203)	Budgets Outside the Cash Limit	-
(8)	Contract Receivables under IFRS 15	-
-	Contingencies - Covid-19 grants	(6,126)
(14,339)	Total Receipts in Advance	(18,012)

28. Creditors

Short Term Creditors

31st March 2019 £000		31st March 2020 £000
(7,265)	Central Government Bodies	(9,750)
(6,998)	Other Local Authorities	(5,872)
(965)	NHS Bodies	(1,184)
(38,261)	Other Entities and Individuals	(33,703)
(1,320)	Accumulated Absence Provision	(1,191)
(54,809)	Total Short Term Creditors	(51,700)

Long Term Creditors

31st March 2019 £000		31st March 2020 £000
(39,934)	PFI schemes liabilities	(39,232)
(30,274)	Ex Waste PFI scheme Liability	(29,203)
(26,494)	Finance lease liabilities	(27,973)
(2,459)	Other long term creditors	(103)
(99,161)	Total Long Term Creditors	(96,511)

29. Provisions

	Injury and Damage Compensation Claims £000	Other Provisions £000	Total £000
Balance at 1 April 2019	(6,609)	(7,942)	(14,551)
Additional Provisions Made in 2019/2020	(1,450)	(10,405)	(11,855)
Amounts Used in 2019/2020	537	5,979	6,516
Write Back Unused Amounts	6,193	574	6,767
Balance at 31 March 2020	(1,329)	(11,794)	(13,123)

	Injury and Damage Compensation Claims £000	Other Provisions £000	Total £000
Balance at 1 April 2018	(5,952)	(9,199)	(15,151)
Additional Provisions Made in 2018/2019	(1,880)	(3,178)	(5,058)
Amounts Used in 2018/2019	1,223	2,572	3,795
Unused Amounts Reversed Back in 2018/19	-	1,863	1,863
Balance at 31 March 2019	(6,609)	(7,942)	(14,551)

Outstanding legal cases

Injury Compensation Claims

Most of the injury compensation claims are individually insignificant. Significant claims are detailed in Note 6. They relate to personal injuries sustained where the Authority is alleged to be at fault (e.g. through failure to repair a road or pavement properly). Provision is made for those claims where it is deemed probable that the Authority will have to make settlement, based on past experience of court decisions about liability and the amount of damages payable. All outstanding claims are expected to be settled by 2019/2020. The Authority may be reimbursed by its insurers, but until claims are actually settled no income is recognised.

Other Provisions

Business Rate Appeals Provision – The council is required to make a provision for its share of the estimated settlement value of appeals against business rates. For the 2020 list this provision has been estimated using information received from the Valuation Office (VOA) on appeals settled and outstanding. For the 2017 rating list the assumption has been made that a reduction in income due to appeals will be a similar percentage to prior lists. The council cannot be certain as to when these appeals will be settled as it is dependent on the timing of their settlement by VOA.

The Council's share of the provision is 73.5% (£10.5m) in 2019/20 as a result of the council participating in the Lancashire 75% business rate retention pilot, the remaining 26.5% is attributable to central government (25%) and Lancashire Fire Authority (1.5%). In 2018/29 the council's share was 49% (£5.547m).

Settled appeals will be charged to the provision once determined by the VOA.

Other provisions also includes amounts set aside to meet pension strain commitments due to retirement of staff and teachers.

30. Usable Reserves

31st March 2019 £000		31st March 2020 £000
(1,931)	Schools Reserves	716
(7,057)	Unallocated General Fund Reserves	(2,292)
(5,705)	Housing Revenue Account	(4,830)
(41,662)	Earmarked Revenue Reserves	(49,818)
(7,527)	Capital Receipts Reserve	(11,411)
-	Major Repairs Reserve	-
(3,112)	Capital Reserves	(3,112)
(66,994)	Total Usable Reserves	(70,747)

31. Unusable Reserves

Restated 31st March 2019 £000		31st March 2020 £000
(93,912)	Revaluation Reserve	(106,540)
(11,226)	Financial Instruments Revaluation Reserve	(6,761)
(313,836)	Capital Adjustment Account	(289,349)
1,664	Financial Instruments Adjustment Account	1,633
244,578	Pensions Reserve	230,786
(489)	Collection Fund Adjustment Account	(4,199)
1,320	Accumulated Absences Account	1,191
(171,901)	Total Unusable Reserves	(173,239)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

Restated 2018/2019 £000		2019/2020 £000
(88,392)	Balance at 1st April	(93,912)
(630)	Upward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(7,989)
(6,561)	Depreciation written out to Revaluation Reserve	(6,044)
-	- Accumulated gains on assets sold or scrapped	67
1,671	Amount written off to the Capital Adjustment Account	1,338
(93,912)	Balance at 31st March	(106,540)

Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Authority arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Disposed of and the gains are realised

Under IFRS 9 Financial Instruments the balance on the Available for Sale Reserve has been transferred to the Financial Instruments Revaluation Reserve.

2018/2019 £000		2019/2020 £000
(10,101)	Balance at 1st April	-
10,101	Transfer of opening balance to Financial Instruments Revaluation Reserve under IFRS 9	-
-	Balance at 31st March	-

Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments that are measured at fair value through Other Comprehensive Income. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised.

2018/2019 £000		2019/2020 £000
	- Balance at 1st April	(11,226)
(1,650)	Upward revaluation of investments	(800)
525	Downward revaluation of investments	5,265
(10,101)	Transferred Available For Sale Reserve opening balance under IFRS 9	-
(11,226)	Balance at 31st March	(6,761)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 10 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Restated 2018/2019 £000		2019/2020	
		£000	£000
(327,594)	Balance at 1st April		(313,836)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
50,711	- Charges for depreciation and impairment of non-current assets	57,695	
36	- Revenue expenditure funded from capital under statute	(91)	
	- Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,226	
4,526			
55,273			59,830
(1,671)	Adjusting amounts written out of the Revaluation Reserve	(1,338)	
53,602	Net written out amount of the cost of non-current assets consumed in year		58,492
	Capital financing applied in year:		
(1,659)	- Use of the Capital Receipts Reserve to finance new capital expenditure	-	
(25,692)	- Application of grants to capital financing from the Capital Grants Unapplied Account	(19,098)	
(9,703)	- Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(9,532)	
(5,695)	- Capital expenditure charged against the general fund and HRA balances	(8,681)	
2,905	- Business loans repayment of principal	3,306	
			(34,005)
(313,836)	Balance at 31st March		(289,349)

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

2018/2019 £000		2019/2020 £000
1,710	Balance at 1st April	1,664
(46)	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(31)
1,664	Balance at 31st March	1,633

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resource set aside to meet costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2018/2019 £000		2019/2020 £000
234,810	Balance at 1st April	244,578
(6,749)	Remeasurement of net defined benefit liability (Actuarial gains/(losses) on pension assets (liabilities))	(27,364)
30,453	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	31,570
	- Transfer of Blackpool Transport Services pension surplus into pooling arrangement	(4,872)
(1,022)	Employers pension contributions and deficit payments for future years	(844)
(12,914)	Transfer of upfront employers pension and deficit payments to General Fund	(12,282)
244,578	Balance at 31st March	230,786

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and business rate income in the Comprehensive Income and Expenditure Statement as it falls due from the council tax and business rate payers compared with statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2018/2019 £000		2019/2020 £000
(243)	Balance at 1st April	(489)
(246)	Amount by which council tax and non-domestic rates credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rate income calculated for the year in accordance with statutory requirements	(3,710)
(489)	Balance at 31st March	(4,199)

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year eg annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2018/2019 £000		2019/2020 £000
1,144	Balance at 1st April	1,320
(1,144)	Settlement or cancellation of accrual made at the end of the preceding year	(1,320)
1,320	Amounts accrued at the end of the current year	1,191
1,320	Balance at 31st March	1,191

32. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2018/2019 £000		2019/2020 £000
(2,089)	Interest Received	(3,008)
7,685	Interest Paid	7,187
(915)	Dividend Received	(841)

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

Restated 2018/2019 £000		2019/2020 £000
(36,689)	Depreciation/Impairment charges to CIES	(52,788)
(29,431)	Movement in Pension Liability	(13,572)
59	Increase/(decrease) in Payments in Advance	3,920
(1,654)	Increase/(decrease) in Debtors	3,914
29	Increase/(decrease) in Inventories	197
600	(Increase)/decrease in Provisions	1,960
(15,980)	(Increase)/decrease in Creditors	1,966
5,898	(Increase)/decrease in Creditors over 1 year	2,650
4,325	(Increase)/decrease in Receipts in Advance	(1,796)
9,468	Other non-cash items charged to the net surplus or deficit on the provision of services	12,424
(63,375)	Total	(41,125)

The surplus or deficit on the provision of services has been adjusted for the following items that are investing or financing activities:

2018/2019 £000		2019/2020 £000
25,692	Capital grants credited to the surplus or deficit on the provision of services	19,099
(2,588)	Loss on disposal of property, plant and equipment investment property and intangible assets	(5,863)
(5,695)	Billing Authorities - Collection Fund adjustments	4,017
17,409	Total	17,253

33. Cash Flow Statement – Investing Activities

31st March 2019 £000		31st March 2020 £000
33,077	Purchase of property, plant & equipment, investment property and intangible assets	101,939
19,084	Other payments for investing activities	32,533
(1,773)	Proceeds from sale of property, plant and equipment, investment property and intangible assets	-
(29,466)	Capital Grants received	(22,780)
20,922	Net cash flows from investing activities	111,692

34. Cash Flow Statement – Financing Activities

31st March 2019 £000		31st March 2020 £000
(282,793)	Cash receipts of short and long term borrowing	(557,077)
(6,363)	Other receipts from financing activities	(21,120)
277,565	Repayments of short and long term borrowing	473,780
3,153	Cash payments for the reduction of the outstanding liability relating to a finance lease and on-balance sheet service concession arrangements (PFI)	1,773
23,008	Other payments for financing activities	-
14,570	Net cash flows from financing activities	(102,644)

35. Cash Flow Statement – Cash & Cash Equivalents

	31st March 2020	31st March 2019	Movement
	£000	£000	£000
Cash in Hand & at Bank	26	494	(468)
Bank overdrawn	(1,872)	(676)	(1,196)
Short term investments	21,350	7,800	13,550
Balance at 31 March	19,504	7,618	11,886

36. Reconciliation of Liabilities Arising From Financing Activities

	1st April	Financing	31st March
	2019	Cash Flows	2020
	£000	£000	£000
Long term borrowings	89,895	(2,435)	87,460
Short term borrowings	159,452	85,732	245,184
Lease liabilities	59,226	(1,946)	57,280
PFI Liabilities	39,935	(704)	39,231
Total Liabilities from Financing Activities	348,508	80,647	429,155

	1st April	Financing	31st March
	2018	Cash Flows	2019
	£000	£000	£000
Long term borrowings	90,343	(448)	89,895
Short term borrowings	153,776	5,676	159,452
Lease liabilities	48,730	10,496	59,226
PFI Liabilities	43,000	(3,065)	39,935
Total Liabilities from Financing Activities	335,849	12,659	348,508

37. Road Charging Schemes under the Transport Act 2000

2018/2019 £000		2019/2020 £000
(1,583)	On-street parking operation surplus	(1,571)
	Utilised to Fund:	
4,652	Public Transport	5,341
299	Traffic Management & Road Safety	391
4,951	Total Qualifying Expenditure	5,732

Decriminalised Parking Enforcement (DPE) of on-street parking was introduced in November 2003 as part of the Local Transport Plan with the aim of reducing congestion and improving traffic management. The surplus arising from on street parking is used to defray qualifying expenditure. The use of DPE is governed by section 55 of the Road Traffic Regulation Act 1984, as amended from October 2004 by section 95 of the Traffic Management Act 2004. This specifies the use that DPE surpluses may be put to.

38. Agency Services

The Authority provides payroll services for a number of other local authorities, schools including academies and its wholly-owned subsidiary companies. These organisations pay a management fee to the Council for the service. The total management fee received by the Council in 2019/2020 was £200,635 (2018/2019 £229,476) and is based on the number of employees paid.

39. Pooled Budgets

On 1st April 2015 the Council entered into a Pooled Budget arrangement with NHS Blackpool Clinical Commissioning Group in relation to the Better Care Fund.

The Government created the Better Care Fund to incentivise the NHS and local government to work more closely together around people, placing their wellbeing as the focus of health and care services, and shifting resources into social care and community services for the benefit of the people, communities and health and care systems.

2018/19 £000			2019/20 £000	
12,334	29,362	Funding provided to the pooled budget:		32,763
17,028		Local Authority Blackpool Council Trust Blackpool CCG	15,061 17,702	
21,267	29,086	Expenditure met from the pooled budget:		32,484
7,819		Local Authority Blackpool Council Trust Blackpool CCG	24,671 7,813	
	276	Net surplus arising on the pooled budget during the year		279

40. Members' Allowances

The Authority paid the following amounts to Members of the Council during the year.

2018/2019 £000		2019/2020 £000
742	Allowances	835
58	Expenses	72
800	Total	907

41. Officers' Remuneration

The number of employees whose remuneration, excluding pension contributions was £50,000 or more in bands of £5,000 is set out below.

	Number in 2019/2020		Number in 2018/2019	
	Schools	Other Staff	Schools	Other Staff
£50,000 - £54,999	10	28	10	25
£55,000 - £59,999	7	23	8	25
£60,000 - £64,999	5	15	3	10
£65,000 - £69,999	4	6	6	10
£70,000 - £74,999	6	8	-	6
£75,000 - £79,999	-	2	2	2
£80,000 - £84,999	1	-	1	-
£85,000 - £89,999	2	2	2	1
£90,000 - £94,999	-	-	2	2
£95,000 - £99,999	-	1	-	3
£100,000 - £104,999	-	3	-	1
£105,000 - £109,999	-	2	-	-
£110,000 - £114,999	-	-	-	-
£115,000 - £119,999	-	1	-	1
£120,000 - £124,999	-	1	-	1
£140,000 - £144,999	-	1	-	1
TOTAL	35	93	34	88

The remuneration paid to the Authority's senior officers is as follows:

Employees in Post 2019/2020					
Post Holder Information	Salary	Expense Allowance	Total Excluding Pensions	Employer Pension Contributions	Total Including Pensions
	£	£	£	£	£
Chief Executive - Neil Jack	143,485	334	143,819	14,487	158,306
Director of Resources	103,413	1,832	105,245	15,653	120,898
Director of Communications and Regeneration	103,695	641	104,336	-	104,336
Director of Governance & Partnership Services	100,044	-	100,044	14,807	114,851
Director of Community & Environmental Services	100,044	-	100,044	1,153	101,197
Director of Public Health	120,096	196	120,292	16,574	136,866
Director of Children's Services	105,762	-	105,762	16,574	122,336
Director of Adult Services	97,884	334	98,218	14,487	112,705
Director of Strategy and Assistant Chief Executive	88,327	246	88,573	13,072	101,645
TOTAL	962,750	3,583	966,333	106,807	1,073,140

Employees in Post 2018/2019						
Post Holder Information	Salary	Expense Allowance	Benefits in Kind	Total Excluding Pensions	Employer Pension Contributions	Total Including Pensions
	£	£	£	£	£	£
Chief Executive - Neil Jack	141,297	-	-	141,297	20,820	162,117
Director of Resources	103,687	-	789	104,476	15,346	119,822
Director of Communications & Regeneration	97,728	562	576	98,866	-	98,866
Director of Governance & Partnership Services	93,762	-	49	93,811	13,877	107,688
Director of Community & Environmental Services	94,387	-	427	94,814	13,877	108,691
Director of Public Health	115,908	4,841	166	120,915	16,668	137,583
Director of Children's Services	96,691	-	-	96,691	15,529	112,220
Director of Adult Services	98,707	-	318	99,025	14,516	113,541
Director of Strategy and Assistant Chief Executive	87,321	-	280	87,601	12,924	100,525
TOTAL	929,488	5,403	2,605	937,496	123,557	1,061,053

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the following table:

Exit Package Cost by Band (incl Special Payments)	Number of Compulsory Redundancies		Number of Other Agreed Departures		Number of Exit Packages by Cost Band		Total Cost of Exit Packages in each Band	
	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020 £000	2018/2019 £000
£0 - £20,000	10	-	25	38	35	38	188	346
£20,001 - £40,000	1	2	5	7	6	9	168	224
£40,001 - £60,000	-	-	1	1	1	1	50	48
£60,001 - £80,000	-	-	-	1	-	1	-	75
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	1	-	1	-	107
Total	11	2	31	48	42	50	406	800

42. External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts.

	2019/20 £000	2018/19 £000
Fees payable to auditors with regard to external audit services carried out by the appointed auditor	85	85
Additional fees payable to auditors in relation to the previous year's audit	18	-
Fees payable to auditors in respect of other inspections	-	16
Fees payable to auditors for the certification of grant claims and returns	18	17
Total	121	118

43. Disclosure of Deployment of Dedicated Schools Grant

The Council's expenditure on schools is funded by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). An element of DSG is recouped by the Department to fund academy schools in the Council's area. DSG is ring-fenced and can only be applied to meet expenditure properly included in the schools budget as defined in the School Finance (England) Regulations 2011. The schools budget includes elements for a range of educational services provided on an authority wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2019/2020 are as follows:

		Central Expenditure £000	Individual Schools Budget (ISB) £000	Total £000
A	Final DSG for 2019/20 before academy & high needs recoupment			112,685
B	Academy & high needs figure recouped for 2019/20			66,984
C	Total DSG after Academy & high needs recoupment for 2019/20			45,701
D	B/F from 2018/19			-421
E	C/F to 2020/21 agreed in advance			0
F	Agreed initial budget distribution in 2019/20	27,090	18,190	45,280
G	In year adjustments	-	-	-
H	Final budgeted distribution for 2019/20	27,090	18,190	45,280
I	Less Actual Central Expenditure	30,195		
J	Less Actual ISB deployed to Schools		18,190	
K	Plus Local authority contribution for 2019/20	-	-	-
L	C/F to 2020/21	(3,105)	-	(3,105)

- A Final DSG figure before any amount has been recouped from the Council
- B Figure recouped from the Authority in 2019/20 by the Department for Education (DfE) for conversion of maintained schools into Academies and for High Needs payments by ESFA.
- C Total DSG figure after Academy and High Needs recoupment for 2019/20
- D Figure brought forward from 2018/19 as agreed with DfE
- E Any amount which the Authority decided after consultation with the Schools Forum to carry forward to 2020/21
- F Budgeted distribution of DSG as agreed with the Schools Forum
- G Changes to the initial distribution
- H Budgeted distribution of DSG as at the end of the financial year
- I Amount of central expenditure items in 2019/20
- J Amount of ISB actually distributed to schools
- K Carry forward to 2020/21

The deficit of £3.105m is netted off against the cumulative level of school balances of £2.384m and hence reduces the school reserves to £0.721m negative reserves as shown at Note 11.

44. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2019/2020.

	2019/2020 £000	2018/2019 £000
Credited to Taxation and Non Specific Grant Income		
Non-Domestic Rates Retained	28,515	19,735
Non-Domestic Rates Top Up	27,137	23,528
Revenue Support Grant	-	19,691
Section 31 Grants (NNDR 1 return)	7,515	4,039
New Homes Bonus	454	465
Improved Better Care Fund	9,652	4,973
Opportunity Areas	2,012	3,796
Covid-19 grant	6,085	-
Other Adult Social Care grants	2,544	-
Other Contributions	427	463
Capital Grants - Other	19,099	25,692
Total	103,440	102,382
Credited to Services		
Dedicated Schools Grant	45,701	44,788
Pupil Premium Grant	3,247	3,372
Housing Benefit Administration Subsidy	763	831
Rent Allowance Subsidy	51,012	61,142
Rent Rebates Subsidy	10,813	12,205
Public Health Grant	17,941	18,428
Street Lighting PFI	2,627	2,627
Building Schools for the Future PFI	3,024	3,024
Universal Infant Free School Meals	596	571
Sustainable Transport Access Fund	2,498	2,500
Museum Project	955	500
Other Grants and Contributions	5,764	5,025
Total	144,941	155,013

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that, if not met, will require the monies or property to be returned to the provider. The balances at year end are as follows:

	2019/2020 £000	2018/2019 £000
Current Liabilities		
Revenue Grants Received in Advance		
S31 Business Rate Retention 2020/21	6,017	-
Department for Transport - Project Amber	4,400	-
Rogue Landlord	63	-
Sport England	46	-
Other	247	3,932
Total	10,773	3,932
Long Term Liabilities		
Capital Grants Received in Advance		
Department of Health	360	386
Environment Agency grants	2,183	2,571
Local Transport Plan	4,612	5,275
Empty Homes	2,142	798
Education & Skills Funding Agency	2,788	5,918
Other Grants & Contributions	526	452
Total	12,611	15,400

45. Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government

Central Government has significant control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in Note 44. Capital grant receipts unspent at 31st March 2020 are shown in Note 44.

Members

The Council maintains a register of all members' disclosable pecuniary interests. The register of members' interests is open to public inspection as required by Section 29 of the Localism Act 2011. A copy of the register of members' interests is also available to view on the council's website. Where a member has a disclosable pecuniary interest they are precluded from taking any part in meetings or decisions related to their previously disclosed interest, unless an appropriate dispensation has been granted.

In respect of the 2019/20 financial year a number of council members had a controlling interest in a company, partnership, trust or entity. The controlling interest was by way of ownership, or as a director, member, trustee,

governor or partner of an organisation. The existence of the procedures described above ensure that the Council is able to both identify where a member has an interest, and take action to ensure that there is no participation in any decisions relevant to their interest. All major decisions are available for public scrutiny and challenge as part of the Council's constitutional arrangements.

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2019/2020 is shown in Note 40.

During the year 4 Members of the Council had a private interest in Blackpool Teaching Hospital. The Council made payments to this organisation amounting to £1,559,715 in 2019/2020 (2018/2019 - £5,475,868) to meet the Council's social care and public health responsibilities. At 31st March 2020 the Council owed the hospital £6,287 (2018/19 - £66,713) and the hospital owed the Council £573,471 (2018/19 - £111,318). In addition to hospital has a business loan with the Council. More details are shown in Note 22.

During the year a Member of the Council had a private interest in Calico Enterprise Limited who provide support to residents in times of need. The Council made payments to this organisation totalling £266,704 in 2019/20 (2018/2019 - £288,992). These payments were to meet the Council's social responsibilities.

During the year a 2 Members of the Council had a private interest in Little George's Nursery School, a local nursery. The Council made payments to this organisation totalling £214,527 in 2019/20 (2018/2019 - £215,348). These payments were to meet the Council's early years' responsibilities.

These transactions were conducted at arms-length and in accordance with the Authority's financial regulations.

Chief Officers

The Director of Resources is a board member of Lancashire Pension Board and acts as a representative for the Fund's employers.

No transactions were identified involving Chief Officers with related parties.

Other Public Bodies

The authority has a pooled budget arrangement with NHS Blackpool Clinical Commissioning Group in relation to the Better Care Fund. Transactions and balances outstanding are detailed in Note 38.

The Council received £17.9m Public Health grant in 2019/20 (£18.4m in 2018/19) for the delivery of Public Health services which aim to improve health outcomes for all ages and remove health inequalities across the borough. The Public Health grant is allocated to the Council as a ring-fenced grant.

The following table shows the precepts and levies during the year:

Precepting & Levying Bodies	Precepts/Levies 2019/20	Other Expenditure 2019/20	Precepts/Levies 2018/19	Other Expenditure 2018/19
	£000	£000	£000	£000
Police & Crime Commissioner for Lancashire	7,357	174	6,427	109
Lancashire Fire Authority	3,119	4	2,846	1
Environment Agency	68	7	68	8

The precepts paid to Police and Crime Commissioner for Lancashire and Lancashire Fire Authority are to distribute Council Tax collected on behalf of the related party.

The payment to the Environment Agency is the Flood Defence Levy, and where there was some other expenditure primarily for drainage works.

Entities Controlled or Significantly Influenced by the Authority

The authority controls Blackpool Transport Services Limited through its ownership of 100% shares in the Company. The authority provided loans to the Company. The balance outstanding on these loans at 31st March 2020 was £17,742,000. Full details are in Note 22.

The authority controls Blackpool Housing Company Limited through its ownership of 100% shares in the Company. The authority provided loans to the Company. The balance outstanding on these loans at 31st March 2020 was £19,200,000. Full details are in Note 22.

The authority also controls Blackpool Coastal Housing, Blackpool Airport, Blackpool Entertainment Company, Blackpool Operating Company, Blackpool Waste Services Limited and Lancashire Management Operations Limited through its ownership of 100% shares in the companies. Full details are in Section 7 Group Accounts.

46. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2019/2020 £000	2018/2019 £000
<u>Capital Financing Requirement</u>		
Opening Capital Financing Requirement	338,851	304,471
Capital Investment		
Property, Plant & Equipment	78,492	33,077
Investment Properties	984	17,356
Assets under Construction	8,323	10,311
Revenue Expenditure funded from Capital under Statute	5,289	2,182
Long Term Debtor -Loan to Blackpool Transport Services	6,650	2,967
Long Term Debtor - Loan to Create	-	1,924
Long Term Debtor - Loan to Blackpool Housing Company	5,000	5,400
Long Term Debtor - Loan to Laila's Fine Foods	-	1,022
Long Term Debtor - Loan to Ocean Boulevard III	5,389	6,748
Long Term Debtor - Loan to Coolsilk	3,661	5,045
Long Term Debtor - Loan to Blackpool Airport	813	-
Long Term Debtor - Enveco Leased Vehicles	2,851	-
Sources of Finance		
Capital Receipts	-	(1,773)
Government Grants & Other Contributions	(22,780)	(28,019)
Sums set aside from Revenue	(20,277)	(18,929)
Payments Received for :-		
Long Term Debtor -Loan to Blackpool Transport Services	(1,789)	(1,520)
Long Term Debtor - Loan to Blackpool Victoria Hospital	(923)	(1,385)
Long Term Debtor - Loan to Laila's Fine Foods	(94)	(26)
Long Term Debtor - Loan to Ocean Boulevard III	(500)	-
Closing Capital Financing Requirement	409,940	338,851
Explanations of Movements in Year		
Increase in underlying need to borrow (unsupported by Government Financial Assistance)	71,089	34,380
Increase in Capital Financing Requirement	71,089	34,380

47. Leases

Authority as Lessee

Finance Leases

Waste Services

The Council has recognised a finance lease creditor in respect of the borrowing raised by Lancashire County Council to settle the PFI liability in respect of the waste PFI. The assets underpinning the finance lease are the land and buildings comprising the waste plants. Blackpool Council's share of the liability is 12.5%.

The total future repayments payable at 31st March 2020 were as follows:

	31st March 2020 £000	31st March 2019 £000
Payments due no later than one year	1,070	1,034
Payments due later than one year not later than five years	4,718	4,543
Payment due later than five years	24,486	25,730
Total	30,274	31,307

Ribble House

At its meeting on 19th February 2018 the Executive agreed to enter into a 30 year lease for Ribble House with an option to acquire the office premises at the end of the lease term. The lease payments escalate on an annual basis at the lower of 5% per annum and the all items retail price index. The escalation is applied to the preceding annual lease payments. The net book value of the property at 31st March 2020 was £20m.

The total future repayments payable at 31st March 2020 were as follows:

	Minimum Lease Payments	
	31st March 2020	31st March 2019
	£000	£000
Not later than one year	690	690
Later than one year and not later than five years	2,760	4,798
Later than five years	12,642	16,574
Total	16,092	22,062

The council has sub-let the office accommodation held under this finance lease. At 31st March 2020 the minimum payments expected to be received under non-cancellable sub-leases was £12,150,000 (£13,500,000 at 31st March 2019).

Tramshed

In 2018/19 the Council entered into a 30 year lease for Tramshed – student accommodation. The property is managed by a wholly-owned Subsidiary of the Council.

The total future repayments payable at 31st March 2020 were as follows:

	Minimum Lease Payments	
	31st March 2020 £000	31st March 2019 £000
Not later than one year	317	51
Later than one year and not later than five years	1,372	1,328
Later than five years	12,294	12,654
Total	13,983	14,033

The Authority as Lessor

The Council has granted various property leases including the lease of the Sandcastle Waterpark, Ribble House and Bickerstaffe House. The future minimum lease payments under non-cancellable lease for all property leases in future years are:

	Minimum Lease Payments	
	31st March 2020 £000	31st March 2019 £000
Not later than one year	2,176	2,033
Later than one year and not later than five years	6,498	6,249
Later than five years	9,339	8,401
Total	18,013	16,683

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

48. Private Finance Initiative (PFI)

Highfield Leadership Academy (previously Highfield Humanities College) PFI

The Highfield Leadership Academy PFI scheme is a PFI scheme resulting from the Government's Building Schools for the Future Programme. This project consists of the new build of a secondary school for up to 1,216 pupils and the provision of a fully managed facility for a period of 25 years by the selected operator.

The operator is Eric Wright Facilities Management via the Highfield PFI SPV Limited (a company wholly owned by Blackpool Local Education Partnership, a joint venture between Eric Wright Group, Blackpool Council and Northgate Management Services). The total projected cost over the life of the project is £98m which is funded by PFI credits of £40m from the Department of Education with the remainder funded by the School and Local Authority contributions.

On 1st April 2017 the school converted to an Academy and the assets relating to the PFI were transferred to Tauheedul Education Trust the school's Governing Body and are no longer recognised on the Authority's Balance Sheet. However, the liability for the remaining payments relating to the scheme are still held on the Authority's Balance Sheet under Long Term Creditors. The school makes a contribution to the Authority for these payments.

The Authority makes an agreed payment each year which is increased by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31st March 2020 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Payment for Service £000	Repayment Liability £000	Interest £000	Total Payment Due £000
Payable 2020/21	1,260	688	1,853	3,801
Payable in two to five years	5,934	2,425	6,801	15,160
Payable in six to ten years	8,875	4,078	6,954	19,907
Payable in eleven to fifteen years	10,195	6,475	4,587	21,257
Payable in sixteen to twenty years	4,949	4,977	912	10,838
Total	31,213	18,643	21,107	70,963

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay the liability to the contractor for capital expenditure incurred is as follows:

2018/2019 £000		2019/2020 £000
(19,758)	Balance outstanding at start of year	(19,244)
514	Payments during the year	601
(19,244)	Total	(18,643)

Street Lighting and Signals PFI

The scheme, supported by the Department for Transport, was signed in December 2009, and provides for the design, maintenance and replacement of Street Lighting and Signals across the town. The contract was awarded to Community Lighting Partnership. The project commenced on 4th January 2010 and is for 25 years. The service provider is responsible for the management and maintenance of street lights and signals within Blackpool. The total sum payable to the contractor over the term of the contract is £128.076m, being met from Government Grant and Authority contributions.

The Authority makes an agreed payment each year which is increased by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31st March 2020 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Payment for Service £000	Repayment Liability £000	Interest £000	Total Payment Due £000
Payable 2020/21	1,933	1,092	1,117	4,142
Payable in two to five years	6,790	5,677	4,412	16,879
Payable in six to ten years	9,562	12,417	5,311	27,290
Payable in eleven to fifteen years	17,656	18,767	2,548	38,971
Total	35,941	37,953	13,388	87,282

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay the liability to the contractor for capital expenditure already incurred is as follows:

2018/2019 £000		2019/2020 £000
(27,149)	Balance outstanding at start of year	(23,463)
946	Payments during the year	1,005
(41)	Additions	(332)
2,781	Refinancing of PFI	-
(23,463)	Total	(22,790)

49. Pension Schemes Accounted For As Defined Contribution Schemes

Teachers' Pension Scheme

Teachers employed by the Authority are members of the Teachers' Pension Scheme, administered by Capita on behalf of the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the Authority contributes towards the costs by making contributions based on a percentage of the members' pensionable salaries.

The scheme is a multi-employer defined benefit scheme. The scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years. The scheme has in excess of 11,000 participating employers and consequently the Authority is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purpose of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2019/2020 the Council paid £2,437,327 (2018/19 £1,801,095) to the Department for Education in respect of teachers retirement benefits, representing 20.68% of teachers' pensionable pay. There were no contributions remaining payable at the year end. The contributions due to be paid in the next financial year are estimated to be £2.8m.

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' pension scheme. These costs are accounted for on a defined benefit basis and detailed in Note 50.

The Authority is not liable to the scheme for any other entities obligations under the plan.

NHS Staff Pension Scheme

From 1st April 2013 NHS staff working within Public Health transferred to the Council. The transferred staff have maintained their membership in the NHS Pension Scheme which is administered by NHS Business Services Authority. The Scheme provides these staff with specified benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is an unfunded defined benefit scheme. However the Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined benefit contribution.

In 2019/2020, the Council paid £81,970 (2018/19 £95,197) to the NHS Pension Scheme in respect of Public Health employees' retirement benefits, representing 14.38% (2018/19 14.38%) of pensionable pay. There were no contributions remaining payable at the year end. The contributions due to be paid in the next financial year are estimated to be £82,400.

50. Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its staff, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Authority participates in the Local Government Pension Scheme which is administered by Lancashire County Council. This is a funded defined benefit final salary scheme, which means that the Council and employees pay contributions into the fund, calculated at a level intended to balance pension liabilities with the investment assets.

The Lancashire pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee at Lancashire County Council. Policy is determined in accordance with the Pension Fund Regulations. The Treasurer of Lancashire County Council is also the Treasurer of Lancashire Pension Fund. The investment managers of the fund are appointed by the committee. There are currently nine external investment managers.

The principal risks to the Authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (ie large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

Emphasis of Matter – Effects of Covid-19 on Pension Fund Property Valuations

An Emphasis of Matter has been raised by Grant Thornton, the Pension Funds Auditors, regarding the disclosure relating to the pension fund property valuations. The disclosure states:

“The valuation of directly held properties is carried out by independent valuers, Avison Young on an individual property basis rather than as a portfolio, by qualified surveyors and in accordance with the RICS Professional Standards, Global and UK, RICS Valuation – Professional Standards – 2017. Avison Young have advised that as a firm, due to the COVID-19 pandemic, they can attach less weight to previous market evidence for comparison purposes and that they are faced with unprecedented circumstances on which to base a judgement. As for indirect property holdings, the valuation of direct property is reported on the basis of 'material valuation uncertainty'. This does not mean that the valuation cannot be relied upon but that less certainty can be attached to the valuation than would otherwise be the case.”

Discretionary Post-retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

McCloud Judgement

Claims of unlawful discrimination have been made in relation to the changes to the Judiciary and Firefighters Pension regulations and in December 2018 the Court of Appeal (McCloud / Sargeant) ruled that the 'transitional protection' offered to some members as part of the reform to public sector pensions amounts to unlawful discrimination. On 27 June 2019 the Supreme Court refused leave to appeal on the McCloud case. In light of this it is envisaged that the Court will require changes to arrangements for employees who were transferred to the

new schemes potentially including Local Government Pension Scheme members. This would lead to an increase in Local Government Pension Scheme liabilities and our actuaries (Mercers) using specific assumptions and applying these across the scheme as a whole have estimated the potential increase in scheme liabilities for the Council to be approximately £5m. This increase is reflected in the IAS19 Disclosure as a Past Service Cost in 2018/19. Any difference between the 2018/19 liabilities and the 2019/20 figure is included as an experience in gains/losses on liabilities. The service cost for 2019/20 will include an allowance for the additional costs which arise from the judgement.

Blackpool Transport Services Pooling Arrangement

As mentioned in the Narrative Report, Blackpool Transport Services' part of the Lancashire County Pension Fund has been in surplus since that time and Blackpool Transport Services Limited has never made an employer's contribution.

At the 31 March 2016, the date of the last actuarial valuation, Blackpool Transport Services Limited had a surplus of around £5.4m in the Local Government Pension Scheme. As a result of this surplus, Blackpool Transport Limited has not been making any contributions to the pension fund during the period 1 April 2017 and 31 March 2020.

Actuarial advice estimates it could take up to 50 years for Blackpool Transport Limited to utilise this surplus based on current actuarial valuations since a surplus cannot be paid to an employer unless it has no active members.

On 15th July 2019 the Executive agreed to enter into a pooling arrangement with Blackpool Transport Services (BTS) to use BTS's pension fund surplus to partly offset the Council's pension fund deficit. As part of the arrangement the Council made a payment of £2m to Blackpool Transport Services Limited, funded from its reserves and repayable via pension contribution savings over an estimated 10 years, in respect of pooling this surplus. Blackpool Transport Services Limited proposes to invest this £2m into the business and thereby guarantee future dividend payments to the Council.

It is estimated that the pooling arrangement will reduce the Council's contributions to the Pension Fund by up to £200,000 per year, net of any liabilities relating to active members. In 2019/20 the pooling of the pension fund reduced the Council's pension deficit by £4,872,000 and is shown under business combinations.

Transactions Relating to Post-Employment Benefits

The Authority recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Authority is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000
Comprehensive Income and Expenditure Statement				
<i>Cost of Services:</i>				
<i>Service Cost comprising</i>				
- current service cost	23,174	19,556	-	-
- past service costs	2,947	5,460	-	-
<i>Financing & Investment Income and Expenditure</i>				
Net interest expense	5,369	5,353	80	84
Total Post-employment Benefits charged to the Surplus/Deficit on the Provision of Services	31,490	30,369	80	84
<i>Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</i>				
Remeasurement of the net defined benefit liability comprising:				
- Actuarial gains and losses arising on changes in financial assumptions	(11,954)	44,580	(81)	180
- Actuarial gains and losses arising on changes in demographic assumptions	(31,506)	-	(86)	-
- Experience gains and losses	13,349	(51,509)	(44)	-
Return on plan assets	2,958	-	-	-
Total Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement	(27,153)	(6,929)	(211)	180
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(31,490)	(30,369)	(80)	(84)
Actual amount charged against the general fund balance for pensions in the year:				
Employers' contributions payable to scheme	687	870		
Retirement benefits payable to pensioners			157	152

Assets and Liabilities Recognised in the Balance Sheet

The amount included in the balance sheet arising from the Authority's obligation in respect of its defined pension benefit plans is as follows:

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000
Present value of the defined benefit obligation	882,784	855,206	3,143	3,431
Fair value of plan assets	(655,141)	(626,341)	0	0
Net liability arising from defined benefit obligation	227,643	228,865	3,143	3,431

Reconciliation of the Movements in the Fair Value of Scheme (Plan)

	Local Government Pension Scheme		Discretionary Benefits Arrangements	
	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000
Opening fair value of scheme assets	626,341	575,433	0	0
Interest Income	15,891	14,765	0	0
Remeasurement gain/(loss):				
- The return on plan assets , excluding the amount included in the net interest expense	(13,349)	51,509	0	0
- Other	(401)	(305)	0	0
Contributions from employer	687	870	157	152
Contributions from employees into the scheme	4,320	3,926	0	0
Benefits paid	(23,273)	(19,857)	(157)	(152)
Business combinations	44,925	0	0	0
Closing fair value of scheme assets	655,141	626,341	0	0

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Discretionary Benefits Arrangements	
	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000
Opening balance at 1 April	855,206	781,728	3,431	3,319
Current service cost	22,773	19,251	0	0
Interest cost	21,260	20,118	80	84
Contributions from scheme participants	4,320	3,926	0	0
Remeasurement (gains) and losses:				
- Actuarial (gains)/losses arising from changes in demographic assumptions	(31,506)	0	(86)	0
- Actuarial (gains)/losses arising from changes in financial assumptions	(11,954)	44,580	(81)	180
- Experience (gains) and losses	2,958	0	(44)	0
Past service cost	2,788	5,046	0	0
Losses/(gains) on curtailment	159	414	0	0
Benefits paid	(23,273)	(19,857)	(157)	(152)
Business Combinations	40,053	0	0	0
Closing balance at 31 March	882,784	855,206	3,143	3,431

Local Government Pension Scheme assets comprised:

	Fair Value of Scheme Assets	
	2019/20 £000	2018/19 £000
Cash & cash equivalents	7,207	3,644
Bonds:		
- Corporate	16,380	7,344
- Government	0	22,017
Sub total bonds	16,380	29,361
Property:		
- Retail	655	15,078
- Commercial	8,517	43,300
Sub total property	9,172	58,378
Private Equity:		
UK	0	0
Overseas	347,224	324,232
Sub total private equity	347,224	324,232
Other investment funds:		
- Credit Funds	103,512	44,472
- Pooled Fixed Income	34,722	68,128
- Infrastructure	90,409	88,540
- Property	46,515	9,586
Sub total other investment funds	275,158	210,726
Total assets	655,141	626,341

Basis for Estimating Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

Both the Local Government Pension Scheme and discretionary benefits liabilities have been estimated by Mercers, an independent firm of actuaries, estimates for the Lancashire County Council Fund being based on the latest full valuation of the scheme as at 1 April 2019.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme		Discretionary Benefits	
	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000
Post Retirement Mortality Assumptions:				
Non Retired:				
Men/Women	110%/94%	98%/89%	110%/94%	98%/89%
Retired				
Men/Women	103%/91%	99%/93%	103%/91%	99%/93%
Longevity at 65 for current pensioners:				
- Men	22.3yrs	22.8yrs	22.3yrs	22.8yrs
- Women	25.0 yrs	25.5yrs	25.0yrs	25.5yrs
Longevity at 75 for current pensioners:				
- Men			13.6yrs	14.0yrs
- Women			15.8yrs	16.1yrs
Longevity at 65 for future pensioners:				
- Men	23.8 yrs	25.1yrs		
- Women	26.8yrs	28.2yrs		
Rate of inflation	2.1%	2.2%	2.1%	2.3%
Rate of increase in salaries	3.6%	3.7%	0.0%	0.0%
Rate of increase in pensions	2.2%	2.3%	2.2%	2.4%
Rate for discounting scheme liabilities	2.4%	2.4%	2.4%	2.4%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Impact on the Defined Benefit Obligation in the Scheme	
	Approximate % change in employee liability	Approximate monetary value £000
1 year increase in member life expectancy	2.71%	23,990
Rate of Inflation - increase by 0.1%	1.74%	15,372
Rate of increase in salaries - increase by 0.1%	0.20%	1,728
1% increase in real discount rate	(1.71%)	(15,110)

Impact on Authority's Cash Flows

The objectives of the scheme are to keep employer's contributions at as constant a rate as possible. Lancashire County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 16 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2022.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings scheme to pay pensions and other benefits.

The Actuary anticipates the Council will pay £11.8m contributions to the scheme in 2020/21.

51. Nature and Extent of Risks Arising From Financial Instruments

The Council's activities expose it to a variety of financial risks, the key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments; and
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.

The Council's overall risk management procedures focus on the unpredictability of financial markets, and seek to minimise potential adverse effects on resources available to fund services. Risk management is carried out by the Treasury Management Panel, under policies approved by the Executive in the Council's Annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. The criteria are based on information from Fitch, Moody's and Standard and Poors, the three principal credit ratings agencies.

Banks – the authority will use banks which have at least the following ratings:

- Short term – F1 or equivalent
- Long term – Single A or equivalent.

Building Societies – the authority will use any UK society with assets in excess of £1.5 billion.

Local authorities – the authority will use upper tier authorities only.

Investments in UK Government – permitted due to overall security.

The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Executive.

The Authority's potential maximum exposure to credit risk in relation to its investments in banks and building societies of £21.35m cannot be assessed generally as the risk of any institution failing to make the interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits but there was no evidence at 31st March 2020 that this was likely to crystallize, therefore, no separate provision for loss has been made in the accounts. The Council limits the amount of borrowing undertaken, thereby reducing the potential credit risk from placing deposits.

The following analysis summarises the Authority's potential maximum exposure to credit risk on other financial assets, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions.

	Amount at 31st March 2020 £000	Historical experience of default %	Historical experience adjusted for market conditions at 31st March 2020 %	Estimated maximum exposure to default and uncollectability At 31st March 2020 £000	Estimated maximum exposure at 31st March 2019 £000
Deposits with banks and financial institutions	21,350	0	0	0	7,800
Customers	46,948	35%	0	16,432	15,218

Of the £60.636m current trade receivables £4.477m relates to invoices raised for customer accounts.

No credit limits were exceeded during the reporting period and the authority does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Authority does not allow credit for its customers and invoices should be paid within 30 days, however £3.672m of the £4.477m balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

	31st March 2020 £000	31st March 2019 £000
Up to 3 months	1,256	665
Three to six months	672	678
Six months to one year	604	987
1-2 years	1,172	303
2-3 years	190	262
Over 3 years	583	472
Total	4,477	3,367

Liquidity risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the authority has ready access to borrowings from the money markets. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of borrowings at a time of unfavourable interest rates. The Authority sets limits on the proportion of its fixed rate borrowing during specified periods. Except for short term temporary borrowing the strategy is to ensure that not more than 30% of loans are due to mature within any rolling five year period through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments. The maturity analysis of financial liabilities is as follows:

	31st March 2020 £000	31st March 2019 £000
Less than one year	245,184	159,452
Between one and two years	6,184	1,184
Between two and five years	9,833	7,761
Between five and ten years	22,157	20,878
Between ten and fifteen years	11,814	14,778
Between fifteen and twenty years	-	2,960
More than twenty years	38,472	42,334
Total	333,644	249,347

All trade and other payables are due to be paid in less than one year.

Market risk

Interest rate risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Service will rise
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on the fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in the interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Authority has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 35% of its long-term borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Authority's cost of borrowing and provide compensation for a proportion of any higher costs.

The treasury management panel has an active strategy for assessing interest rate exposure that feeds into the annual budget setting. Any adverse changes are updated in the budget during the year. The analysis will also advise whether new borrowing taken out is fixed or variable.

If interest rates had been 1% higher with all other variables held constant, the financial effect would have a £1.5m effect on the financial statements. This assumption is based on the methodology used in the Note 20.

Price Risk

The Authority does not invest in equity shares but does have shareholdings with a fair value of £27.410m in a number of subsidiaries.

As the shareholdings have arisen in the acquisition of specific interests, the Authority is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead it only acquires shareholdings in return for 'open book' arrangements with the company concerned so that the authority can monitor factors that might cause a fall in the value of specific shareholdings.

All movements in share price will impact on gains and losses recognised in Other Comprehensive Income and Expenditure. A general shift of 5% in the general price of shares (positive or negative) would thus have resulted in a £1.4m gain or loss being recognised in the Other Comprehensive Income and Expenditure for 2019/2020.

Foreign Exchange Risk

The Authority has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

52. Contingent Liabilities /Assets

Municipal Mutual Insurance

The Scheme of Arrangement was enacted in 2012/2013. Although Blackpool Council is not a scheme creditor the Council will have a liability in relation to Lancashire County Council (for transferred services). It is not yet clear how much this liability will be.

NNDR Appeals

The Council has made provision for NNDR appeals based upon its best estimate of the actual liability as at the year-end in known appeals. It is not possible to quantify appeals that have not yet been lodged with the Valuation Office so there is a risk to the Council that national and local appeals may have a future impact on the accounts.

As at 31st March 2020 the Council had no material contingent assets to disclose.

These assets and liabilities are not included on the Balance Sheet.

53. Heritage Assets: Five Year Summary of Transactions

Information on Illuminations and Civic Regalia is not available before 1st April 2010. The Tower Company Collection only transferred to the Authority in March 2009 and there have been no movements in the valuation. There have been no movements in the valuation of the art collection, local and family history collection and Stanley Park statues.

	2015/2016 £000	2016/2017 £000	2017/2018 £000	2018/2019 £000	2019/2020 £000
Balance B/fwd					
Cenotaph	120	120	120	20	20
Civic Regalia	591	591	591	510	510
Illuminations	500	500	500	550	550
Tower Collection & Local Family History Collection	900	900	900	1,450	1,450
Art Collection	5,000	5,000	5,000	5,655	5,655
Stanley Park Statues	653	653	653	-	-
Total Balance B/fwd	7,764	7,764	7,764	8,185	8,185
Additions					
Art Collection	-	-	55	-	-
Total Additions	-	-	55	-	-
Impairment/Revaluation					
Cenotaph	-	-	(100)	-	-
Civic Regalia	-	-	(81)	-	179
Illuminations	-	-	50	-	-
Tower Collection & Local Family History Collection	-	-	550	-	-
Art Collection	-	-	600	-	-
Stanley Park Statues	-	-	(653)	-	-
Total Impairment/Revaluation	-	-	366	-	179
Balance C/fwd					
Cenotaph	120	120	20	20	20
Civic Regalia	591	591	510	510	689
Illuminations	500	500	550	550	550
Tower Collection & Local Family History Collection	900	900	1,450	1,450	1,450
Art Collection	5,000	5,000	5,655	5,655	5,655
Stanley Park Statues	653	653	-	-	-
Total Balance C/fwd	7,764	7,764	8,185	8,185	8,364

Section 6

Supplementary Single Entity Financial Statements

Housing Revenue Account

The Housing Revenue Account Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis upon which rents are raised is shown in the on the Housing Revenue Account Statement.

Housing Revenue Account			
Income and Expenditure Statement for the Year Ended 31st March 2020			
2018/2019		2019/2020	
£000		£000	£000
	Expenditure		
3,929	Repairs and maintenance	3,988	
7,494	Supervision and management	8,725	
158	Rent, rates , taxes and other charges	186	
5,547	Depreciation and impairment of non-current assets	2,511	
72	Debt management costs	52	
184	Movement in the allowance for bad debts	283	
17,384	Total Expenditure		15,745
	Income		
(16,775)	Dwelling rents	(16,766)	
(126)	Non-dwelling rents	(120)	
(1,686)	Charges for services and facilities	(1,676)	
(532)	Contributions towards expenditure	(255)	
(19,119)	Total Income		(18,817)
(1,735)	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Account		(3,072)
	HRA Share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement		
128	Loss on sale of HRA non-currents assets	772	
(1,563)	Capital grants	(1,428)	
398	Interest payable and similar charges	399	
(110)	Interest and investment income	(85)	(342)
(2,882)	Surplus for the year on HRA services		(3,414)

Movement on the Housing Revenue Account Statement for the Year Ending 31st March 2020

	2019/2020 £000	2018/2019 £000
Balance on HRA Reserve at 1st April	(5,705)	(5,870)
Surplus for the year on HRA Income and Expenditure Statement	(3,414)	(2,882)
Adjustments between accounting basis and funding basis under statute	4,289	3,047
Net increase or decrease in year	875	165
Balance on HRA Reserve at 31st March	(4,830)	(5,705)

Notes to the HRA Statement

1. Housing Revenue Account Stock

The Council owned 4,736 dwellings at 31st March 2020 which are analysed below:-

	2019/2020	2018/2019
Bedsits	56	88
Flats	2,853	2,859
Maisonettes	30	-
Bungalows	8	80
Houses	1,735	1,730
Multi occupied dwellings	54	44
Total	4,736	4,801

The change in the stock during the year is summarised below:-

	2019/2020	2018/2019
Stock at 1st April	4,801	4,747
Less: Sales to tenants	(28)	(22)
Disposal of Troutbeck properties	(81)	-
Disposal of Chepstow Road site	-	(6)
Other Disposals	(3)	-
Add: Queens Park Phase II	8	78
Troutbeck Buy Backs	-	4
Hoyle House	12	-
Other Additions/Purchases	17	-
Recovery Houses/Hostels	10	-
Stock at 31st March	4,736	4,801

The Balance Sheet value of assets held in the Housing Revenue Account was as follows:-

	2019/2020 £000	2018/2019 £000
Operational assets:		
Council dwellings	118,763	115,557
Other HRA	2,350	2,330
Stock at 31st March	121,113	117,887

2. Dwelling Rents

This is the total rent due for the year after allowance is made for voids etc. During the year 3.1% of lettable properties, excluding hostels, were vacant (2018/19: 3.0%). This includes properties intentionally held vacant pending the ongoing re-development of the Troutbeck estate and other sites. During the year the average void rate for hostels was 11% (2018/19 - 12%).

The average rent (excluding Affordable Rent properties) was £67.25 a week in 2019/20, a decrease of 0.33% over the previous year.

	2019/2020 £000	2018/2019 £000
Vacant possession value of properties	283,494	287,612

The vacant possession value of dwellings held on 31st March 2020 was £283,494,220. The difference between this and the Existing Use Value (Social Housing) and Existing Use Value (Affordable Rent) valuation of £118,762,452 represents the economic cost to the Government of providing council housing at less than the open market rents.

3. Major Repairs Reserve

The movements in the Major Repairs Reserve (MRR) are summarised as follows:

	2019/2020 £000	2018/2019 £000
Balance at 1st April	-	-
Transferred to MRR during the year	-	-
Transfer between MRR and HRA during the year	2,253	2,857
Debits to MRR during the financial year in respect of capital expenditure:		
Houses held within HRA	(2,253)	(2,857)
Balance at 31st March	-	-

4. Housing Repairs Account

The movement on the Housing Repairs Account during the year is summarised below:

	2019/2020 £000	2018/2019 £000
Balance at 1st April	-	-
Add: Revenue contribution	3,988	3,929
Less: Expenditure in year		
Responsive repairs	(2,879)	(2,805)
Planned maintenance	(1,109)	(1,124)
Balance at 31st March	-	-

5. Capital Expenditure within Housing Revenue Account

	2019/2020 £000	2018/2019 £000
Total capital expenditure within the Housing Revenue Account on land, housing & other property	7,571	9,319
Sources of funding for the above Capital Expenditure:		
- Usable Capital Receipts	-	391
- Revenue contributions (as defined in Local Government & Housing Act 1989)	3,747	3,692
- Major Repairs Reserve	2,253	2,857
- Grants and other funding	1,571	2,379
Total capital expenditure within the HRA	7,571	9,319

Usable capital receipts totalling £576,277 were received and applied during the year (£391,000 in 2018/19).

6. Depreciation Charge within the HRA

	2019/2020 £000	2018/2019 £000
Depreciation charges for:		
- Operational assets, comprising dwellings and other land and buildings	2,203	2,791
- Non-Operational assets	50	66
Total	2,253	2,857

7. Impairment

	2019/2020 £000	2018/2019 £000
Impairment charges in respect of land, houses and other property within the HRA	258	2,690

The basis of valuation of the housing stock within the HRA is Existing Use Value – Social Housing (EUV-SH) and Existing Use Value – Affordable Housing (EUV-AH). This is calculated by applying a prescribed discount factor to the Existing Use Value – Vacant Possession (EUV-VP) as advised by the Ministry for Communities and Local Government (MHCLG).

There is no government guidance on how the EUV-AH should be calculated. Having taken advice from the Valuer it has been calculated using a discount factor of 52% on the basis that the average difference in chargeable rent between EUV-SH and EUV-AH within the estates is 52%.

The 2019/20 HRA revaluation exercise was a desk top review which resulted in a total impairment of £451,000.

8. Government Rules

The Localism Act 2011 resulted in the cessation of the Housing Subsidy System on 31st March 2012 and the introduction of the HRA self-financing system on 1st April 2012. One of the purposes for the introduction of the Act is to enable all local authorities to be in a position whereby they can manage their homes from their own income.

a) The Ring-fence

The present rules do not allow authorities to transfer funds from the Housing Revenue Account to the General Fund or vice versa except under specified conditions. The items to be included within the Housing Revenue Account are also specified.

b) Control

A deficit balance on the Account is not allowed and the format of the Account must comply with Schedule 4 of the Act.

c) Annual Report

An annual report to tenants must be published detailing activities and performance during the year.

9. Rent Arrears

Rent Arrears for 2019/2020 amounted to £675,000 compared to £756,000 in the previous year. During the year 2019/2020 rent arrears as a proportion of gross collectable rent (including service charges) were 3.52% (2018/2019: 3.96%).

Amounts written off during the year amounted to £426,000 (2018/19: £136,000). The total provision for bad and doubtful rental debts in the Housing Revenue Account at 31st March 2020 is £578,000 (£662,000 at 31st March 2019). This provision has been calculated in accordance with the Housing Revenue Account (Arrears of Rents and Charges) Directions 1990.

Although the amounts written off in year are significantly more than in 2018/19 there has not been a material change to the calculation of the annual Bad Debt Provision as previous year calculations to cover any adverse effect of Universal Credit have been prudent. The impact of Covid-19 on rent arrears is not yet known, however the current Bad Debt Provision is considered adequate based on the available information.

Collection Fund 2019/2020

Collection Fund Statement 2019/20

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates (NNDR).

2018/2019 £000 Council Tax	2018/2019 £000 NNDR	2018/2019 £000 Total		2019/2020 £000 Council Tax	2019/2020 £000 NNDR	2019/2020 £000 Total
			Income			
62,046		62,046	Council Tax Receivable	68,180		68,180
	46,855	46,855	Business Rates Receivable		45,603	45,603
62,046	46,855	108,901	Total Income	68,180	45,603	113,783
			Expenditure			
			<u>Apportionment of previous year's surplus/(deficit)</u>			
	228	228	Central Government		(1,503)	(1,503)
1,135	223	1,358	Blackpool Council	1,146	(1,473)	(327)
52	5	57	Lancashire Fire Authority	51	(30)	21
132		132	Police & Crime Commissioner for Lancashire	134		134
			<u>Precepts, Demands and Shares</u>			
	20,138	20,138	Central Government		9,447	9,447
54,732	19,735	74,467	Blackpool Council	56,837	28,515	85,352
2,443	403	2,846	Lancashire Fire Authority	2,537	582	3,119
6,427		6,427	Police & Crime Commissioner for Lancashire	7,357		7,357
			<u>Charges to Collection Fund</u>			
(2,757)	(1,406)	(4,163)	less: Write offs of uncollectable amounts	(3,213)	(607)	(3,820)
642	1,483	2,125	less: Increase/Decrease in BDP	3,881	1,287	5,168
	1,800	1,800	less: Increase/Decrease in Provision for Appeals		2,550	2,550
	259	259	less: Cost of Collection		251	251
	2,141	2,141	less: Transitional Protection Payments		655	655
62,806	45,009	107,815	Total Expenditure	68,730	39,674	108,404
760	(1,846)	(1,086)	(Surplus)/Deficit for the Year	550	(5,929)	(5,379)
			Collection Fund Balance			
(2,650)	4,156	1,506	Fund balance at 1st April (Surplus)/Deficit	(1,890)	2,310	420
(1,890)	2,310	420	(Surplus)/Deficit as at 31st March	(1,340)	(3,619)	(4,959)
			Allocated to:			
(1,622)	1,132	(490)	- Blackpool Council	(1,141)	(2,660)	(3,801)
(72)	23	(49)	- Lancashire Fire Authority	(50)	(54)	(104)
(196)		(196)	- Police & Crime Commissioner for Lancashire	(149)		(149)
	1,155	1,155	- Central Government		(905)	(905)
(1,890)	2,310	420	Total	(1,340)	(3,619)	(4,959)

Notes to the Collection Fund

1. General

The Collection Fund statement shows the transactions of the billing authority in relation to the collection of council tax from taxpayers and non-domestic rates from business rate payers. The Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The Collection Fund is distributed between the Council, Central Government, Police and Crime Commissioner for Lancashire and Lancashire Fire Authority.

From 1st April 2013 up to 31st March 2019, the local government finance regime was revised with the introduction of a retained business rates scheme. The main aim of the scheme was to give Councils a greater incentive to grow businesses in the area. It does, however, also increase the financial risk due to non-collection and the volatility of the NNDR tax base. The scheme allows Councils to retain 49% of the total NNDR received. The remaining 51% is paid to Central Government (50%) and Lancashire Fire Authority (1%).

On 13th December 2018 the Ministry of Housing, Communities and Local Government (MHCLG) approved the establishment of a Lancashire-wide 75% Business Rate Pilot Pool (including Blackpool) in 2019/20 to share risk and reward. As part of this, the 50% rate retention scheme increased to 75% and authorities in the pool will forego Revenue Support Grant. The value of the Revenue Support Grant was taken into account when revised business rate tariffs and top-ups for the pilot authorities were set. The Government also increased the Safety Net from 92.5% to 95% for the new pilot pools. Consequently, from 1st April 2019 to 31st March 2020 the income relating to Blackpool is shared between central government (25%), the Council (73.5%) and the Fire Authority (1.5%).

NNDR surpluses and deficits are apportioned /charged to the relevant preceptors in the following financial year.

2. Council Tax

The Council as a billing authority is required to set a tax base for each billing year by 31st January of the previous year. The council tax base represents the number of chargeable dwellings in each valuation band (adjusted for discounts etc) multiplied by a set proportion to give the number of Band D equivalents.

The tax base is not constant. The number of properties eligible for discounts varies during the year. The number of properties on the valuation list also varies during the year owing to new properties being occupied and others being demolished. As a result the amount receivable from council tax payers in the year varies from the estimated amount. This will result in a surplus or deficit on the Collection Fund in respect of council tax. Surplus and deficits on the Collection Fund are shared between the Council, Police and Crime Commissioner for Lancashire and Lancashire Fire Authority in proportion to their budgets. The Council's share of any surplus/deficit is used to reduce/increase the council tax bills in the subsequent financial year.

The Council tax base for 2019/2020 was 36,521 (36,219 in 2018/2019). This increase is mainly as a result of the Government's Council Tax Localisation changes which revised the way Central Government pay Council Tax benefit compensation to the Council.

There was an increase in Council Tax Band D equivalent to £1,556.31 (£1,511.14 in 2018/2019) to fund Council services. There was an increase in Council Tax Band D to £1,827.24 (£1,756.05 in 2018/2019) when precepts for the Police and Crime Commissioner for Lancashire and Lancashire Fire Authority are included.

The tax base for 2019/2020 was calculated as follows:

Band	Chargeable Dwellings	Proportion of Band D Tax	Equivalent Band D Dwellings
A Reduced	32	5/9	18
A	16,614	6/9	11,076
B	14,802	7/9	11,513
C	8,878	8/9	7,892
D	3,876	1	3,876
E	1,614	11/9	1,973
F	494	13/9	714
G	215	15/9	358
H	19	18/9	38
Less allowances for non collection			936
Tax Base for the Calculation of Council Tax			36,521

3. National Non-Domestic Rates

The Council collects National Non-Domestic Rates (NNDR) for its area based on local rateable values provided by the Valuation Office Agency (VO) multiplied by a uniform business rate set nationally by Central Government. In previous financial years the total amount due, less certain allowances, was paid to a central pool (the NNDR Pool) administered by Central Government, which in turn paid to local authorities their share of the pool, such shares being based on a standard amount per head of the local adult population.

In 2013/2014 the administration of NNDR changed following the introduction of a business rate retention scheme which aims to give councils greater incentive to grow businesses but also increases the financial risk due to volatility and non-collection of rates. Instead of paying NNDR to the central pool, local authorities retain a proportion of collectable rates due. Blackpool Council's local share is 49%. The remainder is distributed to the preceptors which are Central Government (50%) and Lancashire Fire Authority (1%). Following the establishment of a Lancashire-wide 75% Business Rate Pilot Pool from 1st April 2019 the business rates are shared between the Council (73.5%), Central Government (25%) and Lancashire Fire Authority (1.5%).

The business rates shares payable for 2019/2020 were estimated before the start of the financial year as £9.447m (25%) (£20.138m in 2018/19 at 50%) to Central Government, £0.582m (1.5%) (£0.403m in 2018/19 at 1%) to Lancashire Fire Authority and £28.515m (73.5%) (£19.735m in 2018/19 at 49%) to Blackpool Council. These sums have been paid in 2019/2020 and charged to the Collection Fund in year.

When the scheme was introduced, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all local authorities receive their baseline amount. Tariffs due from authorities payable to Central Government are used to finance the top ups to those authorities who do not achieve their targeted baseline funding. In this respect Blackpool received top up grant to the General Fund in 2019/2020 to the value of £27.137m (£23.528m in 2018/2019).

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by VO. Authorities are required to make a provision for these amounts. Appeals are

charged and provided for in proportion to precepting shares. The total provision charged to the Collection Fund for 2019/2020 has been calculated at £14.347m (£11.797m in 2018/2019).

For 2019/2020, the total non-domestic rateable value at the year- end is £127.915m. The national multiplier for 2019/2020 was 50.4p (49.3p in 2018/2019) for qualifying small businesses and the standard multiplier being 49.1p (48.0p in 2018/2019) for all other businesses.

4. Allocation Of Closing Balances

The allocation of the closing balances for 2019/2020 between the preceptors is as follows:

	Central Government £000	Blackpool Council £000	Lancashire Fire Authority £000	Police Authority £000	Total £000
Council Tax					
Arrears at 31st March 2020		16,011	701	2,092	18,804
Receipts in Advance		(781)	(34)	(102)	(917)
Bad Debt Provision		(6,683)	(293)	(873)	(7,849)
Surplus/Deficit		1,141	50	149	1,340
Business Rates					
Arrears at 31st March 2020	1,817	5,341	109		7,267
Receipts in Advance	(45)	(133)	(3)		(181)
Bad Debt Provision	(823)	(2,420)	(49)		(3,292)
Appeals	(3,587)	(10,545)	(215)		(14,347)
Surplus/Deficit	(905)	(2,660)	(54)		(3,619)

Section 7

Group Accounts 2019/2020

7.0 Introduction

The Group Accounts show the combined overall financial position of the Council, its subsidiary companies and its associates.

Subsidiaries are where the Council exercises control. Blackpool Transport Services, Blackpool Operating Company, Blackpool Coastal Housing, Blackpool Housing Company, Blackpool Entertainment Company, Regional & City Airports (Blackpool) Holdings Ltd, Blackpool Waste Services Ltd and Lancashire Management Operations Limited are 100% owned by the Council and are therefore classified as subsidiaries. They are incorporated into the accounts on a line-by-line basis.

Associates are where the Council exercises significant influence. Marketing Lancashire is classified as such and is incorporated into the accounts on an equity basis.

Subsidiaries

Blackpool Transport Services

Registered Address: Rigby Road, Blackpool FY1 5DD
Company Number: 02003020

Blackpool Transport Services Limited was set up in accordance with the provisions of the Transport Act 1985 to operate the Council's municipal bus operation. The company provides a comprehensive passenger transport service in the Fylde coast area through its bus and tram operations.

Blackpool Operating Company

Registered Address: Number One Bickerstaffe Square, Talbot Road, Blackpool FY1 3AH
Company Number: 09405354

The Council purchased the operation of the Sandcastle Waterpark from a private company on 20th June 2003 and now wholly owns both the building and the commercial operator - Blackpool Operating Company Limited (BOC). The Council's shares in Blackpool Operating Company are valued at £2.

Blackpool Coastal Housing

Registered Address: Coastal House, 17-19 Abingdon Street, Blackpool FY1 1DG
Company Number: 05868852

Blackpool Coastal Housing is an ALMO (arms-length management organisation) of the Council and was formed on 15th January 2007. The company's principal activities are to manage and maintain the housing stock of the Council.

Blackpool Entertainment Company

Registered Address: Number One Bickerstaffe Square, Talbot Road, Blackpool FY1 3AH
Company Number: 09044792

The Council purchased the operation of the Winter Gardens from a private company on 16th May 2014 and now wholly owns both the building and the commercial operator - Blackpool Entertainment Company Limited (BECL). The Council's shares in BECL are valued at £1.

Blackpool Housing Company

Registered Address: Number One Bickerstaffe Square, Talbot Road, Blackpool FY1 3AH
Company Number: 09405354

Blackpool Housing Company Limited was set up on 26th January 2015. The company is a housing regeneration company and is wholly owned by the Council.

Blackpool Airport Ltd

Registered Address: Number One Bickerstaffe Square, Talbot Road, Blackpool FY1 3AH
Company Number: 6581425

In September 2017 the Council completed the purchase of Blackpool Airport. The Council, which was previously a 5% shareholder in the Airport, signed a £4.25m deal with previous owners Balfour Beatty to fully take over the holding company Regional & City Airports (Blackpool) Holdings Ltd. The Council has acquired all shares in Regional & City Airports (Blackpool) Holdings Ltd and has now taken over 100% ownership of the airport site.

Blackpool Waste Services Limited

Registered Address: Number One Bickerstaffe Square, Talbot Road, Blackpool FY1 3AH
Company Number: 11645026

On 1st July 2019 Blackpool Waste Services Limited took over Blackpool's domestic waste services contract. The Company is wholly owned by the Council.

Lancashire Management Operations Limited

Registered Address: Number One Bickerstaffe Square, Talbot Road, Blackpool FY1 3AH
Company Number: 11680239

The company was incorporated in November 2018 and is responsible for the management of Tramshed student accommodation in Preston. The company is wholly owned by the Council.

Associates*Marketing Lancashire*

Registered Address: Christ Church Precinct, County Hall, Fishergate Hill, Preston, PR1 8XJ
Company Number: 05039554

Marketing Lancashire (previously known as Lancashire and Blackpool Tourist Board) is limited by guarantee and therefore has no share capital. The Council has 43% of the voting rights. It supports businesses in the Lancashire and Blackpool area by representing their interests regionally and nationally, by co-ordinating marketing activity, managing and developing the tourism product and working in partnership with industry. Activities in commercial membership, business support, "Welcome to Excellence" training, visitors services and marketing activity are all designed to improve quality and achieve common goals.

Core Financial Statements - Group

Group Movement in Reserves Statement

2019/20

	General Fund Balance	Earmarked General Fund Reserves	HRA	Capital Receipts Reserve	Major Repairs Reserve	Capital Reserves	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Group Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 1st April 2019	(8,988)	(41,662)	(5,705)	(7,527)	-	(3,112)	(66,994)	(171,901)	(238,895)	803	(238,092)
Movements in Reserves in 2019/2020											
Surplus or Deficit on the provision of services	30,124		(3,414)				26,710	-	26,710	6,276	32,986
Other Comprehensive Income & Expenditure							-	(31,801)	(31,801)	813	(30,988)
Total Comprehensive Income and Expenditure	30,124	-	(3,414)	-	-	-	26,710	(31,801)	(5,091)	7,089	1,998
Adjustments between accounting basis and funding basis under regulations	(30,868)	-	4,289	(576)	-	-	(27,155)	27,155	-	-	-
Net increase or Decrease before Transfer to Earmarked Reserves	(744)	-	875	(576)	-	-	(445)	(4,646)	(5,091)	7,089	1,998
Transfer to/from Earmarked Reserves	8,156	(8,156)	-	(3,308)	-	-	(3,308)	3,308	-	-	-
Increase/Decrease in 2019/2020	7,412	(8,156)	875	(3,884)	-	-	(3,753)	(1,338)	(5,091)	7,089	1,998
Balance as at 31st March 2020	(1,576)	(49,818)	(4,830)	(11,411)	-	(3,112)	(70,747)	(173,239)	(243,986)	7,892	(236,094)

Restated 2018/19

	General Fund Balance	Earmarked General Fund Reserves	HRA	Capital Receipts Reserve	Major Repairs Reserve	Capital Reserves	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Group Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Restated Balance as at 1st April 2018	(6,131)	(36,819)	(5,870)	(4,508)	-	(4,477)	(57,805)	(171,191)	(228,996)	1,211	(227,785)
Movements in Reserves in 2018/2019											
(Surplus) or Deficit on the provision of services	11,608	-	(2,882)	-	-	-	8,726	-	8,726	1,252	9,978
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	(18,625)	(18,625)	(1,660)	(20,285)
Total Comprehensive Income and Expenditure	11,608	-	(2,882)	-	-	-	8,726	(18,625)	(9,899)	(408)	(10,307)
Adjustments between accounting basis and funding basis under regulations	(18,227)	-	3,047	169	-	-	(15,011)	15,011	-	-	-
Net (Increase) or Decrease before Transfer to Earmarked Reserves	(6,619)	-	165	169	-	-	(6,285)	(3,614)	(9,899)	(408)	(10,307)
Transfer to/(from) Earmarked Reserves	3,762	(4,843)	-	(3,188)	-	1,365	(2,904)	2,904	-	-	-
(Increase)/Decrease in 2018/2019	(2,857)	(4,843)	165	(3,019)	-	1,365	(9,189)	(710)	(9,899)	(408)	(10,307)
Restated Balance as at 31st March 2019	(8,988)	(41,662)	(5,705)	(7,527)	-	(3,112)	(66,994)	(171,901)	(238,895)	803	(238,092)

Group Comprehensive Income and Expenditure Statement

Restated 2018/2019				2019/2020		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
6,440	(5,026)	1,414	Chief Executive	13,055	(6,366)	6,689
5,942	(3,431)	2,511	Governance and Partnership Services	11,992	(3,846)	8,146
552	(5)	547	Ward Budgets	190	(2)	188
32,132	(10,805)	21,327	Resources	30,924	(9,867)	21,057
13,782	(9,894)	3,888	Communication and Regeneration	28,870	(9,840)	19,030
8,090	(4,696)	3,394	Strategic Leisure Assets	10,157	(4,818)	5,339
67,827	(34,067)	33,760	Community and Environmental Services	69,090	(21,323)	47,767
81,074	(28,381)	52,693	Adult Services	83,339	(22,447)	60,892
125,193	(71,672)	53,521	Children's Services	134,919	(75,311)	59,608
22,475	(21,807)	668	Public Health	13,182	(21,120)	(7,938)
96,665	(111,591)	(14,926)	Budgets Outside the Cash Limit	103,085	(114,652)	(11,567)
1,306	(5,276)	(3,970)	Contingencies	3,385	(24,244)	(20,859)
17,384	(19,119)	(1,735)	Housing Revenue Account	15,745	(18,817)	(3,072)
478,862	(325,770)	153,092	Cost of Services	517,933	(332,653)	185,280
		2,367	Other Operating Expenditure			1,867
		11,436	Financing & Investment Income & Expenditure - Other			12,771
		1,502	Income & Expenditure in relation to Investment Properties and changes in their fair value			(3,067)
		(158,718)	Taxation and Non-Specific Grant Income - Other			(163,518)
		9,679	(Surplus) or Deficit on Provision of Services			33,333
		9	Share of (Surplus)/Deficit on the Provision of Services by Associates			(28)
		290	Tax of Subsidiaries			(319)
		9,978	Group (Surplus)/Deficit			32,986
		(10,751)	Surplus or Deficit on revaluation of non-current assets			(8,456)
		(1,125)	Surplus or deficit on revaluation of available for sale financial assets			1,340
		(8,409)	Movement on financial instruments adjustment - Remeasurement of the net defined pension liability			(32,545)
		-	Other Movements			8,673
		(20,285)	Other Comprehensive Income and Expenditure			(30,988)
		(10,307)	Total Comprehensive Income and Expenditure			1,998

Group Balance Sheet

Restated 1st April 2018	Restated 31st March 2019		Notes	31st March 2020
£000	£000			£000
725,317	738,513	Property, Plant and Equipment	G4	779,731
8,185	8,185	Heritage Assets		8,364
47,293	76,043	Investment Property		91,402
-	-	Intangible Assets		466
123	132	Net share of Associates		144
1,110	897	Surplus Assets		753
10,111	11,511	Long Term Investments		7,057
17,797	30,843	Long Term Debtors		38,379
809,936	866,124	Long Term Assets		926,296
1,121	1,274	Inventories		1,475
47,116	46,677	Short Term Debtors	G6	47,975
6,486	7,564	Payments in Advance		10,385
14,615	13,504	Cash and Cash Equivalents	G7	26,957
69,338	69,019	Current Assets		86,792
(153,776)	(159,452)	Short Term Borrowing		(245,184)
(46,136)	(66,527)	Short Term Creditors	G8	(63,756)
(20,867)	(14,339)	Receipts in Advance		(18,012)
(17,869)	(17,845)	Provisions		(15,037)
(238,648)	(258,163)	Current Liabilities		(341,989)
(91,711)	(98,905)	Long Term Creditors		(94,795)
(90,343)	(89,895)	Long term Borrowing		(87,460)
(217,590)	(234,688)	Other Long Term Liabilities		(240,139)
(13,197)	(15,400)	Capital Grants in Advance		(12,611)
(412,841)	(438,888)	Long Term Liabilities		(435,005)
227,785	238,092	Net Assets		236,094
(56,594)	(66,191)	Usable Reserves		(70,333)
(171,191)	(171,901)	Unusable Reserves		(165,761)
(227,785)	(238,092)	Total Reserves		(236,094)

Group Cash Flow Statement

Restated 2018/2019 £000		2019/2020 £000
9,978	Net deficit on the provision of services	32,986
(63,990)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(40,337)
17,409	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	14,926
(36,603)	Net cash flows from Operating Activities	7,575
20,922	Investing Activities	108,522
14,570	Financing Activities	(102,644)
(1,111)	Net (increase) or decrease in cash and cash equivalents	13,453
14,615	Cash and cash equivalents at the beginning of the reporting period	13,504
13,504	Cash and cash equivalents at the end of the reporting period	26,957

Notes to the Group Accounts

G1. Accounting Policies

The group accounts include the Council's share of the operating results, assets and liabilities of each group entity's accounts. Subsidiaries are accounted for on an acquisition basis and incorporated line-by-line, writing out inter-group transactions. Associates are incorporated by accounting for the Council's share of their operating results in the group income and expenditure accounts and of their assets in the balance sheet. The accounting policies of the Council's subsidiary companies have been aligned with the Council's accounting policies.

G2. Inter Group Transactions

Certain figures from the balance sheets of Group members have been taken out of the consolidated position as they represent amounts outstanding within the Group and therefore cancel each other out in the balance sheet. The adjustments are as follows:

- i) The Council owns shares to the value of £2,789,000 in Blackpool Transport. This has been taken out of long term investments and capital and reserves.
- ii) The Council owns shares to the value of £13,600,000 in Blackpool Housing Company. This has been taken out of long term investments and capital and reserves.
- iii) The Council owns shares to the value of £4,250,000 in Regional and City Airports (Blackpool) Holdings Limited. This has been taken out of long term investments and capital and reserves
- iv) An amount of £1,791,000 representing amounts outstanding between the Council and Blackpool Coastal Housing has been taken out of debtors and creditors.
- v) An amount of £774,000 representing amounts outstanding between the Council and Blackpool Transport Services has been taken out of short term loans and short term creditors.
- vi) An amount of £17,742,000 representing loans to Blackpool Transport from the Council has been taken out of long term debtors and long term borrowing.
- vii) An amount of £19,200,000 representing loans to Blackpool Housing Company from the Council has been taken out of long term debtors and long term borrowing.
- viii) An amount of £863,000 representing amounts outstanding between the Council and Blackpool Waste Services has been taken out of debtors and creditors.
- ix) An amount of £2,076,000 representing amounts outstanding between the Council and Lancashire Management Operations Limited has been taken out of debtors and creditors.
- x) An amount of £814,000 representing a loan to Blackpool Airport from the Council has been taken out of long term debtors and long term borrowing.
- xi) An amount of £2,138,000 representing a lease arrangement for waste vehicles between the Council and Blackpool Waste Services has been taken out of long term debtors and long term creditors.

G3. Property, Plant and Equipment

	NBV 31st March 2020 £000	Restated NBV 31st March 2019 £000
Property, Plant & Equipment held by the Council	748,329	714,178
Property, Plant & Equipment held by		
- Blackpool Transport Services	21,954	17,866
- Blackpool Operating Company	1,109	1,304
- Blackpool Coastal Housing	217	77
- Blackpool Entertainment Company	509	544
- Blackpool Housing Company	307	313
- Blackpool Airport Ltd	4,537	4,231
- Blackpool Waste Services	2,545	-
Total	779,507	738,513

G4. Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

	2019/20 £000	2018/19 £000
Cash and cash equivalents held by the Council	19,504	7,618
Cash and cash equivalents held by:-		
- Blackpool Transport Services	1,053	737
- Blackpool Operating Company	998	1,321
- Blackpool Coastal Housing	1,647	1,155
- Blackpool Entertainment Company	1,499	1,567
- Blackpool Housing Company	680	1,098
- Blackpool Airport	46	8
- Blackpool Waste Services	1,035	0
- Lancashire Management Operations	495	0
Total	26,957	13,504

G5. Short Term Debtors

The group short-term debtors are made up of the following amounts:

	2019/20 £000	2018/19 £000
Debtors - single entity accounts	46,948	43,034
Debtors held by;-		
- Blackpool Transport Services	3,144	2,712
- Blackpool Operating Company	330	373
- Blackpool Coastal Housing	1,007	1,114
- Blackpool Entertainment Company	533	-
- Blackpool Housing Company	145	99
- Blackpool Airport Ltd	589	607
- Blackpool Waste Services	31	
- Lancashire Management Operations	257	
Removal of intra group debtors	(4,731)	(1,262)
Total	48,253	46,677

G6. Short Term Creditors

The group short-term creditors are made up of the following amounts:

	2019/20 £000	2018/19 £000
Creditors - single entity accounts	(52,843)	(54,105)
Creditors held by;-		
- Blackpool Transport Services	(5,438)	(4,283)
- Blackpool Operating Company	(1,466)	(2,039)
- Blackpool Coastal Housing	(2,299)	(1,447)
- Blackpool Entertainment Company	(4,034)	(4,422)
- Blackpool Housing Company	(522)	(762)
- Blackpool Airport Ltd	(1,619)	(827)
- Blackpool Waste Services	(1,295)	-
- Lancashire Management Operations	(887)	-
Removal of intra group creditors	5,504	2,062
Total	(64,899)	(65,823)

Section 8

Annual Governance Statement

Annual Governance Statement 2019/2020

Acknowledgement of Responsibility

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

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

The Principles of Good Governance

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

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

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

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

Key Challenges

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

Impact of the Covid-19 Pandemic

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

The Council's governance processes were reviewed during the Covid-19 crisis and a number of temporary changes to these processes were made to address the urgent requirements of the situation. An urgent Council

Executive meeting was held on 23rd March 2020 which agreed that a major incident should be declared for the Council in relation to Covid-19. The Council Executive meeting agreed to a temporary delegation of powers to the Council Chief Executive, or in his absence the Council's Director of Resources, on issues caused by the Covid-19 pandemic and to protect citizens in relation to public safety.

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

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

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

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

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

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

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

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

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

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

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

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

Significant work has been undertaken to ensure that the Council is a Covid Secure workplace to enable those staff who need to be in work to undertake their roles safely. This continues to be reviewed in light of changes to Government Guidance. Procedures were established to address the Human Resource implications of the Covid-19 situation. A detailed employee support offer and sources of advice for staff was implemented.

Staff communications and changes to the use of staff resources have been addressed through employee frequently asked questions published on the Hub. More proactive publicity of staff compliments is helping to increase morale in services that have been struggling due to the pressures of the pandemic.

Climate Emergency

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

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

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

Exit from the European Union

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

The Governance Framework

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

Code of Conduct and Behaviours

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

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

Key Supporting Policies and Procedures

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

Organisational Culture

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

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

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

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

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

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

To deliver its ambitions the Council needs to be efficient and resilient. An entrepreneurial culture has been developed across the Council and continues to be embedded in order to develop different ways of working and maximising our changes of achieving our outcomes. Examples of this include our Wholly-Owned Companies,

bidding for funding, working in partnership, the business loans fund and making savings whilst transforming our services.

Key Supporting Policies and Procedures

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

Commitment to Openness, Communication and Consultation

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

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

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

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

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

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

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

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

Key Supporting Policies and Procedures

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

Developing, Communicating and Translating the Vision

A thorough review of the Council Plan was undertaken in 2018 to ensure it continues to address the key issues facing the town. As a result, the Council Plan 2019-2024 sets out the vision for Blackpool to continue to be *'The UK's number one family resort with a thriving economy that supports a happy and healthy community who are proud of this unique town'*. The two priorities remain the same as the previous iteration of the plan:

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

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

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

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

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

Key Supporting Policies and Procedures

Council Plan 2019 to 2024

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

Performance Management

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

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

In March 2019, the Secretary of State appointed a DfE Commissioner for Children's Services in Blackpool, following an inadequate judgement by Ofsted of the Council's Children's Services from its inspection in November 2018. One of the recommendations of the Commissioner was to establish a strategic and overarching Children and Families Partnership. This Partnership Board was established in January 2020 and meets quarterly. It is chaired by the Chief Executive and has an emerging set of principles and priorities around inclusion, literacy and the social impact of poverty. The Children's Improvement Board has been replaced by the Getting to Good Board; this partnership meets bi-monthly, monitoring progress and driving improvement in performance and practice in children's social care.

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

In order to improve performance the Council participates in peer reviews and benchmarking exercises to learn from others and to ensure that services delivered are value for money. The LGA undertook a Corporate Peer Challenge exercise for the Council in March 2020, as part of its work to strengthen the local government sector.

The challenge focussed on the Council's understanding of the local context to set an appropriate vision and priorities, provision of effective leadership of external stakeholders, financial planning and viability, organisational leadership and governance, and capacity to deliver. Reflecting on our last Peer Challenge in 2014, the Council developed a position statement outlining our strengths and challenges and hosted the LGA's team for a week of interviews and focus groups. The final feedback has been delayed due to the team comprising of senior officers and members at the forefront of responding to the pandemic.

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

The Individual Performance Appraisal process which is in place is part of the Council's wider approach to performance management. The IPA process is an important tool designed to provide an opportunity to establish and understand expectations and to evaluate performance in order to help employees develop to their full potential. The IPA process is not a replacement for day to day people management so in addition employees are supported by their line managers and should be mentored, coached and directed according to their individual needs. This may come through regular one to one meetings, formal supervision meetings, team meetings and informal feedback. The Leadership Charter supports the Council's priorities and values and is included in the Manager's IPA template. The Council has undertaken two Leadership surveys to benchmark performance and progress against the new Charter and this has evidenced that from a good baseline there has been further improvement. Going forward the plan is to undertake the survey every two years.

Key Supporting Policies and Procedures

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

Roles and Responsibilities

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

All Council Officers, including the Corporate Leadership Team, have a job description which set out their roles and responsibilities. Annually, through the Individual Performance Appraisal process individual objectives are

set for each officer which align with their job description and the Business Plan for the Service in which they work.

The Corporate Leadership Team has been extended once a month to involve key Heads of Service in the decision making process. Steps continue to be taken to address some of the concerns with 'hard to recruit to posts' such as the development of the Next Step Blackpool website to recruit Children's Social Workers and

Teachers to the area. In addition, there is ongoing investment in digital technologies to help improve capacity across the Council.

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

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

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

Key Supporting Policies and Procedures

Responsibilities for Functions

<https://www.blackpool.gov.uk/Your-Council/The-Council/Council-constitution-and-plans/Part-3-Responsibility-for-functions.aspx>

Responsibilities for Functions - Officers

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

Decision Making

The Constitution sets out the functions and responsibilities of the Council, the Executive and Committees. Included in this are the delegation arrangements adopted by the Council and the Executive and this is reviewed on a regular basis.

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

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

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

Key Supporting Policies and Procedures

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

Compliance with relevant Laws, Regulations, Internal Policies and Procedures

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

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

The Council has obtained PSNN, PCI and N3 security compliance so that it can effectively share data with other organisations including the National Health Service and Department for Work and Pensions. There is an ongoing review of cyber risks and progress against this is monitored by the Audit Committee. An ICT Security Policy is in place.

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

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

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

The Council's Monitoring Officer has a role in ensuring that the Council acts within the remit of relevant law and regulations and that a robust democratic process ensures the application of the Constitution. The Monitoring Officer is responsible for the in-house legal team which serves as an additional control to ensure that the Council operates within the constraints of the law and the team hold LEXCEL accreditation.

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

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

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

Key Supporting Policies and Procedures

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

Financial Management

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

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

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

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

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

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

Key Supporting Policies and Procedures

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

[%20Scheme%20of%20Delegation%201920.pdf](#)

Financial Procedure Rules

<https://www.blackpool.gov.uk/Your-Council/The-Council/Documents/Part4FinancialProcedureRules.pdf>

Audit Arrangements

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

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

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

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

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

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

Key Supporting Policies and Procedures

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

Risk Management

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

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

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

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

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

Supporting Policies and Procedures

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

Counter Fraud and Anti-Corruption Arrangements

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

A dedicated Corporate Fraud Team is in place which deals with a range of corporate fraud issues and proactive work has commenced on high risk areas such as insurance fraud, blue badges and council tax. The Council has appropriate procedures in place to deal with the risk of money laundering and also to raise awareness of the Bribery Act and ensure that appropriate controls are in place to reduce the risk. An Anti-Money Laundering Policy is in place and this is supported by an iPool training course for employees to complete.

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

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

Key Supporting Policies and Procedures

Fraud Prevention Charter 2019/20	http://democracy.blackpool.gov.uk/documents/s43522/APPENDIX%207A%20%20Fraud%20Prevention%20Charter%202019-20.pdf
Anti-Money Laundering Policy	http://democracy.blackpool.gov.uk/documents/s40222/APPENDIX%205a%20Anti-Money%20Laundering%20Policy%20and%20Procedure%20-%20October%202018.pdf
Covert Surveillance Policy	http://democracy.blackpool.gov.uk/documents/s49747/Appendix%206a%20DRAFT%20RIPA%20POLICY%20UPDATE.pdf

Scrutiny Arrangements

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

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

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

Key Supporting Policies and Procedures

Scrutiny Committee Agendas and Minutes

<http://democracy.blackpool.gov.uk/mgListCommittees.aspx?bcr=1>

Learning and Development

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

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

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

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

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

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

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

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

Key Supporting Policies and Procedures

Workforce Strategy 2016-2020

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

Partnerships and Joint Working

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

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

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

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

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

Key Supporting Policies and Procedures

Shareholder's Advisory Board Agenda and Minutes

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

Annual Review of Effectiveness

Blackpool Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The stages included in the review process and the key findings from each are summarised below.

Good Governance Group

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

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

Elected Member Workshop

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

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

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

Key Officer Consultation

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

Control Self-Assessment Questionnaire

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

Review of 2019/20 Actions

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

Mid-Term Review

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

Assurance Statement

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

Governance Issues

Actions have been identified as part of the 2019/20 review of the effectiveness of the governance framework and these are captured in the following table. It should be noted that some of the issues identified are not deemed significant but have been included to aid openness and transparency.

Issue	Actions	Responsible Officer(s)	Target Date
Code of Conduct and Behaviours	Consider the potential national changes to the Standards Framework and implement any changes identified as part of this.	Director of Governance and Partnerships	After mid-term review
	Develop a Local Code of Governance document which brings together and summarises the Council's overall approach to corporate governance	Director of Governance and Partnerships	After mid-term review
Commitment to Openness, Communication and Consultation	Continue to deliver the channel shift agenda to improve accessibility to residents and reduce demand on Council resources with a focus on helping with the recovery of Blackpool following the pandemic	Director of Resources / Director of Communication and Regeneration	After mid-term review
	Implement a Community Engagement Strategy and supported guidance to ensure a coordinate and robust approach is in place building on the learning gained during responding to the current pandemic	Director of Public Health	After mid-term review
	Continue to deliver the web development plan ensuring that the Council adheres to the new accessibility requirements which are being introduced	Director of Communication and Regeneration	After mid-term review
	Explore ways in which to improve communication with ward councillors so that they are aware of major developments in their areas.	All Chief Officers	Before mid-term review
	Further strengthen how we communicate to residents building on the findings of the Corporate Peer Review.	Director of Communication and Regeneration	After mid-term review
	Identify ways in which data relating to the use of our green and blue spaces can be collated to help inform future decisions in relation to development of these areas.	Director of Community and Environmental Services	After mid-term review
Developing, Communicating and Translating the Vision	Consider how to deliver a thank you to all employees for the work that they have undertaken during the pandemic.	Chief Executive	Before mid-term review
	Complete the review of the Council Plan to ensure that the impact of the pandemic is captured and ensure that Council strategies are reviewed in light of the pandemic and amended accordingly.	Assistant Chief Executive and Director of Strategy	After mid-term review

Issue	Actions	Responsible Officer(s)	Target Date
Performance Management	Ensure that the changes implemented as a result of the Ofsted Report on Children's Services are adequately embedded to drive performance improvements.	Director of Children's Services	After mid-term review
	The suite of Council Plan headline KPIs will be reviewed so that some of the measures around post-COVID recovery can be incorporated into ongoing performance reporting. This review will also look to incorporate KPIs for a new corporate priority around organisational resilience, as recommended in the Corporate Governance Peer Review which took place in March 2020.	Assistant Chief Executive and Director of Strategy	After mid-term review
	Implement the recommendations from the Corporate Peer Review once the report is received.	Assistant Chief Executive and Director of Strategy	After mid-term review
Compliance with Relevant Laws, Regulations, Internal Policies and Procedures	Ensure that data protection training is rolled out to staff who do not have IT access, monitor and renew the Council's Information Asset Register and develop a programme of GDPR compliance audits to ensure continued compliance with GDPR.	Director of Governance and Partnerships	After mid-term review
	Continue to explore procurement opportunities with local suppliers and look to provide training to local suppliers and elected members on procurement.	Director of Resources	After mid-term review
Audit Arrangements	Continue to embed effective working relations with the Council's new external auditors.	Director of Resources	After mid-term review
	Appoint to the vacant independent Audit Committee member post.	Director of Governance and Partnerships	Before mid-term review
	Opportunities to benchmark with other Audit Committees to continue to build on the success of the Committee will be explored.	Director of Governance and Partnerships	After mid-term review
Risk Management	The Audit Committee should seek assurance that systems of internal control have met the demands of the emergency response to Covid-19 and that where issues have been identified action has been taken to remedy these.	Director of Resources	After mid-term review
	Ensure that the Council has robust arrangements in place in preparation for the UK's exit from the European Union.	Director of Resources	Before mid-term review
	Ensure that robust arrangements are in place to take effective action regarding the Climate Emergency.	Chief Executive	After mid-term review

Issue	Actions	Responsible Officer(s)	Target Date
Learning and Development	Continue the roll-out of Windows 10 incorporating training on how to work smarter using Office 365	Director of Resources	After mid-term review
	A process will be put in place to enable all elected members to attend the modular training delivered to specific Committees. Where training is delivered virtually then consideration will be given to recording these sessions and make them available to all elected members.	Director of Governance and Partnerships	Before mid-term review
	Undertake further work on succession planning to build on the Aspiring Leadership programme which has been developed.	Chief Executive	After mid-term review
Partnership and Joint Working	Consideration will be given to developing an overarching partnership governance framework document setting out partnership governance principles and including a register of significant partnerships.	Director of Governance and Partnerships	After mid-term review
	Continue to work in partnership with the Lancashire Resilience Forum to ensure a pan-Lancashire approach to dealing with the current pandemic including longer term impacts on economic, social and environmental sustainability.	Chief Executive	After mid-term review
	Continue to strengthen communication with and support for the business sector particularly in terms of recovery from the pandemic and seek to maximise the benefits from opportunities such as the Enterprise Zone.	Director of Communication and Regeneration	After mid-term review
	Maximise the opportunity for digital literacy via the Fibre Blackpool project in order to improve the health and wellbeing of our residents.	Director of Resources	After mid-term review

Conclusion

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

Signed: Cllr L Williams (Leader of the Council)

Signed: Neil Jack (Chief Executive)

Appendix 1 – Actions Completed in 2019/20

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

Section 9

Glossary of Terms

Accounting Period

The period of time covered by the accounts; normally a period of twelve months commencing on 1st April. The end of the accounting period is the Balance Sheet date.

Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Acquired Operations

Operations comprise services and divisions of service as defined in Service Reporting Code of Practice. Acquired operations are those operations of the local authority that are acquired in the period.

Actuarial Gains and Losses

For a defined benefit scheme the changes in actuarial deficits or surpluses that arise because:

- (a) events have not coincided with the actuarial assumptions made for the last valuation (experienced gains and losses); or
- (b) the actuarial assumptions have changed.

Agency Services

These are services which are performed by or for another authority or public body, where the principal (the authority responsible for the service) reimburses the agent (the authority carrying out the work) for the costs of the work.

Asset

Items of worth that are measurable in terms of value. Current assets may change daily, but the Council is expected to yield the benefit within one financial year (eg short term debtors). Non-current assets yield benefit to the Council for a period of more than one year (eg land).

Associate Company

This is an entity other than a subsidiary or joint venture in which the Council has a participating interest and over whose operating and financial policies the Council is able to exercise significant influence.

Balance Sheet

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

Capital Charge

A charge to service revenue accounts to reflect the cost of non-current assets used in the provision of services.

Capital Expenditure

Expenditure above £15,000 on the acquisition of a non-current asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.

Capital Receipts

Proceeds above £10,000 from the sale of capital assets. Such income may only be used for capital purposes, i.e. to repay existing loan debt or to finance new capital expenditure. Any receipts which have not yet been utilised as described are referred to as "capital receipts unapplied".

Carrying Amount

The balance sheet value recorded of either an asset or a liability.

Cash Limited Budget

A defined figure set by the Council that represents the maximum expenditure that a service can spend on its particular activities.

CIPFA

The Chartered Institute of Public Finance and Accountancy - the Institute provides financial and statistical information for local government and other public sector bodies and advises central government and other bodies on local government and public finance matters.

Collection Fund

A statutory account which billing authorities have to maintain for the collection and distribution of amounts due in respect of Council Tax and Non-Domestic Rates.

Community Assets

Assets that the local authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

Consistency

The principle that the accounting treatment of like items within an accounting period and from one period to the next is the same.

Contingent Asset

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the local authority's control.

Contingent Liability

A contingent liability is either:

- (a) a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the authority's control; or
- (b) a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

Council Tax

A banded property tax which is levied on domestic properties throughout the country. The banding is based on estimated property values as at 1st April 1991. The level of tax is set annually by each local authority for the properties in its area.

Creditors

Amounts owed by the Council for work done, goods received or services rendered to it during the accounting period, but for which payment has not been made by the balance sheet date.

Current Service Cost (Pensions)

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

Curtailement

For a defined benefit scheme, an event that reduces the expected years of future services of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service.

Curtailements include:

- termination of employees' services earlier than expected, for example as a result of closing a factory or discontinuing a segment of a business, and
- termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

Debtors

Amounts due to the Council which relate to the accounting period and have not been received by the balance sheet date.

Defined Benefit Scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined Contribution Scheme

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciation

The measure of the cost or revalued amount of the benefits of the non-current asset that have been consumed during the period.

Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset, whether arising from use, effluxion of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

Discontinued Operations

Operations comprise services and divisions of service as defined in CIPFA's Standard Classification of Income and Expenditure. An operation should be classified as discontinued if all the following conditions are met:

- the termination of the operation is completed either in the period or before the earlier of three months after the commencement of the subsequent period and the date on which the financial statements are approved.
- the activities relating to the operations have ceased permanently.
- the termination of the operation has a material effect on the nature and focus of the local authority's operations and represents a material reduction in its provision of services resulting either from its withdrawal from a particular activity (whether a service or division of service or its provision in a specific

geographical area) or from a material reduction in net expenditure in the local authority's continuing operations.

- the assets, liabilities, income and expenditure of operations and activities are clearly distinguishable physically, operationally and for financial reporting purposes.

Operations not satisfying all these conditions are classified as continuing.

Discretionary Benefits

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and are awarded under the authority's discretionary powers, such as the Local Government (Discretionary Payments) Regulations 1996.

Earmarked Reserves

The Council holds a number of reserves earmarked to be used to meet specific, known or predicted future expenditure

Emoluments

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employer or employee are excluded.

Estimation Techniques

The methods adopted by an entity to arrive at estimated monetary amounts, corresponding to the measurement bases selected, for assets, liabilities, gains, losses and changes to reserves.

Estimation techniques implement the measurement aspects of accounting policies. An accounting policy will specify the basis on which an item is to be measured; where there is uncertainty over the monetary amount corresponding to that basis, the amount will be arrived at by using an estimation technique. Estimation techniques include, for example:

- Methods of depreciation, such as straight line and reducing balance, applied in the context of a particular measurement basis, used to estimate the proportion of the economic benefits of a non-current asset consumed in period.
- Different methods used to estimate the proportion of debts that will not be recovered, particularly where such methods consider a population as a whole rather than individual balances.

Exceptional Items

Material items which derive from events or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Expected Rate of Return on Pension Assets

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Extraordinary Items

Material items possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the authority and which are not expected to recur.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

Financial Year

The Council's financial year runs from the 1st April through to the following 31st March.

Formula Grant

Grant distributed by formula through the local government finance settlement. It comprises Revenue Support Grant and redistributed business rates (NNDR). It is a general subsidy towards council spending and is not ring-fenced for specific services.

General Fund

The main revenue account of the Council which brings together all income and expenditure other than that recorded in the Housing Revenue Account and the Collection Fund.

Heritage Asset

A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Housing Revenue Account

A statutory account which local authorities have to maintain if they provide public housing and which includes all income and expenditure relating to the administration and maintenance of council dwellings and related properties.

Impairment

A reduction in the value of a fixed asset below its value brought forward in the Balance Sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in a fixed asset's market value and evidence of obsolescence or physical damage to the asset.

Infrastructure Assets

Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples are highways and footpaths.

Interest Cost (Pensions)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

International Accounting Standards (IAS)

Accounting standards developed by the International Accounting Standards Board that are primarily applicable to general purpose company accounts. These standards are adopted by the CIPFA Code of Practice except where the standards conflict with specific statutory requirements.

International Financial Reporting Standards (IFRS)

Financial reporting standards developed by the International Accounting Standards Board.

Inventories

The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises. Stocks comprise the following categories: goods or other assets purchased for resale, consumable stores, raw materials and components purchased for incorporation into products for sale, products and services in intermediate stages of completion, long-term contract balances and finished goods.

Investments (Non Pensions Fund)

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the authority. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

Investments, other than those in relation to the pension fund, that do not meet the above criteria should be classified as current assets.

Investment Properties

Property, which can be land or buildings or both, that is held solely to earn rentals or for capital appreciation or both, rather than for operational purposes.

Liabilities

These are amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

Minimum Revenue Provision (MRP)

Minimum revenue provision is the minimum amount which must be charged to an Authority's revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989.

National Non-Domestic Rates (NNDR)

A tax levied on business properties and sometimes known as Business Rates. An NNDR poundage is set annually by the Government. Sums based on rateable values are collected by billing authorities and paid into a national pool. The proceeds are then redistributed by central government as a grant to local authorities in proportion to adult population.

Net Book Value (NBV)

The amount at which non-current assets are included in the balance sheet, i.e historic cost or current value less the cumulative amounts provided for depreciation.

Net Current Replacement Cost

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Realisable Value

The open market value of an asset in its existing use less the expenses to be incurred in realising the asset.

Non-current Assets

Assets that yield benefits to the local authority and the services it provides for a period of more than one year.

Operating Leases

Leases which do not meet the definition of a finance lease, ie where the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of the property, plant and equipment from the lessor to the lessee, are accounted for as operating leases.

Outside the Cash Limit

Services, which due to their volatility, are not part of the cash limited budgets regime. These services include Parking Services and Housing Benefits.

Outturn

Actual expenditure and income compared to the budget.

Past Service Cost

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Precept

The amount collected by the Council on behalf of other bodies.

Prior Period Adjustments

These are material adjustments which are applicable to an earlier period arising from changes in accounting policies or for the correction of fundamental errors.

Private Finance Initiative (PFI)

A central Government initiative which aims to increase the level of funding available for public services by attracting private sources of finance. The PFI is supported by a number of incentives to encourage Authority's participation.

Property, Plant and Equipment (PPE)

PPE are tangible assets (ie assets that have physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used during more than one year.

Public Works Loan Board (PWLB)

An arm of central government which is the major provider of loans to finance long term funding requirements for local authorities.

Provision

An amount set aside by the Council for any liability of uncertain timing or amount that has been incurred.

Prudential Code for Capital Finance

The Code was introduced from 1st April 2004. The basic principle of the Code is that local authorities will be free to invest so long as their capital spending plans are affordable, prudent and sustainable. The Code sets out indicators that the authority must use and factors that they must take account to demonstrate that they have fulfilled this objective.

Reserves

Amounts set aside in the accounts to meet expenditure which the Council may be committed to in future periods, but not allocated to specific liabilities which are certain or very likely to occur.

Earmarked reserves are allocated to a specific purpose or area of spending. Unallocated reserves are often described as balances.

Revenue Expenditure

Expenditure incurred on the day-to-day running of the Council.

Revenue Support Grant

A central government grant paid to each local authority to help to finance its general expenditure. The distribution of the grant between authorities is intended to allow the provision of similar standards of service throughout the country for a similar council tax levy.

Work in Progress

The cost of work undertaken up to a specified date on an uncompleted revenue project.



Blackpool Council

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

March 2021

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Partner introduction

The key messages in this report

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

- A robust challenge of the key judgements taken in the preparation of the financial statements.
- A strong understanding of your internal control environment.
- A well planned and delivered audit that raises findings early with those charged with governance.

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

Status of the audit

The following principal matters are currently outstanding:

- completion of Value for Money work on financial sustainability and finalisation of testing of fees and charges, pensions, minimum revenue provision and long term debtors;
- receipt of updated financial statements;
- completion of internal quality control review procedures;
- receipt of signed management representation letter; and
- our review of events since 31 March 2020 through to signing.

Audit summary

The significant audit risks identified for the current year were:

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

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

Partner introduction

The key messages in this report (continued)

Audit summary (continued)

As well as the significant risks identified above, we have identified a number of other audit matters as part of our work:

Capital accounting

The following issues have been identified from our work on the property valuation significant risk:

- Since the introduction of the revaluation reserve, the Council had not retained details of the assets which had been impaired through the Comprehensive Income and Expenditure Statement (CIES) and therefore the full value of any subsequent upward valuation has been charged to the revaluation reserve rather than having the appropriate amount of the upward revaluation reverse the previous impairment charged through the CIES. The Council has prepared a working from which we could determine that there is a maximum potential misstatement of £1.2m. We expect the actual misstatement will be lower but management will need to undertake further work during 2020/21 to confirm the exact misstatement.
- In the current year, a small number of voluntary aided schools were identified which had been retained on the balance sheet following a previous review process in 2015/16. In the draft financial statements, the Council had removed the assets from the balance sheet but has not been able to provide sufficient evidence to support the removal of the assets (as there have been no responses received as yet in relation to queries raised with the relevant Diocese). Therefore these assets (£7.9m) have been retained on the balance sheet until further information has been obtained as to why they were originally classified as remaining on the Council's balance sheet.
- A valuation was undertaken in year for the 'Foxhall Village - Tyldesley/Rigby Road Redevelopment', as the property developer went into administration during the year. This raised questions around which party had control of the assets associated with the different phases of the development as at year end, and therefore what transactions needed to be recognised within the Council's financial statements. Resolution of the issue required a number of discussions with the relevant members of the Council's legal team to understand the specific legal position as at year end and we confirmed the Council had recognised the correct assets as at year end. However, an adjustment has been posted to the financial statements to correct the presentation of the accounting treatment, with a reversal of the disposal of assets of £4.1m and an upward revaluation of £1.4m, and the recognition of an impairment of £2.7m.
- During the year, the Council recognised 'The Tramsheds' asset on the balance sheet as a finance lease. The leases for the arrangement had been signed in November 2018, but the asset was not recorded on the Council's balance sheet as management considered that it was appropriate for Lancashire Management Operations Limited (LMOL) to recognise the asset on its balance sheet as a finance lease. From our review of the leases, we consider that the asset should have been recognised on the Council's balance sheet in the prior year and management have posted a prior period adjustment to the financial statements to correctly recognise the value of the asset of £14.1m.
- In the draft accounts, impairments were recognised in relation to the assets held under finance leases, being 'The Tramsheds' and 'Ribble House'. As the assets are held under finance leases, there are additional valuation considerations which were not factored into the initial work and it has been subsequently identified that the impairments should be reversed and an upward revaluation recognised. Adjustments of £13.8m and £12.3m respectively have been posted to the financial statements to reverse the original impairments and upward valuations of £6.8m and £3.8m respectively have been recorded.

Partner introduction

The key messages in this report (continued)

Audit summary (continued)

Capital accounting (continued)

- The 'Promenade, Tramway' asset was revalued in year as part of the rolling valuation programme. Following our review of the revaluation, it was determined that the valuation included assets which were also separately recognised within Infrastructure assets and so "double counted" in the Council's accounts. A new valuation has been undertaken which has shown a total misstatement at year end of £21.0m, of which £17.5m is also a misstatement in previous years. As this amount is material, a prior period adjustment has been made to the financial statements. Management have also undertaken a wider piece of work to confirm that there is no other similar double counting of assets within the valuations that have been undertaken and no further errors were found. We have audited the work undertaken and have not identified any issues with management's assessment.
- In the draft accounts, a transfer of £19.9m was made between Property, Plant and Equipment and Investment Property. Following testing of a sample of the assets transferred, it was determined that they did not meet the definition of Investment Property and management have undertaken a review of all the assets transferred to confirm the correct categorisation and have made an adjustment of £17.9m to reverse the transfer of the assets which were not considered to meet the definition of investment properties.
- In November 2019, the Council purchased the Houndshell Shopping Centre. As part of our planning for the audit, a number of discussions were held with the finance and estates team to ensure that the property was valued by appropriately qualified retail valuation specialists given the impact due to Covid-19 on retail. No issues have been identified from our work as part of the final audit visit.

Given the number of issues identified with capital accounting, we have raised a recommendation around the capacity of the finance team to undertake an appropriate level of review, see page 26.

Subsidiary valuations

- Within the accounts, the Council holds investments in a number of its subsidiaries at fair value. In the current year, we have involved specialists from our valuations team to undertake a review of these valuations, including an assessment of the adjustments made to the valuations to take account of the impact of Covid-19. We have set out the work undertaken and the findings on page 18.

Long term debtors

- Blackpool Council has provided loans to a number of its subsidiaries and also, under the Business Loan Fund, to private companies. Due to the potential detrimental impact of Covid-19 on a wide range of companies within the economy, we have challenged management in terms of their assessment of the recoverability of the outstanding loans and have not identified any misstatements. Our work is ongoing, see page 17 for the details of the procedures undertaken and page 24 for the recommendations we have raised based on our work.

Blackpool Transport Services pension surplus transfer

- During the year, Blackpool Council entered into a pooling arrangement with Blackpool Transport Services in relation to their membership of the Lancashire County Council pension fund. We have reviewed the available documentation in relation to the transaction and have agreed an adjustment to present the transaction on a net basis within the financial statements, which has a £2m impact. We have raised one recommendation in relation to this arrangement, see page 25.

Partner introduction

The key messages in this report (continued)

Audit summary (continued)

Financial instrument fair values

- Within the accounts, the Council is required under the Code to make fair value disclosures in relation to a number of financial instruments. In the current year we have used our financial instruments specialists to support our work and a misstatement was identified in the financial instruments fair value disclosures. Management have made an adjustment to the financial statements.

Subject to completion of the procedures set out on page 3, we envisage issuing an unmodified audit opinion with an Emphasis of Matter in relation to your disclosures on the material valuation uncertainty, and a modified opinion in respect of the Council's arrangements to secure economy, efficiency and effectiveness in the use of resources. See pages 19 to 22 for additional detail in relation to Value for Money.

Financial sustainability and Value for Money

The Council reported a deficit on the provision of services of £26.7m. As at 31 March 2020, the Council had £69m of usable reserves.

- The 2020/21 gap per the Council's original budget was predicted to be £19.7m. Of the required savings, £20.5m are forecast to be achieved by year end, but additional in year pressures which have only been partially offset by additional government funding means that there is a forecast gap of £7.9m.
- As discussed on pages 19 to 22, we identified significant risks around the Council's financial sustainability and the recommendations from the prior year Ofsted report.

Conclusion

- We anticipate based on our work to date that we will modify our opinion in respect of the Council's arrangements for securing economy, efficiency and effectiveness of the use of resources.

Narrative Report & Annual Governance Statement

- We have reviewed the Council's Annual Report and Annual Governance Statement to consider whether it is misleading or inconsistent with other information known to us from our audit work.
- The Annual Governance Statement complies with the Delivering Good Governance guidance issued by CIPFA/SOLACE.
- We have suggested a number of minor changes to management for consideration.

Duties as public auditor

- We did not receive any queries or objections from local electors this year.
- We have not identified any matters that would require us to issue a public interest report. We have not had to exercise any other audit powers under the Local Audit and Accountability Act 2014.

Whole of Government Accounts

- We are required to report our overall audit opinion and key issues from our audit to the National Audit Office following completion of the audit. We are required to perform testing on the Council's WGA submission, checking its consistency to the audited financial statements and reporting our findings to the National Audit Office (together with our audit opinion and key issues from our audit).

Nicola Wright
Audit Partner

Our audit explained

Timeline 2019/20

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

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

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

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

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



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

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

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



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Scope of work and approach

We have three key areas of responsibility under the Audit Code

Financial statements

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

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

Annual Governance Statement

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

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

Value for Money conclusion

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

To perform this work, we have:

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

Our work therefore included a detailed risk assessment based on the risk factors identified in the course of our audit. We identified significant risks based on our risk assessment in relation to financial sustainability and on Children's Services based on the Ofsted inspection findings, see pages 19-22.

Covid-19 pandemic

Impact on the statement of accounts and audit

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

Area	Potential impact on annual report and financial statements	Audit response
Impact on property, plant and equipment	The Royal Institute of Chartered Surveyors has issued a practice alert, as a result of which valuers have identified a material valuation uncertainty at 31 March 2020 for most types of property valuation. This has impacted the Council and has required specific disclosure in the financial statements. Consequently, this has resulted in an Emphasis of Matter in our audit report.	The Council has considered its approach to the measurement of property, plant and equipment (PPE). Where property held at current value is based on market valuations, the Council considered with their valuers the impact that Covid-19 has had on current value. The Council also considered whether there are any indications of impairment of assets requiring adjustment at 31 March 2020. The material uncertainty is disclosed in the Statement of Accounts and leads to an Emphasis of Matter in our audit opinion.
Valuation of commercial investment properties and financial instruments	Following the Covid-19 pandemic, the fair value measurements for financial instruments and investment properties held by the Council needed to be reviewed against the conditions and assumptions at the measurement date. This presents some difficulties because of the volatility of the market at the measurement date and the potential for there to be a lack of reliable observable inputs. This required additional consideration in our work on year-end valuations.	The material uncertainty noted above also includes Investment Properties. We have involved our financial instrument specialists in our audit of the financial instruments balances and disclosures.
Impact on pension fund investment measurement	As a result of the Covid-19 pandemic pension, Fund investments have been subject to volatility.	We have maintained regular communication with the external pension fund auditors to ensure that we would be aware of any relevant issues. We have requested and received their IAS19 letter in relation to the work undertaken as part of their audit of the Pension Fund, and note that they have included an emphasis of matter in their audit report due to the valuation of pooled and directly held property valuations being reported on the basis of a material valuation uncertainty because of the effects of Covid-19. This has been adequately disclosed by the Council in the revised financial statements and we do not consider it necessary to include an emphasis of matter within our audit report on the Council financial statements.

COVID-19 pandemic (continued)

Impact on the statement of accounts and audit

Area	Potential impact on annual report and financial statements	Audit response
Expected credit losses	The Council has considered the provision for credit losses for receivables, including for expected credit losses for assets accounted for under IFRS 9.	We have challenged management's assessment of the impact that the Covid-19 pandemic has had on the recoverability of outstanding debtors. See page 17 for the detail on the procedures undertaken in relation to long term debtors.
Covid-19 related income received pre year end	Covid-19 LA Support grant: This was the first tranche of £1.6bn passed out to Councils by MCHLG on 27 March 2020. Blackpool Council received £6m. The balance of this grant has been placed in earmarked revenue reserves at year-end to be used to fund income losses and increased expenditure in 2020/21.	<p>We note that, after discussion and reference to guidance, this grant has been treated correctly in the updated statement of accounts.</p> <p>The remaining Covid-19 related income receipts received after the year end will be considered as part of the 2020/21 audit.</p>
Narrative and other reporting issues	<p>The following areas need to be considered by local authorities, having being impacted on by the COVID-19 pandemic.</p> <ul style="list-style-type: none"> • Narrative reporting as well as the usual reporting requirements will need to cover the effects of the pandemic on services, operations, performance, strategic direction, resources and financial sustainability. • Reporting judgements and estimation uncertainty: The Council will need to report the impact on material transactions including decisions made on the measurements of assets and liabilities. 	We raised a number of points with management on how the disclosure in relation to Covid-19 could be improved and the financial statements have been appropriately updated.

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Significant risks Dashboard

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

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

- Financial sustainability
- Ofsted findings

See pages 19-22.

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

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

Significant risks

Risk 1 – Completeness of accrued expenditure

Risk identified

Under UK auditing standards, there is a presumed risk of revenue recognition due to fraud. We have rebutted this risk, and instead believe that a fraud risk lies with the completeness of expenditure (as well as management override of controls as detailed on page 16). In the current year we have identified the risk as relating specifically to year end accruals.

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

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

Our response

Our work in this area included the following:

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

Conclusion

We have not identified any material omissions of expenditure through our work in this area.

Significant risks

Risk 2 – Property valuations

Risk identified

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

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

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

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

Our response

Our work in this area included the following:

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

Conclusion

From our work to date, we have identified a number of adjustments in relation to the value at which the Council is currently holdings various assets. These have been documented at pages 4 and 5. Recommendations in relation to these matters have been included on pages 23 to 29.

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

Significant risks

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

**Material
Uncertainty
due to Covid-
19**

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

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

**Impact on
Statement of
Accounts**
Page 284

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

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

**Impact on
Audit Opinion**

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

"We draw attention to note 7 and note 15, which describes the effects of the uncertainties created by the coronavirus (COVID-19) pandemic on the valuation of the Council's property portfolio. As noted by the Council's valuer, the pandemic has caused extensive disruptions to businesses and economic activities and the uncertainties created have increased the estimation uncertainty over the valuation of the property portfolio at the balance sheet date. Our opinion is not modified in respect of this matter."

Significant risks

Risk 3 – Pension liabilities

Risk identified

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

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

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

Our response

Our work in this area included the following:

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

Conclusion

From the work performed we have identified an adjustment relating to the accounting treatment of the Blackpool Transport Services pensions surplus. See page 5 for further details.

Our other procedures have identified that the Pension Fund auditor has included an emphasis of matter in their audit report due to the valuation of pooled and directly held property valuations being reported on the basis of a material valuation uncertainty because of the effects of Covid-19. The Council has adequately disclosed this in their financial statements and we do not consider it necessary to include an emphasis of matter within our audit report on the Council financial statements.

Based on the work performed, we have no further matters to report.

Significant risks

Risk 4 – Management override of controls

Risk identified	<p>In accordance with ISA 240 (UK), management override of controls is a significant risk due to fraud for all entities. This risk area includes the potential for management to use their judgement to influence the financial statements as well as the potential to override the Council's controls for specific transactions.</p> <p>The key judgements in the financial statements include those which we have selected to be the significant audit risks, (completeness of accrued expenditure, pension and the Council's property valuations) and any one off and unusual transactions where management could show bias. These are inherently the areas in which management has the potential to use their judgment to influence the financial statements.</p>
Our response	<p>In considering the risk of management override, we plan to perform the following audit procedures that directly address this risk:</p> <ul style="list-style-type: none">• We have tested the design and implementation of key controls in place around journal entries and key management estimates;• We are in the process of testing a risk assessed sample of journals and select items. The journal entries have been selected using computer-assisted profiling based on characteristics which we consider to be of increased interest;• We are in the process of reviewing accounting estimates on both an individual and cumulative level for biases that could result in material misstatements due to fraud; and• We have obtained an understanding of the business rationale of significant transactions that we became aware of that are outside of the normal course of business for the Council, or that otherwise appear to be unusual, given our understanding of the entity and its environment.
Conclusion	<p>Based on our work, we have not identified any issues in relation to management override.</p>

Other areas of audit focus

Long term debtors

Risk identified

At 31 March 2020, the Council had provided loans totalling £78.3m to a number of its subsidiaries and private companies. Following the year end, the Council also offered a six month repayment holiday from 1 April 2020 to 30 September 2020 to all businesses with a loan from the Council.

Due to the impact of Covid-19 on a wide range of companies within the economy, we believe there is a risk that some of these entities may not be able to repay the loans provided by the Council, and as a result the value of the loans at 31 March 2020, should be impaired.

Our response

We have performed the following procedures to address this risk:

- After the six month repayment holiday, we have confirmed for a sample of loans that repayments have been made by the companies to the Council. This has included agreeing a sample of loan repayments back to the Council's bank accounts;
- Obtained loan agreements from the Council for the sample of loans tested. We have reviewed the terms and conditions included in the agreements, with a particular focus on any collateral that is included in the agreements;
- Reviewed and assessed the current operational status of each company in our sample, including reviewing the latest set of audited financial statements for the company, in order to identify any potential risks to the recoverability of the loan provided by the Council;
- For the loans with Create Developments (Blackpool) Ltd, Coolsilk and Ocean Boulevard we have engaged our internal valuation specialists to review the valuation of the assets held as collateral against the loans and are awaiting their final report;
- For the loan with Blackpool Transport Service (BTS), we have reviewed the valuation of the collateral held against the loan. This involved obtaining supporting documentation relating to BTS asset sales that were completed in 2019/20, in order to allow us to assess whether the value of the collateral held was sufficient to cover the value of the loan; and
- We have also reviewed the financial performance of BTS in 2020/21 along with future financial plans.

Conclusion

Our work in relation to this risk is ongoing but to date we have not identified any factors that would suggest that the valuation of the long term debtors is materially misstated.

We have however identified two recommendations during the completion of our work. Further information in relation to these findings can be found in the Other Significant Findings section of the report.

Other areas of audit focus (continued)

Investments in subsidiaries

Risk identified

At 31 March 2020, the Council had recognised investments in its subsidiaries totalling £27.4m. Following the year end, the Council also offered a six month repayment holiday from 1 April 2020 to 30 September 2020 to all businesses with a loan from the Council, which included the subsidiary entities.

The subsidiary entities are valued by an external valuer, based on a range of assumptions including the future expected performance of the individual entities. Due to the impact of Covid-19 on the economy, we believe there is a risk that some of these investments may require impairment if the business plans have been impacted significantly.

Our response

We have performed the following procedures to address this risk:

- Obtained the valuations provided by Smith Craven;
- Involved our valuation specialists to assist in our assessment of the assumptions and methodology underpinning the valuations;
- Held discussions with Smith Craven to further develop our understanding of the valuation approach; and
- For a sample of the investments held by the Council, we developed an independent valuation range to assess the reasonableness of the Council's current investment values.

Conclusion

For two of the investments selected for testing, there were issues identified in relation to the valuation methodology. For one of the companies, the value at which the Council currently holds the investment was still within the "reasonable" range and we have therefore raised a recommendation regarding the valuation approach, see page 25.

While the valuation of a subsidiary is a judgement and there is a level of uncertainty and subjectivity in the process, especially when market information is limited and there may not be directly comparable cases due to the role the Council has in the operations undertaken by the subsidiary, based on the input from our specialists we consider there to be potential impairment of the BTS investment as at 31 March 2020 of between £5.8m - £9.8m, see proposed adjustment on page 34, which has been raised for the midpoint.

We draw this to the attention of the Audit Committee as we consider this to be a key management judgement.

Significant risks

VfM Risk 1 – Financial Sustainability

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

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

- Financial sustainability; and
- Ofsted findings.

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

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

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Our response

Our work in this area included:

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

Conclusion

From our review of the Council's financial performance and its progress on the savings plan for 2020/21 we note that the Council faces significant financial challenges due to demand pressures specifically in relation to Children's services as well as Covid related impacts on both income and expenditure.

Our work is ongoing in relation to this risk, but based on the work completed to date we do not expect to modify our VfM conclusion in relation to financial sustainability.

VfM Risk 1 – Financial sustainability (continued)

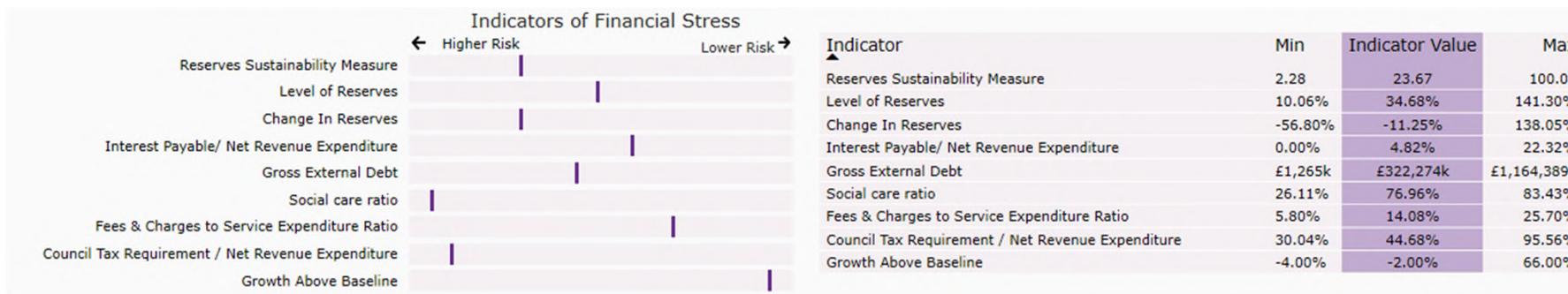
Covid-19 impact on 2020/21

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

Blackpool Council's position

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

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

For 2020/21, the Council's pre Covid-19 budget included a gap of £19.7m which after the delivery of the targeted level of savings would have required £2.3m to be funded from reserves. We are aware that the Council has considered various updates during the year to date, most recently at the March 2021 meeting of the Executive, which included an updated forecast of a decrease in earmarked reserves to £21.4m by the end of 2020/21. From tranches 1-4 of the Covid-19 funding from MHCLG, Blackpool has been allocated £16.3m.

VfM Risk 1 – Financial sustainability (continued)

Covid-19 impact on 2020/21

Impact on 2020/21 audit

As noted on page 19, we identified a significant value for money risk in relation to financial sustainability for the 2019/20 audit and we will provide an update once our work is complete.

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

Significant risks

VfM Risk 2 – Ofsted Findings

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Risk identified

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

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

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

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

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

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

Our response

Our work in this area involved:

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

Conclusion

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

Other significant findings

Internal control and risk management

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

Area	Observation	Management response	Priority
Preparation for IFRS 16 (initially raised 2018/19)	<p>The implementation of IFRS 16, Leases, has been delayed again until 2022/23 due to Covid-19 but it is expected to have a greater and more complex impact upon most Councils than the adoption of IFRS 9 and 15. The scope and potential complexity of work required, which may require system or process changes to underpin correct accounting under the standard, will require work to be completed at a significantly earlier stage than has been the case for IFRS 9 and 15 to allow for financial reporting timetables to be met.</p> <p>We recommend the Council targets completion of its IFRS 16 impact analysis during 2021/22, and to calculate an adjusted opening balance sheet position for audit following the 31 March 2021 audit. We recommend early consideration following the impact analysis of actions required to embed IFRS 16 accounting in the Council's underlying accounting systems.</p>	TBC	
Property, plant and equipment additions	<p>As part of the year end process, management focus on ensuring that all additions over £10k are appropriately recorded, this means that some additions below this level may be missed. As part of the year end close down a check should be done on the total aggregate amount of invoices below the threshold that have been accounted for post year end to ensure that there is not potential for a material issue.</p>	TBC	

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

Low Priority

Medium Priority

High Priority

Other significant findings (continued)

Internal control and risk management

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

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

Other significant findings (continued)

Internal control and risk management

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

Area	Observation	Management response	Priority
BTS pension transfer	The Council should put in place formal documentation which sets out the terms and conditions on which it has undertaken the transaction with BTS so that it is clear what the Council's potential liabilities are in relation to the pension balances.	TBC	
Subsidiary valuations	The valuation approach adopted by the Council in valuing the investment it holds in its subsidiaries should be reviewed so that they are undertaken on an appropriate basis.	TBC	
Review of nil NBV items	Council should perform a review of the nil NBV items still held within the 'VPE' category in the FAR to confirm those that are still held by the council and those that should be removed from the fixed asset register. As part of this process if there is a significant number of assets still in use with a nil NBV the UELs for those types of assets should be reviewed to ensure that they reflect the appropriate expected useful economic life.	TBC	

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Other significant findings (continued)

Internal control and risk management

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

Area	Observation	Management response	Priority
Review of financial statements	A thorough review of the financial statements and the accounting treatment for all significant transactions should be undertaken by senior members of the finance team to make sure that any issues are identified early in the process. A review should be undertaken to ensure that the finance team has sufficient capacity to be able to perform these additional processes.	TBC	
Recording of previous impairments PPE	Management should update the fixed asset register to ensure that it includes the required information in relation to impairments or downward revaluations that have been charged in prior years to the CIES, so that an appropriate amount of any subsequent upward revaluations can be used to reverse the previously charged impairments.	TBC	

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Other significant findings (continued)

Prior year recommendations

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

Area	Observation	Implementation of recommendations	Priority
<p data-bbox="91 730 136 916" style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 297</p> <p data-bbox="91 560 398 651">New accounting standards – IFRS 9 and 15</p>	<p data-bbox="443 416 1391 571">Although our work on IFRS 9 and 15 did not identify any material changes to the financial statements, we highlight that this has been done as a one off exercise to assess and calculate the impact of GAAP differences, without embedding into the Council’s underlying systems, processes and controls.</p> <p data-bbox="443 576 1391 635">This presents a risk that new contracts or transaction may give rise to unanticipated impacts in future, or not be detected.</p> <p data-bbox="443 639 1391 794">We recommend the Council review how to update its day to day accounting processes, including any necessary system and control changes, to reflect the requirements of IFRS 9 and 15, and the process to be followed in assessing any new and unusual transactions.</p>	<p data-bbox="1413 587 1491 619">TBC</p>	
<p data-bbox="91 916 405 1107">Arrangements to secure economy, efficiency and effectiveness in the use of resources – Children’s services</p>	<p data-bbox="443 823 1368 916">We note the finding raised by Ofsted following their inspection of children’s social care services in the current year which has resulted in an overall inadequate rating for the Council’s service.</p> <p data-bbox="443 954 1368 1046">We have held discussions with management to understand the processes and procedures that have been put in place to implement the required changes.</p> <p data-bbox="443 1085 1368 1206">We recommend that the Council ensure that there continues to be sufficient senior officer input and that appropriate governance and monitoring structures are used to ensure that the required changes are implemented in a timely manner.</p>	<p data-bbox="1413 1018 1491 1050">TBC</p>	

Other significant findings (continued)

Prior year recommendations (continued)

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

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Other significant findings

Prior year recommendations (continued)

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

Our audit report

Matters relating to the form and content of our report

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



Our opinion on the financial statements

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



Material uncertainty related to going concern

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



Emphasis of matter and other matter paragraphs

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

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

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



Our value for money conclusion

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

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



Other reporting responsibilities

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

Your annual report

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

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

Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

What we report

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

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

The scope of our work

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

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

Use of this report

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

What we don't report

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

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

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

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

Deloitte LLP

Newcastle upon Tyne | 17 March 2021

Appendices

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Audit adjustments

Unadjusted misstatements

The following uncorrected misstatements have been identified up to the date of this report which we request that you ask management to correct as required by ISAs (UK). Uncorrected misstatements decrease the surplus on the CIES by £8.7 million, (decrease) net assets by £9.2 million, and decrease unusable reserves by £0.5 million.

		Debit/ (credit) CIES £'000	Debit/ (credit) in net assets £'000	Debit/ (credit) prior year reserves £'000	Debit/ (credit) reserves £'000
Misstatements identified in current year					
Impairment of investment - BTS	[1]				
Cr Investment			(£7,775)		
Dr Expenditure		£7,775			
Promenade, Tramways valuation	[2]				
Dr Capital adjustment account				£496	
Cr Property, Plant and equipment			(£496)		
Goodwin	[3]	£900			
Dr Expenditure					
Cr Pension liability			(£900)		
Impairment reserve	[4]				
Dr Revaluation Reserve				£1,198	
Cr Capital adjustment account				(£1,198)	
Total		£8,675	(£9,171)	£496	0

[1] Judgemental misstatement in relation to the value of the Council's investment in BTS.

[2] Judgemental misstatement in relation to the valuation of the Promenade, Tramways asset.

[3] The Council has elected not to include the adjustment in relation to the Goodwin ruling within the pension balance.

[4] Judgemental misstatement in relation to the impact of the Council assessment of reversal of historic impairments.

Audit adjustments

Disclosures

Disclosure misstatements

A number of disclosure deficiencies were identified as part of our audit work, all significant deficiencies have been corrected by management in the final set of accounts.

Disclosure	Summary of disclosure requirement
FV disclosures	We identified some potential differences in the fair value disclosures as set out in Note 20 of the financial statements. As these items are disclosure only, we are not proposing to amend the financial statements. However we do propose that the Council reviews the calculations from the treasury adviser to confirm that the methodology used complies with the accounting standards and CIPFA guidance.
Disclosure of judgement/uncertainty around business loan recoverability	There has been a widespread impact from the Covid-19 pandemic on the UK economy, one of the ways in which this affects the Council's financial statements specifically is an increased risk around the recovery of loans that it has provided companies in Blackpool from the Business Loan Fund. Given the judgemental nature of the assessment of recoverability this should be disclosed within the notes to the accounts.
Reconciliation of liabilities arising from financing activities	Cash and non-cash flows have been aggregated rather than being split into separate columns within the reconciliation.
Prior year Public Health gross expenditure	The prior year public health gross expenditure figure included an immaterial internal recharge amount which was not removed as part of the financial statement preparation process.
Trade Union Facility Time	Under the regulations the Council is required to include the facility time data in the Annual Report as well as publish on the Council's website.

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Fraud responsibilities and representations

Responsibilities explained



Responsibilities:

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



Required representations:

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

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



Audit work performed:

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

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

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

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

Concerns:

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

Independence and fees

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

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

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Independence and fees

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

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

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

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

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

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

* All additional fees are subject to agreement with PSAA.

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Report to:	AUDIT COMMITTEE
Relevant Officer:	Tracy Greenhalgh, Head of Audit and Risk
Date of Meeting	25 March 2021

INTERNAL AUDIT PLAN 2021/2022

1.0 Purpose of the report:

1.1 To obtain approval from the Audit Committee for the Internal Audit Plan 2021/2022.

2.0 Recommendation(s):

2.1 The Audit Committee is asked to approve the Internal Audit Plan for 2021/2022.

3.0 Reasons for recommendation(s):

3.1 The Public Sector Internal Audit Standards require that the Internal Audit Plan is approved by senior management and the Audit Committee.

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

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

4.0 Other alternative options to be considered:

4.1 None

5.0 Council priority:

5.1 The work of the internal audit team contributes to the achievement of all of the Council's priorities.

6.0 Background information

6.1 Each risk based review will 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.

Compliance testing accounts for approximately forty percent of the allocated audit resource to complement risk based audit work with a robust set of compliance testing.

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 Audit Committee through the

quarterly report of the Head of Audit and Risk.

6.2 Does the information submitted include any exempt information? No

7.0 List of Appendices:

7.1 Appendix 7(a) – Internal Audit Plan 2021/2022

8.0 Financial considerations:

8.1 Financial controls are a key feature in all audits.

9.0 Legal considerations:

9.1 Each audit review will consider the legal implications faced by the service and will factor these into the evaluation of the service.

10.0 Risk management considerations:

10.1 An audit universe is in place which lists all Council services and an exercise is undertaken to risk assess each service using a weighted criteria including materiality, system stability, devolved control, internal control and sensitivity. This is undertaken by the Internal Audit Team using their combined knowledge and experience. The Head of Audit and Risk then meets with each Directorate Management Team to present internal audit's priorities and establish what they consider to be risks faced by their service areas.

All of the above information is collated into one document and a further risk assessment is undertaken by the Head of Audit and Risk to identify which of the risks can be resourced in the internal audit plan. Factors which inform this include whether a follow-up of priority one recommendations is already planned, time since last review, whether assurance can be obtained from a different source, the strategic risk register and whether internal audit can gain assurance through an alternative method.

11.0 Equalities considerations:

11.1 The plan is based on a risk assessment of all Council services.

12.0 Sustainability, climate change and environmental considerations:

12.1 Climate change and sustainability feature on the internal audit plan.

13.0 Internal/external consultation undertaken:

13.1 Planned audit work has been discussed with the Chief Executive, Senior Management and the Section 151 Officer. The plan was approved by the Corporate Leadership Team on 9 February 2021.

14.0 Background papers:

14.1 None

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Internal Audit Annual Plan 2021-2022

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Internal Audit Annual Plan 2021-22

1. Introduction

- 1.1 The purpose of this report is to obtain approval for the Internal Audit Plan for 2021/22. The Public Sector Internal Audit Standards recommends that the audit plan is approved by both the Audit Committee and Senior Management.
- 1.2 In terms of reporting lines for the service the Head of Audit and Risk reports to the Director of Resources on operational issues and the Chief Executive and Audit Committee as appropriate on strategic issues. The Head of Audit and Risk also collaborates as appropriate with the Monitoring Officer.
- 1.3 The audit plan is based on the service structure, which includes seven operational audit staff and the Head of Audit and Risk who splits their time across the five services which they manage. This is an increase of one additional operational auditor from the previous year to reflect the increased demands on the internal audit service due to the wide range of risks faced by the Council and the increasing portfolio of wholly owned companies.
- 1.4 The service will report the overall opinion and assurance statement for all work undertaken on a quarterly basis to the Audit Committee and Corporate Leadership Team. As in previous years, the Audit Committee can request more detailed information on any work undertaken. The annual opinion of the Head of Audit and Risk contributes to the Council's Annual Governance Statement.

2. Overall balance of coverage

- 2.1 The work of the team is divided into three 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 high risk findings are implemented;
 - Compliance testing to ensure:
 - Significant financial systems remain 'fit for purpose',
 - Adequate financial and governance procedures in maintained 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.

3. Risk-based reviews

- 3.1 Within each risk based 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.

Internal Audit Annual Plan 2021-22

- 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 in February 2021.
- 3.3 The demand for audit work in 2021/2022 has exceeded the available resource and therefore a decision has been taken to focus on the areas with the highest perceived risk or those which have not been subject to recent audit activity. Other sources of assurance have been used to help inform this process such as external inspections and reviews, consultancy reports, external audit work and other internal reviews carried out by other Council services.
- 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. The plan has also been aligned to the Council's Strategic Risk Register.
- 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 Audit Committee through the quarterly report of the Head of Audit and Risk.
- 3.6 The outcome of each risk based review will be an overall opinion and assurance statement supported by a detailed report and recommendations. There are four options for the assessment of controls:
- Good – most risks identified and assessed, minor control improvement required.
 - Adequate – some risk identified and assessed several changes necessary.
 - Inadequate – A number of material risks identified, significant improvement required.
 - Unsatisfactory – most risks not identified or assessed fundamental improvements necessary to manage and control the risks.
- 3.7 The scope of the audit review and the overall opinion and assurance statement will be reported to CLT and Audit Committee in the Risk Services Quarterly Report.
- 3.8 A list of risk based reviews which will be covered in 2021/2022 can be found in **Appendix A**.

4. Compliance testing

- 4.1 Risk based audit work is complemented by a robust set of compliance testing. Further details of the areas of coverage can be found in **Appendix A** to this report. The compliance element of the audit programme can be split into the following sub-headings:

Financial Control Assurance Testing

- 4.2 This involves the testing of core financial system transactions to ensure that all major financial systems are subject to an adequate level of audit review work. A cyclical programme has been implemented to ensure that all key financial systems are subject to a compliance audit every three years.
- 4.3 The scope of the audit review and the assurance statement will be reported to CLT and Audit Committee in the Risk Services Quarterly Report. An assurance statement will be provided on the robustness of the controls based on the following criteria:
- Good – most risks identified and assessed, minor control improvement required.

Internal Audit Annual Plan 2021-22

- Adequate – some risk identified and assessed several changes necessary.
- Inadequate – A number of material risks identified, significant improvement required.
- Unsatisfactory – most risks not identified or assessed fundamental improvements necessary to manage and control the risks.

4.4 An opinion will also be provided on whether or not the controls are complied with.

Procurement and Contract Audit

4.5 Some reviews will be undertaken to ensure that adequate procurement arrangements are in place and that contracts are being effectively managed.

4.6 The outcome of each procurement and contract audit will be an overall opinion and assurance statement supported by a detailed report and recommendations.

4.7 The scope of the audit review and the overall opinion and assurance statement will be reported to CLT and Audit Committee in the Risk Services Quarterly Report.

Schools Audit

4.8 It is intended that each maintained school will be subject to an audit every three years, or more frequently if necessary.

4.9 The outcome of each school audit will be an overall opinion and assurance statement supported by a detailed report and recommendations. There are four options for the assessment of controls:

- Good – most risks identified and assessed, minor control improvement required.
- Adequate – some risk identified and assessed several changes necessary.
- Inadequate – A number of material risks identified, significant improvement required.
- Unsatisfactory – most risks not identified or assessed fundamental improvements necessary to manage and control the risks.

4.10 The scope of the audit review and the overall opinion and assurance statement will be reported to CLT and Audit Committee in the Risk Services Quarterly Report.

Establishment Visits

4.11 A small programme of establishment visits will take place to ensure that controls are operating effectively.

4.12 The outcome of each establishment visit will be an overall opinion and assurance statement supported by a detailed report and recommendations. There are four options for the assessment of controls:

- Good – most risks identified and assessed, minor control improvement required.
- Adequate – some risk identified and assessed several changes necessary.
- Inadequate – A number of material risks identified, significant improvement required.
- Unsatisfactory – most risks not identified or assessed fundamental improvements necessary to manage and control the risks.

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- 4.13 The scope of the audit review and the overall opinion and assurance statement will be reported to CLT and Audit Committee in the Risk Services Quarterly Report.

Grant Certification

- 4.14 The audit programme will include various grant certifications which require sign-off by the Head of Audit and Risk.
- 4.15 The outcome of this will be a signed grant certification which will be provided directly to the external funding body.

Follow-Ups

- 4.16 All priority one recommendations made by internal audit are followed up by the Head of Audit and Risk approximately six months after the audit report was finalised and progress against these is reported in summary form to CLT and Audit Committee as part of the Risk Services Quarterly Report.
- 4.17 In order to ensure that priority two and three recommendations are implemented the Audit Committee pick a sample of completed audit reports and call the relevant Head of Service to committee to provide an update in terms of progress made.

5. Consultancy, Advice and Project Support

- 5.1 The provision of advice, consultancy and project support 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 time has been set aside in contingency for ad hoc work at management request. Advice work tends to focus on a particular risk a service has identified as part of their normal service provision which requires support from an auditor.
- 5.2 Work of this nature is not reported to CLT and Audit Committee in the Risk Services Quarterly Report but is included in the Annual Audit Report as it contributes to the overall opinion of the Head of Audit and Risk.

6. Strategic Audit Work

- 6.1 The Head of Audit and Risk is involved in a number of workstreams including corporate governance, risk management and corporate investigations, which are included in the plan.

7. External work

- 7.1 The internal audit team also undertakes work for a range of external clients including the Council's Wholly Owned Companies.

8. Monitoring performance

- 8.1 As head of the Council's independent assurance service, the Head of Audit and Risk will issue quarterly reports to the Statutory Finance Officer, Corporate Leadership Team and Audit Committee, to enable any areas of concern to be acted upon as necessary. The Head of

Internal Audit Annual Plan 2021-22

Audit and Risk's opinion on the effectiveness of the system of internal control for the 2020/21 year will be available in April / May 2021.

8.2 Performance indicators are 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 The Corporate Leadership Team and Audit Committee are asked to approve the internal audit plan for 2021/22.

Tracy Greenhalgh CMIIA, MSc
Head of Audit and Risk
1st February 2021

Appendix A - Planned Risk Based and Compliance Reviews

Directorate	Service / Topic	Provisional Timings	Allocated Days	Strategic Risk	Type of Audit
Operational Audit Work					
Adult Services	Day Centre Care (Keats and Langdale)	Q3	10	Death, serious injury or harm of a vulnerable adult / child.	Establishment Visit
Adult Services	Vitaline	Q2	10	Death, serious injury or harm of a vulnerable adult / child.	Establishment Visit
Adult Services	Care at Home (Internal Provision)	Q2	10	Death, serious injury or harm of a vulnerable adult / child.	Establishment Visit
Adult Services Total Operational Audit Days			30		
Chief Executives	Social Housing White Paper Preparations	Q4	20	Failure to keep people safe / non-compliance with statutory requirements and internal procedures.	Risk
Chief Executives	Commissioning	Q3	20	Service failure.	Risk
Chief Executives	Employee Health and Wellbeing	Q1	20	Lack of individual resilience to work in a changing environment.	Risk
Chief Executives	Workforce Development and Planning	Q4	20	Lack of capacity to deliver Council services.	Risk
Chief Executive Total Operational Audit Days			80		
Children's Services	Early Year Portage Service	Q1	20	Preventative / early intervention services are unfunded or need to be made sustainable.	Risk
Children's Services	Financial Systems Developments	Q4	20	Non-compliance with statutory requirements and internal procedures.	Risk
Children's Services	School Improvement Strategy	Q1	20	Lack of educational attainment / appropriate training to meet the needs of the economy.	Risk
Children's Services	Executive Decisions	Q2	15	Non-compliance with statutory requirements and internal procedures.	Compliance

Children's Services	Special Guardianship Orders Payment Process	Q4	10	Non-compliance with statutory requirements and internal procedures.	Compliance
Children's Services	Argosy Avenue	Q2	5	Death, serious injury or harm of a vulnerable adult / child.	Establishment Visit
Children's Services	Early Years Payment System	Q4	10	Non-compliance with statutory requirements and internal procedures.	Compliance
Children's Services	Troubled Families	Quarterly	10	Preventative / early intervention services are unfunded or need to be made sustainable.	Compliance
Children's Services Total Operational Audit Days			110		
Communication and Regeneration	Library Management	Q4	20	Residents negative image of Blackpool.	Risk
Communication and Regeneration	Town Deal	Q1	20	Increased deprivation and unemployment.	Risk
Communication and Regeneration	Conference Centre	Q3	20	Increased deprivation and unemployment.	Risk
Communication and Regeneration	Growth and Prosperity Programme	Q2	20	Increased deprivation and unemployment.	Risk
Communication and Regeneration	Skills and Employment Schemes	Q1	20	Increased deprivation and unemployment.	Risk
Communication and Regeneration	Adult Learning	Q3	20	Lack of educational attainment / appropriate training to meet the needs of the economy.	Risk
Communication and Regeneration Total Operational Audit Days			120		
Community and Environmental	Highways Management / Maintenance Grant	Q2	15	Lack of appropriate transport infrastructure.	Compliance
Community and Environmental	Allotments	Q1	10	Residents negative image of Blackpool.	Compliance
Community and Environmental	Animal Disease Outbreak Planning	Q1	20	Reduced capacity across the Council to respond to an emergency.	Risk
Community and Environmental	Delivery of the Track Maintenance Plan	Q1	20	Lack of appropriate transport infrastructure.	Risk
Community and	Management of Leisure Centres /	Q3	20	Residents negative image of Blackpool.	Risk

Environmental	Impact of Covid-19.				
Community and Environmental	Enforcement Activity	Q3	20	Residents do not feel safe in their communities.	Risk
Community and Environmental	Permit System for Street works	Q2	20	Lack of appropriate transport infrastructure.	Risk
Community and Environmental Services Total Operational Audit Days			125		
Corporate	Business Loans Fund	Q4	15	Increased deprivation and unemployment.	Compliance
Corporate	Climate Change	Q2	20	The Council fails to deliver on its commitments to address the climate emergency / unsustainable carbon emissions in the town.	Risk
Corporate	Management and Oversight of Wholly Owned Companies	Q2	20	The Council's wholly owned companies are no longer financially viable.	Risk
Corporate	Compliance with Corporate Arrangements	Q2	15	Non-compliance with statutory requirements and internal procedures.	Compliance
Corporate	Grant Certification	As required	20	Non-compliance with statutory requirements and internal procedures.	Compliance
Corporate	Business Support Grants	Q2	20	Increased deprivation and unemployment.	Risk
Corporate	Communications	Q3	20	Reputational damage.	Risk
Corporate Total Operational Audit Days			130		
Governance and Partnerships	Bereavement Service	Q2	5	Non-compliance with statutory requirements and internal procedures.	Establishment Visit
Governance and Partnerships	Children's Legal Services	Q4	20	Unpredictability of legal rulings requiring an unexpected change / change to risk environment.	Risk
Governance and Partnerships Total Operational Audit Days			25		
Public Health	Health Protection Arrangements	Q2	20	Pandemic infection.	Risk
Public Health Total Operational Audit Days			20		

Resources	Purchase Cards	Q1	20	Non-compliance with statutory requirements and internal procedures.	Financial Control Assurance Testing
Resources	Housing Benefit	Q3	20	Non-compliance with statutory requirements and internal procedures.	Financial Control Assurance Testing
Resources	Budgetary Control	Q2	20	Non-compliance with statutory requirements and internal procedures.	Financial Control Assurance Testing
Resources	Carbon Emissions	Q1	5	The Council fails to deliver on its commitments to address the climate emergency / unsustainable carbon emissions in the town.	Compliance
Resources	Sundry Debtors	Q1	20	Non-compliance with statutory requirements and internal procedures.	Financial Control Assurance Testing
Resources	Energy Management	Q3	20	The Council fails to deliver on its commitments to address the climate emergency / unsustainable carbon emissions in the town.	Risk
Resources	Capital Accounting	Q2	20	Insufficient funding to deliver services.	Risk
Resources	Medium Term Financial Sustainability Strategy / Impact of Spending Cuts	Q2	20	Insufficient funding to deliver services.	Risk
Resources	Cyber Security	Q4	20	Cyber threats.	Risk
Resources	Impact of Covid-19 on the Collection Fund	Q1	10	Insufficient funding to deliver services.	Compliance
Resources Total Operational Audit Days			175		
Schools	Boundary Primary Schools	TBC	2	Non-compliance with statutory	Establishment

				requirements and internal procedures.	Visit
Schools	Kinraig Primary School	TBC	2	Non-compliance with statutory requirements and internal procedures.	Establishment Visit
Schools	Layton Primary School	TBC	2	Non-compliance with statutory requirements and internal procedures.	Establishment Visit
Schools	Moor Park Primary School	TBC	2	Non-compliance with statutory requirements and internal procedures.	Establishment Visit
Schools	St Teresa's Primary School	TBC	2	Non-compliance with statutory requirements and internal procedures.	Establishment Visit
Schools	St Bernadette's Primary School	TBC	2	Non-compliance with statutory requirements and internal procedures.	Establishment Visit
Schools Total Operational Audit Days			12		
Overall Number of Operational Audit Days			827		
Strategic Audit Work					
Corporate	HR and Finance System Implementations	As required	20	Loss of key infrastructure and resource which results in Council services not being delivered.	Project Support
Corporate	Transfer of Services to Enveco	As required	20	Loss of key infrastructure and resource which results in Council services not being delivered.	Project Support
Corporate	Corporate Governance	As required	20	-	-
Corporate	Risk Management	As required	10	-	-
Corporate	Corporate Investigations	As required	20	-	-
Corporate	Advice and Consultancy Support	As required	50	-	-
Corporate	Audit Management	As required	100	-	-
Total Number of Strategic Audit Days			240		
External Work					
External Work	School Voluntary Funds	TBC	5	-	-
External Work	Clevr Money	TBC	4	-	-
External Work	Operating Company	TBC	20	-	-
External Work	Wholly Owned Companies	TBC	147	-	-
Total Number of External Audit Days			176		

Total Number of Audit Days	1,243		
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Report to:	AUDIT COMMITTEE
Relevant Officer:	Tracy Greenhalgh, Head of Audit and Risk
Date of Meeting	25 March 2021

FRAUD PREVENTION CHARTER 2021/2022

1.0 Purpose of the report:

1.1 To obtain approval from the Audit Committee for the Fraud Prevention Charter 2021/2022.

2.0 Recommendation(s):

2.1 The Audit Committee is asked to approve the Fraud Prevention Charter for 2021/2022.

3.0 Reasons for recommendation(s):

3.1 To ensure that the Council have robust processes in place to tackle fraud and corruption.

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

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

4.0 Other alternative options to be considered:

4.1 None

5.0 Council priority:

5.1 The Fraud Prevention Charter contributes to the achievement of all of the Council's priorities.

6.0 Background information

6.1 Blackpool Council is committed to the prevention of fraud and corruption. It is important that the Council uses 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, 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. The Council will take appropriate action when fraud, bribery or corruption is suspected.

The Fraud Prevention Charter sets out the Council's Anti-Fraud and Corruption Statement which outlines the Council's zero tolerance approach when dealing with fraud, corruption and bribery. It also outlines the fraud risk assessment and associated counter fraud programme which is based on best practice guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) to ensure that it takes account of emerging threats and focuses on priority fraud risks.

6.2 Does the information submitted include any exempt information? No

7.0 List of Appendices:

7.1 Appendix 8(a) – Fraud Prevention Charter 2021/2022

8.0 Financial considerations:

8.1 The prevention and detection of fraud helps reduce losses faced by the Council.

9.0 Legal considerations:

9.1 The Fraud Prevention Charter ensures that the Council follows the appropriate legal framework for fraud investigation.

10.0 Risk management considerations:

10.1 The plan is based on a fraud risk assessment of all Council services.

11.0 Equalities considerations:

11.1 None

12.0 Sustainability, climate change and environmental considerations:

12.1 None

13.0 Internal/external consultation undertaken:

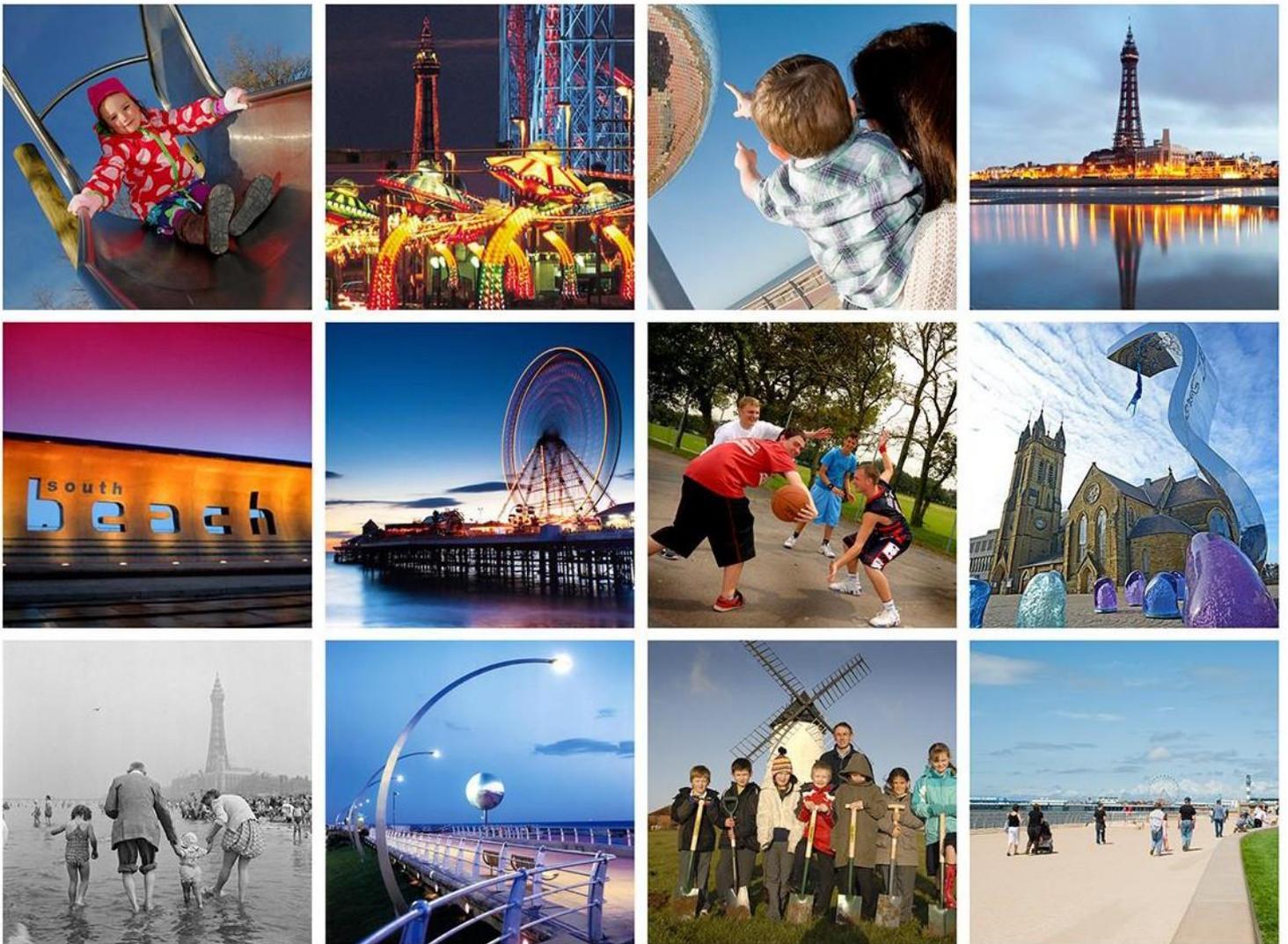
13.1 Consultation has been undertaken with key stakeholders across the Council. The plan was approved by the Corporate Leadership Team on 9 February 2021.

14.0 Background papers:

14.1 Local Government Association – Fighting Fraud and Corruption Locally 2020
Cabinet Office - National Fraud Initiative Report 2020

Fraud Prevention Charter 2021/22

Blackpool Council



Overview

Blackpool Council is committed to the prevention and detection of fraud and corruption. It is important that the Council uses its resources in the most effective way for the delivery of high-quality services to the community.

The Council requires all employees and elected members to act honestly, with integrity and to safeguard the public resources for which they are responsible. The Council also expects the same levels of honesty and integrity from all individuals and companies dealing with the Council. The Council will take appropriate action when fraud, bribery or corruption is suspected.

The Fraud Prevention Charter sets out the Council’s Anti-Fraud and Corruption Statement which outlines the Council’s zero tolerance approach when dealing with fraud, corruption and bribery. It also outlines the fraud risk assessment and associated counter fraud programme which is based on best practice guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) to ensure that it takes account of emerging threats and focuses on priority fraud risks.

Fraud Prevention Strategy

The Council’s strategic response for counter fraud activity is based on the principles of govern, acknowledge, prevent, pursue and protect in line with the Fighting Fraud and Corruption Locally Strategy (2020) and consists of the following:

Govern	Acknowledge	Prevent	Pursue
Having robust arrangements and executive support to ensure anti- fraud, bribery and corruption measures are embedded throughout the organisation.	Acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response.	Preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.	Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive local enforcement response.
PROTECTING ITSELF AND ITS RESIDENTS			
Recognising the harm that fraud can cause in the community. Protecting itself and its’ residents from fraud.			

The Charter seeks to embed the 6 C’s for effectively implementing an anti-fraud ethos throughout the Council which include:

- **Culture** – creating a culture where fraud and corruption are unacceptable and that is measurable.
- **Capability** – assessing the full range of fraud risks and ensuring that the range of counter fraud measures deployed is appropriate.
- **Capacity** – deploying the right level of resources to deal with the level of fraud risk that is monitored by those charged with governance.
- **Competence** – having the right skills and standards commensurate with the full range of counter fraud and corruption activity.
- **Communication** – raising awareness internally and externally, deterring fraudsters, sharing information, celebrating successes.

- **Collaboration** – working together across internal and external boundaries: with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice and innovation, and information.

The above is achieved through the delivery of the following key features included in this overarching Fraud Prevention Charter:

- Anti-Fraud and Corruption Statement.
- Sanctions and Prosecution Policy.
- Fraud Risk Assessment.
- Proactive Anti-Fraud Plan.

Anti-Fraud and Corruption Statement

The purpose of this statement is to set out what to do when fraud, bribery or corruption is suspected or detected. It is part of the 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 substantive Council staff, freelance, casual, temporary and 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, staff and elected members are expected to deal effectively with any potentially fraudulent or corrupt activity that comes to their attention.

Legislative Framework

The Council regards fraud as being any intentional distortion of financial statements and other records to achieve inappropriate gain, cause inappropriate loss, or 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.
- Willful 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.

Corruption is a serious criminal offence, set out in the Bribery Act 2010. Corruption includes offering, giving, soliciting or accepting 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.

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

- The Fraud Act 2006.
- Bribery Act 2010.
- The Police and Criminal Evidence Act 1984 (PACE).
- The Theft Acts of 1968 and 1978.
- Criminal Procedures and Investigations Act 1996.
- Data Protection Act 2018.
- The Regulation of Investigatory Powers Act 2000.
- Investigatory Powers Act 2016.
- Proceeds of Crime Act 2002 (POCA).
- Serious Crime Act 2015.
- The Public Interest Disclosure Act 1998 (Whistleblowing).
- The Human Rights Act 1998.

Roles and Responsibilities

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 a Code of Conduct, which provides 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 procedures, rules, responsibilities and functions and supporting Financial Regulations.

Senior management has a role in ensuring that the Council takes adequate steps to safeguard against the risk of fraud and 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.

It is the responsibility of all staff to be alert to any potential 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 and/or third party checks, 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. The Audit and Risk Team is available to provide advice and assistance in this area, but service management retains responsibility for preventing and highlighting possible fraudulent and corrupt activity.

Fraud Reporting and Investigation

Any suspicion of fraud will be taken seriously. If you have a reasonable suspicion of fraud, bribery, corruption, theft or irregularity you must immediately report it to either the Head of Audit and Risk or the Senior Counter Fraud Advisor. It is important to remember that it is better to be proved wrong over genuine concerns than not to report those concerns and be proved right should fraud subsequently be discovered.

Concerns should be reported to:

- Your Head of Service or Director.
- The Head of Audit and Risk.
- The Corporate Fraud Team.
- Or via the Council Whistleblowing Policy and Procedure.

When a member of staff reports suspicions their information will be taken seriously and dealt with in a considerate way. Officers receiving the information should report it to the Head of Audit and Risk or Senior Counter Fraud Advisor 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(s) in an attempt 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 Head of Audit and Risk or Senior Counter Fraud Advisor.
- Discuss the case with anyone within the Council other than the people listed above.
- Seize or attempt to seize paperwork or other evidence.

All fraud, bribery and corruption investigations should be discussed at the outset with the Head of Audit and Risk or Senior Counter Fraud Advisor to ensure appropriate procedures are followed and any necessary support is provided.

You must not attempt to personally conduct investigations, interviews or question anyone, unless specifically asked to do so by 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 and where a subsequent investigation does not substantiate the allegation, it is important that the potential damage to the individual's reputation is minimised.

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

Investigations will be carried out by the Corporate Fraud Team, Head of Audit and Risk, or an officer who is independent of the service, and will be conducted with discretion and sensitivity.

On completion of the investigation, a written report will be prepared stating the facts established by the investigation. Whenever possible, the Council will take action against all perpetrators of fraud and corruption, whether internal or external to the authority as set out in the Sanctions and Prosecution Policy.

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

Where fraud, bribery and corruption have occurred management must take all 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.

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.

Sanctions and Prosecution Policy

It is recognised that fraud is potentially costly to the Council both in terms of reputational risk and financial loss. Where fraud, bribery or corruption is proven, those persons/organisations responsible must understand that potential action will follow in line with this policy.

The individual circumstances of instances of fraud, bribery and corruption will vary, but the Council's response should be effective, organised and consistent with the principles laid down in relevant legislation and the Fraud Prevention Charter.

Irrespective of potential sanctions, all investigations will be conducted to the highest possible standard to ensure that the option of a criminal prosecution remains available for any appropriate cases.

Where a referral to the Corporate Fraud Team is investigated and fraud, bribery or corruption has been identified and quantified, the Council will instigate appropriate punitive action against the individuals or organisations involved and steps will be taken to recover any monies lost. In addition, the Council will pursue appropriate sanctions as a deterrent measure against those who may consider committing fraud, bribery or corruption to misappropriate public funds. In instances where fraud, bribery or corruption is proven, it is important that the Council has a clear policy in place to ensure that appropriate sanctions are applied, in a consistent manner.

This Policy sets out the Council's approach in respect of the sanctions to be applied against those individuals and/or organisations who have committed fraud, bribery or corruption against the Authority, and the steps to be taken to recover any monies which have been lost as a result.

There are five main sanctions which are available to the Council. Each sanction will play an equally important role in the creation and maintenance of an anti-fraud culture. These potential sanctions are as follows:

- Criminal Prosecution – proceedings brought against alleged offenders with a view to obtaining a criminal conviction, imprisonment, community penalty, fine, confiscation or compensation order and the award of costs.
- Civil Action – proceedings to preserve assets and/or recover monies or assets obtained inappropriately, including costs and interest.
- Financial Penalties – where legislation allows the Council to impose financial penalties on an individual as an alternative to criminal prosecution.
- Internal disciplinary action – where action is taken to deal with the issue internally via the Council's Disciplinary Procedure.
- Professional / Regulatory Body action - where an individual is a professional, it may also be necessary to notify their professional body for the matter to be dealt with externally by the relevant professional or regulatory body.

The Council's approach to pursuing sanctions in cases of fraud, bribery and corruption is that the full range of possible sanctions outlined above are considered at the earliest opportunity and throughout an investigation, and any or all of these may be pursued where, and when, appropriate. The consistent use of an appropriate combination of investigative processes and sanctions in each individual case demonstrates the Council's commitment to take fraud, bribery and corruption seriously and ultimately contributes to the deterrence and prevention of such actions in the future. All steps to recover funds lost to fraud, bribery or corruption will be sought in all appropriate cases.

In all proven cases of fraud, bribery or corruption, Local Authorities are expected to actively consider applying an appropriate sanction or prosecution. When considering whether it is appropriate to seek punitive sanctions against an individual suspected of fraud, the Council's Corporate Fraud Team will firstly consider if there is sufficient admissible evidence to provide a realistic prospect of applying such sanction successfully. The following factors are

to be considered:

- The availability of any documents that have been submitted without disclosure of material fact.
- Whether the parties involved have been given adequate opportunity to advise of the relevant details.
- The period of the fraud.
- Statements and evidence provided by the parties involved during the period of the investigation, including any voluntary disclosures.
- The availability of other reliable evidence.

It should be noted that voluntary disclosure only occurs when a claimant, of his or her own free will, reveals a fraud of which the Council were previously unaware. Disclosure will not be deemed voluntary when, for example, information obtained during normal verification procedures have solicited or prompted the disclosure in some way.

Criminal Prosecution

Once an investigation has revealed it is evidentially viable, the Corporate Fraud Team will consider if a recommendation to prosecute is in the public interest, taking into consideration the following factors (not all the factors will apply to each case, and there is no obligation to restrict consideration to the factors listed):

- The seriousness of the offence.
- Whether the offence is planned or systematic.
- Whether more than one person is involved.
- Previous history of the individual(s) and the likelihood of recurring conduct.
- Whether the fraud is widespread and/or prevalent.
- The age, physical and mental health of the parties involved (official written confirmation of relevant details may be sought from an appropriate medical professional).
- Social factors, for example the officer may take the view that the individual(s) may have committed the alleged fraud because of a stressful domestic situation. In most such cases the prosecution is likely to be recommended to go ahead and any factors such as these may be put to the court for consideration.
- Whether the specific details may become part of the public domain, which may harm sources of information and/or the reputation of the Council.
- Obstruction or lack of co-operation with the investigation on the part of the individual(s).
- The individual(s) is a persistent offender.
- Where the individual(s) has failed to attend an interview to give their account of the facts.
- The period of the offence.
- The value of the offence.
- Where the individual(s) has refused an official Penalty.
- Where the individual(s) involved in the fraud was in a position of trust, for example a member of staff.
- Where the prosecution may have a significant deterrent effect.
- Whether there have been any failings in Council administration processes that can be attributed to official error, this also includes unreasonable delays.
- Whether a prosecution will assist in the applying of other disciplinary or professional sanctions and the recovery of Council funds.

The advantages of criminal prosecution include the prospect of it potentially securing the co-operation of the alleged fraudster, repayment of the sums defrauded, and a general deterrent effect that can be created.

Potential barriers include a lack of willingness for the Crown Prosecution Service to pursue the case, the complexities associated with disclosure rules, the delays sometimes involved in pursuing criminal investigations and the challenges involved in securing compensation.

Whilst cases in which the calculated value of the fraud, bribery or corruption is £2,000 or over will be likely to lead to a recommendation to prosecute as a first option, cases where the overpayment is below £2,000 may still lead to a recommendation to prosecute as a first option. In both circumstances, the cases will be considered on their individual merits. It should be noted that the value of the offence is not the sole determining factor and there may be other factors that would still make prosecution appropriate.

The Corporate Fraud Team will submit the completed case file to the Head of Audit and Risk, who will decide which

further recommended action is appropriate, or whether to close the case. The final decision to recommend a case for prosecution will be made by the Head of Audit and Risk. This person should be satisfied that the investigation has been undertaken in an appropriate manner and that any decisions to offer a sanction takes into account the public interest test.

Cases that are deemed suitable for potential prosecution will be referred to the Council's Legal Services or the Crown Prosecution Service as appropriate, who will consider and review the recommendation to prosecute in accordance with the criteria set down in the Code of Conduct for Crown Prosecutions.

Civil Action

The Council is committed to take all necessary steps to recover any monies which have been lost as a result of fraud, bribery or corruption. Such steps will include consideration being given to obtaining voluntary repayment, negotiated settlements, obtaining compensation upon conviction (if applicable), or commencing civil proceedings under Part 5 of the Proceeds of Crime Act 2002.

If, during an investigation, there is evidence to show that the Council has suffered a significant financial loss, or that monies or other assets have been fraudulently misappropriated, it may be appropriate that applications need to be made to the civil courts for injunctive relief (e.g. freezing orders, restraint orders, or search orders) to preserve the proceeds of the fraud. In such circumstances the Corporate Fraud Team will notify the Head of Audit and Risk. This may result in recovery action commencing whilst the investigation continues.

Decisions regarding the most appropriate and proportionate method of protecting or recovering monies lost to fraud, bribery or corruption will be made following consultation between the Corporate Fraud Team, the Head of Audit and Risk, and the Council Legal Services Team at the earliest opportunity.

In any instances concerning the need for civil recovery proceedings to be commenced, the Corporate Fraud Team will seek immediate advice from the Council Legal Services Team. Costs associated with the recovery will be included in the claim submitted to the Court.

Penalties as an alternative to prosecution

Whilst recommending the pursuit of a criminal prosecution is an option for all fraud, bribery and corruption offences (as provided for by the Fraud Act 2006 and Bribery Act 2010), specific alternatives for consideration are available to the Council in the following instances:

Council Tax Reduction Scheme

From the 1 April 2013, Regulation 11 of the Council Tax Reduction Scheme (Detection of Fraud and Enforcement) (England) Regulations 2013, introduced financial penalties as an alternative to prosecution.

A Council Tax Reduction penalty is intended to be a meaningful deterrent and can only be considered where there is sufficient evidence to justify instituting criminal proceedings. A person who agrees to pay a penalty may withdraw the agreement within 14 days by notifying the billing authority.

A Council Tax Reduction penalty is the offer to a person to pay a financial penalty. The amount of the penalty is to be 50% of the amount of the excess reduction, subject to:

- A minimum amount of £100; and
- A maximum amount of £1,000.

The decision to offer a Council Tax Reduction penalty will be made by the Head of Audit and Risk after consultation with the Corporate Fraud Team.

A separate Council Tax Reduction penalty interview will be undertaken by a member of the Corporate Fraud Team, provided they have not dealt with any part of the investigation in relation to the case.

If a person declines or withdraws acceptance of a Council Tax Reduction penalty, legal proceedings will be considered in all cases.

Council Tax –Discounts

Schedule 3 of the Local Government Finance Act 1992 details that a £70 penalty can be imposed on individuals who fail to supply information or notify a billing authority of any changes in respect of their eligibility to claim a discount on their Council Tax liability.

The decision to impose a Council Tax discount penalty will be made by the Head of Audit and Risk after consultation with the Corporate Fraud Team.

Blue Badge Offences

The Blue Badge (Disabled Persons' Parking Scheme) was introduced under Section 21 of the Chronically Sick and Disabled Person's Act 1970. There is a wide range of legislation available to the Council in enforcing the Scheme, although the Council can be flexible in how these powers are used to address local circumstances and the merits of each case.

As an alternative to prosecution, simple misuse of a valid badge can be countered by the issue of a simple Penalty Charge Notice for any parking contravention.

The decision to impose a penalty charge in such circumstances will be made by the Civil Enforcement Officers.

Other offences, including fraudulent applications, using an expired, illegible, lost, or stolen badge, or a badge which they are not entitled to use, should be referred to the Corporate Fraud Team for further investigation. In such cases, the relevant applicable sanction will be decided at the conclusion of the investigation.

Disciplinary Offences

In situations where the alleged fraudster is an employee, the investigation will be conducted in accordance with the Council's Disciplinary Procedures in the first instance. The sanctions provided for by these procedures range from various levels of warning through to dismissal.

Decisions relating to internal disciplinary matters at all stages are fully documented within the Council's Disciplinary Procedures and will be adhered to as part of this Policy.

Where an individual is a full or accredited member of a professional or regulatory body, a decision will be taken by the Head of Audit and Risk, in conjunction with HR, on review of the completed case file, as to whether to make a referral to the relevant body, for their consideration for further punitive action.

Parallel Sanctions

The application of a criminal, civil, penalty, disciplinary or professional process may not be a stand-alone sanction.

There is no universal template for the application of sanctions in every case of proven fraud. In each individual case, it will be necessary to consider the full range of possible sanctions at the earliest opportunity and to review this on an on-going basis. The Council aims to combat fraud, bribery and corruption by seeking all available sanctions without any one potential sanction excluding or detrimentally affecting any other.

Investigations will be conducted so as to ensure the widest possible range of sanctions are considered and remain available throughout. Investigations will be fully completed before a decision is made on the appropriate sanction, or combination of sanctions to be applied.

It is not unusual for these sanctions be applied concurrently and to overlap. For example, where an employee is being investigated with a view to pursuing criminal proceedings, they may also simultaneously be the subject of disciplinary and professional sanctions arising out of the same set of circumstances. These investigations may be conducted separately, but it is important to ensure that one process does not compromise or undermine the other, and that interaction between the investigating officers and Human Resources is effective, lawful and appropriate.

It is often argued that disciplinary and civil proceedings should be delayed pending the outcome of any criminal proceedings on the grounds that to do otherwise may prejudice the individual concerned in some way. Arguments may be raised about a breach of human rights, particularly the right to a fair trial, and the potential for abuse of process. However, there is nothing to prevent a disciplinary process being commenced in circumstances where

criminal charges are being considered or a criminal investigation is in progress - as long as the process is conducted fairly, is in accordance with the Council's Disciplinary procedure, and the approach to collating the evidence does not compromise or undermine the criminal investigation.

During a disciplinary an employee can choose not to answer questions, but in the interests of acting fairly and reasonably they will be informed that the matter may be referred to the Corporate Fraud Team or the police for criminal investigation and that criminal proceedings may result. Under no circumstances will the impression be given to an employee that prosecution can be avoided if they elect to answer questions and co-operate during the disciplinary process. Where, during a disciplinary process, it becomes apparent that a fraudulent matter may be emerging, the situation will be reported to the Corporate Fraud Team or Head of Audit and Risk immediately, and it may be necessary to suspend the disciplinary proceedings.

Where an employee has been subject to disciplinary and/or civil proceedings it does not exclude them from criminal prosecution, and vice-versa.

The advantages of this parallel approach to applying sanctions include its flexibility, and the potential promotion of a potent deterrent message.

The Council recognises that criminal and disciplinary investigations have different purposes, have different standards of proof in determining guilt, are governed by different rules, and have different outcomes, and therefore it is important that the integrity of both processes is maintained in relation to the way evidence is gathered and maintained.

As a result, where parallel sanctions are pursued, the Corporate Fraud Team will liaise closely with the appointed Investigating Officers and Human Resources regarding the appropriate sharing of information, avoiding duplication of effort, and to ensure neither the evidence nor the case as a whole is compromised.

Where evidence of fraud exists following an investigation, it is therefore considered inappropriate to hold any available sanction in abeyance, whilst waiting for another sanction to proceed to conclusion.

Applying Sanctions Consistently

Each available sanction plays an equally important role in the creation and maintenance of a zero tolerance anti-fraud culture which is achieved through deterrence, prevention, detection and investigation.

The consistent use of an appropriate combination of sanctions, based on the individual merits of each case, is essential for the efficient investigation and prevention of fraud, bribery and corruption within the Council.

Where evidence of fraud, bribery or corruption is found, fully informed and proportionate decisions will be made consistently at the conclusion of an investigation, based on the evidence obtained, in order to recommend the most appropriate sanction(s) are applied against the individual(s) concerned.

Equalities Statement

The Council's Corporate Fraud Team will always act with regard to current pertinent legislation and without prejudice when executing the Council's procedures and policies.

The Corporate Fraud Team will ensure that all individuals suspected of fraud will receive clear and understandable correspondence regarding their legal rights and informing them of all the possible outcomes to an investigation.

The Council's sanction and prosecution processes will not discriminate for, or against, any individual according to gender, race, sexuality, gender identity, age, disability or belief.

Fraud Risk Management

In order to assess the fraud risk faced by the Council, to inform the proactive work programme and the resource needed to address any issues, a risk assessment has been undertaken. This is based on a range of best practice guidance, the reported outcomes of the CIPFA Fraud and Corruption Tracker and operational knowledge of the organisation. The outcome of this risk assessment exercise is captured in the following risk register:

Risk	Gross Risk Score			Controls and Mitigations	Net Risk Score			Further Actions required	Risk Owner
	I	L	GS		I	L	NS		
Cyber	5	5	25	<ul style="list-style-type: none"> • Robust ICT policies in place. • Software and hardware solutions implemented as required. • Ability for the team to 'buy-in' specialist computer audit support where necessary. • Good working relationship between the Corporate Fraud Team and ICT. 	5	4	20	<ul style="list-style-type: none"> • Implementation of the actions identified as part of the Strategic Risk Register. 	Head of ICT
Council Tax	4	5	20	<ul style="list-style-type: none"> • Participation in the NFI data matching exercise. • Pre-employment checks undertaken to confirm debt and exemption status. • Process in place to enable the Council Tax team and the public to make referrals of suspected fraud to the Corporate Fraud Team. 	4	4	16	<ul style="list-style-type: none"> • Fully participate in the National Fraud Initiative 20/21 exercise pursuing all high risks of Council Tax fraud. 	Corporate Fraud Team
Procurement and Creditors	5	5	25	<ul style="list-style-type: none"> • Six-monthly purchase card transaction report issued to Chief Officers by the Corporate Fraud Team to obtain assurance on expenditure. • A cyclical programme of internal audits focusing on the key financial controls. • Effective procurement controls in place to reduce the risk of a non-competitive market place. • Segregation of duties in place 	4	4	16	<ul style="list-style-type: none"> • Develop a programme of exception testing on creditor transactions to gain assurance that transactions undertaken are appropriate. 	Corporate Fraud Team

Risk	Gross Risk Score			Controls and Mitigations	Net Risk Score			Further Actions required	Risk Owner
	I	L	GS		I	L	NS		
				<p>enforced by system controls.</p> <ul style="list-style-type: none"> Corporate creditors function to ensure consistent application of controls. 					
Business Support and Local Discretionary Grant payments	4	5	20	<ul style="list-style-type: none"> Separate Fraud Risk Assessment and payment policy in place. Local pre-payment checks undertaken on applications to verify business and bank account status. 	4	4	16	<ul style="list-style-type: none"> Mandatory Post payment verification exercise to be undertaken via National Fraud Initiative. An audit review will be undertaken by Internal Audit during 2021/22. 	Corporate Fraud Team / Senior Auditor
Lack of capacity to proactively deal with corporate fraud	5	4	20	<ul style="list-style-type: none"> Qualified corporate fraud team in place. The corporate fraud team and internal audit team report to the same Head of Service therefore facilitating the effective sharing of intelligence. Risk assessment of all referrals received to enable resource to be appropriately targeted. Attendance at the Greater Manchester Fraud Investigators Group to share best practice to help develop internal procedures. Participation in the National Fraud Initiative which enables data sharing across a number of public bodies therefore helping to focus resource appropriately. 	4	4	16	<ul style="list-style-type: none"> Develop the use of IDEA file interrogation software within Corporate Fraud Team to enable targeting proactive resources for fraud and error testing. Pursue further opportunities for partnership working. 	Corporate Fraud Team

Risk	Gross Risk Score			Controls and Mitigations	Net Risk Score			Further Actions required	Risk Owner
	I	L	GS		I	L	NS		
				<ul style="list-style-type: none"> Implemented joint working with the DWP on council tax/ benefit fraud investigation. Continued membership with National Anti-Fraud Network (NAFN) 					
Housing and Tenancy	4	5	20	<ul style="list-style-type: none"> Assurances from Blackpool Coastal Housing that adequate controls are in place to identify potential fraudulent activity. Participation in the NFI exercise which covers social housing fraud. 	4	4	16	<ul style="list-style-type: none"> Participation in the cross-departmental supported housing project to ensure good quality accommodation which is value for money. 	Corporate Fraud Team
Lack of fraud awareness by employees and residents	4	4	16	<ul style="list-style-type: none"> Roll out of iPool fraud awareness course to all employees identified as mandatory. Fraud Awareness course completion rate currently at 90%. Ability for residents to refer fraud via www.blackpool.gov.uk. 	4	4	16	<ul style="list-style-type: none"> Closer working with the Communications Team to develop a proactive programme for fraud communications to be made available to both internal departments and the local community. 	Corporate Fraud Team
Business Rate	4	4	16	<ul style="list-style-type: none"> Procedures in place within the revenue service to prevent fraud. 	4	3	12	<ul style="list-style-type: none"> Liaison with the Head of Revenues, Benefits and Customer Services to evaluate and identify further opportunities to mitigate fraud risk. 	Corporate Fraud Team

Risk	Gross Risk Score			Controls and Mitigations	Net Risk Score			Further Actions required	Risk Owner
	I	L	GS		I	L	NS		
Money Laundering	4	4	16	<ul style="list-style-type: none"> • Anti-Money Laundering Policy in place. • Anti-Money Laundering iPool course available to all employees. • Designated Money Laundering Reporting Officer and Deputy Money Laundering Officer in post. • Controls in place and due diligence undertaken by Business Loans Fund Panel. 	4	2	8		
Expenses	4	4	16	<ul style="list-style-type: none"> • Claims cannot be paid without management authorisation. • All details of journeys need to be recorded and this can be checked back to diary entry / work activity. 	4	2	8		
Disabled Parking	4	4	16	<ul style="list-style-type: none"> • Links in place between the Corporate Fraud Team, Civil Enforcement Officers and Customer First. • Participation in the NFI data matching exercise. • A programme of proactive exercises undertaken including the Civil Enforcement Officers and Corporate Fraud Team. 	4	2	8		

Risk	Gross Risk Score			Controls and Mitigations	Net Risk Score			Further Actions required	Risk Owner
	I	L	GS		I	L	NS		
Insurance	4	4	16	<ul style="list-style-type: none"> • Participation by the fraud team in the highways risk management group. • Established relationships between corporate fraud, legal services and highways. • Reduced numbers of referrals received. 	4	2	8		
Inability to recover losses incurred due to fraud	4	4	16	<ul style="list-style-type: none"> • Pursue civil, disciplinary and criminal sanctions. • Identify and recover all losses identified during the investigation process and recovery action sought through Proceeds of Crime Act (POCA), insurance, payroll and legal means. • Prosecution Policy in place. 	4	2	8		
Social Care	4	4	16	<ul style="list-style-type: none"> • Specific fraud awareness training delivered to the Direct Payments Team. • Developed links with staff in Adult Services to facilitate the effective sharing of information relating to potential fraud. • Carried out a pilot exercise using NFI deceased data and this will be repeated annually going forward. • Work undertaken with the direct payments team to 'fraud proof' processes. 	4	2	8	-	-

Risk	Gross Risk Score			Controls and Mitigations	Net Risk Score			Further Actions required	Risk Owner
	I	L	GS		I	L	NS		
Payroll, Recruitment and Pension	4	4	16	<ul style="list-style-type: none"> • A cyclical programme of internal audits focusing on the key financial controls. • Participation in the NFI data matching exercise. • A suite of exception reports configured in the payroll system which are checked by payroll clerks on a monthly basis. • A suite of forms / eforms which require management authorisation before posts can be created / changes to posts actioned. • Segregation of duties between the HR and payroll team and through the use of the Local Government Pension Scheme. • Procedures in place to ensure that Recruiting Managers and HR undertake appropriate due diligence prior to appointing a new employee. • DBS checking process in place. 	4	2	8		
Manipulation of Data (financial and non-financial)	4	3	12	<ul style="list-style-type: none"> • Annual internal audit and external audit programmes undertaken. • Performance management reporting in place. 	4	2	8		

Risk	Gross Risk Score			Controls and Mitigations	Net Risk Score			Further Actions required	Risk Owner
	I	L	GS		I	L	NS		
Investments	4	3	12	<ul style="list-style-type: none"> • Treasury Management Panel in place. • Business Loans Fund Panel in place. • External audit arrangements in place. • Internal audits undertaken in this area. 	4	2	8		

Proactive Anti-Fraud Action Plan

During 2021/22 the priorities in terms of proactive anti-fraud work are informed by the fraud risk assessment and are outlined in the following Action Plan.

It should be noted that whilst every effort is made by the team to deliver the proactive anti-fraud work programme this is sometimes delayed due to the need to respond to reactive fraud cases as and when they require investigation.

The Corporate Fraud Team is managed by the Head of Audit and Risk and comprises of three officers. In peak times there may be limited capacity to undertake all investigations and therefore referrals are risk assessed and prioritised accordingly. This may result in the investigation of some cases being delayed or low risk matters being dealt with via alternative methods.

Action	Lead	Target Date
Fully participate in the National Fraud Initiative 20/21 exercise pursuing all high risks of Council Tax fraud.	Corporate Fraud Team	March 2022
Develop a programme of exception testing on creditor transactions.	Corporate Fraud Team	March 2022
Mandatory post payment verification exercise in relation to Business Support Grants to be undertaken via National Fraud Initiative and an audit review will be undertaken by Internal Audit during 2021/22.	Corporate Fraud Team / Senior Auditor	March 2022
Develop the use of IDEA software within Corporate Fraud Team to enable targeting proactive resources for fraud and error testing.	Corporate Fraud Team	March 2022
Pursue further opportunities for partnership working.	Corporate Fraud Team	March 2022
Participation in the cross-departmental supported housing project to ensure good quality accommodation which is value for money.	Corporate Fraud Team	March 2022
Closer working with the Communications Team to develop a proactive programme for fraud communications to be made available to both internal departments and the local community.	Corporate Fraud Team	March 2022
Liaison with the Head of Revenues, Benefits and Customer Services to evaluate and identify further opportunities to mitigate fraud risk in relation to Business Rates.	Corporate Fraud Team	March 2022

Report to:	AUDIT COMMITTEE
Relevant Officer:	Mark Towers, Director of Governance and Partnerships
Date of Meeting	25 March 2021

AUDIT COMMITTEE ACTION TRACKER

1.0 Purpose of the report:

1.1 To consider the updates provided and to ask follow up questions as appropriate to ensure that all recommendations are implemented.

2.0 Recommendation(s):

2.1 To monitor the implementation of the Committee's recommendations/actions.

3.0 Reasons for recommendation(s):

3.1 To effectively ensure that all recommendations made by the Committee are acted upon.

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

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

4.0 Other alternative options to be considered:

4.1 None.

5.0 Council priority:

5.1 Recommendation monitoring covers all Council priorities.

6.0 Background information

6.1 At its meeting on 21 January 2021, the Audit Committee requested that an action tracker be included on future agendas in order to monitor all outstanding recommendations and actions.

6.2 The table attached at Appendix 9(a) has been developed to assist the Committee in effectively ensuring that the recommendations made by the Committee are acted upon. The table will be regularly updated and submitted to each Committee meeting.

Members are requested to consider the updates provided in the table and to ask follow up questions as appropriate to ensure that all recommendations are implemented.

6.3 Does the information submitted include any exempt information? No

7.0 List of Appendices:

7.1 Appendix 9(a) – Audit Committee Action Tracker

8.0 Financial considerations:

8.1 None.

9.0 Legal considerations:

9.1 None.

10.0 Risk management considerations:

10.1 None.

11.0 Equalities considerations:

11.1 None.

12.0 Sustainability, climate change and environmental considerations:

12.1 None.

13.0 Internal/external consultation undertaken:

13.1 Target dates and reporting information were agreed in conjunction with the Head of Audit and Risk and the Chair of the Audit Committee.

14.0 Background papers:

14.1 None.

AUDIT COMMITTEE ACTION TRACKER

	DATE OF REQUEST	ACTION	TARGET DATE	RESPONSIBLE OFFICER	UPDATE	RAG RATING
1	23.01.20	That the impact of the newly established joint working arrangements with the Department for Work and Pensions be reported to the Committee at a future meeting.	March 2022	Mrs Tracy Greenhalgh, Head of Audit and Risk		Not yet due
2	12.03.20	That further information regarding the proposed Contract Management training be provided to the Committee at a future meeting.	April 2021	Steve Thompson, Director of Resources		Not yet due
3	24.09.20	To receive a 12 month update on the Internal Audit recommendations from the review of advertising.	September 2021	Philip Welsh, Head of Tourism and Communications		Not yet due
4	24.09.20	The Committee requested that further assurance around the governance framework for the Council's wholly owned companies be provided to Members via a briefing session.	April 2021	Mark Towers, Director of Governance and Partnerships		Not yet due
5	24.09.20	That the SRR sub-risk area of 'Climate emergency, unsustainable carbon emissions,' be considered more fully by the Audit Committee at a future meeting.	September 2021	Neil Jack, Chief Executive		Not yet due

	DATE OF REQUEST	ACTION	TARGET DATE	RESPONSIBLE OFFICER	UPDATE	RAG RATING
6	30.11.20	To receive a 6 month review of the implementation of the selective licensing scheme.	June 2021	John Blackledge, Director of Community and Environmental Services		Not yet due
7	30.11.20	To receive an update on the sub-risk 'Lack of educational attainment/appropriate training to meet the needs of the economy,' after a period of 12 months.	November 2021	Director of Children's Services		Not yet due
8	30.11.20	To invite the Leader to present the Annual Governance Statement to the Committee.	September 2021	Mark Towers, Director of Governance and Partnerships		Not yet due
9	30.11.20	To receive an update report on the cost analysis findings of Traffic Regulations Orders at a future meeting of the Committee.	November 2021	John Blackledge, Director of Community and Environmental Services		Not yet due
10	30.11.21	To receive an update on the Commissioner's feedback in relation to Children's Social Care at a future meeting of the Committee.	September 2021	Director of Children's Services		Not yet due
11	30.11.20	To receive the results from the CIPFA benchmarking exercise at a future meeting of the Committee.	June 2021	Mrs Tracy Greenhalgh, Head of Audit and Risk		Not yet due

	DATE OF REQUEST	ACTION	TARGET DATE	RESPONSIBLE OFFICER	UPDATE	RAG RATING
12	30.11.20	To receive the results of the Fighting Fraud Strategy at a future meeting of the Committee.	March 2021	Mrs Tracy Greenhalgh, Head of Audit and Risk		
13	21.01.21	To receive a progress report on the local Voluntary Community Faith Sector (VCFS) accord.	June 2021	Mrs Chloe Pieri, Community Engagement and Partnership Manager		Not yet due
14	21.01.21	To receive, in due course, Deloitte's detailed log of all additional work and the associated costs, with any materially significant queries identified.	April 2021	Ms Nicola Wright, Deloitte		Not yet due
15	21.01.21	That the Internal Audit Charter 2021/2022 be amended to include appropriate reference to the input of the Audit Committee.	March 2021	Mrs Tracy Greenhalgh, Head of Audit and Risk		

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