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Blackpool Council

9 June 2021

To: Councillors Burdess, Critchley, Galley, Hunter, M Mitchell, Roberts and R Scott

Ms Gill Brown and Dr Stuart Green, Independent Members

The above Members are requested to attend the:

AUDIT COMMITTEE

Thursday, 17 June 2021 at 6.00pm

In Conference Room 3A, Number One Bickerstaffe Square, Blackpool, FY1 3AH

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 29 APRIL 2021 (Pages 1 - 12)

To agree the minutes of the last meeting of the Audit Committee held on 29 April 2021 as a true and correct record.

3 AUDIT FOLLOW UP - VEHICLE OPERATOR'S LICENCE (Pages 13 - 22)

To consider a progress report on the recommendations made in the internal audit report of the Vehicle Operator's Licence issued on 5 November 2020.

4 CENTRAL SELECTIVE LICENSING SCHEME UPDATE (Pages 23 - 26)

To consider the progress of the Central Selective Licensing Scheme and associated Housing Enforcement actions to improve and regulate the private rented sector.

5 STRATEGIC RISK REGISTER - SUSTAINABILITY OF THE COUNCIL (Pages 27 - 40)

To consider the controls being implemented to manage the strategic risk relating to sustainability of the Council.

6 MANAGEMENT RESPONSE TO THE EXTERNAL AUDITOR'S REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260) (Pages 41 - 48)

To consider the management response to Deloitte's Governance Report for 2019/2020.

7 AUDIT COMMITTEE ACTION TRACKER (Pages 49 - 52)

To consider the Committee's updated Action Tracker.

8 DATE OF NEXT MEETING

To note the date and time of the next meeting of the Committee as 30 September 2021, commencing at 6pm.

Venue information:

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

Other information:

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

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

Present:

Councillor Galley (in the Chair)

Councillors

Burdess	Cox	Hugo	R Scott
Collett	Critchley	Mitchell	

Ms Brown, Independent member

In Attendance:

Mr Neil Jack, Chief Executive

Ms Kate Aldridge, Head of Delivery and Performance (Item 4 only)

Mr Alan Cavill, Director of Communications and Regeneration (Items 1-4 only)

Mrs Tracy Greenhalgh, Head of Audit and Risk

Mr Peter Legg, Head of Economic and Cultural Services (Items 1-3 only)

Ms Liz Petch, Consultant in Public Health

Mr David Slater, Business Growth Manager (Items 1-3 only)

Mr Steve Thompson, Director of Resources

Mr Mark Towers, Director of Governance and Partnerships

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 MINUTES OF THE LAST MEETING HELD ON 25 MARCH 2021

The Committee agreed that the minutes of the meeting held on 25 March 2021 be signed by the Chairman as a true and correct record.

3 AUDIT FOLLOW UP - BUSINESS SUPPORT

Mr Peter Legg, Head of Economic and Cultural Services presented a progress report on the recommendations made in the internal audit report of Business Support which had been issued in October 2019. Mr Legg noted that the audit had taken place in late 2019 and as such a number of changes had been implemented within the service since that time, not least as a result of the ongoing pandemic. He provided a summary of the work undertaken by Mr David Slater, Business Growth Manager and his team, particularly in relation to the

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 29 APRIL 2021

administration of discretionary COVID business grants over the last year. Mr Legg explained that the Council's online business communication channels, centred around 'Blackpool Unlimited.com', had proven key in promoting government grant availability as well as providing wider support to new and growing businesses. He reported that the website had recently been improved and relaunched. The considerable impact on the level of work undertaken by the Business Support team as a result of the pandemic was highlighted by Mr Legg, as well as digital efficiencies and changes to the way in which the team operated and connected with businesses as a result of the lockdown restrictions.

Mr Legg identified that whilst a number of the recommendations resulting from the audit had been completed, others had been put on hold and would need to be revisited to address the changes in the type of business support being offered to include new methods being used to interact with customers. In relation to recommendation R4 'A full business case should be developed for any future investment in additional managed workspace facilities,' Mr Legg reported that an advanced project proposal for an enterprise facility called 'The Edge' was in development, one of seven key projects within Blackpool's Towns Fund programme. A pre-condition of approval of the £6.3m project (£4.5m capital grant, and match funding of £1.8m) was a Treasury Green Book Business Case which would be subject to an in-depth appraisal. He advised of an anticipated completion date for the case and submission to government of November 2021.

With regards to recommendation R1 'Formal aims and objectives for Business Support should be determined, including identifying any future prioritisation on support to businesses with greater perceived growth potential, any development plans for the service and links to wider strategies and Growth and Prosperity aims and objectives,' the Committee questioned how those sectors with the most growth potential would be identified. Mr Slater advised that the work recently undertaken as part of the Green Book Business Case for The Edge included an independent assessment of the start-up market in Blackpool and this had identified the sectors which had been growing within the town. Mr Slater noted the importance of striking the correct balance between providing support to those businesses who were striving for growth and creating employment opportunities as well as continuing to provide a service to those wishing to become self-employed and he noted that both these areas needed to be supported.

The Committee sought clarification around how recommendation R2 'Research should be undertaken to identify the particular reasons for the comparatively low level of start-ups and self-employment in Blackpool and where and why business advice is sought, in order to inform any future approach by the Council to supporting business start-ups,' would seek to incorporate the large informal sector existing in Blackpool. Mr Slater reported that the aim would be to include all aspects of business within the support programme and that the informal economy would be contained within a number of external consultations being undertaken on The Edge.

In relation to the recommendations which had been delayed as a result of the pandemic, the Committee asked how and when these would be amended to include lessons learnt whilst still addressing the original recommendations and questioned whether there had been any identified barriers to delivering the service, for example the resilience of staff. Mr

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 29 APRIL 2021

Legg reported that a lack of capacity within the team had been felt at times but that staff had worked well with other departments to enable key work areas to be delivered, especially around financial assistance to local businesses. Mr Legg advised that this more integrated approach to service delivery would be beneficial going forward. The Committee sought clarification around how the issue of staffing capacity would be addressed. Mr Legg reported that further development of capacity would be necessary to service The Edge if the business case was approved later in the year, with revenue streams being required to cover needs. He informed the Committee that the staffing structure would be reviewed in the light of some changes in the team, in addition to the pursuit of external funding opportunities such as the UK Shared Prosperity Fund (successor to European Regional Development Funds).

The Committee asked which of the recommendations the service would be taking forward and whether there had been any innovative ways of working implemented in response to the pandemic. Mr Legg advised that a key area of learning had been around the necessity for businesses to have access to advice and support to help them navigate through the process of accessing financial assistance and the associated advice and guidance. The pandemic had reinforced the need to have a centralised team to assist businesses in need. A more unified approach across Council departments had developed as a result, which Mr Legg identified as being a definite positive of the pandemic. He reported that the shift towards a more digital way of working had proved beneficial to the service, although he acknowledged that face to face meetings would still be necessary for certain events and that a combination of both formats would be utilised in the future. Mr Slater noted that a number of the original recommendations were linked and as such several could be responded to simultaneously. In response to a question around what lessons had been learnt, Mr Slater reported that the in-house production of short online videos via the Blackpool Unlimited YouTube channel had been introduced during the pandemic and had proved to be a cost-effective way to present information.

Following discussion of the changed business landscape due to the pandemic since the time of the audit in 2019, Mrs Tracy Greenhalgh, Head of Audit and Risk agreed to meet with Mr Legg in order to revisit the findings and to refocus the recommendations accordingly.

The Committee extended its thanks to the Business Support team for the work undertaken over the past 12 months in supporting local businesses across the town.

[Mr Legg and Mr Slater left the meeting on conclusion of this item.]

4 STRATEGIC RISK REGISTER - PANDEMIC RESPONSE

[Ms Kate Aldridge, Head of Delivery and Performance joined the meeting during consideration of this item.]

The Committee considered a progress report outlining the individual risks identified within the Strategic Risk – Pandemic Infection. Consideration was given to the sub-risk ‘Impacts on the Council's ability to deliver critical services and wider impacts on the town,’ with Ms Liz Petch, Consultant in Public Health providing an update. Ms Petch informed the Committee

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 29 APRIL 2021

that Dr Arif Rajpura, Director of Public Health attended weekly Covid-19 regional meetings with Public Health England and other national and regional stakeholders. In addition, Dr Rajpura attended weekly meetings with the Chief Medical Officer in order to receive updates on Covid-19 risks and national action. Ms Petch outlined numerous regular meetings and decision-making forums in place across Lancashire which were attended by Blackpool representatives and highlighted the co-ordinated and proactive testing regime in place across the region which was sensitive to the emergence of new variants. She reported that Blackpool had increased testing as soon as this had become available and noted that Blackpool was one of the first local authority areas to pilot community testing, as well as the introduction of the 'Local Zero' contact tracing, which had both assisted in providing essential data in quickly identifying any outbreaks of the virus. She noted that whilst Blackpool reported low levels of infection currently, areas of concern still remained such as the emergence of new variants and international travel and as such partnership working continued on a local, regional and national level.

The Committee asked Ms Petch to identify the biggest challenge currently faced by the Public Health team as well as asking what the impact of the pandemic had been on the wellbeing of the team. Ms Petch reported that the provision of timely and accurate data was currently proving to be a challenge in terms of the results of self-administered tests carried out by individuals in their own homes. She informed the Committee that the initial pressures experienced by Public Health at the start of the pandemic had eased, aided by the provision of additional capacity in the form of health protection expertise and support from the wider Council community as a whole.

The Committee questioned whether plans were in place to deal with data collection as the summer season approached, noting that as a seasonal resort holiday-makers would be attracted to the area and as such an increased capacity for testing would presumably be required. Ms Petch advised that the Council's Communications team had been utilised to broadcast key messages to the community to encourage the continuation of testing and the importance of maintaining social distancing to limit the spread of infection. She reported that partnership working had also been utilised, for example via holding regular meetings with headteachers to receive feedback on any current issues within schools and to provide current data on infection rates.

With regards to seasonal variations, the Committee sought information on the plans in place for autumn, with the anticipated increase in testing that would be needed at that time, as well as questioning whether the tests currently in use would need to change to keep pace with new virus variants. Ms Petch reported that current advice confirmed that the tests presently in use would be suitable to detect new variants of the virus. In respect of testing beyond the end of June 2021, Ms Petch informed the Committee that further guidance was awaited from the government, with confirmation not yet received as to the continuation of the supply of free testing kits beyond that date.

The Committee asked whether any learning from the pandemic had been identified and if any resulting examples of best practice would be shared between local authorities. Ms Petch informed Committee Members that conversations identifying examples of good practice and lessons to be learnt from the pandemic were already ongoing and that a Public

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 29 APRIL 2021

Health Annual Report for 2020/2021 was planned in order to collate all the learning and impact across Blackpool. Mrs Tracy Greenhalgh, Head of Audit and Risk advised that a lessons learned exercise would be undertaken to determine how the response to the pandemic could inform how the Council responded to future medium and long term incidents and which would be drawing on the expertise of the Lancashire Resilience Forum as well as other local authorities and partners, with lessons learned to be factored into the Council's emergency planning and business continuity arrangements.

The lack of reporting around the management of the mental and physical wellbeing of Council employees within the Strategic Risk Register was queried. With regards to the Public Health directorate, Ms Petch advised that support and advice were available across the team and that employees were regularly contacted to check on their wellbeing. Referrals to occupational health for cases of long Covid were also in place. Mr Neil Jack, Chief Executive noted that employee wellbeing had been included within the Strategic Risk Register under the responsibility of the Head of Organisational and Workforce Development and as such comprehensive sickness support and monitoring was in place across the Council. The Committee sought further clarification, asking what support was specifically in place for employees who were medically well and not suffering from Covid but who had been placed under pressure as a result of an increased workload. Mr Jack confirmed that the offer of support via the Employment Assistance Programme was open to all employees and their families and staff could be self referred without seeking approval from their manager. In addition, to ensure resilience, staff had been redeployed to other areas to provide support where needed.

The Committee sought assurance that due to the increased demand on Adult Services, sufficient capacity within the directorate remained to horizon scan for non-Covid issues. Mr Jack reported that additional staff had been recruited to Adult Services to deal with the pandemic, thereby releasing employees to focus on other issues such as the recovery plan and the delivery of climate change targets. He reported that partnership working had improved, for example with colleagues at the NHS and with neighbouring local authorities and care providers, particularly as part of the implementation of the vaccination programme.

With regards to the provision of Covid testing sites by the Council, the Committee questioned whether these would be adequately publicised to tourists visiting the area during the summer season and whether transport companies would be contacted to distribute relevant information to passengers traveling to the town. Ms Petch reported that engagement was underway with local hoteliers to provide advice around the testing of their staff and visitors, as well as the availability of community testing within the Houndshell shopping centre which would continue to be advertised via social media and the Council website. Discussions were underway with coach companies to emphasise the importance of ensuring vehicles were covid-secure and to encourage passenger testing prior to boarding. In response to the Committee's concerns regarding the possible ending of the provision of test kits after the end of June 2021, Mr Jack advised that whilst the decision would ultimately be taken by the government, further guidance was anticipated as to the details of the roadmap as the June date approached.

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 29 APRIL 2021

[Mr Alan Cavill, Director of Communications and Regeneration left the meeting during consideration of this item.]

[Ms Kate Aldridge, Head of Delivery and Performance left the meeting on conclusion of this item.]

5 RISK SERVICES QUARTER FOUR REPORT

Mrs Tracy Greenhalgh, Head of Audit and Risk presented a report summarising the work of Risk Services, including the overall assurance statements for all audit reviews completed in quarter four. Mrs Greenhalgh noted the ongoing support of the verification of business grants undertaken by her team. Details of the national risk register were provided, with Mrs Greenhalgh reporting that the Lancashire Resilience Forum had reviewed the national risks via the Risk Assessment Working Group and its various supporting sub-groups to assess pan-Lancashire impact.

The Committee was informed that the Health and Safety team continued to play 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. This involved reviewing government and Health and Safety Executive guidance in relation to working safely during the pandemic and implementing any necessary changes or systems to ensure that the Council continued to be compliant. The team had been undertaking unannounced workplace inspections at some Council buildings to continue to ensure compliance with Covid-secure arrangements.

Mrs Greenhalgh provided an overview of the year-end position of the Risk Services performance indicators, reporting that she was pleased with the overall level of performance across Council departments. She noted that 80 per cent of the audit plan had been completed against a target of 90 per cent but that due to the increased demand on the internal audit team because of the pandemic this was a pleasing result and reflected a higher level of completion in comparison to other local authorities. Mrs Greenhalgh highlighted the disappointing percentage of risk registers which had been revised and updated, with 74 per cent having been completed by the end of the financial year. As a result, she advised that compliance would be managed via the Risk Management Group going forward.

In response to the question of whether the eight Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) reportable employee accidents had highlighted any trends, Mrs Greenhalgh confirmed that whilst a full accident investigation report had been completed on each incident, no trends had been identified.

Mrs Greenhalgh summarised the internal audit reports completed during quarter four, reporting an overall positive picture with only one area of concern highlighted as being that of the household waste recycling centre. She assured the Committee that a new service manager was now in place who would be addressing the resulting recommendations. The Committee noted that the identified Priority One recommendations would be addressed, but questioned whether the eight Priority Two and six Priority Three recommendations would also be followed up. Mrs Greenhalgh agreed to add follow-up of the Priority Two and

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 29 APRIL 2021

Three recommendations to the Audit Committee's plan. The Committee questioned the specific amount of income lost as a result of the identified lack of invoice generation for waste streams, which Mrs Greenhalgh agreed to circulate to Committee Members following the meeting.

In response to the reported completion of fraud awareness training for 2020/2021, the Committee questioned why Children's Services and Communications and Regeneration had reported significantly less compliance than other directorates and how this was going to be addressed in order to reach 100 per cent completion for all directorates. Mrs Greenhalgh reported that whilst the two cited directorates continued to report lower completion rates, she noted a significant improvement on previously reported figures and advised that both directorates were working towards improving compliance.

In relation to the internal audit review of school meals, the Committee sought further information around the findings that only schools which had retained the Council's in-house catering service were meeting the desired food standards and requested details around when the Public Health team planned to address this. Mrs Greenhalgh advised that the work had commenced pre-pandemic and it was anticipated that Public Health would resume work on the improvement of school meals in the new financial year. Mr Neil Jack, Chief Executive assured the Committee that Blackpool schools which used the in-house catering service met Public Health's food standards, including the provision of free school meal packages to pupils' homes during lockdown. He advised that private catering providers were less likely to meet the standards and informed Committee Members that Public Health was keen to raise awareness amongst school governors of the food standards, particularly when making decisions around catering provision contracts.

Further to the reported information detailing insurance claim payments, the Committee asked whether any trend had been identified with regards to the cost of sensitive claims. Mrs Greenhalgh advised that sensitive claims could be large in value and were often historical in nature. As a high risk area, such claims were monitored and reported to the Corporate Leadership Team and the Audit Committee as well as provisions being in place to ensure adequate insurance funds.

Resolved:

1. That follow-up of the Priority Two and Priority Three recommendations from the internal audit review of the household waste recycling centre be added to the Audit Committee's plan;
2. That the specific amount of income lost as a result of the identified lack of invoice generation for waste streams be provided to Committee Members following the meeting.

6 ANNUAL GOVERNANCE STATEMENTS - CONTRACT MANAGEMENT AND PROCUREMENT ARRANGEMENTS

As previously requested by the Committee, Mr Steve Thompson, Director of Resources provided an update in respect of contract management and procurement arrangements from the Annual Governance Statements. He reported that in January 2020 a dedicated

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 29 APRIL 2021

Social Value Co-ordinator post had been established on a two-year fixed term basis. A number of social value documents had been reviewed and updated and in April 2021 Executive approval was received for the updated Social Value Policy and the Suppliers Charter. In addition the Committee was informed that the Social Value guide issued to all suppliers at tender stage had been updated and the revised documents would be issued with all tender opportunities with immediate effect. In spite of the impacts of the Covid-19 pandemic, the Social Value Co-ordinator had been in liaison with a number of key providers to ensure the continued delivery of social value.

Mr Thompson informed the Committee that a contract management iPool training course had been developed and that to date 32 members of staff had completed the training. He advised that further work would be undertaken to target areas of the Council where staff should be actively encouraged to complete the course.

With regards to procurement, Mr Thompson reported that engagement with local suppliers took place where appropriate and where circumstances permitted on specific tender opportunities. He noted that often stakeholders failed to allow sufficient time between requiring a contractor to be in place and making an initial approach to the procurement team to enable supplier engagement and that the impacts of the Covid-19 pandemic had made engagement with local suppliers more challenging. The Committee was informed that a training event for Elected Members in relation to procurement had been scheduled for January 2022.

In relation to the Audit Committee's role in monitoring these areas, Mr Thompson advised that completion data of the iPool contract management training could be included within the quarterly Risk Services performance reports going forward.

The impact of the pandemic on the number of available apprenticeships was queried, with Mr Thompson reporting that within the Council the introduction of the Kickstart initiative had created apprenticeship opportunities across all services.

Resolved: That the Chair of the Audit Committee give further consideration as to the role of the Committee in relation to contract management and procurement arrangements, in conjunction with Mrs Tracy Greenhalgh, Head of Audit and Risk.

7 ANNUAL AUDIT OPINION

Mrs Tracy Greenhalgh, Head of Audit and Risk presented the Annual Audit Opinion and explained that her report detailed the individual and collective outcomes of the audit reviews undertaken in the year ended 31 March 2021. In addition, Mrs Greenhalgh provided an audit opinion on the control environment based on the audit work undertaken. She explained that the Annual Audit Opinion was one component that the Council took into account when compiling its Annual Governance Statement. The Committee was informed that the report also set out the proposed programme for Heads of Service to report progress against audit recommendations to the Audit Committee based on a random sample of audits.

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 29 APRIL 2021

Mrs Greenhalgh reported that as Head of Audit and Risk she was satisfied that sufficient assurance work had been carried out to allow the provision of a reasonable conclusion on the adequacy and effectiveness of Blackpool Council's internal control environment. Her opinion was that the overall control environment of the Council was adequate. The regeneration programme being implemented by the Council had increased risk both in terms of project delivery and financial risks and the financial position of the Council's wholly owned companies also created a number of financial sustainability risks which needed to be closely monitored going forward. Mrs Greenhalgh highlighted that the Covid-19 pandemic had impacted on the control environment and that this would continue to be monitored during 2021/2022 and steps taken to manage risk as effectively as possible given the challenging circumstances, with a particular focus on recovery and the impact on the sustainability of the Council. She noted that where weaknesses had been identified through internal audit work, the team had worked with management to agree appropriate remedial actions and a timescale for improvement.

The Committee commended the work of the internal audit team during a challenging period and asked whether there were plans in place to address the number of 'Adequate' overall opinions and assurance statements with the aim of raising them to 'Good' in the future. Mrs Greenhalgh advised that whilst there was no corporate action plan specifically aimed at raising assurance levels to 'Good', recommendations for strengthening current arrangements had been included within all internal audit reports. In relation to the number of 'Adequate' assurances reported for the year, Mrs Greenhalgh suggested that this was in line with previous years and that in the challenging circumstances she was pleased that a higher number of 'Inadequate' assurances had not been given. She reported that the need to adapt to virtual auditing methods had initially proven challenging and her team had learnt that instead of aiming for perfection, it was more beneficial to ensure that risks had been adequately managed without the need to always focus on achieving best practice.

The Committee expressed its thanks to Mrs Greenhalgh and her team for all the hard work completed during a difficult year.

Resolved: To note the Annual Audit report for the year ended 31 March 2021.

8 QUALITY ASSURANCE IMPROVEMENT PROGRAMME

Mrs Tracy Greenhalgh, Head of Audit and Risk informed the Committee that a requirement of the Public Sector Internal Audit Standards was that a Quality Assurance and Improvement Programme (QAIP) be implemented for the internal audit team and approved by senior management and the Audit Committee.

The Committee was informed that internal audit's QAIP was designed to provide reasonable assurance to stakeholders of internal audit that the service performed its work in accordance with its Charter, which conformed to the requirements of the Public Sector Internal Audit Standards (PSIAS), it operated in an effective and efficient manner and was perceived by stakeholders as adding value and improving operations.

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 29 APRIL 2021

Mrs Greenhalgh assured the Committee that the QAIP covered all aspects of the internal audit service in accordance with the PSIAS Standard 1300 (Quality Assurance and Improvement Programme), including:

- Monitoring of internal audit activity to ensure it operated in an effective and efficient manner;
- Ensuring compliance with the PSIAS' Definition of Internal Auditing and Code of Ethics;
- Helping the internal audit service add value and improve organisational operations;
- Undertaking both periodic and on-going internal assessments;
- Commissioning an external assessment at least once every five years, the results of which would be communicated to the Audit Committee and Corporate Leadership Team in accordance with the Standards.

With regards to the cited external assessment of the Council's internal audit service conformance to the Public Sector Internal Audit Standards scheduled for June 2021, the Committee suggested that it might be beneficial for a range of Members from the Committee to be interviewed as part of the process instead of only the Chair, which Mrs Greenhalgh agreed to put forward to the assessors.

Resolved: To approve the Quality Assurance and Improvement Programme for the internal audit service for 2021/2022.

9 CODE OF GOVERNANCE

Mr Mark Towers, Director of Governance and Partnerships presented a proposed Code of Governance for consideration by the Committee. He noted that the Annual Governance statement action plan, as agreed by the Audit Committee in November 2020, had identified that in terms of good practice the adoption of a local Code of Governance was recommended. The mechanics of the Code were already in place as the Council utilised the principles in the Chartered Institute of Public Finance and Accountancy (CIPFA) Delivering Good Governance publication (2016) when it undertook its Annual Governance Statement Self-Assessment, but Mr Towers explained that the adoption of a code with these principles at its centre would clearly evidence how governance was being monitored in Blackpool.

The Committee was informed that the governance framework at Blackpool Council comprised the systems and processes, culture and values which the Council had adopted in order to deliver on the principles of good governance as defined by CIPFA. These principles had been used in recent years to compile the Annual Governance Statement and form the heart of the proposed Code of Governance. The approach at Blackpool had taken the form of using 15 thematic strands to document its assessment against the principles. Mr Towers asserted that this had been informally recognised as the 'Blackpool Governance Framework'. In undertaking the drafting of the code, a further strand was being recommended, that of 'Ethical and Responsible Governance' to reflect the Council's focus on climate emergency and equalities and diversity.

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 29 APRIL 2021

Mr Towers reported that an interim Annual Governance Statement had to be published by 1 August 2021 to accompany the draft annual accounts. The final Annual Governance Statement and final Statement of Accounts had to be agreed by the Committee by 30 September 2021. He recommended that, as Director of Governance and Partnerships, he be delegated to authorise that an interim Annual Governance Statement be published by 1 August 2021 following consultation with the Chief Executive, Leader of the Council and Chair of the Committee.

A Partnership Governance Framework had also been recommended as part of the Annual Governance Statement Action Plan. Mr Towers explained that as this document would normally be based on the structure of the local Code of Governance, when this code was agreed by the Committee it was being recommended that a draft Partnership Governance Framework be brought to a future meeting of the Committee.

The Committee questioned how the Code of Governance would be utilised to effectively improve the Annual Governance Statement. Mr Towers advised that the thematic strands were not as currently visible to the Audit Committee and stakeholders, but that once they had been included as part of the Constitution, Members would be made more aware of them and Officers would be better able to identify supporting evidence over the course of the year due to the more prominent structure being in place.

Resolved:

1. That the Audit Committee recommend to Council the adoption of the Code of Governance as presented and that this form part of the Council's Constitution;
2. That the Audit Committee be authorised to update the 'Blackpool Governance Framework' section at the end of the Code (specifically the supporting evidence for each of the thematic strands) each year when it produces the Annual Governance Statement, but any changes to the content of the Code be referred to full Council (not including changes in legislation or decisions made from time to time by or on behalf of the authority);
3. That a report be brought back to a future meeting of the Committee on a Partnership Governance Framework, building on the same principles as set out in the local Code of Governance;
4. That the Director of Governance and Partnerships be authorised to publish an interim Annual Governance Statement by 1 August 2021 following consultation with the Chief Executive, Leader of the Council and Chair of the Committee.

10 AUDIT COMMITTEE EVALUATION AND TRAINING PROGRAMME 2021/2022

Mrs Tracy Greenhalgh, Head of Audit and Risk presented the results of the self-evaluation checklist that Members of the Audit Committee had been invited to complete in order to help measure the effectiveness of the Committee. Also presented were the results from when the exercise had been completed in 2020, along with an indication of the direction of travel.

The Committee was informed that a number of Officers who engaged with the Audit Committee had also been asked to undertake an evaluation of the Committee based on

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 29 APRIL 2021

their experiences. A number of questions had been asked, based on the CIPFA Guidance on Audit Committees and Officers were also asked to provide any comments or suggestions as to potential improvements going forward. The results from the Officer evaluation were presented for consideration by the Committee. The Committee suggested that it might be beneficial in future to include the external auditors in the completion of the evaluation.

Mrs Greenhalgh also presented the proposed Audit Academy training programme for 2021/2022, which identified the skills which would be developed as a result of the training as well as indicating the contents and date of each proposed session. The Chair of the Committee informed Members that the high quality training provided to the Audit Committee had been rebranded as the Audit Academy and that in order to acknowledge the accomplishment of attending each session, a certificate of achievement would be presented to all Members who completed the whole course.

Resolved: To approve the Audit Academy training programme for 2021/2022.

11 AUDIT COMMITTEE ACTION TRACKER

The Committee considered the updated Action Tracker, noting that no actions were due for further consideration at this time.

12 DATE OF NEXT MEETING

The date of the next meeting of the Committee was noted as 17 June 2021 commencing at 6pm, subject to approval at Annual Council.

Chairman

(The meeting ended at 7.58pm)

Any queries regarding these minutes, please contact:
Elaine Ireland, Senior Democratic Governance Adviser
Tel: 01253 477255
E-mail: elaine.ireland@blackpool.gov.uk

Report to:	AUDIT COMMITTEE
Relevant Officer:	Jez Evans, Head of Waste and Environmental Operations Lynne Rowbottom, Transport Manager
Date of Meeting:	17 June 2021

AUDIT FOLLOW UP - VEHICLE OPERATOR'S LICENCE

1.0 Purpose of the report:

1.1 To consider a progress report on the recommendations made in the internal audit report of the Vehicle Operator's Licence issued on 5 November 2020.

2.0 Recommendation(s):

2.1 To consider the actions being implemented to address the audit recommendations relating to Vehicle Operator's Licence

3.0 Reasons for recommendation(s):

3.1 To enable the Audit Committee to consider an update and progress report on the audit recommendations.

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

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

4.0 Other alternative options to be considered:

4.1 None

5.0 Council priority:

5.1 The relevant Council priority is

- Communities: Creating stronger communities and increasing resilience.

6.0 Background information

6.1 At its meeting in April 2020, the Audit Committee agreed to invite Heads of Service to the meeting to provide an update in relation to internal audit recommendation implementation.

6.2 The report being considered at this meeting relates to the Vehicle Operator's Licence audit with the scope and assurance statement as follows:

6.3 **Scope**

The scope of the audit was to review:

- 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 taking into consideration the reviews of Special Educational Needs and Disability (SEND)/children's transport ; and
- Local and wider Council capacity to effectively deliver statutory duties.

Assurance Statement

It was considered that the controls in place are inadequate with a number of material risks identified and significant improvement required. The recommendations made in this report should address the issues going forward. Testing revealed some lapses in compliance with the controls.

6.4 Does the information submitted include any exempt information? No

7.0 List of Appendices:

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

8.0 Financial considerations:

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

9.0 Legal considerations:

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

10.0 Risk management considerations:

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

11.0 Equalities considerations:

11.1 None

12.0 Sustainability, climate change and environmental considerations:

12.1 None

13.0 Internal/external consultation undertaken:

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

14.0 Background papers:

14.1 None

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APPENDIX 3(a)

Agreed Action Plan

<i>Recommendation</i>		<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>	<i>Progress</i>
R1	The organisational chart showing the levels of communications and controls over the two operating sites should be updated to reflect the current officers in post.	3	Agreed. Managers will be held responsible for drivers in their area. The organisational structure will be update to reflect this.	Transport Manager	30/11/2020	Organisation chart has been produced, but is under review pending the Enveco changes.

<i>Recommendation</i>		<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>	<i>Progress</i>
R2	The sections of this report which we have deemed non-compliant should be reviewed to ensure that appropriate evidence is in place. Where a process or procedure has not been documented, consideration should be given as to whether or not it would be beneficial to do so.	1	Agreed.	Transport Manager	31/12/2020	<p>Following on from Audit report, team leader post is temporarily in place to ensure Transport Manager is meeting their Statutory duty.</p> <p>Work is in progress producing Procedures/processes to ensure areas of non-compliance are in place.</p> <p>Training of service managers will commence introducing the procedures in September on a priority basis.</p>

<i>Recommendation</i>		<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>	<i>Progress</i>
R3	Weekly inspections of the Illuminations Depot should be reinstated to ensure compliance with the requirements of the Operator Licence.	2	Agreed. Spot checks will be reinstated from week commencing 2 nd November 2020 and a record of the checks maintained.	Transport Manager	Implemented	Weekly inspections of the Illuminations depot will be undertaken by the service manager with monthly spot checks carried out by the transport manager.
R4	The Transport Manager's current responsibilities should be reviewed to ensure statutory hours of work as stipulated by the Traffic Commissioner are met.	2	Agreed. A temporary post will be established to cover adoption leave and a new post will be created in Integrated Transport. Transport Manager will resume statutory 30 hours per week commencing 9 th November 2020.	Head of Waste and Environmental Operations	09/11/2020	Temporary post within Integrated Transport Team has been put in place until September 2021 when there will be a review post Enveco changes.

<i>Recommendation</i>		<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>	<i>Progress</i>
R5	Steps should be taken to ensure vehicle inspections are undertaken within the timeframe specified in the roadworthiness manual.	2	<p>Agreed. Issue has been with the administrative side. Systems will be updated accordingly. Services will now be charged if they do not present their vehicles for inspection on the due date.</p> <p>The frequency of inspections will be reviewed to ensure they are still appropriate.</p>	Transport Manager	<p>31/12/2020</p> <p>30/04/2021</p>	Vehicle routine inspections are up to date. Departments are presenting the vehicles and have been informed that all no shows will be charged.
R6	The Transport Manager should ensure that gate checks are regularly undertaken to ensure drivers have complied with the mandatory daily vehicle checks.	2	<p>Agreed. Gate checks will be reinstated from 2nd November 2020.</p> <p>Service managers with responsibility for vehicles will undertake this as a delegated authority from the Transport Manger.</p>	Transport Manager	<p>Implemented</p> <p>30/02/2021</p>	Checks have been undertaken both at the two depots and on the road side. Department Managers have been emailed for availability.

<i>Recommendation</i>		<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>	<i>Progress</i>
R7	A process should 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.	2	Agreed. Service managers have been contacted where drivers have been non-compliance.	Transport Manager	Implemented	Driver log sheets updated weekly. Process in place to chase missing sheets/Service Managers responsible for driver actions.
R8	The Driving at Work handbook should be reviewed to ensure it is up to date and reflects current working practices.	3	Agreed. To be taken to the Driving At Work Risk Management Group.	Transport Manager	31/03/2021	Updated May 2021. Reviewed every six months/or when legislation changes.
R9	The Transport Manager should ensure there are appropriate security arrangements in place at the Illuminations Depot.	2	Agreed. Transport Manager will re-instate depot inspections.	Transport Manager	30/11/2020	Weekly inspections of the Illuminations depot will be undertaken by the service manager with monthly spot checks carried out by the transport manager.

<i>Recommendation</i>		<i>Priority</i>	<i>Agreed Action</i>	<i>Responsible officer</i>	<i>Target Date</i>	<i>Progress</i>
R10	The Transport Manager should ensure that drivers are prohibited from driving Council vehicles when failing to undertake the six monthly licence check.	2	Agreed. An online check process is also in place for drivers who cannot present their licence for checking in person as an alternative.	Transport Manager	30/11/2020	Monthly reports are now produced showing staff who have not updated their driving licence. Managers are informed to suspend driving duties until this has been rectified.
R11	Penalty points on drivers' licences should be recorded as part of the licence checking process.	2	Agreed.	Transport Manager	Implemented	All driver licence checks and penalty point are up to date and recorded.
R12	The Transport Manager should ensure DCPC training is continuous and records are kept up to date.	2	Agreed. Records have been updated and drivers from other sections have been asked to submit their training records.	Transport Manager	31/12/2020	Driver CPC records have been updated. Training has been organised for the missed training hours due to COVID.

Report to:	AUDIT COMMITTEE
Relevant Officer:	John Blackledge, Director of Community and Environmental Services
Date of Meeting:	17 June 2021

CENTRAL SELECTIVE LICENSING SCHEME UPDATE

1.0 Purpose of the report:

1.1 To consider the progress of the Central Selective Licensing Scheme and associated Housing Enforcement actions to improve and regulate the private rented sector.

2.0 Recommendation(s):

2.1 To note the updated report on the Central Selective Licensing Scheme.

2.2 In addition, to note the enforcement work currently being taken in the Central Licensing area.

3.0 Reasons for recommendation(s):

3.1 To improve the private rented sector, improve property conditions, reduce anti-social behaviour and ensure landlords manage their properties effectively and to current standards.

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

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

4.0 Other alternative options to be considered:

4.1 None

5.0 Council priority:

5.1 The relevant Council priority is:

- Communities: Creating stronger communities and increasing resilience.

6.0 Background information

6.1 Selective Licensing is a discretionary licensing scheme that covers privately rented properties which are not covered by mandatory or additional licensing that are for Houses in Multiple Occupation (HMOs). Selective Licensing is intended to address the impact of poor quality privately rented properties, lack of management by landlords and reduce levels of anti-social behaviour.

- 6.2 As Blackpool had existing licensing schemes operating in 2018, the Council required permission from the Secretary of State to introduce a new Selective Licensing Scheme in the Central area. This was approved on 11 December 2018, came into force on 26 March 2019 and will cease to have effect on 25 March 2024. The Scheme applies to the area which forms part of Talbot, Brunswick and Bloomfield wards. The Central Additional Licensing Scheme will cease to have effect in July 2021, 339 Houses in Multiple Occupation are currently licensed under this Scheme.
- 6.3 Central Selective Licensing Scheme:
- 1712 properties have licensed (2124 units)
 - Fees £947,890 - cost of a licence is £775 (£542 with 30 per cent discount) for a single occupancy property. Multiple units up to two £1,090 (£775 with 30 per cent discount) and £68 for every unit over two.
 - 1422 applied for the Blackpool Standards that allows for a 30 per cent deduction of the cost of a licence.
 - There have been eight prosecution cases for failure to license and three Civil Penalties for failure to license in the Central Selective Licensing area with a fine each of £2500. A Civil penalty is an alternative to a prosecution case and results in a fine that is paid to the Council.
 - Other prosecutions and civil penalty cases have continued across Blackpool regarding breaches of enforcement notices and HMO management regulations. A recent prosecution case in the magistrate court resulted in a fine of £24,121.
- 6.4 Blackpool has received funding from central government as one of five areas in the country to contribute to a national pilot which is looking at how far enforcement can be taken in respect of regulating the supported housing sector and whether improvements can be made. This new scheme brings in officers from other areas such as Social Services, Housing Benefits, Corporate Fraud, Housing Enforcement, Fire Service and Planning Enforcement. This provides a means for a multi-agency approach to look at how accommodation can be improved, for example the requirement for properties to have better fire detection systems and appropriate planning permission in place. The pilot will run from November 2020 to December 2021 and will be aiming to review all the supported accommodation provision in Blackpool during this period.
- 6.5 The project board meets on a weekly basis and 145 properties that provide supported housing have been identified to inspect. To date 26 properties have been inspected, no category one (serious) defects have been noted but 43 category two defects have been found. The main issues are around fire risk assessments that are inadequate for the level of support offered in this type of supported accommodation for vulnerable tenants.
- 6.6 The Ministry of Housing, Communities and Local Government and the Department for Work and Pensions have published a new national statement of expectations that sets out the standards and value for money the government is expecting from supported housing accommodation.
- 6.7 Since the commencement of the Central Selective Licensing Scheme in March 2019, the Housing Enforcement Team continues to undertake full Housing, Health and Safety Rating System (HHSRS) assessments because of poor housing conditions. 80 per cent of these assessments involve a deficiency in heating provisions and the Housing Enforcement Team is assisting vulnerable tenants to deal with fuel poverty by engaging with energy companies, working directly with landlords and involving support agencies. The number of chargeable enforcement notices has increased over the last five years. An enforcement notice is charged at £430 and the numbers have increased to the

highest level during the pandemic 2020/2021, with 48 notices issued compared to 27 in 2016/2017.

6.8 The Housing Enforcement Team plan to inspect the properties that have applied for a licence and declare on the application form that they meet the Blackpool Standard and received a 30 per cent discount of the total licence fees. To meet the Blackpool Standard, landlords must ensure that there are no category one hazards in their properties and that they have all relevant safety documents, gas and electrical installation certificates and a current Energy Performance Certificate. In addition there are selective licence conditions that include an anti-social behaviour plan. Due to the COVID-19 pandemic, the Blackpool Standard inspection programme was temporarily postponed and a policy is currently being developed to enforce against landlords that fail to meet the Blackpool Standard.

6.9 The Selective Licensing Scheme was introduced in the Central area to deal with high levels of anti-social behaviour. The scheme funds anti-social behaviour (ASB) officers who deal proactively with reducing anti-social behaviour and engaging with landlords, communities and tenants. High levels of multi-agency work with Public Protection Officers, the Police and Lancashire Fire and Rescue Services has continued throughout the pandemic in the Central area to ensure anti-social behaviour and COVID regulations are effectively enforced. This involves properties that have been used for cannabis cultivations, drug dealing, prostitution, violent crime and illegal operations and taking action against landlords and tenants for breaches.

6.10 Does the information submitted include any exempt information? No

7.0 List of Appendices:

7.1 None

8.0 Financial considerations:

8.1 In a Selective Licensing Scheme there is a fee charged for the cost of the licence as indicated above in 6.3.

There are incentives for early payment of £100 reduction and 30 per cent reduction for meeting the Blackpool Standard.

The income received from the Scheme could increase if landlords who were found not meeting the Blackpool Standard and receiving the 30 per cent reduction were subsequently charged the full fee and enforcement action taken against them.

9.0 Legal considerations:

9.1 None

10.0 Risk management considerations:

10.1 The potential risks are around tackling problems in the private rented sector around the management and condition of properties and resources available to undertake proactive inspection programmes. Currently there is a recruitment drive to fill vacant posts and a multi-skilled team should assist this matter.

11.0 Equalities considerations:

11.1 None

12.0 Sustainability, climate change and environmental considerations:

12.1 Work is ongoing to reduce fuel poverty and ensure landlords use renewable and efficient energy sources.

13.0 Internal/external consultation undertaken:

13.1 None

14.0 Background papers:

14.1 None

Report to:	AUDIT COMMITTEE
Relevant Officers:	Neil Jack, Chief Executive Steve Thompson, Director of Resources Mark Towers, Director of Governance and Partnerships Karen Smith, Director of Adult Services Vicky Gent, Director of Children’s Services Antony Lockley, Director of Strategy and Performance
Date of Meeting:	17 June 2021

STRATEGIC RISK REGISTER – SUSTAINABILITY OF THE COUNCIL

1.0 Purpose of the report:

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

2.0 Recommendation(s):

2.1 To consider the controls being implemented to manage the strategic risk relating to sustainability of the Council.

3.0 Reasons for recommendation(s):

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

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

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

4.0 Other alternative options to be considered:

4.1 None

5.0 Council priority:

5.1 The risk impacts on all the Council’s priorities.

6.0 Background information

6.1 At its meeting in March 2021, the Audit Committee agreed to continue to invite Strategic Risk Owners to attend future meetings to provide updates and progress reports in relation to the individual risks

identified on the Strategic Risk Register.

6.2 Does the information submitted include any exempt information? No

7.0 List of Appendices:

7.1 Appendix 5(a) - Strategic Risk Register Progress Report – Sustainability of the Council.

8.0 Financial considerations:

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

9.0 Legal considerations:

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

10.0 Risk management considerations:

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

11.0 Equalities considerations:

11.1 None

12.0 Sustainability, climate change and environmental considerations:

12.1 None

13.0 Internal/external consultation undertaken:

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

14.0 Background papers:

14.1 None

Strategic Risk Register Progress Report

Strategic Risk: Sustainability of the Council

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					
1	Sustainability of the Council	1a	Insufficient funding to deliver services.	30%	<p>Insufficient capacity to deliver stretched budget savings plans, income recovery and external funding applications.</p> <p>Unplanned overspends for a variety of reasons including demographic pressures, political and /or economic factors such as interest rate rises.</p> <p>Erosion of working balances and earmarked reserves.</p> <p>Impact on staff morale and recruitment and retention.</p>	<p>Income generation opportunities.</p> <p>Partnership working.</p> <p>Mid-year budget reviews.</p>	5	5	25	<p>Medium Term Financial Sustainability Strategy in Place.</p> <p>Statutory requirement to balance the budget.</p> <p>Financial assurance processes set out in the Medium Term Financial Plan.</p> <p>Priority led budgeting process including investment of resources where needed.</p> <p>The impact on the Council's finances due to Covid-19 has been identified, and planning for the financial implications continues.</p> <p>Monthly financial monitoring including achievement of saving targets and collection of income.</p> <p>Financial governance including Statutory Finance Officer, Corporate Leadership Team, Treasury Management Panel, Executive, Scrutiny Committee, Audit Committee and Full Council.</p>	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

Strategic Risk Register Progress Report

No	Risk	Sub No.	Sub-Risk	% Overall Weighting	Impact / Consequences	Opportunity	Gross Risk Score			Controls and Mitigation			Nett Risk Score			Further Actions	Risk Manager	CLT Risk Owner	Target Date	Council Priority
							I	L	GS	I	L	NS	I	L	NS					
							1	Sustainability of the Council	1b	Insufficient central government funding for Social Care.	40%	<p>Council unable to balance budget.</p> <p>Council unable to meet statutory duties and deliver reforms.</p> <p>External care market becomes unsustainable.</p> <p>Lack of clarity around the Adult Social Care Green paper which has yet to be issued.</p>	<p>Consider options for shared services and opportunities for flexible use of new funding streams.</p>	5	5					

Strategic Risk Register Progress Report

No	Risk	Sub No.	Sub-Risk	% Overall Weighting	Impact / Consequences	Opportunity	Gross Risk Score			Controls and Mitigation	Nett Risk Score			Further Actions	Risk Manager	CLT Risk Owner	Target Date	Council Priority
							I	L	GS		I	L	NS					
1	Sustainability of the Council	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	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.	make a positive contribution to Blackpool.				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.		The Council fails to reduce carbon emissions and proactively take action to address the climate emergency.	10%	Global warming and rising sea levels.	Strong policies to cut emissions have associated health, wellbeing and economic benefits.	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.	5	4	20	Implement robust plans in order to make the Council's activities net-zero carbon by 2030.	Head of Commissioning, Performance and Corporate Development	Director of Strategy (Assistant Chief Executive)	January 2030	Organisational Resilience
					Reputational damage to the Council if it does not take robust action to reduce carbon.	Preserve Blackpool's ecological and environmental heritage.				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.				Establish a Climate Change Partnership group to consider strategies and actions being developed by the Council and other partner organisations.	Head of Commissioning, Performance and Corporate Development	Director of Strategy (Assistant Chief Executive)	March 2022	
											Ensure that the Council's energy management arrangements are robust.				Head of Procurement	Director of Resources	March 2022	
Overall Nett Risk Score											19							

Strategic Risk Register Progress Report

Sub-Risk: Insufficient funding to deliver services. (weighting 30%)		Gross Risk Score	Nett Risk Score
		25	20
<i>Risk Score in 2020/21</i>		25	15
Risk Owner: Director of Resources			
Existing Controls in Place:			
<ul style="list-style-type: none"> • Medium Term Financial Sustainability Strategy in Place. • Statutory requirement to balance the budget. • Financial assurance processes set out in the Medium Term Financial Plan. • Priority led budgeting process including investment of resources where needed. • 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. 			
Actions:			
Actions	Risk Manager	Current Position	Outcomes / Results
<p>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.</p> <p>(Target Date: December 2022)</p>	Chief Accountant	<ul style="list-style-type: none"> • Budget monitoring has taken place from month 0 including forecasting the impact that the pandemic has had on the Council's financial position. • The residual impact of the pandemic continues to be a risk with government funding continuing to be provided for the first quarter of the financial year. • A refresh of the Medium-Term Financial Sustainability Strategy together with an updated Medium Term Financial Plan of at least 5 years' horizon will be undertaken in the year. • The suite of income and debt collection strategies will be reviewed this year. 	<ul style="list-style-type: none"> • Evidence solvency of the Council. • Provision of financial data to assist with lobbying government with regards to key areas of pressure.

Strategic Risk Register Progress Report

		<ul style="list-style-type: none"> • A restructure of accountancy is underway, to refocus resources to meet reprioritised demands such as corporate finance, wholly owned companies and capital expenditure. • Robust external audit process in place. • The Council will receive a share of the £15m allocated funding to address the recommendations in the Redmond Review which is aimed to address capacity issues. • Steps will be taken to ensure that support services are funded as part of the regeneration scheme funding to ensure that appropriate financial support can be provided to these capital schemes. 	
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Sub-Risk: Insufficient central government funding for Social Care. (weighting 40%)	Gross Risk Score	Nett Risk Score
	25	20
<i>Risk Score in 2020/21</i>	25	20
Risk Owner: Director of Adult Services / Director of Children's Services		
Existing Controls in Place:		
<ul style="list-style-type: none"> • Priority led budgeting process including investment of resources where needed. • Heads of Services report budget issues to the Directors so that these can be addressed. • Heads of Services actively contribute to commissioning reviews and potential service developments. • 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. 		
Actions:		

Strategic Risk Register Progress Report

Actions	Risk Manager	Current Position	Outcomes / Results
<p>Participate in financial modelling exercises to challenge government assumptions and support lobbying for resource.</p> <p>(Target Date: March 2022)</p>	<p>Heads of Services</p>	<p><u>Adult Services</u></p> <ul style="list-style-type: none"> • The Covid-19 pandemic has resulted in significant operational and financial challenges for adult social care providers. The Council has put in place a range of financial and other support measures during the last twelve months which continue to operate subject to review at the end of June. • The government is providing financial support to ensure that infection control measures can be implemented, and to assist with the costs of rapid testing. • Since the introduction of the Infection Control Grant by the DHSC in May 2020, the Council has been collecting information on financial costs from providers and reporting these to the DHSC on a regular basis. • The Council continues to raise awareness of the issues affecting the care sector with central government, and to lobby for additional resources through its work with the Local Resilience Forum and other bodies. <p><u>Children's Services</u></p> <ul style="list-style-type: none"> • Children's Services feed into lobbying and responses to Government funding proposals via the Association of Directors of Children's Services, and views are fed in through representation on their Resources and Sustainability Committee. 	<p><u>Adult Services</u></p> <ul style="list-style-type: none"> • The Director of Adult Services spoke directly with DHSC representatives to explain the current pressures facing adult social care providers. • The government extended the Infection Control and Rapid Testing Fund to the end of June 2021 following the submission of summarised financial data collected by Councils from providers. • The government has said that proposals on reforms to social care will be brought forward. However, further details are not expected until the autumn at the earliest. <p><u>Children's Services</u></p> <ul style="list-style-type: none"> • The Government's Fair Funding Review was delayed in 2020 due to the Covid-19 pandemic. An independent review of children's social care was launched by the

Strategic Risk Register Progress Report

			Department for Education on 1 March 2021.
Ensure delivery of the medium term financial plan for Children's Services to stabilise expenditure across the service. (Target Date: March 2023)	Assistant Director of Children's Social Care	<ul style="list-style-type: none"> The Medium-Term Financial Plan Project Board meets monthly to monitor the delivery of the plan. 	<ul style="list-style-type: none"> The number of entrants into care is reducing, however, difficulties in exiting care and placement breakdowns are impacting negatively on the financial plan so more sustained work is required to bring the MTFP back on track.

Sub-Risk: The Council's wholly owned companies are no longer financially viable. (weighting 20%)		Gross Risk Score	Nett Risk Score
		20	15
		<i>Risk Score in 2020/21</i>	N/A
Risk Owner: Director of Resources / Director of Governance and Partnerships			
Existing Controls in Place:			
<ul style="list-style-type: none"> Five year recovery plans in place which are reviewed and authorised by the Council's Director of Resources. Regular meetings between the Director of Resources and relevant company directors to discuss the financial position. Cash flow loans issued by the Council to support the companies in the short to medium term. 			
Actions:			
Actions	Risk Manager	Current Position	Outcomes / Results
Continued robust conversations between the Council and its companies to ensure that recovery plans are deliverable. (Target Date: March 2025)	Chief Accountant	<ul style="list-style-type: none"> Financial recovery plans in place for the wholly owned companies affected by the pandemic which have been considered by the Council's finance team and signed off by the Section 151 officer. A system is now in place to enable ongoing financial monitoring of the companies 	<ul style="list-style-type: none"> Wholly owned companies remain sustainable.

Strategic Risk Register Progress Report

		<p>which links to existing company processes and Board reports to ensure efficient use of resources.</p> <ul style="list-style-type: none"> • Quarterly financial planning meetings between the Council and the wholly owned companies take place to share problems and identify solutions. 	
<p>Regular review of company financial performance by the Council.</p> <p>(Target Date: March 2022)</p>	Chief Accountant	<ul style="list-style-type: none"> • External and internal audits undertaken at all wholly owned companies. • Income and Debt Strategy group in place which monitors debts that the wholly owned companies owe the Council. • A dedicated Finance Manager post is being created to deal with subsidiaries and partnerships. • Relationship meetings are held between Council officers and the companies to discuss performance and any potential issues. 	<ul style="list-style-type: none"> • Robust financial management arrangements in place with the wholly owned companies.
<p>Continue to learn lessons from issues between other Councils and their companies which have led to significant financial risks.</p> <p>(Target Date: March 2022)</p>	Company Secretary	<ul style="list-style-type: none"> • Planned training session for Audit Committee in relation to the management of risk and the wholly owned companies. • Shareholder Committee of the Executive in place to hold companies to account to streamline the accountability of the elected member role with the wholly owned companies. This will include the Leader, Deputy Leader and a member of the opposition, and the committee will have decision making powers. • Experienced and skilled independent non-executive directors appointed via a competitive recruitment process. 	<ul style="list-style-type: none"> • Robust governance arrangements in place with the wholly owned companies.

Strategic Risk Register Progress Report

		<ul style="list-style-type: none"> • All non-executive directors subject to appraisals and continued professional development. • A number of service level agreements in place between the Council and the wholly owned companies for core governance support services such as human resources, company secretary, legal services, data protection and internal audit. • Good Governance Framework in place which has been adopted by each wholly owned company and is currently being reviewed. • Regular meetings between those charged with governance at the Council regarding company governance to be set up. 	
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Sub-Risk: The Council fails to reduce carbon emissions and proactively take action to address the climate emergency. (weighting 10%)		Gross Risk Score	Nett Risk Score
		25	20
		<i>Risk Score in 2020/21</i>	20
Risk Owner: Director of Strategy (Assistant Chief Executive) / Director of Resources			
Existing Controls in Place:			
<ul style="list-style-type: none"> • Establishment of four workstreams 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 Council's activities. 			
Actions:			
Actions	Risk Manager	Current Position	Outcomes / Results

Strategic Risk Register Progress Report

<p>Implement robust plans in order to make the Council's activities net-zero carbon by 2030.</p> <p>(Target Date: January 2030)</p>	<p>Strategy, Policy and Research Manager</p>	<ul style="list-style-type: none"> • On track to produce and publish the Council's route map to net zero by the end of this year. • Already completed key contributions to the plan such as the Citizens Assembly, and the Carbon Trust net zero route mapping is underway. • An internal audit is planned for this financial year to assess progress against the climate change agenda. • Scrutiny Committee have an active role in monitoring progress and receiving updates on key developments. 	<ul style="list-style-type: none"> • Detailed plan in place by March 2022.
<p>Establish a Climate Change Partnership group to consider strategies and actions being developed by the Council and other partner organisations.</p> <p>(Target Date: March 2022)</p>	<p>Strategy, Policy and Research Manager</p>	<ul style="list-style-type: none"> • Leading partners have been identified and the intention is to convene the first meeting of the partnership when the Council has adopted the route map to net zero. • A town wide approach based on lessons learned from the Council's progress will then be rolled out. 	<ul style="list-style-type: none"> • Town wide approach to carbon reduction.
<p>Ensure that the Council's energy management arrangements are robust.</p> <p>(Target Date: March 2022)</p>	<p>Head of Procurement</p>	<ul style="list-style-type: none"> • An internal audit of energy management is scheduled to take place this financial year which will provide independent assurance on the robustness of the Council's energy management approach. • An Energy Management Group is in place, which meets on a regular basis, which is chaired by the Director of Resources and attended by the Director of Communications and Regeneration, Head of Procurement, Energy Manager, Head of Property Services, and Transformation Manager. 	<ul style="list-style-type: none"> • Efficient energy management arrangements in place.

Strategic Risk Register Progress Report

		<ul style="list-style-type: none">• Climate Emergency Steering Group feeds into the Energy Management Group as part of the governance arrangements, and to ensure coordination between the two groups.	
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Report to:	AUDIT COMMITTEE
Relevant Officer:	Steve Thompson, Director of Resources
Date of Meeting:	17 June 2021

MANAGEMENT RESPONSE TO THE EXTERNAL AUDITOR'S REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260)

1.0 Purpose of the report:

1.1 To consider the management response to Deloitte's Governance Report for 2019/2020.

2.0 Recommendation(s):

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

3.0 Reasons for recommendation(s):

3.1 Deloitte's Governance Report for 2019/2020 requires a management response to the recommendations in their report.

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:

- Economy - Maximising growth and opportunity across Blackpool

6.0 Background Information

6.1 At its meeting on 25 March 2021 the Audit Committee considered the External Auditor's Report to those charged with Governance (ISA 260) for 2019/2020. As part of that report there were a number of recommendations which required a management response. The management response is now available to be considered by the Committee.

6.2 Does the information submitted include any exempt information? No

7.0 List of Appendices:

7.1 Appendix 6(a) – Management Response

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 None

14.0 Background papers:

14.1 None

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>	<p>Work first commenced on this in 2019. This work will be reviewed and updated with a plan put in place between Finance, Assets and Estates and Legal Services to ensure all leases are considered and treated appropriately.</p>	<p>Medium</p>
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>	<p>A process will be brought into future year-end timetables to ensure that all additions are captured. A report will be run to ensure that the invoices have been accounted for correctly at the year-end.</p>	<p>Low</p>
Long term debtor recoverability	<p>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.</p>	<p>Monthly Business Loan Panel meetings are held. The performance of all loans are monitored at these meetings and any issues with irrecoverability would be identified here. In addition, Finance staff review the loan repayments on a daily basis and would highlight and investigate if any repayments were missed.</p>	<p>Medium</p>
Long term debtor – signed loan agreements	<p>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.</p>	<p>All agreements will be signed. Accountancy staff to ensure all future loans have signed agreements in place.</p>	<p>Medium</p>

Area	Observation	Management Response	Priority
<p>IT findings</p>	<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. 	<p>New users and roles is an ongoing process and will be reviewed as part of the implementation of the new financial system.</p> <p>The Council is a diverse organisation with an incredible number of roles. Implementing a role based access control at an individual service level across the entire Active Directory would create an incredible number of roles and wouldn't necessarily work any better than the same as user model due the to fluidity and frequency with which the organisation changes and roles get redefined. From a risk management perspective the Active Directory is only being used to determine which software applications are displayed and to which shared drive the user is given access to(there is no single sign on across the vast majority of systems). If a user was inadvertently assigned to the wrong software application they still wouldn't have access because all of the Council main systems still require a further username and password to be used which is governed by local system administrators. In terms of the risk that a user may gain access to files on the wrong shared drive this risk is currently being addressed by the migration of shared drives to SharePoint and Microsoft Teams where local systems administrators within individual teams across the council will have much greater control to determine local access rights and what files a user can access.</p> <p>The systems do lock out if a password is input incorrectly after 3 attempts. The use of 16 digit passwords with no expiry have been brought into Cedar in line with the Council's ICT policy.</p> <p>The Council follows the NCSC guidance on 16 character password complexity. Expiring passwords routinely is old thinking. We only expire passwords if we have reason to believe the user account may have been compromised. The NCSC guidance is not to routinely expire passwords. Please find a link in the cell below to a 2016 NCSC blog post in which the rationale for this is explained.</p> <p>https://www.ncsc.gov.uk/blog-post/problems-forcing-regular-password-expiry#:~:text=The%20NCSC%20now%20recommend%20organisations%20do%20not%20force,new%20password%2C%20if%20they%20have%20the%20old%20one.</p>	<p>Medium</p>
<p>BTS pension transfer</p>	<p>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.</p>	<p>Formal decision notices were in place and had been agreed at the Blackpool Transport Board and the Council's executive. However these will be put into a separate document.</p>	<p>Medium</p>
<p>Subsidiary valuations</p>	<p>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.</p>	<p>These are reviewed every year by the Council's independent valuers Smith Craven. Any feedback from Deloitte on the company valuations is forwarded to Smith Craven.</p>	<p>Medium</p>

Area	Observation	Management Response	Priority
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.	A review is currently being undertaken to review the VPE and whether or not the assets are still in use. Useful Economic Lives (UELs) will be reviewed for assets in use with a nil Net Book Value (NBV).	Medium
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.	A review of the financial statements takes place each year. However an additional review has been included in the 2020/21 year end timetable to ensure transactions are accounted for correctly. Key staff in the year-end process attend relevant training sessions held by CIPFA each year regarding changes in accounting treatment and financial statements. This is in addition to reading through the CIPFA guidance each year including the CIPFA year-end bulletin issued in March/April. All finance staff involved in year-end are issued with annual guidance around the key areas in the accounts such as provisions, reserves, debtors and creditors. Staff are kept up to date of any changes throughout the year-end process with weekly year-end bulletins.	High
Recording of previous impairments to 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.	Exercise was undertaken as part of the 2019/20 year-end audit which now has a record of impairments and revaluations by asset charged to CIES in previous years. This analysis will continue to be used for future years	Medium
New accounting standards – IFRS 9 and 15	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. This presents a risk that new contracts or transaction may give rise to unanticipated impacts in future, or not be detected. 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.	This is done on an annual basis to ensure no impact on the accounts. Formal arrangements to ensure this is done will be brought into the year-end timetable. Monthly budget monitoring would also highlight any impact on the Council.	Medium
Arrangements to secure economy, efficiency and effectiveness in the use of resources - Children's Services	<p>We note the finding raised by Ofsted following their inspection of children's social care services in the current year which has resulted in an overall inadequate rating for the Council's service.</p> <p>We have held discussions with management to understand the processes and procedures that have been put in place to implement the required changes. 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>Since the inadequate judgment in December 2018 Children's Services has been subject to significant scrutiny from both the Department for Education and Ofsted.</p> <p>On the 10th of March the Minister for Children and Families accepted the DfE appointed commissioner's recommendation that Blackpool Council Children's service had demonstrated significant improvement and should therefore continue to manage the service, and that there was no longer a requirement for Commissioner oversight.</p> <p>There have been 3 visits undertaken by Ofsted, the subsequent letters demonstrate improvement.</p> <p>In terms of internal scrutiny, there is a Social Work improvement plan, updates are presented to a Getting to Good Board which meets bi-monthly and is independently chaired, but is attended by the Chief Executive.</p>	High

Area	Observation	Management Response	Priority
<p>Arrangements to secure economy, efficiency and effectiveness in the use of resources - Financial Sustainability</p> <p style="text-align: center; font-size: 24pt; transform: rotate(-90deg);">Page 46</p>	<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>	<p>Inevitably financial sustainability is a major risk to the local government sector as a result of i) a decade of reductions in central government funding, ii) demographic pressures in the social care services, iii) the consequences of Covid and iv) the underwriting of wholly-owned companies. This has already manifested in the issuing of s.114 notices elsewhere and Government having to intervene to allow capitalisation directives in 9 local authorities to date to enable budgets to be balanced along with the provision of additional SEND grants to 5 other local authorities. Blackpool Council ticks a number of these boxes with cumulative budget savings 2011/12-20/21 of £166m, an elderly population, an outlier in terms of looked after children numbers per population and 8 wholly-owned companies.</p> <p>It is correct that its budget savings plans have contained an element of non-recurrent measures – 2019/20 £6.1m of £9.0m, 2020/21 £2.4m of £19.65m and 2021/22 £6.1m of £20.3m – though this is in part a consequence of successive 1-year Government Settlements, postponements of the Fair Funding Review, Business Rates Review, Business Rates Revaluation, Business Rates Reset, New Homes Bonus review and Adult Social Care funding review and the resultant uncertainty of not being able to plan ahead more robustly.</p> <p>In mitigation:</p> <ol style="list-style-type: none"> 1. Blackpool Council does have a track record of delivering its annual budget savings plans 2. 2021/22 is the final year of the current Medium Term Financial Sustainability Strategy and this is in the process of being refreshed for the next 6-year period 3. The current medium-term financial plan (MTFP) is underpinned by detailed MTFPs for Adult Services and Children’s Social Care, which represent 79% of the overall General Fund budget 4. In 2020/21 Executive and Scrutiny received detailed and timely financial monitoring reports for months 02-10 which included consolidated forecasts for the 8 wholly-owned companies also, besides which the Corporate Leadership Team received summary reports for months 0,01 and 11, enabling swift management action should budget savings plans have gone awry 5. An approved facility of up to £24m of cash flow loans is available to the Council’s wholly-owned companies to support their sustainability subject to robust 5-year financial recovery plans being in place 6. Blackpool Council maintains a relatively healthy financial standing with forecast year-end working balances and earmarked reserves of £11.6m and £22.7m respectively and a strong balance sheet of £244m 7. A positive CIPFA Financial Resilience Index 8. A highly-qualified Accountancy function. 	<p style="text-align: center; background-color: red; color: white; font-weight: bold;">High</p>

Area	Observation	Management Response	Priority
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. 	<p>SLA will be in place for 2020/21 year-end and future years.</p> <p>Assets and Estates have been advised to ensure they provide full valuation details and methodology. This is implemented for 2020/21 year-end.</p> <p>Only a couple of assets were affected by this and this has now been resolved. This was done for 2019/20 year-end.</p> <p>These details have been added to the valuation worksheets and will be used for the 2020/21 valuations.</p> <p>Assets and Estates have been made aware of this and MEA depreciated replacement cost will be used for 2020/21 year-end.</p>	<p>Medium</p>

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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	24.09.20	To receive a 12 month update on the Internal Audit recommendations from the review of advertising.	September 2021	Mr Philip Welsh, Head of Tourism and Communications		Not yet due
3	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	Mr Mark Towers, Director of Governance and Partnerships	Briefing session has been scheduled for Members to take place November 2021.	
4	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	Mr Neil Jack, Chief Executive		Not yet due
5	30.11.20	To receive a 6 month review of the implementation of the selective licensing scheme.	June 2021	Mr John Blackledge, Director of Community and	To be considered by the Committee at its meeting on 14 June 2021.	

	DATE OF REQUEST	ACTION	TARGET DATE	RESPONSIBLE OFFICER	UPDATE	RAG RATING
				Environmental Services		
6	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
7	30.11.20	To invite the Leader to present the Annual Governance Statement to the Committee.	September 2021	Mr Mark Towers, Director of Governance and Partnerships		Not yet due
8	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	Mr John Blackledge, Director of Community and Environmental Services		Not yet due
9	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
10	30.11.20	To receive the results from the CIPFA benchmarking exercise at a future meeting of the Committee.	December 2021	Mrs Tracy Greenhalgh, Head of Audit and Risk		Not yet due
11	21.01.21	To receive a progress report on the local Voluntary Community Faith Sector (VCFS) accord.	September 2021	Mrs Chloe Pieri, Community Engagement and		Not yet due

	DATE OF REQUEST	ACTION	TARGET DATE	RESPONSIBLE OFFICER	UPDATE	RAG RATING
				Partnership Manager		
12	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.	TBC	Ms Nicola Wright, Deloitte		Not yet due
13	25.03.21	The Committee requested that the Transport Manager be invited to attend a future meeting of the Audit Committee in order to provide an update on progress in relation to the recommendations resulting from the review of vehicle operator's licence compliance.	June 2021	Ms Lynne Rowbottom, Transport Manager	To be considered by the Committee at its meeting on 14 June 2021.	
14	25.03.21	That a meeting be held with Ms Wright and Mr Rayner from Deloitte, Mrs Greenhalgh, the Chair and Vice-Chair of the Audit Committee and the Director of Resources in order to discuss future working relationships going forward.	TBC	Mr Steve Thompson, Director of Resources		
15	25.03.21	The Committee agreed to revisit the communications strategy after a period of four months to receive an update on progress.	September 2021	Mr Philip Welsh, Head of Tourism and Communications		

	DATE OF REQUEST	ACTION	TARGET DATE	RESPONSIBLE OFFICER	UPDATE	RAG RATING
16	29.04.21	That follow-up of the Priority Two and Priority Three recommendations from the internal audit review of the household waste recycling centre be added to the Audit Committee's plan.	December 2021	Mrs Tracy Greenhalgh, Head of Audit and Risk		
17	29.04.21	That the specific amount of income lost as a result of the identified lack of invoice generation for waste streams be provided to Committee Members following the meeting.	TBC	Mrs Tracy Greenhalgh, Head of Audit and Risk	Circulated to Committee Members 07/06/21	Complete
18	29.04.21	That the Chair of the Audit Committee give further consideration as to the role of the Committee in relation to contract management and procurement arrangements, in conjunction with Mrs Tracy Greenhalgh, Head of Audit and Risk.	TBC	Mrs Tracy Greenhalgh, Head of Audit and Risk		