

# Public Document Pack

## Blackpool Council

6 September 2023

To: Councillors Cartmell, Fenlon, Humphreys, Marshall, Roberts, Thomas and Warne

Mr David Swift – Independent Co-Opted Member

The above members are requested to attend the:

### **AUDIT COMMITTEE**

Thursday, 14 September 2023 at 6.00 pm  
in Committee Room A, Town Hall, Blackpool

### **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 27 JULY 2023** (Pages 1 - 6)

To agree the minutes of the last meeting of the Audit Committee held on 27 July 2023 as a true and correct record.

#### **3 INTERNAL AUDIT FOLLOW UP - DRIVING AT WORK** (Pages 7 - 16)

To consider a progress report on the recommendations made in the internal audit

report Driving at Work issued on the 31 January 2023.

**4 STRATEGIC RISK REGISTER DEEP DIVE - PROPERTY** (Pages 17 - 24)

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

**5 EXTERNAL AUDITOR'S REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260) MANAGEMENT RESPONSE 2020/2021** (Pages 25 - 30)

To consider the management response to the External Auditor's report to those charged with Governance (ISA 260) for 2020/2021.

**6 ACTION TRACKER** (Pages 31 - 32)

To note that the Committee's Action Tracker.

**7 DATE OF NEXT MEETING**

To note the date and time of the next meeting of the Committee as 19 October 2023, commencing at 6.00pm.

**Venue information:**

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

**Other information:**

For queries regarding this agenda please contact John Greenbank, Democratic Governance Senior Adviser, Tel: 01253 477229, e-mail [john.greenbank@blackpool.gov.uk](mailto:john.greenbank@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](http://www.blackpool.gov.uk).

### **Present:**

Councillor Roberts (in the Chair)

Councillors

Cartmell  
Humphreys

Thomas

Warne

David Swift, Independent Co-opted Member

### **In Attendance:**

Councillor Paul Galley, Chair of the Scrutiny Leadership Board

Steve Thompson, Director of Resources

Mark Towers, Director of Governance and Partnerships

Victoria Gent, Director of Children's Services

Kate Aldridge, Head of Corporate Delivery, Performance and Commissioning

Chris Coyle, Assistant Director of Children's Services (Children's Social Care and TiS)

Tracy Greenhalgh, Head of Audit and Risk

Karen Tomlinson, Corporate Finance Accountant

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 15 JUNE 2023**

**Resolved:** That the minutes of the meeting held on 15 June 2023 be signed by the Chair as a true and correct record.

### **3 CHILDREN'S SERVICES FINANCIAL SYSTEMS INTERNAL AUDIT FOLLOW UP**

Mr Chris Coyle, Assistant Director of Operations - Children's Social Care, presented a report on progress against the recommendations made in the internal audit report of Children's Services Financial Systems issued on the 16 August 2022.

He explained that following the audit, work had been undertaken to ensure that all necessary information was captured on the Mosaic recording system. This would assist in enabling Children's Services in registering all spending against individual children, allowing a better understanding of how money is spent in each case and its effectiveness.

The development of the Mosaic system was being undertaken and it was expected that this

## MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 27 JULY 2023

work and the necessary testing and staff training would be complete by early September 2023. Mr Coyle added that the Children's Services financial team had also been involved in the commissioning of the system.

Compliance with the Scheme of Delegation was also discussed with Mr Coyle explaining that approval for spending had been reviewed to ensure that responsibility for approvals was in place and undertaken correctly. He further informed the Committee that the Mosaic System would be developed so that repeat costs could not be automatically renewed for a period longer than six weeks. This would ensure that repeat costs had to be re-entered after this time and allow ongoing monitoring of such costs and their effectiveness. In support of this a flowchart had been created to inform staff of the steps needed to approve spending and highlighting individuals responsible under the Scheme of Delegation.

The Committee noted that in addition to this, the audit had made recommendations that a Financial Framework be developed. Mr Coyle reported that the framework was being developed and the Committee asked that confirmation be provided once this had taken place.

Mr Steve Thompson, Director of Resources, also explained that although he held responsibility for agreeing the Scheme of Delegation the specific responsibility for financial decision making lay primarily with services. This was because such decisions required the service specific knowledge that officers within those services possessed. He added that the Council's Finance teams system, Tech One, was linked to the Mosaic system and allowed an overview of spending, but also highlighted that Children's Services provided value for money and that this had been demonstrated by the services performance when benchmarked against comparable local authorities.

The Committee noted that there had been a delay in the implementation of the internal audit's recommendations. Mr Coyle explained that this had been the result of the need to implement the new Mosaic system first before the audit recommendations could be implemented. Although it was stated that the system had already been successfully implemented within Adult Services, Ms Kate Aldridge, Head of Corporate Delivery, Performance and Commissioning, reported that the Children Services element of the system had not be activated at the time of procurement as this was not considered appropriate. However, the increased functionality of the system had meant that implementation within Children Services had been undertaken.

Members also considered what challenges existed to ensuring the implementation of the Mosaic system by September 2023, with Mr Coyle reporting that the main challenges were the need to ensure all staff had training. However, he stated that officers were confident that the system would be implemented by September as planned.

### **Resolved:** That

1. The report on progress against the recommendations made by the Internal Audit of Children's Services Financial Systems be noted; and
2. That confirmation of the development of a Financial Framework for Children's

## MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 27 JULY 2023

Services be provided to the Committee once complete.

### 4 STRATEGIC RISK REGISTER DEEP DIVE - OPERATIONS

The Committee considered a deep dive into the Strategic Risk "Operations" which included the sub-risks (a) Failure of Children's Social Care and (b) Failure of Adults Social Care.

#### (a) Failure of Children's Social Care

Ms Victoria Gent, Director of Children's Services presented an update in relation to sub risk (a). She explained that following Ofsted awarding the Council a rating of "Requires Improvement" in 2022 work continued towards achieving a rating of "Good". A key part of this work was the submission for funding from the Department for Education (DfE) for the creation of a multi-disciplinary team within Children's Social Care (CSC). The team would focus on working with parents and families to prevent children entering into the care system and it was recognised that time would be needed to embed this new approach and new ways of working.

It was hoped that this team would also support the work being undertaken as part of the Children's Services Improvement Plan with work to establish a team complete by the autumn of 2023. Ms Kate Aldridge, Head of Corporate Delivery, Performance and Commissioning, added that the DfE funding for the team would be for its establishment not its ongoing operation, funding for which would be needed for elsewhere.

Partnership working was also highlighted as a key area of work for CSC, with a draft partnership plan being developed. Local safeguarding arrangements were also reported as undergoing change with a return to a place based approach, starting 4 September 2023, from the Pan-Lancashire working that had been operated. This would allow a greater focus from partners on work being undertaken within Blackpool in areas such as domestic abuse and neglect.

The Council had also worked with partners to establish Early Help family hubs in the north, south and central areas of the Blackpool. This work had been achieved with support from services across the Council and would represent a significant improvement on the early help offer of CSC.

Looked After Children (LAC) was a significant challenge and work had been undertaken to reduce the number of children being cared for in this way. Ms Gent explained that this had to be undertaken in a safe and proportional way but that officers were confident that the number of LAC could be reduced in line with comparable local authorities. Mr Chris Coyle, Assistant Director Children's Services (Children's Social Care and TiS) explained that although a small number of Blackpool's LAC were placed outside of the town, where possible CSC sought to keep children within Blackpool. He also added that there was no financial benefit to placing children outside of Blackpool as the cost of their placement was still the responsibility of the Council.

The Committee noted that the overall gross risk score had fallen to 15 from 25 and queried

## MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 27 JULY 2023

in light of the ongoing overspend within Children's Services, if this was realistic. Ms Gent responded that although major challenges existed the work that had been outlined in the report and the overall change in the approach to CSC meant that the reduction in overall gross risk score was a realistic reflection of the level of risk.

### (b) Failure of Adult Social Care

Ms Kate Aldridge provided an update on the work being undertaken in relation to this sub-risk. She informed the Committee that the main mitigation was to ensure closer working between Adult Social Care (ASC) and health partners. This work involved the delivery of wrap around services and the need to control the level of demand experienced. Work with partners included engagement with third sector organisations in areas where it had been recognised that ASC and health services could not operate. This allowed for a "Home First Approach" aimed at assisting adults within their own homes and limiting the need for them to access hospital services.

**Resolved:** That the update be noted.

[Ms Gent, Mr Coyle and Ms Aldridge left the meeting following this item].

## 5 EXTERNAL AUDITOR'S REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260) AND STATEMENT OF ACCOUNTS 2020/2021

Mr Steve Thompson, Director of Resources, presented the External Auditor's Report to those Charged with Governance (ISA 260) and Statement of Accounts 2020/2021. He highlighted the delay that had been experienced in finalising the accounts due to a national issue relating to the accounting of infrastructure assets. A solution for this had been agreed by Parliament in November 2022 and this had allowed the External Auditor to complete the work on the 2020/2021 accounts. Mr Thompson also stated that the delay to the 2020/2021 accounts had caused a delay to the accounts for 2021/2022 and 2022/2023. It was planned that the 2021/2022 accounts would therefore be brought to the Committee by November 2023 and that the 2022/2023 accounts would be brought by the end of the current financial year.

Mr Stuart Kenny, External Auditor, Deloitte, informed the Committee that due to the solution agreed for accounting for infrastructure assets up to 85% of the 2020/2021 accounts had to be amended. Despite this however, it was not expected that there would be a material change to the Council's financial position. He added that the value for money assessment would state that weaknesses had been identified around Children's Services due to the outcome of the 2019 Ofsted review of Children's Services.

The Committee noted that the level of "Unusable Reserves" had experienced a significant reduction compared to the previous year. Ms Karen Tomlinson, Corporate Finance Accountant, explained that the reduction was due to technical adjustments relating to valuations of the pension fund and property, plant and equipment. The Committee also noted that the level of creditors at 31<sup>st</sup> March 2021 was significantly higher than the previous year due to the timeliness of creditor payments and the level of Covid grants

## MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 27 JULY 2023

received in advance.

The valuation of Blackpool Housing Company Ltd's (BHC) housing stock was discussed with it being noted that the valuation had been undertaken by a BHC Senior Manager. Mr Kenny explained that although best practice was for an independent valuation to be sought, the external auditor had reviewed the valuation outcome and found it to be correct.

Members highlighted that the External Auditor had stated that the Council's Internal Audit could not be relied upon in preparation of its audit of the accounts. Mr Kenny explained that this statement was required by the regulator and did not reflect Deloitte's view of the Council's Internal Audit Team. The regulator required Deloitte to undertake its audit without reference to an internal audit work that had been undertaken.

The Committee asked that in light of the additional work required to finalise the accounts that details of the external auditor's fee be brought to a future meeting of the Committee.

It was noted that there remained a number of points of clarification that were needed before the accounts could be signed. The Committee therefore were requested to approve the accounts but asked, recognising the need to complete the accounts and move forward, that Mr Thompson await the clarification of these issues and consult with the Chair before signing the accounts.

**Resolved:** That

1. The Statement of Accounts 2020/2021 be approved, subject to clarification on the following points;
  - A review of the updated Statement of Accounts to ensure all expected adjustments have been made;
  - That the documentation of Infrastructure Assets has been completed; and
  - A final review of the ISA 260 document to include the management response to Internal Risk and Control findings.
2. That subject to the above points being agreed with the Director of Resources after consultation with the Chair of the Committee, the Director of Resources be authorised to sign the Statement of Accounts for 2020/2021 as a true and fair view of the financial position of the Council and its income and expenditure for the year ended 31st March 2021.
3. That subject to (3) above the Chair of the Committee be approved in accordance with the Accounts and Audit Regulations (England) 2015, to certify that the Statement of Accounts have been approved by this Committee for the year ended 31st March 2021.
4. That details of the external auditor's fees be brought to a future meeting of the Committee.

## MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 27 JULY 2023

### 6 RISK SERVICES QUARTER ONE REPORT

Ms Tracy Greenhalgh, Head of Audit and Risk, presented the Risk Services Quarter One Report. She highlighted that in respect of Corporate Fraud in addition to the fraud team's work in relation to Council Tax work had been undertaken to assist in identifying the fraudulent use of Blue Badges as part of the "National Blue Badge Day of Action". As part of this exercise 200 hundred badges had been inspected, with 10 being seized due to fraudulent use.

The Committee noted in respect of Council Tax Fraud that no fraud had been reported, this was as a result of the Council treating all cases of suspected fraud in the first instances as error. If any of these cases were found to be ongoing in quarter two Ms Greenhalgh confirmed that they would then be treated as fraud.

The internal audit reports issued in quarter one were discussed with Ms Greenhalgh highlighting instance of Priority One recommendations being made in relation to Heritage Service Transition and IT Help Desk and Device Management audits. In both these cases management had confirmed that the recommendations would be implemented within the agreed timescales.

Members discussed the ongoing recruitment challenge within the Audit and Risk Team with Ms Greenhalgh explaining that a "grow your own" approach had been adopted, whereby the Council trained up auditors itself. It was noted that this approach was a long term strategy and would assist in retaining staff.

**Resolved:** That the Risk Services Quarter One Report be noted.

### 7 ACTION TRACKER

The Committee noted that there were no outstanding items on the Action Tracker.

### 8 DATE OF NEXT MEETING

The date and time of the next meeting was noted as Thursday, 14 September 2023 at 6pm.

### Chairman

(The meeting ended at 7.20pm)

Any queries regarding these minutes, please contact:  
John Greenbank, Democratic Governance Senior Adviser  
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<b>Report to:</b>	<b>AUDIT COMMITTEE</b>
<b>Relevant Officer:</b>	John-Paul Lovie – Waste Services Manager
<b>Meeting</b>	14 September 2023

## INTERNAL AUDIT FOLLOW UP DRIVING AT WORK

### 1.0 Purpose of the report:

1.1 To consider a progress report on the recommendations made in the internal audit report Driving at Work issued on the 31 January 2023.

### 2.0 Recommendation(s):

2.1 To consider the actions being implemented to address the audit recommendations relating to the Driving at Work audit.

### 3.0 Reasons for recommendation(s):

3.1 To enable 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 N/a

### 5.0 Council priority:

5.1 This audit impacts on the Council's organisational resilience priority.

### 6.0 Background information

6.1 Blackpool Council defines driving at work as being any driving activities carried out by staff or volunteers, assisting the Council in the delivery of their business and whilst in the course of their work. This includes occasional driving to meetings. Line managers and employees both have responsibilities to ensure compliance with the Council's driving at work requirements, whether using their own personal vehicle or operating Blackpool Council's fleet of vehicles or machinery.

Blackpool Council employees undertaking business mileage using their personal vehicle are referred

to as 'grey' fleet. As Blackpool Council does not have any responsibility for the maintenance of the vehicles in use, the employee is responsible for ensuring that their vehicle is roadworthy and are required to provide evidence to their line manager prior to Council related use. Driving for business use does not include commuting to and from work, however any travel to meetings or an alternative site to the usual work location is classed as business mileage. Failing to provide evidence of the required documentation, such as proof of insurance and MOT certificate whilst driving for business purposes resulting in an accident could put the authority at risk of corporate manslaughter.

The Operator License is the legal authority needed to operate goods vehicles in Great Britain. A License is needed to carry goods in a lorry, van or other vehicle with a gross weight of over 3,500kg. The Operator License holder for the Council is the Transport Manager.

6.2 The scope and assurance statement of the audit was as follows:

**Scope**

The scope of this audit was to review:

- Management of Council's 'grey fleet' and driving at work application; and
- Compliance with the Operator Licence statutory requirements.

**Assurance Statement**

We consider the management of the grey fleet and compliance with the Driving at Work application are inadequate with significant risks identified. Although a new app may address some of the weaknesses identified by this review, the current arrangements and controls to ensure employees are appropriately documented for the use of their personal vehicles for business use are weak and inconsistently applied.

Significant improvement has been evidenced regarding compliance with the Operator's Licence and we consider that adequate controls have been introduced to mitigate the risks highlighted in the 2020 audit review.

6.3 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 and the impact of this decision for our children and young people:**

11.1 Where equality analysis is appropriate these will have been undertaken whilst making decisions relating to the subject.

**12.0 Sustainability, climate change and environmental considerations:**

12.1 Any matters relating to sustainability, climate change and environmental considerations will be considered when making decisions relating to the subject.

**13.0 Internal/external consultation undertaken:**

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

**14.0 Background papers:**

14.1 None.

**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>Revised Target Date for outstanding actions</i>	<i>Progress</i>
R1	We recommend a process is established to ensure suitable communication of updated and approved Driving at Work Handbook is put into place to ensure managers are aware of any future updates and the current updated handbook is uploaded onto the hub.	2	<p>Agreed. A central location for the Driving at Work Handbook to be discussed with Corporate Communications. Transport Manager to establish process for ensuring updated Handbook is provided for upload.</p> <p>Once the location of the Handbook is established, this will be shared with the TV Studio and Digital Media Manager to ensure the appropriate link is used on the Driving at Work Application.</p>	Transport Manager	31/3/2023	09/10/23	This action will be completed once the new Driving at Work app has been successfully launched and implemented following final user testing.

	<b>Recommendation</b>	<b>Priority</b>	<b>Agreed Action</b>	<b>Responsible officer</b>	<b>Target Date</b>	<b>Revised Target Date for outstanding actions</b>	<b>Progress</b>
R2	We recommend guidance is issued to line managers on the recommended turnaround for approving driving at work documentation checks, declined applications are followed up and ensure line managers informed of the requirements and importance of thoroughly checking documentation prior to approval.	1	Agreed. Waste Services Manager to produce corporate guidance for distributing to all managers.	Waste Services Manager	31/3/2023	09/10/23	This action will be completed once the new Driving at Work app has been signed off and rolled out.

	<b>Recommendation</b>	<b>Priority</b>	<b>Agreed Action</b>	<b>Responsible officer</b>	<b>Target Date</b>	<b>Revised Target Date for outstanding actions</b>	<b>Progress</b>
R3	We recommend robust communications are cascaded to ensure line managers and employees are aware of their duties relating to driving at work.	1	<p>Agreed. Robust communications to be shared with line managers regarding required checking processes and raise at future Driving at Work Risk Management Groups.</p> <p>Head of ICT Services and TV Studio and Digital Media Manager to be invited to March 2023 Driving at Work Risk Management Group.</p>	Transport Manager	31/3/2023	09/10/23	This will follow on from the launch of the new Driving at Work app which is due to be implemented in the next few weeks, following final user acceptance testing.

	<b>Recommendation</b>	<b>Priority</b>	<b>Agreed Action</b>	<b>Responsible officer</b>	<b>Target Date</b>	<b>Revised Target Date for outstanding actions</b>	<b>Progress</b>
R4	We recommend the new Driving at Work App is reviewed to ensure robust arrangements capture all requirements, including annual driving licence checks and penalty point recording, fitness to drive requirements are clarified and ensure this is tested and rolled out as soon as possible.	1	Agreed. Director of Community and Environmental Services to follow up the progress of the amendments agreed to the Driving at Work Application with the Head of ICT Services with a view for rollout to be 1st April 2023.	Director of Community and Environmental Services	31/1/2023	30/09/23	The new Driving at Work app is in the process of the final checks and testing being carried to ensure any identified user issues are identified and resolved.
R5	We recommend review of the management and oversight of the Driving at Work App to ensure ongoing monitoring of the compliance with the driving at work requirements are addressed corporately.	2	Agreed. Transport Manager to commence producing compliance reports to Driving at Work Risk Management group following rollout of the new Driving at Work Application.	Transport Manager	31/1/2023	09/10/23	In progress – will be finalised when the new app is fully implemented.

	<b>Recommendation</b>	<b>Priority</b>	<b>Agreed Action</b>	<b>Responsible officer</b>	<b>Target Date</b>	<b>Revised Target Date for outstanding actions</b>	<b>Progress</b>
R6	We recommend the final SLA in place and agreed between services is clarified and ensure the Transport Manager is aware of the agreed arrangements.	2	Completed. Transport Manager has been provided with a copy of the final SLA.	Transport Manager	N/a – completed at the time of the audit close out meeting.	-	Implemented.
R7	We recommend the Transport Manager commences routine quality checks to ensure there is assurance that the SLA agreement is being adhered to.	2	Agreed. Transport Manager commenced compliance checks from November 2022 and will report on non-compliance to Line Manager and Driving at Work Risk Management Group.	Transport Manager	31/3/2023	Completed	The Transport Manager regularly undertakes routine checks at different locations, recording the outcomes and reporting back.
R8	We recommend the performance reporting arrangements are established and determine any further reporting requirements.	2	Agreed - Transport Manager has been made aware of the performance dashboards that are available via the Waste Services Manager. Waste Services Manager to review the performance reporting for Blackpool Council Vehicles.	Waste Services Manager	31/3/2023	09/10/23	In progress – a similar dashboards to what is in place with ENVECO will be established once the new Driving at Work app is fully implemented allowing for a high level overview of performance reporting.



	<b>Recommendation</b>	<b>Priority</b>	<b>Agreed Action</b>	<b>Responsible officer</b>	<b>Target Date</b>	<b>Revised Target Date for outstanding actions</b>	<b>Progress</b>
R9	We recommend that the Transport Manager undertakes spot checks on a regular basis to ensure safety inspections are undertaken on time.	2	Agreed. Transport Manager to include as part of routine compliance checking.	Transport Manager	31/3/2023	Completed	The Transport Manager regularly undertakes spot checks at different locations as part of the routine compliance checking.
R10	We recommend the Transport Manager is involved in the training process to ensure that drivers are undertaking a full range of courses.	2	Agreed. Transport Manager to have oversight of the training provision for HGV drivers to ensure a suitable variety courses are undertaken.	Transport Manager	31/3/2023	Completed	Transport Manager now has oversight of the training provision in relation to annual CPC (Certificate of Professional Competence) courses, ensuring a variety of course are undertaken.
R11	We recommend the Streetscene Engineering and Illuminations ensure the training matrices are up to date and ensure expired courses are scheduled.	2	Agreed. Training Matrices to be reviewed and updated.	Head of Illuminations  Streetscene Engineering Manager	31/3/2023	In progress	Training matrices are regularly reviewed and will be updated as required.

	<b>Recommendation</b>	<b>Priority</b>	<b>Agreed Action</b>	<b>Responsible officer</b>	<b>Target Date</b>	<b>Revised Target Date for outstanding actions</b>	<b>Progress</b>
R12	We recommend Streetscene Engineering and Illuminations ensure awareness of terrorism is suitably and consistently captured within service risk assessments and consider undertaking Act Aware (Counter Terrorism) training, details of which are available on the Hub.	2	Agreed. To review training requirements.	Head of Illuminations  Streetscene Engineering Manager	31/3/2023	Ongoing – December 2023	Work is ongoing to review service risk assessments and training in relation to the threat of terrorism.
R13	We recommend ongoing monitoring and update of the Transport Manager's 'Six Month Review' takes place to ensure all areas that require improvement are addressed as soon as possible.	2	Agreed – Regular monitoring and updating of the OL Six Month Review will take place.	Transport Manager	31/3/2024	Completed	This has been incorporated in the IPA process going forward.

<b>Report to:</b>	<b>AUDIT COMMITTEE</b>
<b>Relevant Officer:</b>	Steve Thompson - Director of Resources Paul Jones – Head of Property Services Vikki Piper – Head of Housing
<b>Meeting</b>	14 September 2023

## STRATEGIC RISK REGISTER DEEP DIVE – PROPERTY

### 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 property.

### 3.0 Reasons for recommendation(s):

3.1 To enable the CLT and 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 of the Council’s priorities.

### 6.0 Background information

6.1 At its meeting in March 2023, 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 4(a) - Strategic Risk Register Deep Dive – Property

**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 CLT and Audit Committee to gain assurance that strategic risks are being effectively managed.

**11.0 Equalities considerations and the impact of this decision for our children and young people:**

11.1 Equality analysis should have been undertaken, where necessary, when decisions were made in relation to the identification of the actions identified in this document. As this report presents monitoring against pre-agreed actions, no further equality analysis has been undertaken as part of this report.

**12.0 Sustainability, climate change and environmental considerations:**

12.1 Sustainability, climate change and environmental matters should have been considered, where necessary, when decisions were made in relation to the identification of the actions identified in this document. As this report presents monitoring against pre-agreed actions, no further analysis has been undertaken as part of this report.

**13.0 Internal/external consultation undertaken:**

13.1 The progress report has been prepared in conjunction with risk owners.

**14.0 Background papers:**

14.1 N/a

## Appendix 4(a) - Risk Category: Property

Risk Appetite: Cautious

Risk: a) Property failure due to poor maintenance or lack of inspection regime.

Risk Owner: Director of Resources

Gross Risk Score	20	Impact – 5	Likelihood – 4
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### What impact does this have?

- Death / injury to a member of staff / public resulting in civil or criminal proceedings.

### What opportunities does this create?

- Well maintained and safe property portfolio.

### What controls do we already have in place?

- Property Risk Management group in place which meets quarterly and reports to the Corporate Risk Management Group.
- Corporate Asset Management Group in place to oversee key decisions relating to property investment.
- Statutory inspection regime in place overseen by the Corporate Landlord (Property Services).
- Property maintenance planning in place focusing on key risk areas which could impact safety.
- Asset management system in place which records key information in relation to Council owned properties.
- Property risk audits undertaken by the Council's Property Insurers.

Net Risk Score	15	Impact – 5	Likelihood – 3
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### What are we doing to further manage the risk?

**A process to undertake property compliance audits at the Council's wholly owned companies to be implemented.**

The focus is currently on reviewing the processes of assurance around the asset management of the stock held and managed by the housing companies (further detail is included at sub-risk b). With regards to the other companies, various arrangements are in place which places the responsibility for property compliance on each company. Further work is needed to determine what level of oversight the Council (as Landlord and Shareholder) need from the other companies.

**Ensure that up to date lease arrangements are in place with the wholly owned companies which clearly define roles and responsibilities for property maintenance and statutory inspection.**

Operating agreements, leases or service level agreements are in place with each of the wholly owned companies. Where these have lapsed or arrangements have changed, work is underway to review and update these.

**Deliver the corporate property rationalisation target due to the introduction of hybrid working and to seek to reduce energy consumption across the Council’s property portfolio.**

Work is ongoing to identify ways in which the Council Property Portfolio can be further rationalised. Discussions have taken place at the Corporate Leadership Team with regards to how to make best use of the space now that hybrid working has been introduced, however a final decision as to what this looks like is yet to be made.

**Continue the work of the Building Resilience Task and Finish Group to ensure that Council used properties are resilient, safe and secure.**

The Building Resilience Task and Finish Group have already completed a number of tasks including ensuring that emergency procedures are up to date and accessible on the staff intranet site, a review of fire warden and first aider arrangements to reflect hybrid working, implemented better signage, a roll out of counter terrorism training and access to the Protect App. Key resilience testing has also been carried out for the loss of power and the impact on the data center along with a physical security test. The group meets every quarter to progress the work and address any issues arising.

<b>Target Risk Score</b>	<b>10</b>	Impact – 5	Likelihood – 2
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**What will these additional actions achieve?**

The aim of all of these actions is to continue to ensure that the Council’s property portfolio is safe and is meeting all statutory requirements.

**What barriers do we face?**

Budgetary pressures will always be an issue however arrangements are in place to ensure that statutory requirements and safety issues are addressed.

Adapting to hybrid working and what this looks like going forward in terms of the property portfolio will also require further discussions and development which may require a culture change across the Council.

Cooperation and support from our services, companies and tenants is also important. Whilst there is a high level of confidence that properties managed by Property Services are compliant this is not always the case for other areas.

**Do these actions contribute to the sustainability of the Council?**

Income is generated through the property investment portfolio which helps contribute to the Council’s financial sustainability.

Work continues to identify how the property portfolio can further contribute to the carbon neutral agenda through exploring different ways to deliver energy savings and considering the use of building materials which contribute to sustainability. One of the proposals in the Climate Action Plan is to move the Council property portfolio from gas fueled heating system to more energy efficient alternatives although this will require significant investment. However, the cost of doing nothing could be even greater.

**Do these actions impact on the Council's finances?**

There is a cost to property maintenance and priority is given to addressing any significant health and safety risks which may present in the portfolio.

**How does this contribute to the Council Plan?**

The property portfolio contributes to all of the Council's priorities.

**Any links to other strategic risks?**

Governance, Finance, Legal

**Any additional changes to this strategic risk?**

Inflation has had a significant impact on the cost of materials and labour which has had an impact on the property budget.

Likewise, the exploration of carbon efficient properties, whilst absolutely the right thing to do, can be expensive, particularly when it comes to retrofitting.

Any changes to legislation which impact on the property portfolio also need to be monitored on an ongoing basis so that appropriate action can be taken to implement them.

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

**Risk Owner: Director of Strategy (Assistant Chief Executive)**

<b>Gross Risk Score</b>	16	Impact – 4	Likelihood – 4
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**What impact does this have?**

- Death / injury to a tenant resulting in civil or criminal proceedings.
- Poor quality Council owned housing stock.

**What opportunities does this create?**

- Enable people to stabilise their lives in quality homes.
- Reputation as a good landlord across the town.

**What controls do we already have in place?**

- Blackpool Coastal Housing, Blackpool Housing Company and Lumen Housing established as companies to develop and manage stock.
- Housing client function in place.
- Reporting of housing company performance to the Shareholder Committee.
- Property Risk Management Group in place which the housing companies attend.

<b>Net Risk Score</b>	12	Impact – 4	Likelihood – 3
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**What are we doing to further manage the risk?**

**Prepare for the implementation of any changes to legislation implemented following the Governments White Paper on Social Housing. As part of this we will be trialling a tenant survey for the new national Tenant Satisfaction Measures (TSMs) in Spring 2023.**

The Social Housing White Paper (SHWP) was published by DLUHC in November 2020 as a response to a series of failings within the social housing sector, with the biggest incident being the fire at Grenfell. The requirements have been further influenced following the damp / mould case in Rochdale where a child died. The SHWP set out wide-ranging reforms designed to improve the quality of social housing and ensure residents felt safe, listened to and had access to redress when things go wrong.

Under the new regime Blackpool Council, as landlord, will be inspected by the Regulator and will be held accountable for any failings in its housing services.

To prepare for the new regulatory regime, the Council and its housing companies (for consistency) have formed a working group who meet monthly. This group are working through the various requirements of the SHWP and report to the SHWP Board which will ultimately report to elected members through the Shareholder Committee.

A tenant survey for the new national Tenant Satisfaction Measures has been trailed and the output is currently being evaluated. These measures cover a broad range of things and the evaluation has not identified any significant concerns in relation to building safety, although there is further work to do on tenant engagement and dealing with complaints.

**Ensure that the companies have robust arrangements in place for statutory property compliance and other key safety risks such as damp.**

Following the Rochdale case the Regulator asked all social housing providers to provide an urgent response with current data on damp and mould cases and planned actions. Following the submission of the initial response the Regulator asked for further information from the Council which was sent earlier this year. No further requests for additional information has been received from the Regulator at this time. This process prompted a Social Housing Fire and Asset Management Group to be created, chaired by the Head of Property Services, and attended by all of the Council's housing companies to ensure that the Council has a better understanding of what is in place at its housing companies. This groups reports to the SHWP Board.

To further strengthen our approach and provide additional assurance CIPFA are being commissioned to carry out a review of property compliance at the Council's housing companies and also make recommendations around the level of oversight that the Council needs to have going forward. This will consist of:

- A compliance review
- Data review
- Governance review
- Net zero
- Financial plans



<b>Target Risk Score</b>	<b>8</b>	Impact – 4	Likelihood – 2
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**What will these additional actions achieve?**  
 The ultimate aim of these actions is to ensure that residents are safe and effectively demonstrate that the Council (and its housing companies) meet the new legislation requirements.

**What barriers do we face?**  
 The new legislation puts more onus on the Council to be accountable to the regulator. This in turn will have an impact on resource in a number of services including Housing Client and Property Services, which needs to be addressed. A new post has recently been created in the Housing Client Team for a Project Manager who will lead on the delivery of the requirements of the SHWP.

**Do these actions contribute to the sustainability of the Council?**  
 The provision of safe housing to residents in Blackpool is a key driver to help increase their personal resilience.  
 Furthermore, the provision of energy efficient housing stock going forward continues to be explored which will help contribute to environmental sustainability.  
 Adherence to the requirements is important so that the Council maintains its good reputation with the Regulator and Central Government Departments, particularly in relation to the work being undertaken on the Leveling-Up agenda.

**Do these actions impact on the Council's finances?**  
 As will all new legislation there will be costs associated with implementing and delivering the required changes.

**How does this contribute to the Council Plan?**  
 Providing safe housing options contributes to the Council's community priority whilst the link between affordable housing and employment contributes to the economy priority.

**Any links to other strategic risks?**  
 Strategy, Governance, Legal

**Any additional changes to this strategic risk?**  
 Not at this stage, however not all supporting guidance has been issued yet for the SHWP so there may be further work to do in due course. For example, whilst not confirmed, there is a suggestion that a senior employee in the Council will need to hold a relevant qualification in housing property.

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<b>Report to:</b>	<b>AUDIT COMMITTEE</b>
<b>Relevant Officer:</b>	Steve Thompson - Director of Resources
<b>Date of Meeting</b>	14 September 2023

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

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

- 1.1 To consider the management response to the External Auditor's report to those charged with Governance (ISA 260) for 2020/2021.

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

- 2.1 To consider the management response to Deloitte's Governance Report for 2020/2021.

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

- 3.1 Deloitte's Governance Report for 2020/2021 requires a management response to the recommendations in their report.

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

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

- 3.3 Other alternative options to be considered:

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

### **4.0 Council Priority:**

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

### **5.0 Background Information**

- 5.1 At its meeting on 27 July 2023, the Audit Committee considered the External Auditor's Report to those charged with Governance (ISA 260) for 2020/2021. 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.

Does the information submitted include any exempt information?

No

**List of Appendices:**

Appendix 5(a) – Management Response

**6.0 Financial considerations:**

6.1 None

**7.0 Legal considerations:**

7.1 None

**8.0 Risk management considerations:**

8.1 None

**9.0 Equalities considerations and the impact of this decision for our children and young people:**

9.1 None

**10.0 Sustainability, climate change and environmental considerations:**

10.1 None

**11.0 Internal/ External Consultation undertaken:**

11.1 None

**12.0 Background papers:**

12.1 None

Area	Observation	Management Response	Priority
Review of Statement of Accounts	<p><b>Finding</b> – A number of inconsistencies and casting errors were identified in the draft Statement of Accounts that were shared with the audit team. It is our expectation that these issues would be identified and amended before the Statement of Accounts are presented for audit.</p> <p><b>Recommendation</b> - A detailed review of the Statement of Accounts and the accounting treatment for all significant transactions should be undertaken by senior members of the finance team to identify any issues before the Statement of Accounts are presented for audit.</p>	<p>Prior to 2018/29 there would be 2 sets of accounts, a draft and an audited set of accounts. Due to the nature of the audit amendments particularly around infrastructure assets there have been a number of versions of the accounts since the draft accounts were published.</p> <p>A process is now in place for a senior member of the Finance Team to review all versions of the Statement of Accounts and working papers before they are sent to audit.</p>	<p>High</p>
Exit package agreements	<p><b>Finding</b> – As part of our audit procedures, we have tested a sample of exit packages that are disclosed in note 40 of the draft Statement of Accounts. During our testing we identified that the Council does not retain a copy of the signed exit package agreement between the Council and the former employee.</p> <p><b>Recommendation</b> – We recommend that the Council ensures that signed exit package agreements are retained.</p>	<p>For a small number of the exit packages the final signed copy was not kept in the system.</p> <p>The Council has reviewed a sample of exit packages for 2021/22 and all have signed agreements on file.</p> <p>This is to be monitored on a regular basis going forward.</p>	<p>Medium</p>
Valuation of Heritage Assets	<p><b>Finding</b> – The Council’s Heritage Asset portfolio was most recently revalued by the Head of Heritage in 2018. The Council deemed that the revaluation by the Head of Heritage was appropriate as they have extensive experience of working with heritage assets. However, we would expect heritage asset revaluations to be performed by an external body who have appropriate qualifications in place, in order to allow them to provide the valuation.</p> <p><b>Recommendation</b> – We recommend that the Council engage an external body to provide updated Heritage Asset revaluations in future years.</p>	<p>Valuation of Heritage Assets will start in 2021/22. However due to the large volume of items in the collection it is expected that a full valuation will take 3-4 years to complete.</p>	<p>Medium</p>
Accruals review meetings	<p><b>Finding</b> - As part of the year-end procedure to identify accruals, the finance team hold meetings with the Director of Resources to discuss the month 12 budget monitoring and the adjusted cash limited budget. This allows the finance team to identify any missed accruals. No evidence of these meetings, such as meeting minutes, are produced.</p> <p><b>Recommendation</b> – The Council should look to maintain minutes of these discussions to provide evidence of this control taking place.</p>	<p>At year-end a meeting is held between the Director Resources, Chief Accountant and Corporate Finance Accountant to review the outturn position and to compare it against in year budget monitoring.</p> <p>Before the meeting the Corporate Finance Accountant reviews the accruals posted to ensure there are none are missing which would affect the outturn position.</p> <p>Notes of the meetings are kept by all attendees.</p>	<p>Medium</p>

Area	Observation	Management Response	Priority
Review of Property Valuers reports	<p><b>Finding</b> – On an annual basis the Council commissions a number of property valuers to provide valuations of the Council’s property assets. We would expect officers at the Council to would review and challenge these reports when they are received. However, we have not identified any evidence of this review taking place.</p> <p><b>Recommendation</b> – Officers should review and challenge all property valuation reports when received before they are added to the Statement of Accounts.</p>	A process has now been added into the year end timetable to review the property valuations, challenge where appropriate and provide evidence of the review.	Medium
Long term debtor – signed loan agreements	<p><b>Finding</b> - We have identified that the loan agreements between the Council and its subsidiary companies have not been signed. It should be noted that both the Council and the subsidiaries are aware of the terms of the loan agreements.</p> <p><b>Recommendation</b> – In order to avoid potential legal challenge it is recommended that the Council ensure all agreements are signed going forward.</p>	Final signed loan agreements with the Council's subsidiary companies will be placed on Finance file going forward.	Medium
Going concern assessment	<p><b>Finding</b> - We have identified that management do not prepare a formal going concern assessment on an annual basis. This is because the Council prepares the Statement of Accounts on a continuing provision of service basis, which means that only an act of parliament could result in the Council no longer being a going concern. It is however best practice for an assessment to be prepared.</p> <p><b>Recommendation</b> – The Council should perform a going concern assessment on an annual basis.</p>	A formal going concern assessment will be prepared on an annual basis going forward.	Low
IT findings – CEDAR: Mirroring access	<p><b>Finding</b> - Access for Starters are specified by mirroring an existing user's access privileges; this is an option provided in the new Starters form. This poses a risk that access which is not required may be mistakenly passed onto the new starter and therefore privilege creep could occur.</p> <p>In mitigation, the process is formalised with a specific form that needs to be filled in and sent to the IT team by the relevant line manager, therefore access is approved by an appropriate user.</p> <p><b>Recommendation</b> – The Council should consider ending the process of mirroring access rights when adding a new starter to the system.</p>	<p>The current system prevents creating the same role in the system multiple times e.g. all assistant accountants have the same role. Also if someone leaves their replacement would have the same role copied to them.</p> <p>The system does not allow self approval so if someone had incorrect access they wouldn't be able to make payments without approval.</p> <p>The Council is implementing a new financial system which will go live on 1st April 2023. The issue will be addressed when setting up the new system.</p> <p>Update - The new Technology One system does not allow a user to make payments without approval. All approvers have set limits in line with the Council's Scheme of Delegation.</p>	Medium

Area	Observation	Management Response	Priority
IT findings – CEDAR, Capita and Orchard leavers access	<p><b>Finding</b> - For CEDAR, Capita and Orchard leavers, access is revoked on a monthly basis by the System Administration Teams once a leavers report is received from HR. The System Administration Teams then go through the list to check if that individual had access to the systems and that their access has been removed. The risk is therefore that an individual may have access to a system for up to a month before their access is withdrawn, as IT are not notified of the leaver until they receive the report from HR.</p> <p><b>Recommendation</b> – The Council should consider introducing a process whereby line managers are required to inform the IT department of leavers in advance of their leaving date, so that access can be revoked on a more timely basis.</p>	<p>The risk that the employee may have access to systems up to a month after they have left is minimal. On the day the employee leaves their line manager is responsible for collecting their Council device. Staff are unable to access the systems on a personal device as the systems can only be installed locally on a Council networked device.</p>	<p>Medium</p>
IT findings – User access reviews	<p><b>Finding</b> - There are no periodic reviews of the appropriateness of user access rights for CEDAR, Orchard and Selima, thereby increasing the risk that management fail to detect where user access rights are in excess of expected access rights or where a user has access rights that override an effective segregation of duties. In turn, this increases the risk that users are able to create inappropriate transactions or inappropriately amend financial data within the application.</p> <p><b>Recommendation</b> – The Council should implement a formal, proactive review of the appropriateness of user access rights for CEDAR, Orchard and Selima.</p>	<p>Users are unable to self approve so any payments would require manager approval. Any journals would need to go to the relevant accountant for checking and uploading to the system so there is a minimal risk of inappropriate transactions being created.</p> <p>A review/check of user access rights will be carried out and recorded on a quarterly basis. This will also be looked at for the implementation of the new HR/payroll system going live on 1st April 2022 and the new financial system going live on 1st April 2023.</p>	<p>Medium</p>
IT findings – Change Management	<p><b>Finding</b> - For multiple applications (CEDAR, Orchard and Selima) the user who develops and tests a change, also has the ability to implement the change into the live IT environment. Thereby there is no segregation of duties in place to ensure only appropriate changes to the systems are implemented.</p> <p><b>Recommendation</b> – The Council should look to restrict the access of individuals who can develop and test changes, so that they are unable to also implement the change in the live IT environment.</p>	<p>Since the new systems have gone live a Systems Development Group has been set up to look at developing and making changes to the systems. Any changes come from this group and are tested and implemented by the Systems Team rather than an individual.</p>	<p>Medium</p>
IT Findings – Password lockout	<p><b>Finding</b> - Password lockout thresholds are not enabled for Selima, Orchard and Cedar and are set below the recommended practise for Captia and Windows AD at 3 attempts. Further, lockout duration was not enabled for Cedar and Selima.</p> <p>There is therefore a risk that the accounts are more easily hacked as passwords are not enforced with recommended parameters. In mitigation, all systems meet the recommended parameters for Minimum length. In addition, Complexity is enforced on all passwords across the systems.</p> <p><b>Recommendation</b> – The Council should consider introducing password lockout thresholds and lockout durations.</p>	<p>Since 2020/21 passwords of 16 characters or more are required and there is lockout after 3 incorrect attempts.</p> <p>iTrent replaced Selima on 1st October 2022 and Technology One replaced Cedar on 1st April 2023. Access to the systems is via a 6 digit access code unique to each laptop and then a user name and 16 character password (using upper case, lower case, numbers and special characters).</p>	<p>Medium</p>

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**AUDIT COMMITTEE ACTION TRACKER**

	DATE OF REQUEST	ACTION	TARGET DATE	RESPONSIBLE OFFICER	UPDATE	RAG RATING
1	27 July 2023	That confirmation of the development of a Financial Framework for Children’s Service be provided to the Committee once complete	18 January 2024	Chris Coyle, Assistant Director CSC		In progress
2	27 July 2023	The Statement of Accounts 2020/2021 be approved and signed by the Director of Resources, in consultation with the Chair of the Audit Committee, subject to clarification	23 November 2023	Steve Thompson, Director of Resources/Chair of Audit		In Progress
3	27 July 2023	That details of the external auditor’s fees be brought to a future meeting of the Committee	TBC	Deloitte		Not yet due

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