

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 20 JANUARY 2022

Present:

Councillor Galley (in the Chair)

Councillors

Brown	Critchley	M Mitchell	R Scott
Burdess	Hunter	Roberts	

The following Committee Members whilst not present in the room and not able to vote joined and participated in the meeting virtually:

Ms Brown, Independent Co-opted Member

The following were in attendance virtually:

Mr Neil Jack, Chief Executive

Mr Alan Cavil, Director of Communications and Regeneration

Mr Mark Towers, Director of Governance

Ms Vicky Gent, Director of Children's Services (Items 1 to 6 only)

Dr Arif Rajpura, Director of Public Health (Items 1 to 3 only)

Mr Steve Thompson, Director of Resources

Ms Kate Aldridge, Head of Corporate Delivery, Performance and Commissioning (Items 1 to 6 only)

Ms Clare Nolan-Barnes, Head of Coastal and Environmental Partnership Investments (Items 1 to 5 only)

Mr Will Britain, Head of Highways and Traffic Services (Items 1 to 5 only)

Mr Neil Williams, Emergency Planning Manager (Items 1 to 5 only)

Ms P Wigglesworth, Head of HeadStart (Items 1 to 6 only)

Ms T Greenhalgh, Head of Audit and Risk

Ms Chloe Pieri, Community Engagement and Partnership Manager (Items 1 to 4 only)

Ms Nicola Wright, Audit and Assurance Partner, Deloitte

Councillor Mrs Callow JP, Chair of the Scrutiny Leadership Board (present in the room)

Mrs Jenni Cook, Senior Democratic Governance Adviser (present in the room)

Note: The Chair, with the agreement of the Committee, would re-order the agenda as follows:

- Item 6: Annual Governance Statement 2020/2021 Half Year Review – this would be moved up the agenda and taken as Item 3.
- Item 8: Audit Committee Action Tracker – this would be moved up the agenda and taken as Item 4.

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1 DECLARATIONS OF INTEREST

Councillor Galley declared a personal interest in relation to agenda item 3 – Risk Services Quarter Three Report due to his position as a Council appointed Non-Executive Director on the Blackpool Transport Services Limited Board.

Councillor Burdess declared a personal interest in relation to agenda item 3 – Risk Services Quarter Three Report due to her position as a Council appointed Non-Executive Director on the Blackpool Transport Services Limited Board.

Councillor Critchley declared a personal interest in relation to agenda item 3 – Risk Services Quarter Three Report due to her position as a Council appointed Non-Executive Director on the Blackpool Operating Company Limited Board.

Councillor Roberts declared a personal interest in relation to agenda item 3 – Risk Services Quarter Three Report due to his position as a Council appointed Non-Executive Director on the Blackpool Airport Operations Limited Board.

2 MINUTES OF THE LAST MEETING HELD ON 11 NOVEMBER 2021

The Committee agreed that the minutes of the meeting held on 11 November 2021 be signed by the Chairman as a true and correct record.

3 ANNUAL GOVERNANCE STATEMENT 2020/2021 HALF-YEAR REVIEW

Mr Mark Towers, Director of Governance and Partnerships, presented a report which provided the Audit Committee with a half-yearly review of progress made on the actions identified in the Annual Governance Statement 2020/2021. An Action Plan had been appended to the report which provided a summary of the actions implemented, along with issues to be considered within the next 12 months.

In response to a question from the Committee on refresher training for elected members and the loss of face-to-face opportunities during the pandemic, Mr Towers stated that going forward a balance of training would be carried out and confirmed that the draft new Code of Conduct would be submitted for approval in February 2022. After approval, refresher training would be carried out.

The Committee questioned whether officers were facing any challenges in delivering the Community Engagement Strategy, particularly in light of the pandemic. Dr Arif Rajpura, Director of Public Health, confirmed that although the pandemic had delayed the Strategy, work had carried on and consultation had taken place with council departments, external stakeholders and the voluntary and community sectors. The Strategy had been adapted to incorporate changes suggested as a result of the pandemic and was set to be approved in March 2022.

Mr Neil Jack, Chief Executive, updated the Committee on the assessment of hybrid working

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and returning to the office and confirmed that a Working Group had been set up to plan the next steps. In respect of the desk ratio being reduced from seven in 10 to five in 10, this would mean that the majority of desks would be used, and would allow the Council to rationalise the property operational portfolio and present opportunities for further savings on property running costs and sites for disposal or development.

In response to a question with regards to the Council's wholly-owned companies and the independent audit findings, Mr Towers informed the Committee that the Council's Shareholder Committee was meeting the following day when the review of governance arrangements would be discussed. With regards to the limited assurance given by the audit findings, work was ongoing to rectify the issues raised and that risk elements were evidenced and considered by the Shareholder Committee on a regular basis.

Mr Towers confirmed that the input and co-operation received from service areas and the Senior Leadership Team had been productive with no areas seeming reluctant to participate.

The Chair noted that going forward, achievements should be included in the Annual Governance Statement to showcase its value and to record positive delivery through change.

The Committee noted its thanks to Dr Rajpura and his team for their work during the pandemic and to implement the Community Engagement Strategy.

[Dr Rajpura left the meeting on conclusion of this item].

4 AUDIT COMMITTEE ACTION TRACKER

The Committee considered the Audit Committee Action Tracker and in particular action 5 which was marked as red, being "To receive a progress report on the local Voluntary Community Faith Sector (VCFS) accord." Ms Chloe Pieri, Community Engagement and Partnership Manager, confirmed that work was being undertaken by Lancashire County Council across a Lancashire-wide footprint in terms of the NHS and social prescribing. Their Community Engagement Strategy had been developed alongside the Council's own Strategy and it was likely that reporting on the local Voluntary Community Faith Sector (VCFS) accord would be picked up through the Community Engagement work.

[Ms Pieri left the meeting on conclusion of this item].

5 AUDIT FOLLOW UP - FLOOD MANAGEMENT

The Committee considered a progress report on the recommendations made in the internal audit report on Flood Management issued on 7 August 2020 which was outlined by Ms Clare Nolan-Barnes, Head of Coastal and Environmental Partnership Investments, Mr Neil Williams, Emergency Planning Manager and Mr Will Britain, Head of Highways and Traffic Management Services.

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Officers updated the Committee on progress with regards to the recommendations made in the internal audit report and highlighted that the new Strategy had been completed and would be published in November 2021, along with the Business Plan. Work was ongoing on several of the recommendations and a more accessible aide-memoire had been produced in the form of action cards to provide clear definition of roles and actions.

The Committee was informed that the emergency planning team had facilitated a table-top exercise for duty officers and that further events were planned, along with a multi-agency exercise. In respect of recovery, Mr Williams confirmed that a recovery framework, under the Lancashire Resilience Forum (LRF) was in place. In closing to the officers' overview, the Committee was provided with a summary of flooding, highways and climate change issues in Blackpool.

In response to questions from the Committee, officers confirmed that the work of the Flood Hub was important to ensure that the correct information was being communicated and that there were no issues with United Utilities and the Environment Agency sharing data to enable multi-agency working. In response to recommendations 13 and 14 in the internal audit report, it was confirmed that a planned preventative maintenance programme was in place to ensure that the 27,000 gullies in Blackpool were kept clear. Resources were shared with Lancashire County Council along with regular communication with Blackpool Waste Services.

A network map of roles and responsibilities during a flooding event was being compiled which would give a clear action of plan of roles during a flooding event. The map would give clear and concise information about who should be contacted during an event. The Committee requested that the network map be presented to a future Tourism, Economy and Communities Scrutiny Committee.

The Chair thanked the officers for their work on this vast and important programme of work.

The Committee Agreed:

1. To request that the network map be presented to a future Tourism, Economy and Communities Scrutiny Committee.

[Ms Nolan-Barnes, Mr Williams and Mr Britain left the meeting on conclusion of this item].

6 STRATEGIC RISK REGISTER - CHANGE MANAGEMENT

The Committee considered a progress report on the individual risks identified in the Council's Strategic Risk Register and considered the controls being implemented to manage the strategic risk relating to change management. Officers attended the Committee to provide updates in respect of their strategic areas.

Ms Pauline Wigglesworth, Head of HeadStart, provided an update on risk 3(a) with regards to preventative/early intervention services and informed the Committee that proactive work was being undertaken to evidence success using robust research, with projects funded

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sustainably.

In response to questions from Councillors, Ms Wigglesworth clarified that the commitment to long-term funding was dependent on the type of project and that some projects were based on recurrent funding with others sustained on a continual basis. She provided an overview of the funding streams available. In respect of evidence of implementing and embedding learning from the HeadStart project, a robust process of research and evaluation had been carried out. This process provided qualitative and quantitative data to feed into the Annual Report and was underpinned by extensive research. Ms Wigglesworth informed the Committee that the Council had contributed to the Case Study Submission: Addressing the National Syndemic's call for evidence from the Resilience Revolution partnership, Blackpool and this document, along with the 2019/2020 Annual Report would be circulated to members.

Ms Victoria Gent, Director of Children's Services, provided the Committee with an overview of the risks in respect of Children's Services and in particular the sustainability of the Troubled Families programme. Funding had been secured for a further three years to develop the programme at the Family Hubs. The NSPCC Better Start initiative continued to be scaled up and integrated into early help and support services. Delivery continued on the Opportunity Area programme to raise attainment and aspirations of young people in Blackpool and Ms Gent noted that the Opportunity Area Partnership Board and its partners had hosted a successful Department for Education Board visit which had included the Secretary of State.

In response to questions from the Committee Ms Gent noted that any barriers to ensuring the sustainability of key services were largely around partners, such as the Police, health services and the voluntary sector, clearly understood what the Troubled Families Programme was and their roles within it. Clarification was also given regarding the implementation of the Better Start initiative and links to the First 1,000 days project, with Special Educational Needs (SEN) encapsulated within Early Help.

In respect of elective home education, Ms Gent provided the Committee with an overview of the Council's services for parents choosing to school their children at home. Data to outline the numbers of children schooled at home would be submitted to the next meeting.

In response to a question from Ms Gill Brown, Independent Co-opted Member, it was noted that the target dates for completion of the recommended actions of March 2022 were more likely to be extended and some projects would need a longer completion date of up to two years.

Mr Mark Towers, Director of Governance and Partnerships, provided the Committee with an update on the sub-risk identified in respect of the unpredictability of legal rulings requiring an unexpected change/change to the risk environment. The Council's in-house resources had been strengthened following a restructure and work was ongoing to ensure that more knowledge was retained and expertise was built within the Council's teams.

In respect of the sub-risk identified as the increasing number of looked after children and

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child protection cases resulting in a need to change the Council's approach. Ms Kate Aldridge, Head of Corporate Delivery, Performance and Commissioning, provided the Committee with an overview of work being carried out. Work was being undertaken with other local authorities to develop greater commissioning partnerships across the residential and fostering markets.

The Early Help programme was a crucial element in the reduction of the numbers of Looked After Children in a safe and sustainable way and Ms Gent provided an overview of the work being undertaken to meet this target, which had included implementation of a Workforce Strategy to ensure a strong structure and framework.

In response to questions from the Committee it was confirmed that success was measured by ensuring that there was clarity on how providers could add value and growth and the drive to keep those services local. The volume of Looked After Children in Blackpool was an issue that was being mitigated through good local controls and the Council would continue to build capacity to assist other authorities. This was a very complex and unpredictable area and it was difficult to predict whether the downward trajectory would continue, however, steady progress continued to be made.

With regards to monitoring the effectiveness of the Edge of Care Programme and costs, Ms Gent advised the Committee that the programme combined with the Early Help Offer and it was a piece of work that would continue to be developed and evaluated over the year. Barriers to success were similar to those previously identified for Early Help, which were around developing the understanding from the Council's partners of what the programme entailed, to encourage good partnerships and collaborative working. Consideration was also being given to other challenges such as financial stress and fuel poverty and how the Council could address these through supporting families.

In respect of the impact of the Covid-19 pandemic on delivery of improvement plans, the Committee was advised that despite challenges faced by the Council, the delivery of improvement work had been carried out exceptionally well. Developing and nurturing a workforce during this time had been a challenge, however the service continued to deliver and make steady progress against the improvement plan.

The Committee agreed:

1. That data to outline the number of children being schooled at home would be brought to the next meeting of the Audit Committee.

[Ms Wigglesworth, Ms Gent and Ms Aldridge left the meeting on conclusion of this item].

7 EXTERNAL AUDITOR'S REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260) MANAGEMENT RESPONSE 2020/2021

Mr Steve Thompson, Director of Resources, provided the Committee with the management response to the External Auditor's report to those charged with Governance (ISA 260) for 2020/2021. An updated ISA 260, along with the final accounts would be presented to the next meeting of the Audit Committee. Five recommendations had been made and had been

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prioritised as amber (medium) and Mr Thompson provided a summary of the actions undertaken to date.

In respect of exit packages, a review of sample exit packages for 2021/22 had been undertaken and all signed agreements were on file. Going forward this would be monitored on a regular basis. The valuation of heritage assets had not been undertaken for a number of years and this would be commenced during 2022. Due to the volume of items it was expected that this would take three to four years to complete.

The remaining recommendations all related to IT access issues. Mirroring access had been raised as a concern which was in place due to the vast commonality of roles and responsibilities at the Council. Going forward this would be automated and implemented in the new financial system to be implemented in April 2023. Access to systems by leavers had also been flagged as a concern, with reviews of access being undertaken on a monthly basis. The risk of system access was minimal and it was confirmed that once an employee left the Council, their access to the building was rescinded and their devices were retained by the Council. Systems could only be accessed on networked devices and not via personal devices. User access had also been raised by the external auditors as a concern and the Committee was informed that a review and check of user access rights would be undertaken on a quarterly basis and consideration could be given to incorporating auto-prompts into the new system.

Ms Nicola Wright, External Auditor (Deloitte), confirmed that the external auditors were happy with the Council's responses to the report.

In response to questions from the Committee it was confirmed that the valuation of heritage assets would require physical examination of the assets and would be incorporated as part of the annual inventory. Assurance was also given in respect of issues identified through exit interviews, the HR service had been reminded of the importance of these being carried out and that the target for completion in 2021/2022 was 100%.

The Committee Agreed:

1. That an updated ISA 260, along with the final accounts would be presented to the next meeting of the Audit Committee

8 RISK SERVICES QUARTER THREE REPORT

The Committee considered the Risk Services Quarter Three report which provided a summary of the work completed by Risk Services in quarter three of the 2021/2022 financial year.

Ms Tracy Greenhalgh, Head of Audit and Risk, outlined the Internal Audit Plan and noted that 58% of the plan had been completed at the end of quarter three. This was primarily due to a number of recruitment issues, however by the end of the quarter the team was up to full establishment and this would result in gains being made on the Audit Plan over the next three months to bring completion to around 90%. This would give Ms Greenhalgh an adequate level of assurance to write the Annual Opinion.

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The Fraud Team's progress against Fraud Prevention Charter had been hampered by resourcing issues and the pre/post assurance work required for the Covid-related Government business grants. Although inroads were being made in relation to the Fraud Prevention Action Plan, the new omicron business grants would require the team to commit their time to carry out the required pre-assurance checks to ensure businesses received the financial support as soon as possible.

With regards to risk management, the team had seen an increase in requests to facilitate project risk registers which was a positive step in the Council's journey to embed risk management.

The insurance market was currently extremely hard which was making it difficult to enable the Council to transfer property risks in particular to insurers. Work was continuing with the Council's insurers and project managers to put the best risk mitigations in place to secure the appropriate levels of cover.

It was reported that with regards to the Health and Safety Team, support continued to be provided in relation to Covid secure services throughout the pandemic, alongside the usual health and safety matters and Ms Greenhalgh noted that there had been no new Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) reportable cases during the quarter.

Updates to Business Continuity Plans and Risk Registers had improved since Ms Greenhalgh's last report to the Committee and work was ongoing with service areas to refresh and bring plans up to date.

In response to questions from the Committee regarding Fraud Awareness Training and the falling numbers of completion, particularly within Children's Services, Ms Greenhalgh confirmed that downward movement was usually as a result of staff turnover and new staff being appointment who would require training. Chief Officers were provided with a quarterly report that identified employees who had not yet completed the training

The Committee questioned the number of emergency response volunteers and that this seemed low at 27. Ms Greenhalgh clarified that the Council had changed its approach to emergency response and the target of 50 did not reflect this move. The Council had moved to a county-wide approach and mutual aid agreements were in place with Lancashire County Council and Blackburn with Darwen Council. Reports undertaken in the new financial year would reflect the revised numbers and include overall numbers from the pan-Lancashire footprint.

Mr Neil Jack, Chief Executive, noted that the original target of 50 did not reflect the fact that many services had duty officers who would respond during a particular crisis and the emergency duty team. The 27 volunteers were those who would support the emergency team to carry out duties such as staffing a community centre if an area had to be evacuated. A review of the number of volunteers that was necessary along with their genuine availability and capacity would be carried out.

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Members requested clarification on fraud statistics and the impact of the pandemic. Ms Greenhalgh confirmed that the proactive work had been paused for lower risk fraud risks to ensure that assurance work on business grants could be carried out. In addition it had been difficult to carry out fraud investigation work such as interviews under caution in a Covid-secure manner. As restrictions lifted the Team would be able to carry out more of the fraud prevention work.

In respect of the National Fraud Initiative, it was confirmed that the main programme ran every two years and the 2020 programme was currently ongoing. The Council Tax single person discount data was refreshed on an annual basis and the team was due to receive new data within the next few months. Once it had been received then this would be a priority area for work, which would show some improvements for future reports. Clarification was given to the Committee regarding a specific fraud that had turned out to be a payroll overpayment error and it was confirmed that a repayment plan was in place.

An overview was given of the assurance work that had been carried out within the quarter and an overall positive assurance had been given for a number of areas. The exceptions to the positive assurance were outlined by Ms Greenhalgh to the Committee in more detail.

In respect of Care at Home, training completion had been deemed Inadequate, however the management response within the report detailed work carried out by the service to address risk and reduce the risk since the audit had been carried out. Work was also being carried out regarding corporate arrangements to ensure a more consistent approach to compliance.

In respect of energy management, inadequate assurance had been given around billing and reconciliation. A further review would be included within the Internal Audit Plan 2022/23 to ensure that those areas had been fully addressed.

Mr Steve Thompson, Director of Resources, updated the Committee on the work being carried out within the service area to address the issues and assured the Committee that this would be prioritised.

The Committee agreed:

1. That a further review in respect of energy management would be included within the Internal Audit Plan that would be brought to the next meeting of the Audit Committee.

9 DATE OF NEXT MEETING

The date of the next meeting was noted as 3 March 2022.

Chairman

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(The meeting ended at 7.59 pm)

Any queries regarding these minutes, please contact:
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