

## MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 17 JUNE 2021

### Present:

Councillor Galley (in the Chair)

Councillors

Burdess	Hunter	R Scott
Critchley	Roberts	

The following Committee members whilst not present in the room and not able to vote, joined and participated in the meeting virtually:

Councillor M Mitchell  
Dr Green, Independent Co-opted Member

### The following were in attendance virtually:

Mr Neil Jack, Chief Executive  
Mr John Blackledge, Director of Community and Environmental Services  
Ms Alex Bracken, Housing Enforcement Manager (Items 1-5 only)  
Mr Jez Evans, Head of Waste and Environmental Operations (Items 1-4 only)  
Ms Vicky Gent, Director of Children's Services  
Mrs Tracy Greenhalgh, Head of Audit and Risk  
Mr Antony Lockley, Director of Strategy and Assistant Chief Executive  
Mrs Lynne Rowbottom, Transport Manager (Items 1-4 only)  
Mr Steve Thompson, Director of Resources  
Mr Mark Towers, Director of Governance and Partnerships

Mr Nick Rayner, Deloitte  
Ms Nicola Wright, Deloitte  
Councillor Mrs Callow JP, Chair of the Scrutiny Leadership Board

Mrs Elaine Ireland, Senior Democratic Governance Adviser (present in the room)

### 1 APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Ms Gill Brown, Independent Co-opted Member.

### 2 DECLARATIONS OF INTEREST

Councillor Burdess declared a personal interest in relation to agenda items 5 'Strategic Risk Register – Sustainability of the Council' and 6 'Management Response to the External Auditor's Report to Those Charged with Governance (ISA 260)' due to her position as Council appointed Non-Executive Director on the Blackpool Transport Services Limited Board. She further advised that should the financial details relating to the company be

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discussed in detail within these items, she would declare a prejudicial interest and leave the meeting for the duration of such discussions.

Councillor Roberts declared a personal interest in relation to agenda items 5 'Strategic Risk Register – Sustainability of the Council' and 6 'Management Response to the External Auditor's Report to Those Charged with Governance (ISA 260)' due to his position as Council appointed Non-Executive Director on the Blackpool Airport Operations Limited Board. He further advised that should the financial details relating to the company be discussed in detail within these items, he would declare a prejudicial interest and leave the meeting for the duration of such discussions.

Councillor Galley declared a personal interest in relation to agenda items 5 'Strategic Risk Register – Sustainability of the Council' and 6 'Management Response to the External Auditor's Report to Those Charged with Governance (ISA 260)' due to his position as Council appointed Non-Executive Director on the Blackpool Transport Services Limited Board and the Blackpool Entertainment Company Limited Board. He further advised that should the financial details relating to these companies be discussed in detail within these items, he would declare a prejudicial interest and leave the meeting for the duration of such discussions.

Councillor Critchley declared a personal interest in relation to agenda item 5 'Strategic Risk Register – Sustainability of the Council' due to her position of employment at a provider of sheltered housing.

Councillor R Scott declared a personal interest in relation to agenda item 5 'Strategic Risk Register – Sustainability of the Council' due to his position as a Public Governor on the Blackpool Teaching Hospitals NHS Trust.

### **3 MINUTES OF THE LAST MEETING HELD ON 29 APRIL 2021**

The Committee agreed that the minutes of the meeting held on 29 April 2021 be signed by the Chairman as a true and correct record.

### **4 AUDIT FOLLOW UP - VEHICLE OPERATOR'S LICENCE**

Mr Jez Evans, Head of Waste and Environmental Operations presented a progress report on the recommendations made following the internal audit review of the Vehicle Operator's Licence which had been completed in November 2020.

The Committee considered the action plan of agreed recommendations and Mr Evans reported that substantial progress had been made in addressing the issues highlighted by the audit. In relation to recommendation R4 'The Transport Manager's current responsibilities should be reviewed to ensure statutory hours of work as stipulated by the Traffic Commissioner are met,' Mr Evans reported that a temporary post had been established and a further new post would be created in Integrated Transport to ensure that the Transport Manager resumed her statutory 30 hours per week in her role as Vehicle Operator Licence holder. He added that the decision had been taken to make the temporary

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team leader position a permanent post with effect from September 2021 to further assist the Transport Manager to focus on meeting compliance requirements.

The Committee questioned what the anticipated impact of the Blackpool Waste Company (Enveco) transfer of services would have on service delivery, in particular in relation to recommendation R1 'The organisational chart showing the levels of communications and controls over the two operating sites should be updated to reflect the current officers in post.' Mr Evans advised that the transfer of services to Enveco would result in a fifty per cent reduction of the Council's Operator's Licence workload as vehicles were transferred to the waste company. In response to the Committee's concerns that penalty points on drivers' licences were not being recorded as part of the licence checking process, Mr Evans clarified that whilst all drivers' licences were routinely checked, the audit had identified an issue with regards to a potential delay in the Transport Manager contacting drivers in cases where they had failed to provide their licence for inspection. As a result, Service Managers had been reminded of their responsibilities in ensuring that team members had presented their drivers' licences in a timely manner.

Mr Evans informed the Committee of the beneficial impact of the audit as the review had assisted in highlighting the statutory requirement for the Transport Manager to ensure 30 hours per week were dedicated to her role as holder of the Vehicle Operator's Licence and the resulting addressing of staff capacity had alleviated the additional pressures experienced by the team.

Mr John Blackledge, Director of Community and Environmental Services reported that the audit had been requested specifically to assist in identifying any capacity needs across the team and that he was confident that the resulting restructuring of the service would result in all compliance issues being successfully managed going forward.

The Committee noted the beneficial utilisation of internal audit to assist in addressing identified concerns and the department's acceptance and positive response to the resulting recommendations.

[Mr Evans and Mrs Rowbottom left the meeting on conclusion of this item.]

### **5 CENTRAL SELECTIVE LICENSING SCHEME UPDATE**

The Committee received a progress update on the Central Selective Licensing Scheme and associated Housing Enforcement actions aimed at improving and regulating the private rented sector. Ms Alex Bracken, Housing Enforcement Manager provided an overview of the scheme, informing the Committee that Selective Licensing was a discretionary licensing scheme covering those privately rented properties which were not covered by mandatory or additional licensing. Selective Licensing was intended to address the impact of poor quality privately rented properties, lack of management by landlords and to reduce levels of anti-social behaviour. Ms Bracken explained that as Blackpool already had existing licensing schemes operating in 2018, the Council required permission from the Secretary of State to introduce the new Selective Licensing Scheme in the Central area of the town. This had been approved in December 2018 and came into force on 26 March 2019. Committee members

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were told that the Scheme applied to the area which formed part of Talbot, Brunswick and Bloomfield wards and that it would cease to have effect on 25 March 2024. Ms Bracken advised that the Central Additional Licensing Scheme would cease to have effect in July 2021, with 339 Houses in Multiple Occupation (HMO) currently being licensed under this Scheme.

Ms Bracken outlined the key facts of the Central Selective Licensing Scheme, informing the Committee that 1712 properties had been licensed, with fees to the sum of £947,890 having been collected. Committee members were informed that the cost of a licence was £775 (£542 with 30 per cent discount) for a single occupancy property, with multiple units up to two costing £1,090 (£775 with 30 per cent discount) and £68 for every additional unit over two. To date, 1422 landlords had applied for the Blackpool Standards which allowed for a 30 per cent reduction of the cost of a licence. In terms of enforcement, Ms Bracken reported eight prosecution cases for failure to license had been pursued and three civil penalties for failure to license in the Central Selective Licensing area had resulted in fines of £2500 each. She explained that a civil penalty was an alternative to a prosecution case and resulted in a fine that would be paid to the Council. The Committee was informed that other prosecutions and civil penalty cases had continued across Blackpool regarding breaches of enforcement notices and HMO management regulations, with a recent prosecution case in the magistrate's court resulting in a fine of £24,121.

Ms Bracken reported that Blackpool had received funding from central government as one of five areas in the country to contribute to a national pilot looking at how far enforcement could be taken in respect of regulating the supported housing sector and whether improvements could be made. The new scheme brought in officers from other areas such as Social Services, Housing Benefits, Corporate Fraud, Housing Enforcement, Fire Service and Planning Enforcement and provided a means for a multi-agency approach to look at how accommodation could be improved. The Committee was informed that the pilot would run from November 2020 to December 2021 with the aim of reviewing all the supported accommodation provision in Blackpool during that period.

The Committee was informed that since the commencement of the Central Selective Licensing Scheme in March 2019, the Housing Enforcement Team had continued to undertake full Housing, Health and Safety Rating System (HHSRS) assessments in response to poor housing conditions. Ms Bracken identified that 80 per cent of those assessments undertaken had involved a deficiency in heating provisions and the Housing Enforcement Team was assisting vulnerable tenants to deal with fuel poverty by engaging with energy companies, working directly with landlords and involving support agencies. The number of chargeable enforcement notices had increased over the last five years, with Ms Bracken explaining that an enforcement notice was charged at £430, with the numbers having increased to the highest level during the pandemic across 2020/2021 at 48 notices compared to 27 in 2016/2017.

Committee members were informed that the Selective Licensing Scheme had been introduced in the Central area in order to deal with high levels of anti-social behaviour. Anti-social behaviour (ASB) officers were funded by the scheme to deal proactively with reducing anti-social behaviour and to engage with landlords, communities and tenants. Ms Bracken

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noted that high levels of multi-agency work with Public Protection Officers, the Police and Lancashire Fire and Rescue Services had continued throughout the pandemic in the Central area to ensure anti-social behaviour and Covid-19 regulations were being effectively enforced.

The Committee questioned whether the scheme offered good value for money for landlords and queried whether the high level of enforcement indicated that the scheme was perhaps not working effectively. Ms Bracken clarified that the Selective Licensing Scheme operated in addition to the usual enforcement processes and had the specific aim of addressing and reducing incidences of anti-social behaviour and ensuring effective management of properties by landlords. In terms of offering value for money, Ms Bracken highlighted that the Licensing Scheme included the services of an ASB officer who provided support in dealing with tenants engaging in anti-social behaviour. The ASB officer would work proactively with landlords as well as targeting ineffective landlords who were not adequately managing their properties and tenants. The Scheme also included subsidised training for landlords and advice regarding tackling fuel poverty and encouraging more efficient fuel use.

In response to a question on the future of the Central Selective Licensing Scheme, Ms Bracken advised that the Scheme would continue until 2024 and that a feasibility study was planned in order to consider the extension of the Scheme beyond that date.

The Committee discussed the benefits of maintaining a central database to identify those properties which had evidenced compliance with fire and health and safety regulations, with Ms Bracken advising that both announced and unannounced visits occurred to check that regulation standards were being met. She added that a full database was maintained and that close working with the fire service had been established.

Ms Bracken noted that Blackpool Council was consistently proactive with regards to enforcement and used all available tools and legislation, up to and including prosecution where necessary to ensure a clear message was being communicated to landlords across the town.

The Committee thanked Ms Bracken for attending and extended praise to her team for all their efforts.

[Ms Bracken left the meeting on conclusion of this item.]

### **6 STRATEGIC RISK REGISTER - SUSTAINABILITY OF THE COUNCIL**

The Committee considered a progress report outlining the individual risks identified within the Strategic Risk – Sustainability of the Council. Consideration was given to the sub-risk ‘Insufficient funding to deliver services,’ with Mr Steve Thompson, Director of Resources providing an update. He reported that budget monitoring had taken place from month 0, which included forecasting the impact that the pandemic would have on the Council’s financial position. The Committee heard that the residual impact of the pandemic continued to pose a risk, with government funding having been provided for the first quarter of the

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financial year. Mr Thompson advised that a refresh of the Medium Term Financial Sustainability Strategy would be undertaken during the year, together with an updated Medium Term Financial Plan of at least five years' horizon. In addition, the suite of income and debt collection strategies would be reviewed over the year.

Mr Thompson informed the Committee that a restructure of the Council's accountancy department was underway in order to refocus resources to meet reprioritised demands such as corporate finance, wholly owned companies and capital expenditure. He advised that the Council would receive a share of the £15 million allocated funding to address the recommendations from the Redmond Review, aimed at addressing capacity issues. With reference to the departmental restructure, the Committee queried whether additional resources would be required to meet the demands of the current workload. Mr Thompson responded by advising that a risk management approach would be taken to achieve a reprioritisation and redistribution of workload across existing staffing levels and to further develop existing talent within the team.

The Committee questioned whether the current spending ratio of approximately 79 per cent of the Council's budget to social care expenditure was sustainable. Mr Thompson acknowledged social care expenditure as an area of potential concern, not just in Blackpool but nationally and advised that the Directors of Children's and Adult's Services were monitoring the situation.

Mr Neil Jack, Chief Executive provided an update in relation to the sub-risk 'Insufficient central government funding for Social Care,' in relation to Adult's Social Care. Mr Jack reported that the Covid-19 pandemic had resulted in significant operational and financial challenges for adult social care providers and that the Council had put in place a range of financial and other support measures during the last twelve months which continued to operate subject to a review at the end of June 2021. He acknowledged that there was uncertainty with regards to the continuation of funding post-June despite the fact that Covid-related costs would continue beyond this point. Mr Jack assured the Committee that the Council would continue to raise awareness of the issues affecting the care sector with central government and to lobby for additional resources through its work with the Local Resilience Forum and other bodies.

The Committee asked how value for money could be assured from social care providers, with Mr Jack clarifying that with regards to value for money there were other considerations aside from the financial cost of a service. He informed the Committee that the Council's commissioning team closely monitored the provision and delivery of care services to ensure that the necessary level of care was being provided on a case-by-case basis whilst also working with providers to review individual care packages to develop bespoke care as required.

In response to the Committee's question over whether future demographic trends had been reviewed in order to consider the use of invest to save schemes, Mr Jack reported that the Council was working with providers to consider investing to save initiatives and cited the example of the investment in Children's Social Care to develop a more therapeutic fostering service to reduce the need for residential placements for children. He noted that such

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initiatives not only brought longer term financial benefits but also resulted in better outcomes for Blackpool's children.

The Committee sought assurance that the Council was receiving a consistent level of provision from providers of specialist social care services, particularly in light of the fact that such providers were charging increasingly high amounts to the Council. Mr Jack advised that the government's Fair Funding Review, an independent review of children's social care, had been launched by the Department for Education on 1 March 2021 and that the summary findings of which would be provided to local authorities imminently. Mr Jack informed the Committee that in order to closely match the needs of each child to the correct service and for the best price, a team assessed each placement and ran comparisons across alternative provisions available across the market. The commissioning team, led by Ms Kate Aldridge, Head of Delivery and Performance closely monitored the services provided to ensure adequate delivery of the agreed care packages.

Mr Thompson provided an update in relation to the sub-risk 'The Council's wholly owned companies are no longer financially viable,' explaining that the financial position across all the Council's companies had been consolidated in order to gain a full understanding of the overall exposure of the Council. He noted the introduction of the Shareholder Committee of the Executive which was now in place to hold companies to account and to streamline the accountability of the elected member role with the wholly owned companies. The Shareholder Committee consisted of the Leader, Deputy Leader and a member of the opposition and would have decision-making powers. Mr Thompson highlighted the robust financial reporting mechanisms and governance arrangements in place across all the companies but acknowledged that uncertainty remained around the future restrictions and potential losses as a result of the ongoing pandemic.

The Committee sought assurance that adequate controls were in place to avoid the governance failings as identified at a number of other local authorities via recent public interest reports. Mr Mark Towers, Director of Governance and Partnerships advised that the lessons learnt from the errors of other local authorities would be used to strengthen the robust processes in place at Blackpool. Mr Towers identified that a good practice that operated currently at Blackpool which had been an issue in other authorities was the recruitment of experienced and skilled independent non-executive directors and a system of non-executive director appraisals and continued professional development across each company. In addition, he noted that recovery plans were in place for each company which had been agreed in conjunction with the Council and which were closely monitored to ensure continued achievability.

Mr Antony Lockley, Director of Strategy and Assistant Chief Executive provided an update in relation to the sub-risk 'The Council fails to reduce carbon emissions and proactively take action to address the climate emergency.' He advised that the Council was on track to produce and publish its route map to net zero by the end of this year and had already completed a number of key contributions to the plan. Mr Lockley reported that an internal audit was planned for later this financial year aimed at assessing progress against the climate change agenda as well as the Tourism, Economy and Communities Scrutiny

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Committee playing an active role in monitoring progress and receiving updates on key developments.

Mr Lockley highlighted a number of actions which had been implemented across the Council to assist in the reduction of emissions, work towards changing organisational culture, engage the town and influence national policy. Such actions included the recruitment of additional Council officers to work on addressing climate change obligations as well as working closely with neighbouring local authorities to action change.

The Committee questioned whether the achievement of net neutrality posed any risk to the delivery of services for example by any of the Council's wholly owned companies. In response Mr Lockley reported that a managed transition to net zero carbon by 2030 would be a potential source of growth and employment opportunities for the town.

When asked about any barriers faced by the Council in achieving the target, Mr Lockley acknowledged that addressing the climate emergency was a big challenge but one that needed to be tackled. He raised technological limitations and price as current hurdles but predicted that as advancements were made, the price would reduce to make technology more affordable. In response to a query around congestion charges, Mr Jack assured the Committee that despite a number of larger local authorities implementing such charges across their towns and cities, Blackpool would not be considering this as an option. He reported that the focus would instead be on implementing improvements to the public transport network to encourage a reduction in the use of private vehicles.

### **7 MANAGEMENT RESPONSE TO THE EXTERNAL AUDITOR'S REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260)**

The Committee considered the management response to Deloitte's Governance Report for 2019/2020 as presented by Mr Steve Thompson, Director of Resources. Ms Nicola Wright, Deloitte noted the Council's encouraging responses and advised that a follow up of compliance implementation would be included as part of the audit process for the 2020/2021 accounts.

The Committee asked whether in relation to long term debtor recoverability there would be an opportunity to establish a debt profile and target investment to other areas of Blackpool's economy. Mr Thompson advised that whilst the debt profile would require a refresh in response to the impact of the pandemic, once this had been undertaken he would provide a copy to Committee members.

When questioned on whether the Corporate Leadership Team (CLT) had the capacity to research new ideas to identify savings or investments in their individual directorates, Mr Thompson advised that the requisite processes were in place to allow this to happen and that the allocation of capacity would be addressed as part of the imminent CLT 'Away Day'. Furthermore, Mr Jack reported that transformation capacity existed within Mr Lockley's directorate which worked to support departments to identify improved ways of working and to assist transformation.

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The Committee asked Deloitte when the 2019/2020 accounts could be expected to be signed off, with Ms Wright agreeing to a deadline of 5 July 2021.

### **8 AUDIT COMMITTEE ACTION TRACKER**

The Committee considered the updated Action Tracker, noting that no actions were due for further consideration at this time. The Chair requested that the noted meeting between Ms Wright and Mr Rayner from Deloitte with the Chair and Vice Chair of the Audit Committee and the Director of Resources to discuss future working relationships be scheduled to take place in the near future.

### **9 DATE OF NEXT MEETING**

The date of the next meeting of the Committee was noted as 30 September 2021, commencing at 6pm.

### **Chairman**

(The meeting ended at 8.10pm)

Any queries regarding these minutes, please contact:  
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