

Public Document Pack

Blackpool Council

10 January 2024

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, 18 January 2024 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 23 NOVEMBER 2023 (Pages 1 - 6)

To agree the minutes of the last meeting of the Audit Committee held on 23 November 2023 as a true and correct record.

3 WHOLLY OWNED COMPANIES LEASES, ASSET REGISTERS, CONTRACTS AND OPERATING AGREEMENTS AUDIT FOLLOW-UP (Pages 7 - 16)

To consider a progress report on the recommendations made in the internal audit report relating to Wholly Owned Companies Leases, Asset Registers, Contracts and Operating Agreements issued on the 28 November 2022.

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

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

5 STATEMENT OF ACCOUNTS 2020/2021 AND 2021/2022 EXTERNAL AUDIT UPDATE

To receive a verbal update on the progress of the Statement of Accounts for 2020/21 and 2021/22.

6 ACTION TRACKER (Pages 25 - 26)

To note the Committee's Action Tracker.

7 DATE OF NEXT MEETING

To note the date and time of the next meeting of the Committee as 29 February, 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

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

Present:

Councillor Roberts (in the Chair)

Councillors

Cartmell	Marshall	Warne
Jones	Thomas	

Mr David Swift, Independent Co-Opted Member

In Attendance:

Councillor Paul Galley, Chair, Scrutiny Leadership Board

Neil Jack, Chief Executive

Steve Thompson, Director of Resources

Philip Welsh, Head of Tourism and Communications

Kate Aldridge, Head of Corporate Delivery Performance and Commissioning

Tracy Greenhalgh, Head of Audit and Risk

Chris Pope, Event Manager, Visit Blackpool

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 19 OCTOBER 2023

Resolved: That the minutes of the meeting held on 19 October 2023 be signed by the Chair as a true and correct record.

3 STATEMENT OF ACCOUNTS 2020/2021 AND 2021/2022 EXTERNAL AUDIT UPDATE

Mr Steve Thompson, Director of Resources, provided a verbal update on progress to sign off the Statement of Accounts 2020/2021 and 2021/2022. He advised that the external auditor, Deloitte, had signed off the Statement of Accounts 2020/2021 and they would be published following the meeting.

With respect to the Statement of Accounts 2021/2022, Mr Thompson advised that they were undergoing the statutory six-week public consultation, following which it was expected that all outstanding audit work would be completed and the accounts signed off by March 2024.

The Committee was also informed that work on the Statement of Accounts 2022/2023 would commence in 2024. Mr Thompson stated that these accounts would require a

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 23 NOVEMBER 2023

significant amount of work and noted that the Net Pension Fund surplus was an issue that would need to be resolved. It was further advised that following its public inspection, the accounts would be prepared for consideration by the Committee following March 2024.

Resolved: That the update be noted.

4 INTERNAL AUDIT FOLLOW-UP - EVENT MANAGEMENT

Mr Philip Welsh, Head of Tourism and Communications, presented a follow-up report on progress against recommendations made by the internal audit of Event Management. He reported that good progress had been made against the recommendations but advised that the Protect Duty legislation was not yet in place. It was noted that this delay would impact the completion of some of the outstanding recommendations.

The Protect Duty imposed a number requirements on the Council to ensure mitigation was in place to protect against and ensure an effective response in the event of a terrorist incident. Mr Welsh informed the Committee that the Council had been undertaking work to prepare for the introduction of the legislation, including the installation of counter-terrorism infrastructure on the promenade.

Mr Chris Pope, Events Manager, Visit Blackpool, informed the Committee that the legislation created a number challenges for the Council. These related to the wide variety of events hosted in Blackpool many of which were held outdoors and involved substantial crowds with no fixed boundary. Mr Pope also reported that it remained unclear under the legislation who the regulator would be.

Preparations for the introduction of the legislation had also included joint working with partners across Blackpool under a five-year programme called "Operation Rosetta 2". Preparations had involved the testing of counter terrorism procedures through a town-wide exercise. This exercise had simulated a terrorist incident and it was reported that although partners had performed well, key learning had been identified and would be applied in future. One of the most important outcomes had been the recognition of the challenges of communication during an incident.

Members discussed the procurement of stewards for future events, with Mr Pope advising that currently events did not have event specific stewards. However, as required by the duty, event specific stewards with appropriate training and skills would be procured for future events.

The Committee noted that the Safety Advisory Group (SAG) formed a key part in ensuring safety at events and asked that a list of the participants be provided for information to Members.

Mr Pope informed the Committee that the SAG was consulted on all applications for large scale events in Blackpool, considering their risk assessments and planning, and could prevent an event being held if it did not regard them as being safely planned. He added that the SAG was accountable to its membership and that it would typically consider event

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 23 NOVEMBER 2023

applications three months in advance of their planned date. In addition to this, events could be spot-checked during their operation to ensure their compliance.

Ms Tracy Greenhalgh, Head of Audit and Risk, added that SAG was multiagency and included representatives from the Audit and Risk Team including emergency planning, insurance and health and safety.

Issues surrounding the sub-letting of Council owned land by the Business Improvement District (BID) were highlighted in relation to the hosting of events. The Committee noted that this had delayed completion of Recommendation 5 of the audit. Mr Pope reported that this was a significant issue that was under consideration and that it was expected that the solution would not be in place until the end of March 2024.

Resolved:

1. That the report on progress against the recommendations made in the Internal Audit of Event Management be noted; and
2. That details of the membership of the Safety Advisory Group be circulated for information.

[Mr Pope left the meeting following this item]

5 STRATEGIC RISK REGISTER DEEP DIVE - INFORMATION

The Committee considered a deep dive into the Strategic Risk "Information" which included the sub-risk; (a) Residents unable to access / influence information about Council Services.

Members noted the issues relating to community engagement highlighted in the report with Ms Kate Aldridge Head of Corporate Delivery Performance and Commissioning, explaining that the Council was considering its approach going forward. She emphasised that some areas of positive work had taken place, but further work was needed to empower services to undertake community engagement in the future. This would be aimed at ensuring that more projects were "co-produced" with the community. Ms Aldridge highlighted the work undertaken in this respect by Children's Services, where staff and service users had shaped programmes such as Blackpool Families Rock and Born Into Care.

The use of best practice to improve the delivery of community engagement was also raised and Mr Philip Welsh, Head of Tourism and Communications, explained that Council communications had undergone considerable evolution. This had in part been influenced by the experience of the Covid-19 pandemic, but the Council had also sought to work with neighbouring authorities in Lancashire. The Committee was informed that the model of community engagement operated by Wigan Council was deemed to be an example of best practice and Blackpool would be considering if learning from this could be implemented.

In the case of young people, the Committee heard that consultation engagement had varied depending on the project, with Members noting low levels in respect of Parks. Mr Welsh advised that the Council had recognised the importance of engaging young people and that

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 23 NOVEMBER 2023

the form of communication needed to be tailored to mediums they were most likely to access, such as social media.

Councillor Paul Galley, Chair of the Scrutiny Leadership Board, also addressed the Committee. He asked that it be noted that the work undertaken by the Channel Shift Scrutiny Review had assisted in identifying areas of improved community engagement, which had assisted in relation to the sub-risks identified. He highlighted this as an example for the connected roles of the Council's scrutiny committees and the audit function, noting that issues identified in one could be referred to the other where necessary.

Resolved: That the update be noted.

6 RISK SERVICES QUARTER TWO REPORT

Ms Tracy Greenhalgh, Head of Audit and Risk, presented the Risk Services Quarter Two report, outlining the work completed by Risk Services in quarter two of the 2023/24 financial year. She highlighted that the report showed performance against targets in quarter two, noting that where these were behind plans were in place to improve performance.

The report also showed that a number of internal had been scored "Inadequate". However, Ms Greenhalgh provided assurance that all the Priority One recommendations identified had been completed or work was in progress to resolve the issues identified.

Members noted that a number of the audits scoped in quarter one remained in progress with Ms Greenhalgh explaining that some resource issues had been experienced. She stated that the service was undertaking recruitment to appoint additional qualified auditors to ensure the timely completion of audits. It was added that some audits could be delayed by factors such as the need to undertake other work arising of a higher priority.

The Committee noted that 794 staff had undertaken the ACT Aware Counter Terrorism Training, which all staff were required to do. Members asked therefore if the percentage of those who had completed the training out of the whole staffing establishment could be provided.

Members also queried the percentage of audit plans completed shown in the report as 38%, and asked how this compared with the last financial year. Ms Greenhalgh stated that it was similar to 2022/2023, but made the Committee aware that it was not likely that 100% would be achieved in 2023/2024.

The Committee considered the progress against the individual internal audits outlined in the report. In respect of the Preparing For Adulthood audit Ms Greenhalgh advised that all the Priority One recommendations had been completed. Ms Kate Aldridge, Head of Corporate Delivery Performance and Commissioning, added that greater work was needed in this area, with trigger points for services' involvement to ensure better outcomes for young people being an area that required strengthening.

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 23 NOVEMBER 2023

In the Compliance with Key Policies and Procedures internal audit the Committee asked why no Priority One recommendations had been made despite “Inadequate” assurance being found. Ms Greenhalgh explained that this was an annual audit and that all issues identified would be followed up as part of continuous improvement.

The lack of an audit trail highlighted in the Payroll Financial Control Assurance Testing audit was raised by Members as a concern. Mr Steve Thompson, Director of Resources, responded that the issue had been recognised as part of the testing of the new financial system and it had been highlighted with the provider. Further to this the Council was working with the provider to address the issues identified and this work had involved face-to-face meetings at their head office.

The extension of completion dates for outstanding Priority One recommendations was discussed in respect of the five from the Children’s Services Financial Systems internal audit. It was explained that this was the result of a full systems review being undertaken. Ms Greenhalgh added that a full audit had been scheduled for the outstanding recommendations and would take place in January 2024.

Resolved:

1. That the report be noted; and
2. That the percentage of all staff who had completed the ACT Aware Counter Terrorism Training be provided to Members of the Committee.

7 ACTION TRACKER

Resolved: That the Committee Action Tracker be noted.

8 DATE OF NEXT MEETING

The date and time of the next meeting was noted as Thursday, 18 January 2023 at 6pm

Chairman

(The meeting ended at 7.18 pm)

Any queries regarding these minutes, please contact:
John Greenbank, Democratic Governance Senior Adviser
Tel: 01253 477229
E-mail: john.greenbank@blackpool.gov.uk

This page is intentionally left blank

Report to:	AUDIT COMMITTEE
Relevant Officer:	Steve Thompson – Director of Resources Alan Cavill – Director of Communications and Regeneration Mark Towers – Director of Governance and Partnerships
Meeting	18 January 2024

WHOLLY OWNED COMPANIES LEASES, ASSET REGISTERS, CONTRACTS AND OPERATING AGREEMENTS AUDIT FOLLOW-UP

1.0 Purpose of the report:

1.1 To consider a progress report on the recommendations made in the internal audit report relating to Wholly Owned Companies Leases, Asset Registers, Contracts and Operating Agreements issued on the 28 November 2022.

2.0 Recommendation(s):

2.1 To consider the actions being implemented to address the audit recommendations relating to the Wholly Owned Companies Leases, Asset Registers, Contracts and Operating Agreements 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 None.

5.0 Council priority:

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

6.0 Background information

- 6.1 Over the years, the Council has established a number of wholly owned companies, covering a diverse range of services and obligations. Robust governance structures and processes are therefore required to manage risk and ensure that the companies meet the authority's expectations, delivering real benefits and providing value for money.

In September 2021, Local Partnerships published a toolkit titled 'Local Authority Companies Review Guidance' to help councils carry out effective reviews of companies they own and 'avoid the obvious traps' involved in running commercial endeavours. This document was published at a time of growing concern over the governance arrangements of council-owned companies, following recent high profile downfalls such as Nottingham City Council's 'Robin Hood Energy'. External Auditor Public Interest Reports have illustrated that the failings of companies owned by other authorities have primarily been due to governance and financial deficiencies. The Local Authority Companies Review Guidance (2021) focuses on the effectiveness and appropriateness of companies' governance arrangements, and provides a best practice checklist of issues to consider while conducting governance reviews. It also sets out questions and challenges relevant to the decision-making processes for establishing wholly or partly owned entities.

Following the publication of the Local Authority Companies Review Guidance and receipt of the Wholly Owned Subsidiaries Governance Review report, the Company Secretaries (Director of Governance & Partnerships and Head of Democratic Governance) proposed an updated Governance Framework for managing the Council's wholly owned companies.

Since the audit was carried out the 'Local Authority Companies Review Guidance' was reviewed by Local Partnership in September 2023 and it is planned to take this to the Shareholder Committee early in the new year.

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

Scope

The scope of the audit included:

- Whether accurate, complete and up-to-date leases, asset registers, contracts and operating agreements are in place between the Council and each of the wholly-owned companies;
- Whether roles and responsibilities relating to these documents are clear in order to ensure compliance with obligations and to support financial management of each subsidiary; and
- Whether plans are in place to address any shortfalls relating to these documents.

Assurance Statement

We consider that controls relating to wholly owned companies leases, asset registers, contracts and operating agreements are adequate with most risks identified and assessed and some changes necessary. The Council has made progress over recent year to strengthen the governance arrangements for the wholly owned companies.

- 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

Recommendation		Priority	Agreed Action	Responsible officer	Target Date	Revised Target Date for outstanding actions	Progress
R1	To ensure continuity in the governance of the wholly-owned companies, we recommend that the senior management Employment Committees for each company consider working in conjunction with the Shareholder Liaison Officers to ensure that appropriate succession plans are in place for senior management teams and key roles.	2	Business Continuity Plans for each of the companies should consider the risk of the loss of senior management and other key positions and how any gaps will be mitigated. The Shareholder Liaison Officers should gain assurance that this is routinely considered through this documentation.	Director of Strategy & Assistant Chief Executive Director of Communications & Regeneration Director of Community & Environmental Services	31st March 2023	31 st March 2025	Succession planning arrangements are being implemented at the Council for the Senior Leadership Team and a similar approach is being rolled-out to the companies. The intention is that the Employment Committees will hold a periodic private meeting to review plans for senior management and will invite their HR advisor and Shareholder Lead.

Recommendation		Priority	Agreed Action	Responsible officer	Target Date	Revised Target Date for outstanding actions	Progress
R2	To ensure that the Council's and BECL's repairing liabilities associated with the Winter Gardens Complex are appropriately documented, we recommend that a timescale is set to renew the lease and that the Shareholder Committee are consulted to make a decision as to whether the lease and operating agreement should be merged.	2	The Shareholder Committee have been consulted regarding the documentation to be put in place for BECL and it has been raised at the Relationship Meeting. It has been agreed that an Operating Agreement will be put in place.	Director of Communications & Regeneration	31 st March 2023	31 st March 2024	This will be included in a service level agreement between the Council and the Company. The Heads of Terms were agreed at the BECL Board meeting in December 2023 and the full agreement should be implemented by March 2024.

Recommendation		Priority	Agreed Action	Responsible officer	Target Date	Revised Target Date for outstanding actions	Progress
R3	To ensure that the repairing liabilities of the Council and wholly owned companies are clearly defined, we recommend that the completion or renewal of the leases and sub-leases for the Sandcastle Waterpark, Coastal House, The Tramshed, Layton Depot and the HWRC are accelerated.	2	<p>The completion and renewal of outstanding leases will be addressed.</p> <p>The renewal of the lease for the Sandcastle Waterpark may take longer to arrange pending the outcome a review of management arrangements at the company.</p>	Director of Resources	31 st March 2023	31 st March 2024	Most leases are in place. The update to the BECL lease will be included in the new Service Level Agreement. A project team is in place to address the leases required for BTS. The lease for BOCL is currently on hold pending a decision on the future management of the facility.

Recommendation		Priority	Agreed Action	Responsible officer	Target Date	Revised Target Date for outstanding actions	Progress
<i>R4</i>	To ensure that the parties involved in the long leasehold agreements for Hangars 3 and 4 at Blackpool Airport are accurately recorded, we advise that these leases are updated.	3	The leasehold agreements for Hangars 3 and 4 will be updated to reflect the current parties involved.	Director of Communications and Regeneration	31 st March 2023	N/a	<p>The freeholder is Blackpool Airport Properties Ltd and the leaseholder at a peppercorn rental is Blackpool Council, who sublet to aviation operators on short lease agreements at market rentals.</p> <p>The properties and the leases have all been appropriately recorded with Legal Services acting in the grant of the occupational leases and the original purchase of the unexpired term of the long leases from third parties.</p>

Recommendation		Priority	Agreed Action	Responsible officer	Target Date	Revised Target Date for outstanding actions	Progress
R5	To ensure that BECL and the Council have appropriate oversight over all operating assets associated with the Winter Gardens Complex, we recommend that an asset register is produced which captures all assets held within the premises.	2	BECL will be responsible for producing a full asset register for the assets held at the Winter Gardens Complex. This requirement will be discussed with the company during the next Relationship Meeting. BECL will be requested to report progress producing this register to the Shareholder Liaison Officer.	Director of Communications and Regeneration	31 st March 2023	31 st March 2024	This will be included in a service level agreement between the Council and the Company. The Heads of Terms were agreed at the BECL Board meeting in December 2023 and the full agreement should be implemented by March 2024.
R6	We recommend that a consistent approach is agreed for documenting the roles and responsibilities of the Council and each of the companies regarding the recording and maintenance of assets.	2	This will be reviewed by the Shareholder Liaison Officers in order to ensure that appropriate arrangements are in place for each company.	Director of Strategy & Assistant Chief Executive Director of Communications & Regeneration Director of Community & Environmental Services	31 st March 2023	30 th September 2024	Work is underway to develop a list of requirements. Once a draft has been prepared by the Company Secretaries this will be discussed with the Shareholder Lead and then with the companies.

Recommendation		Priority	Agreed Action	Responsible officer	Target Date	Revised Target Date for outstanding actions	Progress
R7	To support the Council with maintaining direct oversight over the HRA assets, we advise that consideration is given to adding the Council's social housing stock to the P2.net system or determining whether an alternative system for tracking these assets would be more efficient.	2	As BCH use Orchard to maintain a register of the social housing stock that they manage on behalf of the Council, it will be ensured that Property Services also have access to this system.	Director of Resources	31 st March 2023	31 st March 2024	CIPFA are currently carrying out a property compliance audit at the housing companies and this will inform how Property Services access property data going forward.

Recommendation		Priority	Agreed Action	Responsible officer	Target Date	Revised Target Date for outstanding actions	Progress
<i>R8</i>	In connection with Recommendation 6, we recommend that it is clearly defined what documentation is required for each wholly owned company to help govern internal operations and mitigate risk to the Council.	2	The Company Secretaries will liaise with the Shareholder Liaison Officers to determine what documentation is required for each company in order to manage internal operations and mitigate risk to the Council.	Director of Governance & Partnerships Head of Democratic Governance	31 st March 2023	30 th September 2024	Work is underway to develop a list of requirements. Once a draft has been prepared by the Company Secretaries this will be discussed with the Shareholder Lead and then with the companies.

Report to:	AUDIT COMMITTEE
Relevant Officer:	Mark Towers, Director of Governance and Partnerships Steve Thompson, Director of Resources Alan Cavill, Director of Communication and Regeneration Neil Jack, Chief Executive
Meeting	18 January 2024

STRATEGIC RISK REGISTER DEEP DIVE – GOVERNANCE

1.0 Purpose of the report:

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

2.0 Recommendation(s):

2.1 To consider the controls being implemented to manage the strategic risk relating to governance.

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 – Governance.

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 None.

APPENDIX 4(a) - Risk Category: Governance

Risk Appetite: Cautious

Risk: a) Non-compliance with the Council's decision making process.

Risk Owner: Director of Governance and Partnerships, Director of Resources

Gross Risk Score	20	Impact – 4	Likelihood – 5
-------------------------	-----------	------------	----------------

What impact does this have?

- External challenge.
- Quality of service compromised.

What opportunities does this create?

- Delivery of good services which meet the needs of the community.

What controls do we already have in place?

- Statutory legal and financial officers in place.
- Assurance mechanisms such as internal audit, external audit, peer review and external assessments.
- Awareness of standards required and awareness of the consequence of failure raised through channels such as DMTs and SLT.
- Corporate compliance calendar in place and rolled out across the Senior Leadership Team.
- Constitution and Financial Regulations in place.
- Good Governance Group in place which oversees the production and delivery of the Annual Governance Statement.
- Suite of mandatory training in place.
- Equality and Diversity advice available with compliance assessments undertaken across directorates.
- Embedded process for equality impact assessments.

Net Risk Score	12	Impact – 4	Likelihood – 3
-----------------------	-----------	------------	----------------

What are we doing to further manage the risk?

Deliver the action plan arising from the Annual Governance Statement 2022/23.

Work is ongoing to deliver the actions identified in the Annual Governance Statement and a progress report is being presented to Audit Committee on the 18th January 2024.

Ensure that Council services, senior leadership, Members and wholly-owned company boards are aware of their responsibilities in relation to the Public Sector Equality duty.

There is a rolling programme of Council and Company equality assessments to identify key Public Sector Equality Duty (PSED) risks which is supported by training for Council managers and officers and

Company Boards and their senior staff.

The Council's Equality Objectives have been reviewed, with staff and community consultation, ensuring ongoing strategic level PSED compliance. In addition, PSED issues are integrated into all key decision making processes in the Council and Companies.

Draft role descriptions for Elected Member Equality Champions are currently being consulted on with relevant elected members.

Target Risk Score	8	Impact – 4	Likelihood – 2
--------------------------	----------	------------	----------------

What will these additional actions achieve?

Blackpool Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. It also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which it exercises its functions, having regard to a combination of economy, efficiency and effectiveness. The CIPFA Delivering Good Governance publication (2016) defines the various principles of good governance in the public sector and how they relate to each other.

The implementation of the actions identified for this risk continue to help the Council demonstrate that effective governance is in place.

What barriers do we face?

Whilst there are key officers across the Council who are charged with governance, compliance with the arrangements is devolved across all services. Through regular training, awareness raising, discussions at the Corporate Leadership Team and Senior Leadership Team steps are taken to embed effective governance across the Council.

Do these actions contribute to the sustainability of the Council?

Good governance is the cornerstone of how the Council operates and therefore it contributes to all decisions made by the Council and how the Council operates.

Do these actions impact on the Council's finances?

Good governance is a key component of effective financial management and stewardship.

How does this contribute to the Council Plan?

Governance feeds into the delivery of all areas of the Council plan.

Any links to other strategic risks?

Finance.

Any additional changes to this strategic risk?

The Lancashire Devolution Deal may have some impact on governance arrangements in the future which will need to be considered.

Risk: b) Failure of wholly owned companies.**Risk Owner: Chief Executive, Director of Governance and Partnerships**

Gross Risk Score	20	Impact – 4	Likelihood – 5
-------------------------	-----------	------------	----------------

What impact does this have?

- Ineffective decision making and oversight resulting in company failure and subsequent reputational damage.
- Financial impact on the Council due to companies debts underwritten by the Council.
- Companies are no longer financially viable.

What opportunities does this create?

- Innovative solutions for delivering services and attractions for residents and visitors.

What controls do we already have in place?

- Long term recovery plans in place which are reviewed and authorised by the Council's Director of Resources.
- Robust conversations between the Council and its companies to ensure that recovery plans are deliverable.
- Shareholder Committee in place to oversee the activity of the companies.
- Boards with independent members in place for each of the companies supported by a Company Secretary.
- Updated Governance Framework rolled out to all Company Boards to ensure consistency of approach with regards to governance and decision making.

Net Risk Score	12	Impact – 4	Likelihood – 3
-----------------------	-----------	------------	----------------

What are we doing to further manage the risk?**Finalise an Ethical Statement for the companies to be included in the Governance Framework.**

A draft Ethical Statement has been prepared and this will be taken to the Shareholder Committee for consideration early in 2024. Ethics is a key component of effective oversight and governance however in itself would not influence the success or failure of each company.

Improve risk reporting from the companies through to the Shareholder Committee to improve oversight of strategic risks.

All wholly owned companies have a Strategic Risk Register in place which is reported to the Shareholder Committee which has cross-party representation. In addition each company Audit Committee Chair presents an Annual Report to the Shareholder Committee.

Introduce reporting from the Shareholder Committee through to the Council's Audit Committee to provide assurance that company risks are being effectively mitigated.

The Council has prepared a Strategic Risk Register for wholly owned companies which was considered by the Shareholder Committee in January 2024. Once in place this will be followed up by an Annual Report from the Shareholder Committee to the Council's Audit Committee.

Target Risk Score	8	Impact – 4	Likelihood – 2
--------------------------	---	------------	----------------

What will these additional actions achieve?

Effective risk management in the wholly owned companies provides the Council with assurance that risks are being effectively mitigated and, where this is not the case, remedial action can be identified and taken.

What barriers do we face?

The risk appetite of the various companies and the Council can be varying, as would be expected with such a diverse portfolio. This therefore can impact on where resources are allocated with issues which aren't considered a significant risk by the Council being seen as a key issue in the company and vice-versa.

Do these actions contribute to the sustainability of the Council?

The Council and its companies work collectively to tackle the Climate Emergency which some significant projects being undertaken, such as the introduction of an electric bus fleet.

Do these actions impact on the Council's finances?

The financial performance of the companies can have a direct impact on the financial sustainability of the Council with the Council loaning money to some of the companies to help ensure that they remain a going concern and for development work.

How does this contribute to the Council Plan?

The Council and the wholly owned companies work to a set of shared values in order to make Blackpool a good place to live, work and visit.

Any links to other strategic risks?

Property, Finance, Commercial, Project / Programme Management.

Any additional changes to this strategic risk?

Company reviews take place as required to make sure that they continue to be the most appropriate delivery model and to ensure value for money.

Risk: c) Failure of key strategic partnerships.

Risk Owner: Director of Governance and Partnerships

Gross Risk Score	16	Impact – 4	Likelihood – 4
-------------------------	----	------------	----------------

What impact does this have?

- Ineffective decision making and oversight resulting in Council priorities not being met.
- Financial impact on the Council should partnerships fail.

What opportunities does this create?

- Ability to deliver solutions with private and public sector partners to increase service offers to residents and visitors.

What controls do we already have in place?

- Partnership Governance Framework has been put in place which sets out the process for defining key partnerships and the governance requirements for these.
- Partnership Boards and Relationship Meetings are in place with key partners.
- Key operators, such as Merlin, report to the Shareholder Committee.
- Relationships in place with key delivery partners including Merlin, Ellandi, Town Deal Board, Muse, Nikal and the BIDs.

Net Risk Score	12	Impact – 4	Likelihood – 3
-----------------------	----	------------	----------------

What are we doing to further manage the risk?

Develop a register of existing partnerships so that governance arrangements can then be assessed.

A draft Partnerships Register is now in place which focuses on strategic partnerships. This is currently being finalised and the Partnership Framework being reviewed to provide a clear definition of what is considered a key partnership and should therefore be included on the register. Once this work is completed any changes to the Partnership Framework will be brought back to Audit Committee for consideration.

Embed reporting from key commercial partners to the Shareholder Committee to increase democratic oversight.

The Terms of Reference for the Shareholder Committee were amended by the Executive in June 2023 to facilitate partnership reporting. Both Merlin (Tower and Tussauds) and Ellandi (Hounds Hill) presented their first report to the Shareholder Committee in November 2023.

Target Risk Score	8	Impact – 4	Likelihood – 2
--------------------------	---	------------	----------------

What will these additional actions achieve?

Increase transparency for Elected Members in relation to the performance of key strategic partnerships.

What barriers do we face?

Information reported needs to be considered in light of any commercial sensitivities due to the nature of the partnerships which are private sector operators.

Do these actions contribute to the sustainability of the Council?

The investment in the town through key strategic partnerships helps the economic growth of Blackpool.

Do these actions impact on the Council's finances?

Using key strategic partnerships helps the Council ensure that it delivers key services for the local economy with industry experts leading these areas.

How does this contribute to the Council Plan?

Key strategic partnerships help deliver against the Council economy objective.

Any links to other strategic risks?

Property, Finance, Commercial, Project / Programme Management

Any additional changes to this strategic risk?

Not at present however any new strategic partnerships would only be entered into following full consideration of the risks.

AUDIT COMMITTEE ACTION TRACKER

Updates in **RED**

	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	Internal audit have started a detailed follow-up review. The results will be reported to a future Audit Committee once the fieldwork has been completed and final report agreed.	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
4	14 September 2023	That a report on compliance with Driving at Work within the grey fleet be brought to a meeting in six months’ time.	March/April 2024	John-Paul Lovie, Head of Waste Services/Lynne Rowbottom, Transport Manager	The new driving at work app has been rolled out. A report will be brought to the February meeting to provide details on compliance.	Not yet due
6	19 October 2023	That details of the outcome of the inspection of compliance with the Covert Surveillance Policy, due to be conducted in November 2023, be shared with the Committee.	Dec 2023/Jan 2024	Mark Towers, Director of Governance and Partnerships		
7	23 November 2023	That details of the membership of the Safety Advisory Group be circulated for information.	Feb 2024	Philip Welsh, Head of Tourism and Communication		

	DATE OF REQUEST	ACTION	TARGET DATE	RESPONSIBLE OFFICER	UPDATE	RAG RATING
8	23 November 2023	That the percentage of all staff who have completed the ACT Aware Counter Terrorism Training be provided to members of the Committee.	Jan 2024	Ms Tracy Greenhalgh, Head of Audit and Risk	Information circulated by e-mail after the meeting.	Completed