

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 12 SEPTEMBER 2019

Present:

Councillor Galley (in the Chair)

Councillors

Burdess	Collett	Hugo	Roberts
Callow	Critchley	Mitchell	

Ms Russell, Independent Member

In Attendance:

Mr Andrew Foot, Head of Housing

Ms Tracy Greenhalgh, Head of Audit and Risk

Neil Jack, Chief Executive

Mr Mark Towers, Director of Governance and Partnerships

Mr Paul Turner, Head of School Standards, Safeguarding and Inclusion

Mrs Elaine Ireland, Senior Democratic Governance Adviser

Mr Nick Raynor, Senior Manager, Deloitte

Also Present:

Councillor Mrs Callow, Chair of the Scrutiny Leadership Board

1 DECLARATIONS OF INTEREST

Councillor Galley declared a personal interest in relation to agenda item 3 Strategic Risk Register – Unsustainable Local Economy and Increased Deprivation due to his position as a Non-Executive Director on the Board of the Blackpool Entertainment Company Limited and his position as Chair of the Board for Blackpool Transport Services Limited. He also declared a personal interest in relation to agenda item 7 Tramway Audit Follow-Up due to his position as Chair of the Board for Blackpool Transport Services Limited.

Councillor Roberts declared a personal interest in relation to agenda item 3 Strategic Risk Register – Unsustainable Local Economy and Increased Deprivation due to his position as a Non-Executive Director on the Board of Blackpool Airport Operations Limited.

2 PERMISSION TO SPEAK

The Committee agreed: that Councillor Mrs Callow, Chair of the Scrutiny Leadership Board, be given permission to speak at Audit Committee meetings due to her role and the involvement of the Audit Committee with the Scrutiny Leadership Board.

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3 MINUTES OF THE LAST MEETING HELD ON 25 JULY 2019

The Committee agreed that the minutes of the meeting held on 25 July 2019 be signed by the Chairman as a true and correct record.

4 STRATEGIC RISK REGISTER - UNSUSTAINABLE LOCAL ECONOMY AND INCREASED DEPRIVATION

The Committee considered a progress report outlining the individual risks identified within the Council's Strategic Risk Register – Unsustainable Local Economy and Increased Deprivation.

Mr Paul Turner, Head of Service for School Standards, Safeguarding and Inclusion, introduced the progress report in relation to the sub-risk of Lack of Educational Attainment/Appropriate Training to Meet the Needs of the Economy. Mr Turner reported that GCSE results had largely remained static overall in comparison to the previous year's results, with St George's School and Aspire Academy seeing a marked improvement. Committee members noted that Key Stage 4 results were consistently lower than national averages.

Mr Turner informed members that a town-wide Inclusion Plan was in place aimed at improving inclusion across schools for pupils with Special Educational Needs and Disability (SEND). Mr Turner explained that exclusion rates were on the increase and that many young people with SEND exhibited behavioural issues which impacted on exclusion rates. Members were informed that Blackpool Council was in a good position to influence schools via the provision of guidance and advice.

An issue of significance raised by Mr Turner was that of the use of the Pupil Referral Unit. He highlighted that the number of referrals had decreased and assured members that a plan was in place to reduce numbers yet further, recognising that the removal of pupils from mainstream education was not desirable as a course of action.

Mr Neil Jack, Chief Executive, stressed that pupils within Blackpool's primary schools were performing better, with the decline in attainment occurring from Key Stage 3 onwards.

The Committee queried the exact numbers of pupils who were electing for home education and also what proportion of those children attained GCSE qualifications. Mr Turner advised that the number of pupils educated at home was in the region of 300, which he indicated was twice the national average. He went on to explain that the legal requirement was merely for parents to provide 'a suitable education' and that examinations were not a mandatory part of that. As GCSEs would require that parents self-funded the examinations, Mr Turner concluded that the associated costs were a significant barrier to low income families.

It was queried whether parents needed to seek permission from the Council prior to withdrawing their child for home education. The Committee was informed that parents were required to submit a deregistration letter which would prompt enquires as to the

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reasons behind their request for home education.

The Committee raised the question of whether examples of best practice from the better performing schools within Blackpool were being utilised to improve the attainment levels in other Blackpool schools. Mr Turner confirmed that best practice was shared amongst the schools and that each academy had its own improvement plan. In addition, Mr Turner explained that bespoke training tailored specifically to each school or academy was being provided via Teach Blackpool, who worked directly with teachers to improve the standard of teaching being provided.

Members of the Committee questioned what the identified key barriers to learning in Blackpool were, with Mr Turner advising that the most significant barrier was parenting. He further explained that work was underway to offer support to families to encourage their engagement. In addition work was ongoing via the Literacy Strategy aimed at improving literacy skills within households.

The Committee questioned whether those academies and schools not providing sufficient support for pupils with SEND could be identified and the shortcomings addressed. Mr Turner confirmed that such information was currently only shared with the Schools Commissioner and Ofsted. Mr Jack further explained that there was a balance between holding the schools to accounts whilst also protecting their wider reputation. Mr Turner stated that more detailed data around SEND provision was available and could be shared with the Committee if requested.

The question was raised of whether the recruitment of teachers across Blackpool required improvement or a change of approach. Mr Turner advised that alternative methods of teacher recruitment were being implemented next year, with the aim of recruiting and training the best teachers. In addition he made the Committee aware that as pupil numbers increased so too would funding levels, which would allow for more competitive teacher salaries to be offered. Mr Jack informed members that effective training and nurturing of teachers was a more beneficial approach as had been demonstrated at St George's school, where the headteacher recognised the importance of nurturing his teaching staff in order to improve and develop their teaching skills.

The Committee noted that the Children and Young People's Scrutiny Committee had planned to undertake a review of inclusion in education and requested that the issues which had been raised be forwarded to the Scrutiny Committee for members' information.

Mr Andrew Foot, Head of Housing, referred the Committee to the Strategic Risk Register data addressing housing targets. Mr Foot highlighted that the large amount of poor quality private rented properties within Blackpool was a long-standing risk, with the need for intervention and improvements identified and acknowledged.

The Committee questioned how the issue of identifying available land within Blackpool was dealt with, as a large percentage of land had already been built on. Mr Foot explained that the Council had determined the building target within its five-year plan and a requirement was that evidence be provided to demonstrate sufficient available land to meet that target.

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Following the five-year period, Mr Foot explained, the target may need to be revised. Committee members queried whether sufficient need for new homes had been identified and whether residents would be able to afford to move into the properties. Mr Foot stated that prescriptive national guidance enforced how the need for homes was calculated, further advising that new national guidance was in the process of being introduced for future calculations.

The question was raised of whether there were sufficient properties that were suitable for older residents. Mr Foot advised that sheltered housing stock was to be reviewed and would be included in the Housing Strategy, in addition to the building of bungalows being included at the Troutbeck development.

The Committee queried whether the development of brownfield sites across Blackpool was a viable option. Mr Foot explained that whilst it was important to make the best use of brownfield sites wherever possible, the associated remediation and demolition costs often made it economically unviable without extra grant funding from Government which was currently not available in low value areas such as Blackpool.

Mr Neil Jack addressed the Strategic Risk relating to increased deprivation and unemployment. In relation to the development of the conference centre at the Winter Gardens, Mr Jack suggested that the Committee may wish to undertake a tour of the works once they had progressed further. Committee members queried whether the original target for completion of March 2020 would be achieved. Mr Jack advised that a revised target of summer 2020 was being worked towards.

The use of local suppliers was queried, with further explanation requested of the process. Mr Thompson, Director of Resources, explained that during the tender bid process, an additional 20 per cent was allocated to a bidder's score if they could demonstrate that they used local suppliers.

The Committee requested an update on the work of the Lancashire Enterprise Partnership (LEP). Mr Jack informed members that the LEP had appointed Steve Fogg as its new Chair, which would allow a greater level of independence from Lancashire County Council. The Committee extended an invitation to Councillor Blackburn to attend a future meeting of the Audit Committee in order that he could provide members with an update on the work of the LEP.

Members questioned whether Project 30 would be repeated, with Mr Jack stating that based on the financial data, Project 30 would be re-introduced.

With regards to the corridor work on Topping Street, reassurance was sought by the Committee that the various works would be coordinated across the projects. Mr Jack confirmed that a project group would ensure that all works were mapped out and coordinated with each other, including works undertaken by external agencies such as United Utilities. In addition, wherever possible, planned works avoided the busiest times so as to mitigate the impact on users.

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[Mr Turner and Mr Foot left the meeting on conclusion of this item.]

5 ANNUAL AUDIT LETTER

Mr Paul Thomson, Risk Advisory Partner at Deloitte advised the Committee that until the final Statement of Accounts for 2018/2019 had been agreed, the external auditors were unable to issue the Annual Audit letter.

6 STATEMENT OF ACCOUNTS 2018/2019

Mr Paul Thomson, Risk Advisory Partner at Deloitte informed the Committee that the potential financial impact of the McCloud ruling had been resolved, however a further query with regards to the Council's accounting reserves had prevented the external auditors from agreeing the final Statement of Accounts for 2018/2019.

Mr Thomson informed the Committee that the external auditors were still awaiting corrections from the Council in order than further analysis of the data could take place. Mr Thomson confirmed that the query did not involve a loss of a specific sum of reserves, but rather questions over how the figures had been accounted. He also reported that 45 per cent of local authorities had not signed their final accounts by this year's deadline and that the consensus was for a return to the previous September deadline.

The Committee queried whether the Council would incur any additional charges as a result of the extra time spent reviewing the accounts. Mr Thomson stated that as there had been additional reviewing time by Deloitte, then there could be an associated charge for the time involved.

[Mr Thomson and Mr Raynor, Deloitte, left the meeting on conclusion of this item.]

7 RISK SERVICES REPORT QUARTER ONE

Mrs Tracy Greenhalgh, Head of Audit and Risk, introduced a summary of the work completed by Risk Services in quarter one of the 2019/2020 financial year.

Mrs Greenhalgh highlighted that the adequate updating of departmental Business Continuity Plans was still an area of concern, stating that whilst 96 per cent of plans were in place across the Council, only 78 per cent had been sufficiently updated over the past 12 months.

With regards to the changes in relation to disabled parking concessions, the Committee questioned whether an increase in the risk of fraudulent use could be expected. Mrs Greenhalgh confirmed that the widening definition of the use of disabled parking permits would be likely to result in an increase in blue badge fraud and as such was an area of significance. Mr Thompson informed the Committee that applications for blue badges were expected to increase by 50 per cent.

Clarification was sought on the number of outstanding Priority 1 Audit recommendations.

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Mrs Greenhalgh informed members that she would circulate the details to the Committee following the meeting.

The Committee received data in relation to sensitive insurance claims and Mrs Greenhalgh informed members that this data would be reported to the Committee going forward. Specific details of the nature of the sensitive claims were requested, which Mrs Greenhalgh stated she would circulate to Committee members outside of the meeting.

The Committee noted the report.

8 TRAMWAY AUDIT FOLLOW-UP

The Committee received a progress report on the recommendations made in the internal audit report of the tramway extension project. The scope of the audit was to review the project and contract management arrangements in place to ensure the effective delivery of the tramway extension including the interaction with other associated regeneration projects. Internal audit considered the current controls to be adequate, with some risks identified and assessed and some changes identified as necessary. The review identified scope for improvement in the operation of the project board being more closely aligned to their documented roles and responsibilities.

Mrs Greenhalgh acknowledged that the project management structure had been well managed, but that the coordination of the schemes required more detailed documentation to evidence the work done. Mrs Greenhalgh informed the Committee that the review had resulted in beneficial clarity around the roles and responsibilities of the project board via agreement of the board's terms of reference, as well as improved documentation of the coordination of works across the town.

The Committee noted the report.

9 DATE OF NEXT MEETING

The date and time of the next meeting of the Committee was noted as 14 November 2019, commencing at 6pm.

Chairman

(The meeting ended at 7.55 pm)

Any queries regarding these minutes, please contact:
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