

**MINUTES OF FINANCE AND AUDIT COMMITTEE MEETING - THURSDAY, 18 SEPTEMBER
2014**

Present:

Councillor Callow (in the Chair)

Councillors

I Coleman
O'Hara

Hunter
Smith

L Taylor

In Attendance:

Neil Jack, Chief Executive

Steve Thompson, Director of Resources

Alan Cavill, Director of Place

Tracy Greenhalgh, Chief Internal Auditor

Phil Redmond, Chief Accountant

Iain Leviston, Manager, KPMG

Bernadette Jarvis, Senior Democratic Services Adviser

1 DECLARATIONS OF INTEREST

There were no declarations of interest on this occasion.

2 MINUTES OF THE LAST MEETING HELD ON 26TH JUNE 2014

The Committee agreed that the minutes of the last meeting held on 26th June 2014 be signed by the Chairman as a correct record.

3 STRATEGIC RISK REGISTER

Mr Cavill, Director of Place, provided the Committee with an update on the risks identified on the Strategic Risk Register in relation to continuing to fund the illuminations. He outlined the pressures faced by the illuminations department to continually improve the illuminations despite reductions in funding.

The Committee was advised of the successes this year in obtaining sponsorship for the illuminations from both large organisations and smaller companies. It was also advised of an increase this year in the monies collected from public donations.

Mr Cavill outlined to the Committee the successful tendering processes that had been undertaken to enable the illuminations department to carry out work in other areas of the Country to generate additional income. He also reported on ongoing strategies to secure further funding which included the opportunity for a town-wide Business Improvement District (BID). He added that other areas had more than one BID and that Blackpool had the potential to have the same arrangements if it chose to do so.

Mr Cavill concluded his report by advising of the continual requirement to pursue opportunities for funding for the illuminations and advised of a Coastal Communities

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funding bid that was in the process of being submitted.

Responding to questions from the Committee in relation to inviting businesses outside of Blackpool to be involved in any potential Tourism BID, Mr Cavill explained that this would need to be in agreement with other relevant Local Authorities. In response to a question around timescales for any new BIDs, Mr Cavill explained that it would depend on if they were to be encompassed in the existing BID or undertaken as a separate BID. If the decision was made to have separate BIDs, this could be implemented at any time, however, if new BIDs were to be encompassed within the existing BID, this would need to be implemented following the expiry of the existing BID or incorporated within the existing BID election process which was due to be undertaken next year.

The Committee agreed to note the plans in place to control and mitigate the risks identified in the Council's Strategic Risk Register in relation to continuing to fund the illuminations.

Background papers: None

4 RISK SERVICES QUARTERLY REPORT - QUARTER 1

Ms Greenhalgh, Chief Internal Auditor, presented the Committee with an overview of the Risk Services Report for the first quarter of 2014-2015. She reported on developments within the service which included confirmation from the Department for Work and Pensions (DWP) that the benefit fraud investigators would transfer to the DWP from 1st April 2015 to become part of the Single Fraud Investigation Service and that all new insurance policies had been put in place and were being monitored.

Ms Greenhalgh reported on the Key Performance Indicators for the service. She advised that the relatively low percentage of audit plan completed reflected that resource had been targeted towards finalising the financial year 2013-2014. She assured Members that this was now back on track and an increase in the percentage figure was anticipated. Ms Greenhalgh reported on the level of housing benefit and council tax overpayments. She advised that only 44% of services had completed their business continuity plans by the end of the quarter and that this was being addressed. The percentage of updated risk registers was also below target and the Risk Services team were currently engaging with the relevant departments to improve this figure.

Members were presented with the overall assurance statement for audit work undertaken during 2013-2014 which showed a positive outcome for many of the reviews. Ms Greenhalgh outlined the challenges faced by Public Health in gaining access to clinical data. She also reported an inadequate rating for Economic Development due to there being a lack of an over-arching strategy for both Blackpool and the Fylde Coast but assured Members that action was currently being taken to address this. In response to concerns raised by the Committee relating to the lack of a strategy being in place to set up the long term economic aims for Blackpool, Ms Greenhalgh explained that a significant amount of work had been invested in developing a regional strategy and a Local Enterprise Partnership (LEP) strategy and now that this had been achieved Blackpool could move forward with producing its local action plan. Mr Jack, Chief Executive, explained the necessity of developing a LEP economic strategy as a priority to secure

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Government funding for infrastructure projects and the requirement to ensure that the local strategy was in line with the overall LEP strategy.

Ms Greenhalgh concluded her presentation by outlining the progress made with Priority one recommendations.

The Committee agreed to note the report.

Background papers: None

**5 EXTERNAL AUDITOR'S REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260)
AND STATEMENT OF ACCOUNTS 2013-2014**

The Committee considered KPMG's Governance Report and the audited Statement of Accounts for 2013-2014. Mr Thompson, Director of Resources, reported that there had been only one recommendation identified which related to the controls around the disposal of new build Academies and that this had been accepted by the Authority and year end disposal procedures had been amended accordingly.

Mr Levitson, Manager, KPMG, explained that the report had summarised the key findings from two areas, namely the audit work in relation to the Council's financial statements for 2013-2014 and its arrangements to deliver value for money at a strategic level. The appendices attached to the report outlined the recommendation and audit difference around the disposal of an Academy as detailed above, the implementation of the four recommendations that had been identified the previous year and KPMG's requirement for objectivity and independence from the Local Authority.

Mr Levitson reported on the positive outcome from the audit and the expectation that an unqualified conclusion for both areas would be issued by 30th September 2014.

The Committee considered and agreed to approve the audited Statement of Accounts for 2013-2014.

Background papers: None

6 ENGAGEMENT OF CONSULTANTS MONITORING REPORT

The Committee considered the report detailing the appointment of consultants exceeding £25,000 for the period 1st May 2014 to 31st July 2014.

Mr Thompson reported that there had been two appointments in the above period and that both appointments had been for specific non-recurrent projects.

The Committee agreed to note the report.

Background papers: None

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7 FINANCIAL MONITORING AS AT MONTH 3 2014-2015

Mr Thompson presented the Financial Monitoring Report as at Month 3 advising Members that it had also been presented to the Executive at its meeting on 8th September 2014. The report presented a view of the current position in the Council's Revenue and Capital budgets for the first quarter. He reassured Members that although this was the first public report on financial monitoring, there had been internal monitoring of financial performance from the beginning of the financial year in order to maintain focus on priority areas.

Mr Thompson advised the Committee that the report reflected the new structure. He reported on the main variances in the budget by Directorate and the reasons for the over and underspends. Ongoing pressures in Childrens Services continued as a result of the number of Looked After Children and the reduction in the Education Services Grant funding as schools made the transition to Academies. Adult Services also faced pressures due to the Deprivation of Liberty cases as did Community and Environmental Services due to Travel and Road Safety. Mr Thompson also reported on further moderate pressures within Cemeteries and Crematoriums. He advised that that the overspends would be offset by contributions from Area Forums, Contingencies and Reserves and Treasury Management resulting in a forecast overspend of £3.1m.

Mr Thompson reported that the level of Working Balances was at its lowest since 2005 without the financial growth to aid recovery that existed at that time.

The Committee was advised of the Earmarked Revenue Reserves for longer term commitments which allowed minimal scope for manoeuvre. In response to questions, Mr Thompson confirmed that there remained significant levels of capital spending which would need to be funded from internal resources.

The decision not to proceed with the pay freeze following consultation had necessitated the recommendation to use Earmarked Reserves to maintain a balanced budget. Mr Thompson reported that settlements had been reached for the majority of the first generation Equal Pay claims which would enable fund to be released from Earmarked Reserves to offset the in-year funding gap together with the balance being met from Contingencies. This recommendation had been approved by Executive and Council.

Mr Thompson reported on the significant risks related to Collection Rates. He outlined the impact that the introduction of the Council Tax Reduction Scheme and the changes to the distribution of the Business Rates had had on income. Mr Thompson stated that the Finance Report for Quarter 1 had reported that the Council was now responsible for 49% of successful business rate appeals. Mr Jack informed the Committee of concerns regarding the Council's obligations in funding the historic appeals in light of the changes in how business rate income was distributed. Mr Thompson advised that a clearer picture on the impact of the appeals would be known by July 2015 as this was when it was expected that the majority of the appeals would be determined.

Mr Thompson continued his report by advising Members that no adverse variations on capital schemes had been predicted. He concluded his report by advising Members on the remedial action that had been taken to bolster working balances and to meet the in-year

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budget gap. Early indications for Month 4 were showing a slight improvement in the budget position.

The Committee agreed to note the report.

Background papers: None

8 DATE OF NEXT MEETING

The Committee noted the date of the next meeting as 6pm on Thursday 26th October 2014 at Town Hall, Blackpool and the proposed items for the meeting as follows:

- Strategic Risk Register - PSN Compliance Requirement to restrict access to the network for unmanaged devices.
- Financial Performance Monitoring Report – Month 4

Chairman

(The meeting ended 6.50 pm)

Any queries regarding these minutes, please contact:
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