

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 14 SEPTEMBER 2023

Present:

Councillor Roberts (in the Chair)

Councillors

Cartmell	Humphreys	Thomas
Fenlon	Marshall	Warne

Mr David Swift, Independent Co-Opted Member

In Attendance:

Councillor Paul Galley, Chair of the Scrutiny Leadership Board

Steve Thompson, Director of Resource

Tracy Greenhalgh, Head of Audit and Risk

Paul Jones, Head of Property Services

Vikki Piper, Head of Housing

Lynne Rowbottom, Transport Manager

John Greenbank, Democratic Governance Senior Adviser (Scrutiny)

1 DECLARATIONS OF INTEREST

There were no declarations of interest made on this occasion.

2 MINUTES OF THE LAST MEETING HELD ON 27 JULY 2023

The Committee considered the minutes from the 27 July 2023 meeting.

Mr Steve Thompson, Director of Resources, provided an update on progress to sign off the 2020/2021 Statement of Accounts, highlighted at Item 5 of the minutes. He advised that the clarification requested by the Committee had been undertaken and following further consultation with the Chair and External Auditor it was planned that the accounts would be signed off by the end of September 2023.

Resolved: That the minutes of the meeting held on 27 July 2023 be signed by the Chair as a true and correct record.

3 INTERNAL AUDIT FOLLOW UP - DRIVING AT WORK

Ms Lynne Rowbottom, Transport Manager, presented a report on progress against the recommendations made in the internal audit report Driving at Work issued on 31 January 2023. She informed the Committee a number of the recommendations had been successfully completed and that others would be resolved following the launch of the Driving at Work app in October 2023. Ms Tracy Greenhalgh, Head of Audit and Risk, added

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that the app had been under development for approximately three years and although further a delay in its roll-out due to issues identified by internal audit had been experienced, it was expected that it would be launched on 10 October 2023.

The Committee discussed the Driving at Work handbook, noting that it was reviewed annual to ensure that it was up to date with the latest legal requirements. Ms Rowbottom added that the handbook had been designed to be user friendly and that it was a requirement for all staff who drove at work to be familiar with it. Drivers of the Council's HGVs were required to undergo annual training and testing on the handbook, which was supported by dedicated work books and training sessions.

Private staff vehicles driven as part of officers duties, known as the "grey fleet", remained an area of concern however. The Committee was informed that only 36.6% of staff within the grey fleet were compliant with the Driving at Work policy. Ms Greenhalgh recognised that this was not a good position but stated that the implementation of the new app would assist in improving compliance. Ms Rowbottom added that ensuring that driving documents were up to date was compulsory and that going forward she would be responsible for monitoring compliance and would hold line manager to account for any failings in staff providing documents.

Members highlighted that failure to ensure compliance with the Driving at Work policy represented a serious risk for the Council, noting that the Chief Executive and Council as a body would be legally liable in the event of a serious incident involving a vehicle in the grey fleet. The Committee therefore asked that a follow up report detailing progress against the recommendations made in the internal audit and the level of compliance within the grey fleet following the implementation of the Driving at Work App be provided to a meeting in six-months' time.

The Committee also discussed staff training to ensure compliance following the introduction of the new app. Ms Rowbottom explained that training would commence in the week starting 18 September with members of the Illuminations and Highways team. This training would then progress to ensure that every service within the Council had received Driving at Work training by the end of the 2023/2024 financial year. The training would focus on ensuring compliance with policy.

Ms Greenhalgh also added that the use of the app and sharepoint would allow better monitoring of compliance with policy, which would improve the overall position. However she recognised that the submission of the relevant documents required positive action from members of staff to ensure that their details were up to date.

It was noted that responsible officer for Recommendation 12, which recommended the ongoing review of the Transport Manager's six month review, was shown as the Transport Manager. It was therefore queried this meant that they would be reviewing themselves, Ms Rowbottom responded that Mr John-Paul Lovie, Head of Waste Services, would be responsible for conducting six-monthly reviews and their performance as Transport Manager.

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Resolved: That

1. The report on progress against the recommendations made by the Internal Audit of Driving at Work be noted; and
2. That a follow-up report on progress against outstanding internal audit recommendations and compliance with the driving at work policy within the grey fleet be brought to a meeting of the Committee in six-month's time.

Ms Rowbottom left the meeting following this item.

4 STRATEGIC RISK REGISTER DEEP DIVE - PROPERTY

The Committee considered a deep dive into the Strategic Risk "Property" which included the sub-risks (a) Property Failure due to poor maintenance or lack of Inspection Regime and (b) Failure to meet statutory obligations as a significant housing landlord across the town.

a) Property Failure due to poor maintenance or lack of Inspection Regime

Mr Steve Thompson, Director of Resources, and Mr Paul Jones, Head of Property Services, presented an update in relation to sub-risk (a). Mr Thompson explained that the Council operated a complex property structure, noted responsibility for Council buildings, wholly-owned companies, schools and housing. He also added that responsibility for management of the sub-risk lay with himself and Mr Jones.

In order to mitigate against the sub-risk and ensure that the Council adhered to all relevant regulation Mr Jones explained that Property Services undertook regular compliance testing. This informed the Council's five-year Condition Plan, information from which was shared with wholly-owned companies (WOCs). While the Council held ultimate responsibility for property operated by WOCs, they maintained a day-to-day responsibility for monitoring compliance and condition. If any issues were identified they would then report back to the Council to ensure that a remedy could be applied.

Challenges in mitigating the sub-risk included increasing material costs making remedial work more expansive. It was recognised that this was national issue. A further challenge was also posed by the ongoing impacts of climate change and the aim to achieve net-zero carbon emissions by 2030, particularly in respect of improving properties energy efficiency. Mr Jones advised that addressing these challenges would require an exploration of new ways of working and new systems of ensuring compliance.

The Committee noted that the Equalities and Sustainability statements contained within the items covering report appeared to be similar and queried if any analysis of either of these areas had been undertaken as part of the deep dive. Ms Tracy Greenhalgh, Head of Audit and Risk, responded that the wording was standard for deep dive covering reports. She added that if Executive of Portfolio Holder decisions were required relating to property, however, analysis of the equalities impact and sustainability considerations would be undertaken and included in related reports and decisions notices. All of which would be available for Councillors to review.

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Assurance was sought regarding issues in insurance for WOCs with Mr Jones explaining that the Chartered Institute of Public Finance and Accountancy (CIPFA) would be undertaking a review of the Council's housing WOCs and that the outcome of this would influence the approach taken by the Council towards the other companies. He added that the details of the different Service Level Agreement in place with WOCs would also need to be taken into consideration as part of any future work. The Committee was informed that the work by CIPFA would begin in March 2024.

Members raised the national issue of failing Reinforced autoclaved aerated concrete (RAAC) and queried if the use of the material had impacted on the Council's property portfolio. In response Mr Jones reported that RAAC had only been identified in part of one of Blackpool's schools, which had subsequently been partially closed as a safety precaution. No other uses of RAAC had been identified within the Council's portfolio, however Mr Jones also advised that further investigations would take place to confirm that this was the case.

b) Failure to meet statutory obligations as a significant housing landlord across the town.

Ms Vikki Piper, Head of Housing, presented an update in relation to sub-risk (b). She advised that work had been undertaken to prepare Blackpool's social housing stock for the impact of new legislation being prepared by the Government. This work was in response to the publishing of the Social Housing White Paper by the Department of Levelling Up, Housing and Communities (DLUHC) in November 2020. Under the legislation the Council will be responsible as landlord for the housing stock of its WOCs, and be subject to inspections by DLUHC.

The white paper and legislation had been influenced in part due to the death of a child in social housing in Rochdale caused by damp and mould. The Council had therefore been asked to supply data on existing damp and mould cases within Blackpool and the work planned to address them. In addition to this the Council had also commissioned a stock condition survey and CIPFA to review WOCs regarding their compliance with regulations and advise on the level of oversight required by the Council as shareholder. The outcome of the review and CIPFA's recommendations would be present to the Shareholder Committee for consideration.

It was noted that the impact identified in the Net Risk Score for sub-risk (b) was shown as four while the same section for sub-risk (a) showed an impact score of five. Ms Piper explained that this was as a result of the Council being the landlord but not the operator of the property in sub-risk (b), unlike in sub-risk (a).

Members of the Committee highlighted that the new legislation required the Council to have individuals in place holding relevant housing qualifications and asked if the Council had this in place or if new staff would have to be recruited or trained. In response Ms Piper stated that the Council was looking at what existing staffing resources were in place, noting that Blackpool Coastal Housing Ltd had a number of members of staff with the relevant qualification.

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The impact of the work to ensure compliance with the new legislation was discussed with Ms Piper advising that there would be a cost to both the condition survey and review undertaken by CIPFA. In relation to CIPFA it was expected that this work would cost approximately £70k. She added that going forward there would also be additional costs for inspections to be undertaken.

Resolved: That the update be noted.

Mr Jones and Ms Piper left the meeting following this item.

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

Mr Steve Thompson, Director of Resources, presented the Management Response to External Auditor's Report to those charged with Governance (ISA 260) 2020/2021. He advised the Committee that the document outlined the Council's response to the issues raised in the External Auditor's, Deloitte, report. He provided assurance that the actions were in place to ensure that all of the issues highlighted at Appendix 5(a) would be addressed.

Although it was recognised that there were limited resources to undertake the work needed, Mr Thompson stated that the timelines for completion meant that undertaking the necessary actions was realistic.

With respect of the existence of separate minutes, taken by attendees, of Accrual Review meetings, Mr Thompson advised in response to the issue being raised by Members, that the need for clarity for Deloitte had been recognised.

The Committee also sought reassurance that the review recommended on the Valuation of Heritage Assets be undertaken by an independent party. In reply Mr Thompson confirmed that he had requested that this be the case.

The view taken by Deloitte that the Council's Pension is now an asset not a liability was raised in respect of the planned hand over of the external audit to KPMG for 2023/2024. It was recognised that KPMG could take a different view on the status of pensions impacting the overall accounts. Mr Thompson stated that although he could not confirm how KPMG would assess pensions, Deloitte's view was in part based on that of the Pension Fund's actuaries. Ms Nicola Wright, External Auditor, Deloitte, added that that was indeed the case and that it was unlikely that KPMG would seek to reopen previous years' accounts to reassess pension liability.

Resolved: That the Management Response to External Auditor's Report to those charged with Governance (ISA 260) 2020/2021 be noted.

6 ACTION TRACKER

Resolved: That the Committee Action Tracker be noted.

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7 DATE OF NEXT MEETING

The date and time of the next meeting was noted as Thursday, 19 October 2023 at 6pm.

Chairman

(The meeting ended at 6.56 pm)

Any queries regarding these minutes, please contact:
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