



Annual Audit Letter 2016/17

Blackpool Council

kpmg.com/uk

October 2017

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.psaa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public 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.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Tim Cutler, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers (andrew.sayers@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

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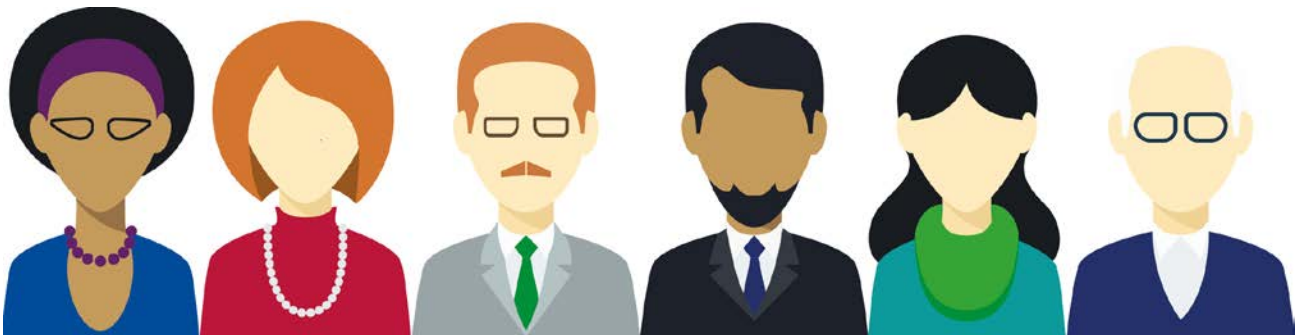
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Section one

Summary

This Annual Audit Letter summarises the outcome from our audit work at Blackpool Council in relation to the 2016/17 audit year. Although it is addressed to Members of the Authority, it is also intended to communicate these key messages to key external stakeholders, including members of the public, and will be placed on the Authority's website.

VFM conclusion

We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2016/17 on 29 September 2017. This means we are satisfied that during the year the Authority had appropriate arrangements for securing economy, efficiency and effectiveness in the use of its resources.

To arrive at our conclusion we looked at the Authority's arrangements to make informed decision making, sustainable resource deployment and working with partners and third parties.

VFM risk areas

We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks.

Our work identified the following significant matters:

- **Financial resilience** – The Authority had to make revenue savings of £25.1 million in the 2016/17 budget, and a further £18.7 million in the 2017/18 budget, with further savings being required in future years. The Authority manages these requirements by maintaining a medium term financial plan, which is updated annually as part of the annual budgeting process. Cost pressures and savings opportunities are identified to ensure that sustainable recurring savings are made to meet the need to balance the budget. The authority has been successful in delivering this programme in 2016/17 and previous years.
- **Children's Services** – Children's Services represents the biggest budgetary pressure on the Authority in 2016/17, with a £4 million overspend by month eight compared to a budget which had been increased for the year. Having received a 'requires improvement' assessment from Ofsted in 2013, the Council has implemented additional steps to address these concerns. The Authority has appointed a new Director of Children's Services and they are working with the team to review the current arrangements as the steps necessary to improve performance are not the same as those required to maintain that higher service standard. Steps are also being taken to engage more effectively with partner organisations to ensure that the best possible solutions are identified for every child.



Section one

Audit opinion

We issued an unqualified opinion on the Authority's financial statements on 29 September 2017. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year.

The financial statements also include those of the Authority's Group, which consists of the Authority itself and the following subsidiaries:

- Blackpool Transport Services
- Blackpool Operating Company
- Blackpool Coastal Housing
- Blackpool Entertainment Company
- Blackpool Housing Company

The Council's associate, Marketing Lancashire, is also included in the Group financial statements.

Financial statements audit

We did not identify any issues in the course of our audit that are considered to be material.

The Authority has good processes in place for the production of the accounts and high quality working papers. Officers dealt efficiently with audit queries and the audit process has been completed within the planned timescales.

Other information accompanying the financial statements

Whilst not explicitly covered by our audit opinion, we review other information that accompanies the financial statements to consider its material consistency with the audited accounts. This year we reviewed the Annual Governance Statement and Narrative Report. We concluded that they were consistent with our understanding and did not identify any issues.

Whole of Government Accounts

We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Authority's pack was consistent with the audited financial statements.

Certificate

We issued our certificate on 29 September 2017. The certificate confirms that we have concluded the audit for 2016/17 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.

Audit fee

Our fee for the audit of the 2016/17 financial statements was £110,153, excluding VAT. This was consistent with the fee set out to you in our *Annual audit fee 2016/17* letter issued in April 2016.

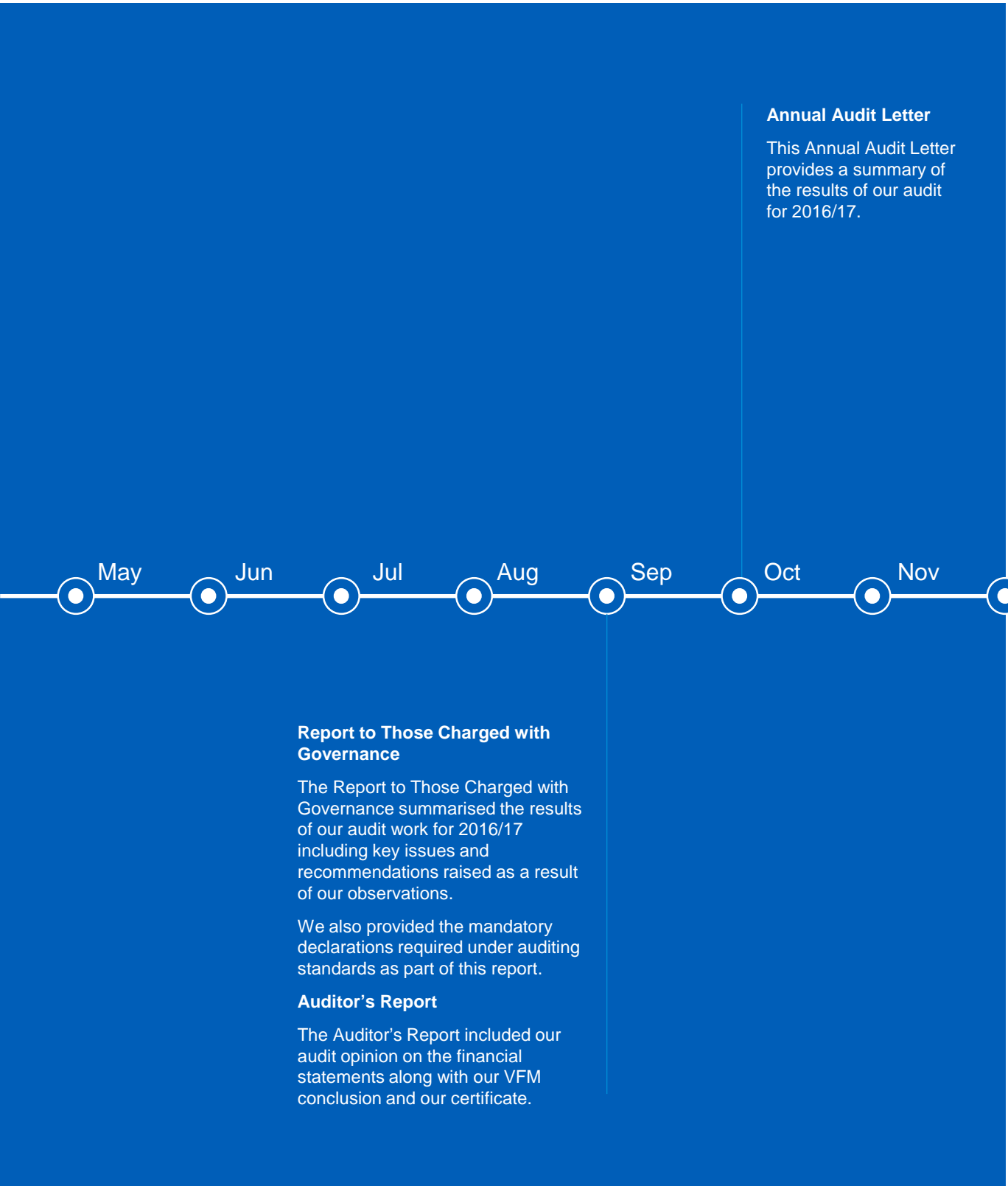
Appendix 1

Summary of reports issued

This appendix summarises the reports we issued since our last Annual Audit Letter.

These reports can be accessed via the Audit Committee pages on the Authority's website at www.blackpool.gov.uk.





Annual Audit Letter

This Annual Audit Letter provides a summary of the results of our audit for 2016/17.

May

Jun

Jul

Aug

Sep

Oct

Nov

Report to Those Charged with Governance

The Report to Those Charged with Governance summarised the results of our audit work for 2016/17 including key issues and recommendations raised as a result of our observations.

We also provided the mandatory declarations required under auditing standards as part of this report.

Auditor's Report

The Auditor's Report included our audit opinion on the financial statements along with our VFM conclusion and our certificate.

Appendix 2

Audit fees

This appendix provides information on our final fees for the 2016/17 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2016/17 planned audit fee.

External audit

Our final fee for the 2016/17 audit of the Authority was £110,153, which is in line with the planned fee.

Certification of grants and returns

Under our terms of engagement with Public Sector Audit Appointments we undertake prescribed work in order to certify the Authority's housing benefit grant claim. This certification work is still ongoing. The final fee will be confirmed through our reporting on the outcome of that work in January 2018.

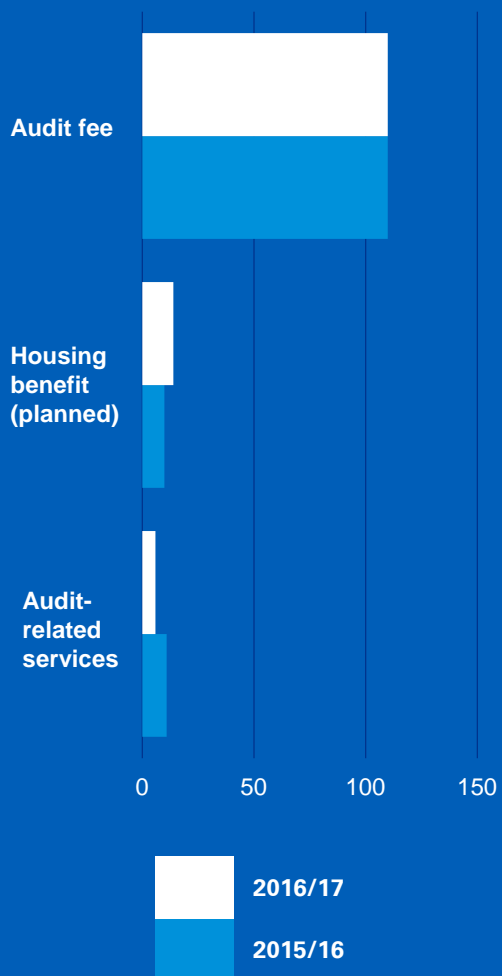
Other services

We have agreed the following fees for certifying grants and other additional audit-related services:

- Teachers Pensions' Agency – £3,045
- DCLG Pooling of Capital Grant Receipts – £2,800

These grants are outside of Public Sector Audit Appointment's certification regime.

External audit fees 2016/17 (£'000)



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