

# Blackpool Council

16 November 2022

To: Councillors Burdess, Critchley, Galley, Hunter, Roberts and R Scott

Mr David Swift, Independent Co-opted Member

The above members are requested to attend the:

## **AUDIT COMMITTEE**

Thursday, 24 November 2022 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 20 OCTOBER 2022** (Pages 1 - 10)

To agree the minutes of the last meeting of the Audit Committee held on 20 October 2022 as a true and correct record.

**3 INTERNAL AUDIT FOLLOW-UP - GOVERNANCE OF WHOLLY OWNED COMPANIES** (Pages 11 - 18)

To consider a progress report on the recommendations made in the internal audit report of the Governance of Wholly Owned Companies issued on the 30 November 2021.

**4 STRATEGIC LEISURE ASSETS UPDATE** (Pages 19 - 24)

To provide the Audit Committee with an update in relation to Strategic Leisure Assets.

**5 STRATEGIC RISK REGISTER DEEP DIVE - COMMERCIAL** (Pages 25 - 36)

To consider a progress report on individual risks identified in the Council's Strategic Risk Register and to consider the controls being implemented to manage the strategic risk relating to commercial.

**6 CIPFA POSITION STATEMENT: COMPLIANCE REPORT** (Pages 37 - 52)

To consider compliance with the CIPFA Position Statement 2022.

**7 AUDIT COMMITTEE ACTION TRACKER** (Pages 53 - 54)

To consider the Committee's updated Action Tracker.

**8 DATE OF NEXT MEETING**

To note the date and time of the next meeting of the Committee as 19 December 2022, 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](mailto: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](http://www.blackpool.gov.uk).

### **Present:**

Councillor Galley (in the Chair)

Councillors

Baker	Critchley	R Scott
Burdess	Hunter	

David Swift, Independent Co-opted Member

### **In Attendance:**

Councillor Mrs Maxine Callow JP, Scrutiny Lead Member

John Blackledge, Director of Community and Environmental Services

Steve Thompson, Director of Resources

Lisa Arnold, Strategic Head of Service Community and Wellbeing, CES Management and Admin Support

Tracy Greenhalgh, Head of Audit and Risk

John Greenbank, Senior Democratic Governance Adviser (Scrutiny)

### **1 DECLARATIONS OF INTEREST**

There were no declarations of interest made on this occasion.

### **2 MINUTES OF THE LAST MEETING HELD ON 15 SEPTEMBER 2022**

The Committee considered the minutes of the last meeting held on 15 September 2022 and requested that Councillor Ms Maxine Callow, Scrutiny Lead-Member, be added to the list of attendees.

**Resolved:** That the minutes of the meeting held on 15 September 2022, subject to the amendment outlined above, be signed by the Chair as a true and correct record.

### **3 ANNUAL STATEMENT OF ACCOUNTS 2021/2022**

Mr Stuart Kenny, External Auditor, Deloitte, provided a verbal update on progress to sign-off the Annual Statement of Accounts 2021/2022. He informed members that work on the 2021/2022 accounts was underway and it was expected that this would be ready for March 2023.

In respect of the 2020/2021 accounts Mr Kenny reported that Chartered Institute of Public Finance and Accountancy (CIPFA) and the Department for Levelling Up, Housing and Communities, had developed a solution for the recording of Infrastructure Assets. This

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would be enacted via Statutory Instrument on 30 November 2022 and have effect from 21 December 2022. Once this had taken place the work could begin in finalising the 2020/2021 accounts with sign off expected in January 2023. The Committee noted that this timescale would mean that the end of December 2022 and early January 2023 would be busy periods for the external auditor and Council Officers involved.

It was queried if the work required to sign off the outstanding accounts would mean that additional costs were incurred from the external auditor. Mr Kenny explained that this was likely to occur, but that all costs would be agreed with the Council's Corporate Leadership Team and reported to the Committee.

Mr Steve Thompson, Director of Resources, also informed the Committee that from 2023, KPMG had been allocated as the Council's new external auditor.

**Resolved:** That the update be noted.

### 4 AUDIT AND RISK SERVICES QUARTER TWO REPORT

Ms Tracy Greenhalgh, Head of Audit and Risk, presented the Audit and Risk Services Quarter Two report. She reported that during quarter two the Audit team had been reduced by three officers to eight auditors which would affect the ability of the team to deliver against the Audit Plan and that any major changes would be reported back to the Committee as part of the quarter three reporting.

Details of work to update to the Council's departmental risk registers were reported with 59% having been completed. In respect of Children's Services it was highlighted that this figure was at 66% completed. Ms Greenhalgh explained that each directorate had a number of risk registers and that the audit team would be chasing up the outstanding registers during quarter three.

The Committee noted that the report stated that the Audit Team had reduced in professional qualifications by 25% in quarter two with Ms Greenhalgh explaining that this figure represented the number of staff with professional qualifications and had been impacted by the reduction in members of the team. She added that the team had recruited a number of trainee auditors to support ongoing audit work, and that although it would take time, this new employees would be supported in gaining the necessary professional qualifications.

Mandatory fraud awareness training in Children's Services was shown at 62% having been completed and the Committee expressed concern that this was lower than other directorates. Ms Greenhalgh replied that the Director of Children's Services (DCS) had been informed of which members of staff not yet undertaken the training and would ensure that they did so in a timely manner. The Committee asked that progress to improve the number who had undertaken the fraud awareness training be highlighted in future reporting to allow ongoing monitoring.

Ms Greenhalgh also reported on the outcome of internal audit reports issued during quarter

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two and reported that in most adequate assurance had been found. In respect of the Children's Service's Financial Systems Development Audit, however inadequate assurance had been found. In response to this the DCS and set up a working group under the responsible Assistant Director to work toward improvement against the audit recommendations made. Mr Steve Thompson, Director of Resources, added that the working group's establishment would provide assurance that the necessary work was taking place and have input from the audit and finance teams. Members therefore asked that a report on the progress of the working group's work be provided to the Committee in six months time.

The Civil Claims Financial Data audit was also discussed with Ms Greenhalgh highlighting that split assurance had been given in this case. This was due to inadequate assurance being found in the handling of potential claims, with changes being made without consultation with the Risk and Resilience and Self Insurance Panel. The Committee was informed that there would therefore be discussions with the panel to determine a suitable approach to be taken to resolve this issue.

It was also queried the what the term "Hardening Markets" meant in respect of this audit, with Mr Thompson explaining that it referred to market conditions where it would be more difficult to place insurance with providers. He further noted that obtaining property insurance had become more difficult and presented a challenge for the Council going forward.

Members noted that in respect of the Adult Services Extra Support Service audit that there had been "minor lapses" in lapse in compliance and queried why therefore four priority two recommendations had been made. Ms Greenhalgh responded that some minor lapses could qualify as priority two recommendations depending on the issue and outcome of compliance testing.

Regarding details the outcomes of previous audits undertaken into Growth and Prosperity the Committee discussed recommendations that had not been actioned. Ms Greenhalgh reported that nine recommendations were outstanding and these had been highlighted to officers, but confirmed that all priority one recommendations had been actioned successfully. Progress to ensure that these recommendations were actioned would be included in future audit and risk reporting to provide ongoing assurance to the Committee.

The Committee also discussed BACS controls in respect of the Resources Direct Debits audit with Ms Greenhalgh informing members that in addition to monitoring undertaken by the Council's Audit team, BACS also undertook their own monitoring and audits of Council services.

The Fraud and Risk Statistic 2022/2023 table provided in the report was raised by members of the Committee who queried what systems were in place to recover the money lost to fraud outlined, noting Council Tax was the biggest area of reported fraud. Ms Greenhalgh explained that each case was considered individually and in the first instance would be treated as an error, but if the Council would seek to prosecute instance of Council Tax fraud if it were ongoing. Instance of fraud were checked and escalated depending on the

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circumstances of the case and the cooperation of those involved.

Ms Greenhalgh further explained that the large number of fraud claims were managed by the Council's legal team and would be referred to the Audit and Risk Team if fraud was identified.

Members also queried if fraud in respect of Covid support grants were included in the statistics. Ms Greenhalgh explained that this information was not yet included in the statistics provided to the Committee, but collection of the necessary information was taking place. She advised that instance of fraud in relation to Covid support grants were low and that audit was awaiting national data on this issue before including in future reporting.

### **Resolved:**

1. That the report be noted;
2. That the number of Children Service's officers who had undertaken the mandatory fraud awareness training be highlight in future reporting audit and risk services reporting to allow ongoing monitoring; and
3. That a report on the progress of the work being undertaken by the Children's Services Working Group in response to the Financial Systems Development Audit be provided to the April 2023 meeting of the Committee.

### **5 STRATEGIC RISK REGISTER DEEP DIVE - LEGAL**

The Committee considered a deep dive into the Strategic Risk 'Legal' which included the sub-risks (a) 'Hardening insurance market', (b) 'Inadequate safety management of the public realm/communities' and (c) 'Unsafe workplace'.

#### a)Hardening Insurance Market

Mr Steve Thompson, Director of Resources, provided an update in respect of sub-risk (a). He reported that controls in place to mitigate the risk of a hardening insurance market included a robust Risk Management Framework and dedicated risk register for Council projects, which could be used to demonstrate to insurers how the Council managed risk. The reports Appendix demonstrated how the Council's approach to risk had resulted in a reduction in Council insurance claims since 2011 and a reduction in the Strategic risk score for this sub-risk from 20 to 16.

Further to this the Risk and Resilience Team was undertaking a procurement exercise for a new claims handling system, which would improve efficiency and the management of information to assist with lessons learned. The team had received a number of demonstrations of potential systems and it was foreseen that the procurement would be complete for the 2023-2024 financial year.

Mr Thompson also reported that a new Risk and Resilience Officer would be appointed to assist with work to undertake a procurement exercise for the Council's insurance portfolio. This work would ensure that the Council had value for money and that comprehensive

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insurance was in place. It was expected that this procurement would take place in April 2023 with insurers appointed by April 2024.

The Committee queried if the Risk and Resilience Team undertaking the procurement of an insurer created a conflict of interest. In response Mr Thompson explained that the procurement would be undertaken by the Procurement Team, with advice from Risk and Resilience, and that therefore no conflict existed.

The overall cost of insurance, including self-insurance, for the Council annually was approximately £3m. This presented an ongoing challenge for the team and issues outside of the Council's control, such as the cost of living crisis and the war in the Ukraine, had meant that costs were expected to increase and insurers becoming more risk averse. These could be partially mitigated through demonstrating the Council's risk management processes. Mr Thompson added that where an insurer could not be found then the Council would seek to self-insure to ensure coverage was in place.

Mr John Blackledge, Director of Community and Environmental Services, provided an update in respect of Highways insurance claims. He reported that due to the risk management approach taken that claims that had previously cost around £1m had reduced to approximately £100k. This approach had included the establishment of a joint risk management group in the Highways team and a dedicated highways Health and Safety Officer in Audit and Risk.

Members asked if all Council owned vehicles had trackers installed to monitor usage, noting that this would assist in managing risk. Mr Blackledge explained in response that the majority of vehicles had trackers, but some older vehicles did not.

Oversight of the risks undertaken by the Council's Wholly Owned Companies (WOC) and its impact on Council insurance was discussed. Mr Thompson explained that oversight of WOC was undertaken by the Council's Shareholder Committee, which considered each company's Strategic Risk Register. Ms Tracy Greenhalgh, Head of Audit and Risk, added that an exercise had also recently been undertaken to standardise the risk management approach for each WOC, including updating of their Strategic Risk Registers, details of which would be reported to a future Committee meeting.

In respect of private contractors used by the Council, the Committee asked how risk they were responsible for was monitored. In these cases, Mr Thompson explained that as part of the due diligence when procuring the services of a private contractor the Council sort to establish their risk management approach and would ensure that responsibility for risk was clearly outlined in any contracts agreed.

### b) Inadequate safety management of the public realm/communities

Mr John Blackledge, Director of Community and Environmental Services, provided an update in respect of sub-risk (b). He informed the Committee that the sub-risk covered diverse range of services and significant risk management work had been undertaken across them to mitigate the risk.

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In respect of Tree Management, a strategy had been put in place which ensured that inspections of trees was undertaken and that monitoring could take place. In the event that an incident occurred related to trees a log had been created which would assist in ensuring any lessons would be learned. The Tree Management Strategy covered all the trees in Blackpool's parks and those adjacent to highways. Work to monitor and maintain these trees was undertaken jointly with Blackpool Waste Services.

Joint working with Blackpool Waste Services also had taken place to maintain Blackpool's play areas to ensure that they were of a high standard and safe for public use. The record of work need and issues logged had been digitalised to allow more effective monitoring and recording of work undertaken and Blackpool Waste Services had a set of key performance indicators to performance against.

Mr Blackledge also reported on work with Lancashire Constabulary and the Police and Crime Commissioner (PCC) to ensure public safety. This included funding for community schemes from the PCC, for which the Council ensured ongoing support to maintain. Joint working with the police included the sharing of powers to ensure that there was an effective joint response to public safety issues. This had led to a Home Office representative being include on Blackpool's Community Safety Partnership (CSP) to observe the multi-agency working taking place.

Blackpool's development of CCTV infrastructure was discussed, with Mr Blackledge explaining that a new control room had been established at Starr Gate for the new system. It was expected that this would be operational by the end of November 2022 and the new CCTV infrastructure and technology in the town centre would be complete by March 2023. This investment by the Council with support from the PCC allowed the Council and partner agencies to use the infrastructure to ensure safety and reduce risk to the public.

In response to a query Mr Blackledge added that the Police did not contribute financially to CCTV, and had no capital budget that would allow them to do so. However there access and use of the system was vital to ensuring public safety and was therefore funded by the Council and PCC. It was also noted that Wyre Borough Council contributed to CCTV as the network covered part of their area.

Trauma Kits provided across Blackpool was raised by the Committee, who queried there spread and use. Mr Blackledge explained that the kits had been provided through the CSP and 45 were in place. As well as assisting in isolated incidents, these would assist the emergency services in any major incident that occurred in Blackpool. Training had been provided to the staff of venues where kits were located for use on their premises and to support the response to major incidents nearby. This approach had been adopted based on the recommendations made by the review into the response of the Manchester Arena Bombing.

The Committee noted the broad and varied range of risks for which the Community and Environmental Services Directorate covered and asked if adequate resources were in place to manage all of them. In response Mr Blackledge informed the Committee that although



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the diverse range of risk created a challenge, this was mitigated through joint working with the Council's partners and the sharing of resources, highlighting the examples of Blackpool Waste Services and the CSP.

Members considered if in respect of Council provided public Defibrillators an audit of devices should be undertaken, noting that none had taken place and recognising the need to ensure that all devices were functioning correctly. Mr Blackledge agreed that this was a good and idea and agreed to consider if such an audit could be undertaken and report back to a future meeting of the Committee.

### c) Unsafe workplace

Mr Steve Thompson, Director of Resources, provided an update in respect of sub-risk (c). He informed members that robust arrangements were in place to ensure safety in the workplace. This included an annual Health and Safety Report, which provided assurance to staff on issues and the Council's response to them. This also promoted a "no blame culture" to promote the reporting and addressing of safety issues.

The annual Health and Safety report was considered by the Council's Corporate Leadership Team to ensure issues were highlighted to all Directors. The Committee asked that a copy of the report also be provided to members, for information, to ensure that potential health and safety risk was highlighted to them.

The work undertaken during the Covid pandemic was highlighted, where work had been undertaken to make workplaces Covid-secure for staff. Mr Thompson also reported that the Health and Safety team consisted of nine officers, who in addition to work to ensure staff safety also worked with the Council's Wholly Owned Companies. The Council's Health and Safety arrangements were also available via the Sharepoint site for members of staff to access.

A new Human Resources IT system, iTrent, had been procured to allow a more joined up approach to staff training and support.

The Committee discussed staff safety training and the number of those who had received it. Mr Thompson explained that all staff were encouraged to attend safety training, with a focus on those where it was important for their role. He also noted that such training offered an opportunity for personal development for staff.

Resolved:

1. That the updates be noted;
2. That Mr Blackledge consider and report back to a future meeting on the possibility of undertaking an audit of Council provided Defibrillators in Blackpool; and
3. That the annual Health and Safety report be shared with members of the Committee for information.

**6 INTERNAL AUDIT FOLLOW UP - MANAGEMENT OF LEISURE FACILITIES**

Ms Lisa Arnold, Strategic Head of Service Community and Wellbeing, CES Management and Admin Support, presented a report on progress made against recommendations identified as part of the Internal Audit of the Management of Leisure Facilities. The audit had sought to review the financial losses incurred due to Covid, the recovery plans in place and the impact on staffing and recruitment.

The audit had found that adequate assurance was in place and had made 7 recommendations for improvement. In response to this the leisure services team had agreed actions to address the recommendations made.

In respect of the income of leisure centres, the Committee was informed that this had been affected by individual decisions following Covid and the closure of centres during the pandemic. Following the lifting of Covid restrictions and the reopening of leisure facilities the Council had sought to demonstrate the safety of its centres to encourage individuals to return and address concerns that they could have.

In respect of recommendation 3 the Committee was informed that the term “significant” relating to financial benefits or risks, applied to projects valued at over £10k. This had been agreed with the Auditor and Ms Arnold confirmed that no current projects had met this threshold. Ms Tracy Greenhalgh, Head of Audit and Risk, added that as service manager Ms Arnold was best placed to determine what constituted a significant project and Audit had been guided by her advice.

The rotation of Facility Managers made by recommendation 7 was discussed by the Committee with it being noted that this action had not been undertaken. Ms Arnold explained that this had been the case due to it being recommended that only consideration be undertaken, which had taken place. However, it was decided that due to the Covid recovery journey being underway and the relevant managers’ embracing their roles within it that now was not the appropriate time to introduce such a change. She added however that it would be kept under consideration going forward recognising the benefit in developing the services’ managers.

Going forward Ms Arnold outlined that Leisure Facilities recovery from the Covid pandemic was based on encouraging people to return to becoming physically active. Before the pandemic the service had sought to compete with the private sector, however it was recognised that this was no longer feasible. This new approach involved closer working with Public Health and NHS partners and had created a number of opportunities for improving community health.

The program of exercise classes offered was discussed with Ms Arnold explaining that these had been historically popular. The number of attendees had reduced since Covid and consideration was needed to determine how best to proceed with the Council’s offer.

**Resolved:** That the update be noted.

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### 7 AUDIT COMMITTEE ACTION TRACKER

The Committee gave consideration to the updated Action Tracker.

**Resolved:** To note the Action Tracker.

### 8 DATE OF NEXT MEETING

The date and time of the next meeting was confirmed as Thursday, 24 November 2022 at 6pm.

### Chairman

(The meeting ended at 8.50 pm)

Any queries regarding these minutes, please contact;  
John Greenbank, Senior Democratic Governance Adviser  
Tel: 01253 477229  
E-mail: [John.Greenbank@blackpool.gov.uk](mailto:John.Greenbank@blackpool.gov.uk)

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<b>Report to:</b>	<b>AUDIT COMMITTEE</b>
<b>Relevant Officer:</b>	Mark Towers – Director of Governance and Partnerships Lorraine Hurst – Head of Democratic Governance
<b>Meeting</b>	24 November 2022

## INTERNAL AUDIT FOLLOW-UP: GOVERNANCE OF WHOLLY OWNED COMPANIES

### 1.0 Purpose of the report:

- 1.1 To consider a progress report on the recommendations made in the internal audit report of the Governance of Wholly Owned Companies issued on the 30 November 2021.

Mersey Internal Audit Agency were appointed to undertake this piece of work given that the Council's Head of Audit and Risk is involved in company governance and to avoid any perceived conflict of interest.

It should be noted that progress against the implementation of these actions is also reported to the Shareholder Committee on a regular basis.

### 2.0 Recommendation(s):

- 2.1 To consider the actions being implemented to address the audit recommendations relating to the Governance of Wholly Owned Companies 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 N/a

### 5.0 Council priority:

- 5.1 The relevant Council priority is community.

## 6.0 Background information

6.1 In recent years there have been a number of high-profile instances where council owned subsidiary businesses have failed and had almost catastrophic consequences for the councils involved. The failings have been documented in External Auditor Public Interest Reports and in the main point to inadequate governance and financial management at council level.

As the Council own a number of wholly owned companies it was felt prudent to ensure that the Council (as Shareholder) had learned from lessons elsewhere in order to embed effective governance. The companies owned by the Council at the time of the audit review included:

- Blackpool Coastal Housing
- Blackpool Housing Company (trading as My Blackpool Home)
- Blackpool Transport Services
- Blackpool Waste Services (trading as Enevco)
- Blackpool Entertainment Company (Winter Gardens Complex)
- Blackpool Airport Operations
- Blackpool Operating Company (Sandcastle Waterpark)

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

### Scope

The scope of the audit was to identify and evaluate the overarching governance arrangements in place at the Council, in its role as Shareholder, to manage the effective oversight of the wholly owned subsidiaries.

### Assurance Statement

In relation to risk management there is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls puts the achievement of the system objectives at risk.

In all other areas reviewed there is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some aspects of the system objectives at risk.

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:**

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 N/a

**Appendix 3(a) - Agreed Action Plan**

Recommendation	Priority	Agreed Action	Responsible Officer	Target Date	Progress
<p>R1</p> <p>There should be a requirement for all WOCs to provide Risk Reporting and an Audit Committee annual report to their Boards and also to the Shareholder Committee.</p> <p>The Shareholder Committee should also prepare a report to the Council's Audit Committee.</p> <p>An overarching Strategic WOC Risk Register should be created, monitored and reported to the Shareholder Committee. Key risks should be escalated to the Council's Strategic Risk Register where appropriate.</p>	1	Agreed	Director of Governance and Partnerships / Head of Audit and Risk	April 2022	<p>All WOCs are now required to report to the Shareholder Committee on risk.</p> <p>A review of Strategic Risk Registers has taken place across the company group and most have now been completed with the exception of Blackpool Transport Services and Blackpool Housing Company (incorporating Lumen) both of which are scheduled to go to the company Audit committees and onto Boards.</p> <p>Chair of Audit reports are now submitted to Boards and these, along with the Strategic Risk Registers, are being formally reported to Shareholder Committee:</p> <p>Blackpool Waste Services Ltd - 23 September 2022</p> <p>BCH – 25 November 2022</p> <p>with others scheduled to report before the end of the financial year.</p> <p>An overarching risk register will be developed when all company SRRs have been reviewed. At that point, a report from the Shareholder Committee will go to the Council's Audit Committee.</p>



Recommendation		Priority	Agreed Action	Responsible Officer	Target Date	Progress
R2	<p>The progress of the Operational agreements should be reported to the newly formed Shareholder Committee.</p> <p>Management Service Agreements (MSAs) should be put in place for all companies pulling together the Service Level Agreements (SLAs).</p>	2	Agreed	Director of Governance and Partnership / Shareholder Liaison Officers	September 2022	<p>There are currently operating agreements between Blackpool Waste Services Ltd and the Council and Blackpool Coastal Housing and the Council. No other agreements exist with the other companies at this time although an operating lease for Blackpool Entertainment Company Ltd is currently being developed.</p> <p>An Audit review has been carried out into this areas and is currently being finalised. This will be submitted to the Council's Audit Committee.</p> <p>A draft MSA for BWS has been developed. The same MSA will then be applied to other companies.</p>
R3	<p>Governance Framework documents should be completed and agreed with the WOC. The core document should be reported to the Shareholder Committee in the first instance prior to adoption by each of the WOCs.</p> <p>Policy Framework will be an appendix to the governance framework document. Actions where the Shareholder requires the WOCs to adopt will be approved by the Shareholder Committee in the first</p>	2	Agreed	Director of Governance and Partnerships	April 2022	<p>The Shareholder Committee agreed a governance framework on 18 March 2022. This framework has since been approval by all WOC boards.</p> <p>Most companies have developed a policy framework document that has been approved by the Board. Work is ongoing to map company policies and provide a template framework for consistency.</p>

Recommendation		Priority	Agreed Action	Responsible Officer	Target Date	Progress
	<p>instance for example Living Wage, Climate Change and Public Sector Equality Duty.</p> <p>Actions should be monitored via the Shareholder Committee.</p>					The Shareholder Committee monitors actions and a timetable for reporting mechanism is being developed.
R4	<p>A WOC structure review should be undertaken to establish if the WOCs are set up to best achieve efficiency and effectiveness.</p> <p>The results should be reported to the Shareholder Committee with an action plan for any weaknesses identified.</p>	3	Agreed	Chief Executive	Ongoing	A review of Blackpool Coastal Housing was undertaken in 2020. Further discussions are required regarding the future scrutiny of companies.
R5	Detailed recovery financial plans will be included in reporting packs and scrutinised, challenged and reviewed at the Shareholder Committee.	2	Agreed	Director of Governance and Partnerships	November 2021	Financial reporting takes place at each Shareholder Committee on a group basis (via the Council's Director of Resources) and on a detailed individual basis at the respective company Shareholder Committee meeting.
R6	Reporting requirements should be established with templates for consistent reporting. These should include Financial Performance, KPI reporting, Recovery Loan reporting, Risk Management, Business Plans, Strategy Documents and Project performance.	2	Agreed	Director of Governance and Partnerships	January 2022	<p>Templates for the KPI reporting are in place.</p> <p>Business Plan and Annual Report templates are being developed.</p>

Recommendation		Priority	Agreed Action	Responsible Officer	Target Date	Progress
R7	There should be cyclical training requiring mandatory participation that is tracked and logged and networking events where Council objectives and vision can be shared along with providing opportunities for participants to share best practice and any group synergies for efficiency.	3	Agreed	Director of Governance and Partnerships	April 2022	So far this financial year, the following cyclical training sessions have been held for NEDs: Introduction to Financial Statements held on 24/05/22 Role of External Audit – 09/06/22 GDPR training – 17/11/22 A fully revised rolling training programme for non-executive directors is also being launched at end November 2022.

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<b>Report to:</b>	<b>AUDIT COMMITTEE</b>
<b>Relevant Officer:</b>	Lee Frudd – Head of Strategic Leisure Assets
<b>Meeting</b>	24 November 2022

## STRATEGIC LEISURE ASSETS UPDATE

### 1.0 Purpose of the report:

- 1.1 Following an internal audit follow up report in relation to Strategic Leisure Assets in November 2021 the Committee requested that more specific details around the Council's Strategic Leisure Assets be brought back to the Committee at a future meeting.

The purpose of this report is to provide the Audit Committee with an update in relation to Strategic Leisure Assets.

### 2.0 Recommendation(s):

- 2.1 To consider the update in relation to Strategic Leisure Assets.

### 3.0 Reasons for recommendation(s):

- 3.1 To enable Audit Committee to consider an update and progress as requested at a previous meeting.

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 relevant Council priority is economy.

### 6.0 Background information

- 6.1 Following the update and report delivered to the Audit Committee, 11 November 2021, this report further sets out the framework with which risks associated with the Strategic Leisure Assets Portfolio (SLAP) are managed on an ongoing basis, and is intended to provide the Audit Committee with further assurances that adequate management arrangements are in place.

The framework implemented in managing the SLAP consists of a range of monitoring and update meetings including:

### **Leisure Assets Steering Group Meetings**

Frequency of meeting:

- Scheduled to meet every two months

Attendees of meeting:

- The Chief Executive
- The Director of Resources
- The Director of Communications and Regeneration
- The Head of Strategic Leisure Assets
- The Head of Property Services
- Other officers and colleagues as required

Main areas of focus:

- Review of the SLAP revenue management account and financial performance compared to the Medium Term Financial Plan (MTFP), budget and forecast outturn
- Review of the SLAP capital management account and financial performance compared to the budget and forecast outturn for each current capital scheme and the capital account overall
- Updates and discussion on matters in relation to funding partner matters as they arise from time to time
- Updates and discussion on matters in relation to venue operators
- Project monitoring and updates
- Updates and discussion on building condition matters and issues, including regulatory code and compliance with legislation as required
- Consideration of both upside and downside risk
- Other matters not necessarily covered as part of the above headings. This may include, for example, discussion and planning for longer term initiatives in addition to operational matters, consideration of legal matters, sustainability and climate change matters, equality matters etc

### **Merlin Relationship and Monitoring Meetings**

Frequency of meeting:

- Scheduled to meet every two months

Attendees of meeting:

- The Chief Executive

- The Director of Resources
- The Director of Communications and Regeneration
- The Head of Strategic Leisure Assets
- The Head of Property Services
- Representatives from Merlin Entertainments including the Director for the Merlin Blackpool Cluster and Financial Controller
- Other officers and colleagues as required

Main areas of focus:

- Review of the Merlin revenue management account, financial performance and visitor numbers compared to the budget and previous year performance
- Customer satisfaction performance compared to KPI
- Project monitoring and updates in relation to those schemes associated with Merlin operated attraction venues
- Updates and discussion on building condition matters and issues, including regulatory code and compliance with legislation as required, in relation to those venues associated with Merlin operated attraction venues
- Updates on marketing and public relation initiatives
- Consideration of both upside and downside risk
- Other matters not necessarily covered as part of the above headings. This may include, for example, discussion and planning for longer term initiatives in addition to operational matters, consideration of legal matters, sustainability and climate change matters, equality matters etc

### **Blackpool Entertainment Company Limited Relationship and Monitoring Meetings**

Frequency of meeting:

- Scheduled to meet every two months

Attendees of meeting:

- The Chief Executive
- The Director of Resources
- The Director of Communications and Regeneration
- The Head of Strategic Leisure Assets
- The Head of Property Services
- Representatives from Blackpool Entertainment Company Limited (BECL) including the Managing Director, Operations Director and Finance Director
- Other officers and colleagues as required

Main areas of focus:

- Review of the BECL revenue management account and financial performance compared to the budget and previous year performance
- Project monitoring and updates in relation to those schemes associated with BECL

operated attraction venues

- Updates and discussion on building condition matters and issues, including regulatory code and compliance with legislation as required, in relation to those venues associated with BECL operated attraction venues
- Consideration of both upside and downside risk
- Updates on marketing and public relation initiatives
- Other matters not necessarily covered as part of the above headings. This may include, for example, discussion and planning for longer term initiatives in addition to operational matters, consideration of legal matters, sustainability and climate change matters, equality matters etc

### **Key Leisure Asset Capital Scheme Monitoring Meetings**

Frequency of meeting:

- Generally scheduled to meet every two months

Attendees of meeting:

- The Chief Executive
- The Director of Resources
- The Director of Communications and Regeneration
- The Head of Strategic Leisure Assets
- Other officers and colleagues as required

Main areas of focus:

- Review project budget performance
- Review of programme performance
- Updates and discussion on matters in relation to funding partner matters as they arise from time to time
- Review of risk and opportunities associated with the scheme under review
- Other matters not necessarily covered as part of the above headings. This may include, for example, discussion and planning for longer term initiatives in addition to operational matters, consideration of legal matters, sustainability and climate change matters, equality matters etc

### **Health and Safety Incident Overview**

Frequency of meetings

- Monthly and/or Quarterly

Attendees of meetings include

- Group Building Manager
- Group Mechanical and Engineering Manager



- Property Health and Safety Officer
- Head of Leisure Assets Lee Frudd
- Senior Project Manager
- Operator representatives as required

Main areas of focus

- Project monitoring and updates
- Updates and discussion on building condition matters and issues, including regulatory code and compliance with legislation as required
- Day to day repairs and operational issues
- Health and Safety related works by exception

**Other main monitoring and control meetings/measures**

These include:

- Monthly financial monitoring meetings attended by the Director for Communications and Regeneration and/or The Head of Strategic Leisure assets, and Corporate Finance colleagues
- For those strategic leisure assets for which governance arrangements currently include arms-length companies (for example BECL at the Winter Gardens) Share Holder Committee meetings are held which further monitor a range of performance criteria
- External audit and internal audit are carried out on specific venue operator activities from time to time
- Input into the Corporate Strategic Risk Register
- Tender activity is completed in line with Public Contract Regulations and supported by the Corporate Procurement Department and Legal Services Department
- The ongoing and day-to-day management of the portfolio on behalf of the Council is undertaken by the Head of Strategic Leisure Assets, supported by colleagues from a range of internal departments and external entities as required. This includes daily financial management, contract management, relationship management etc
- Project update meetings to include the Operator of the asset associated with the particular building where the project is taking place
- Various AD HOC meetings. These are generally convened when a specific matter arises which requires attention and the timing of which does not fall within those standard meetings set out above

6.2 Does the information submitted include any exempt information? No

**7.0 List of Appendices:**

7.1 None

**8.0 Financial considerations:**

8.1 Financial monitoring and management arrangement considerations are set out above.

**9.0 Legal considerations:**

9.1 Legal considerations are set out above.

**10.0 Risk management considerations:**

10.1 Risk management arrangement considerations are set out above.

**11.0 Equalities considerations:**

11.1 Equalities management arrangement considerations are set out above.

**12.0 Sustainability, climate change and environmental considerations:**

12.1 Sustainability, climate change and environmental management arrangement considerations are set out above.

**13.0 Internal/external consultation undertaken:**

13.1 As set out above, consultation with both internal and external parties as required. This includes both internal and external audit activities, consultation with both internal and external legal advisors etc.

**14.0 Background papers:**

14.1 None.

<b>Report to:</b>	<b>AUDIT COMMITTEE</b>
<b>Relevant Officer:</b>	Alan Cavill, Director of Communications and Regeneration John Blackledge, Director of Community and Environmental Steve Thompson, Director of Resources Neil Jack, Chief Executive
<b>Meeting</b>	24 November 2022

## STRATEGIC RISK REGISTER DEEP DIVE– COMMERCIAL

### 1.0 Purpose of the report:

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

### 2.0 Recommendation(s):

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

### 3.0 Reasons for recommendation(s):

3.1 To enable the 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 N/a

### 5.0 Council priority:

5.1 The risk impacts on all the Council’s priorities.

### 6.0 Background information

6.1 At its meeting in March 2022, 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 5(a) - Strategic Risk Register Deep Dive – Commercial

**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 strategic risks are being effectively managed.

**11.0 Equalities considerations:**

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 N/a

<b>Risk Category: Commercial</b>
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<b>Risk: a) Local economy fails to recover.</b>
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<b>Risk Owner: Director of Communications &amp; Regeneration</b>
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<b>Gross Risk Score</b>	<b>20</b>	Impact - 4	Likelihood – 5
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<b>What impact does this have?</b>
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- Increased deprivation due to a lack of employment opportunities.

<b>What opportunities does this create?</b>
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- Thriving and diverse local economy.

<b>What controls do we already have in place?</b>
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- Introduction of Joseph Rowntree living wage for Council staff, Council wholly owned companies, and promoting this with contractors.
- Social value is an integral part of the Council's procurement process and includes opportunities such as job creation for local people.
- Commitment to use local suppliers where possible.

<b>Net Risk Score</b>	<b>16</b>	Impact - 4	Likelihood – 4
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<b>What are we doing to further manage the risk?</b>
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**Implement the annual targets from the Blackpool Enterprise Zone Delivery Plan 2030, facilitating the growth of energy, aviation and other sectors.**

Progress continues on delivery of the Enterprise Zone. The last annual update of progress was reported to the Executive in February 2022 and the next update report is due to the Executive in December 2022. A number of actions have been progressed in this period including the completion of the changing facilities and work progressing with the 3G pitch both which form part of the Sports Village. Further enabling work continues to progress with neighbouring local authorities' undertaking necessary highways work to improve accessibility of the zone.

A Managing Director has been appointed to the airport which is helping plan to secure and develop the future of the aviation sector in the area.

It is estimated that 2,187 new employment opportunities have been created to date, including construction jobs. The overall target is to create 5,000 new jobs. Around 133 businesses have been attracted to the EZ; many are smaller businesses and a small number have failed or left and several businesses have moved to larger premises within the EZ. To date there have been around 300 enquires from businesses interested in the EZ, and the service is tracking around 20 good interests at the moment. Plans are in place to start to market the Common Edge / Eastern Gateway soon.

**Get hundreds of people back into work via job schemes for the most vulnerable, young people, disadvantaged and those who have lost their job due to the pandemic through various employment schemes delivered via HealthWorks and outreach provision.**

A number of employment schemes are run and the results of these this year are as follows:

Positive Steps into Work – all programmes April-September 2022

- 544 unemployed residents received employment support.
- 209 unemployed residents moved into employment.
- 33 unemployed residents supported to access a 4 week unpaid work placement to help them prepare for work.

The Platform (Youth Hub i.e. youth employment centre) January – September 2022

Blackpool Council secured £443k of Community Renewal Funding to set up a new Youth Hub to assist young people aged 16-24 experiencing unemployment. The new service opened to the public in January 2022.

During this period, the service achieved the following:

- 393 young people aged 16-24 registered for employment support
- 127 young people supported to access training or education.
- 98 young people moved into paid employment

From 1st October 2022 to March 2024, The Platform is funded by the Town Deal, and aims to support a further 400 young NEETs. The project is hoping to receive further funding from Blackpool's Shared Prosperity Fund to extend its support until March 2025.

Blackpool Learning Rooms (19+ adult learning; academic year to July 2022):

568 unemployed learners accessed employability and/or IT courses, of which:

- 209 learners progressed onto further learning;
- 76 unemployed learners completed English or Maths courses (73 undertook both).
- 85% of 201 Health and Well-being learners were unemployed. A range of confidence and resilience courses were provided to inspire further learning and to improve employability.

**Support the formation and growth of local businesses through effective advice and signposting to available business support and finance; and provision of affordable serviced business space.**

A number of business support programmes are in place and these include:

Blackpoolunlimited.com, the Council's business advice portal, has returned to normal user levels following its COVID support peak. The number of users (1 April – 30 September 2022) = 7,158 (2021 = 17,506).

Business start-ups supported (1 April – 30 September): 2022 = 25 (2021 = 18). New start businesses

formed with Council advice back to pre-pandemic levels.

Managed workspace occupancy rates remain healthy (as at 30 September 2022) = 89% (2021 = 87%).

Recent targeted business events include:

- Blackpool Digital Tech Talk on the 18th May, presentation by partner (Lancashire Digital) – 20 attendees;
- Funding Your Business held on the 23rd August - a drop in event with 30 attendees from 25 businesses. Held following a survey identifying funding as number one issue for Blackpool businesses.

**What will these additional actions achieve?**

It is hoped that all of these actions will increase employment rates across the Town through upskilling residents and also by creating new job opportunities.

**What barriers do we face?**

The cost of delivering such schemes can be a barrier although steps are taken to pursue all relevant funding opportunities.

**Do these actions contribute to the sustainability of the Council?**

Having high employment rates across the town can increase community resilience and reduce demand on some Council services. This therefore enables the Council to focus its limited resources on those residents with the greatest needs. Research shows that there is a direct link between people being in employment, having a better standard of housing, and improved health, which in turn can reduce demand on Council services.

**Do these actions impact on the Council's finances?**

An increase in successful businesses across the town helps sure the collection of business rates by the Council which contribute to the General Fund.

**How does this contribute to the Council Plan?**

These actions contribute to the economy and community objectives.

**Any additional changes to this strategic risk?**

There are a number of additional challenges which are impacting on mitigating this risk. These include the recruitment difficulties across a number of Blackpool businesses, and high inflation which is impacting on the capital costs for project delivery. The cost of living crisis is also having an impact on businesses from a commercial point of view as they suffer from increased costs such as fuel prices, which in turn can reduce their profitability and ability to recruit new staff.

Whilst unemployment rates have fallen across the town, which is a positive, the economic activity rates has also fallen which means that there are less active residents across the town able to take up employment.

**Risk: b) Tourism economy fails to recover.**

**Risk Owner: Director of Communications & Regeneration**

<b>Gross Risk Score</b>	<b>20</b>	Impact - 4	Likelihood – 5
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**What impact does this have?**

- Local economy impacted due to reduced jobs in the tourism sector.
- Inability to underwrite tourism initiatives due to reduced resources.
- Reputational damage associated with Blackpool which impacts on visitor numbers.

**What opportunities does this create?**

- Growth in the visitor economy market.

**What controls do we already have in place?**

- Identification of potential external funding streams to assist with the tourism offer for Blackpool.
- Successful events programme including the Illuminations.
- Advertising campaigns possible through strong links with partners across Blackpool.
- Media / filming requests handled by an in-house resource.
- Investment in events and marketing throughout the pandemic to attract visitors to Blackpool outside of periods of lockdowns.
- Tourism Business Improvement District is now in place.

<b>Net Risk Score</b>	<b>12</b>	Impact - 4	Likelihood – 3
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**What are we doing to further manage the risk?**

**Promote the offer of a 'staycation' in Blackpool in order to assist the tourism economy to recover post pandemic.**

Visitor numbers for 2021 demonstrate that these were higher than pre-pandemic in 2019. This is very encouraging in terms of pandemic recovery but will possibly be unachievable in 2022 now that a number of restrictions (such as travelling abroad / going to music festivals) have been lifted. However, the evidence suggests that tourism activity in 2022 is now back to the pre-pandemic levels of 2019.

A key factor in the high number of visitors was the extension of the illuminations period and the Christmas offer in 2021. Work continues on this in 2022 where the illuminations season has been extended again and a full events programme has been delivered.

There has been significant investment, with the Council's key partners, for television advertising to continue to attract visitors to Blackpool.

The Tourism Recovery Group continues to meet on a weekly basis with the key focus of the group being able to sustain visitor numbers at pre-pandemic levels.



**Deliver the modernisation of the illuminations by delivering the actions identified as part of the Town Fund to help ensure onward sustainability.**

For this season the illuminations, which stretch along the Golden Mile, have been reinvented with a focus on an art deco display in neon lighting which has been well received. The illuminations season has yet again been extended through to January in order to continue to attract visitors in what would usually be the quieter winter months.

Plans are already in place for new features in 2023, maximising the use of the Town Deal funding received by the service to further enhance the illuminations offer.

The Council secured funding for this year's successful LightPool festival which ran over the October half term. An application has been made for National Portfolio Organisation status for the LightPool festival with the aim of securing additional funding from the Arts Council to run the festival in subsequent years, and this has recently been awarded.

**Effectively promote the new Conference Centre to increase business tourism figures across the town.**

In conjunction with Blackpool Entertainment Company a service called 'Meet Blackpool' has been created which adopts a convention bureau approach serving as a one-stop shop for conferencing needs. A Management Steering Committee has been established, chaired by the Head of Tourism and Communications, which includes representation from the accommodation sector, transport and venues across the town. The aim is to sell the benefits of Blackpool as a whole to the business tourism economy.

**Deliver the Blackpool Museum (Showtown) to share heritage and Blackpool's history.**

Conlons, the appointed base-build contractor, is making good progress on site, and Showtown is starting to take shape. However, there are some delays with the construction phase which are outside of the Council's control. The Council is taking action to mitigate against these, but they are affecting the overall project timescale. It is hoped that Showtown will be open as soon as possible for the main tourist season in 2023. The Council remains completely committed, as are major funders and partners. A Chief Executive has been appointed who will head up the charitable company which will operate Showtown when it opens its doors.

The Activity Plan associated with the project is being delivered, with examples of some of the events including Open Mic sessions with Head Start, a get dancing programme with Left Coast and Showstoppers with Better Start. A number of learning packages have been delivered and these are being piloted with schools.

**What will these additional actions achieve?**

It is hoped that the actions being taken will as a minimum sustain the number of visitors to pre-pandemic levels. This helps ensure that businesses in the sector don't just survive, but prosper, which in turn results in additional investment in the town.

**What barriers do we face?**

One of the key challenges faced is maintaining visitor numbers given there is a cost of living crisis. This is starting to have an impact not only on the tourism sector in Blackpool, but across the UK as a whole.

Some businesses in the tourism industry continue to have difficulty recruiting, particularly into hospitality posts post-pandemic, which has an impact on the offer across the town.

**Do these actions contribute to the sustainability of the Council?**

Having an active tourism economy helps support the Council through the generation of significant parking income, and also through the payment of business rates.

**Do these actions impact on the Council's finances?**

Reduction in tourism activity can impact negatively on the Council's finances due to business rates becoming more difficult to collect.

**How does this contribute to the Council Plan?**

Tourism activity is a key contributor to the Council's economic priority.

**Any additional changes to this strategic risk?**

The cost of living crisis will have a significant impact on the sector. Not only do consumers have less disposable income to spend on holidays / day trips, businesses in the sector are seeing significant increases in running costs such as fuel, staffing, food and drink supplies etc...

The Council is working closely with the Department for Levelling up, with pilot schemes covering two themes which including the economy and tourism. Part of the work on tourism is lobbying the Department for Culture, Media and Support to establish domestic tourism as a sector, which is good for business for the UK and Blackpool in particular.

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**Risk: c) Supply chain failure (goods and services).**

**Risk Owner: Director of Community & Environmental Services, Director of Resources, Director of Strategy (Assistant Chief Executive)**

<b>Gross Risk Score</b>	<b>20</b>	Impact - 4	Likelihood – 5
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**What impact does this have?**

- Failure of critical commissioned service.
- Inability to procure goods due to the impacts of the EU exit and pandemic.

**What opportunities does this create?**

- Innovative and inclusive procurement policy and procedures.
- Development of local businesses to tender for Council awards.

#### What controls do we already have in place?

- Robust procurement procedures in place to help ensure appropriate due diligence of potential contractors, including confirmation of business continuity arrangements.
- Corporate procurement team in place to support the procurement process and tender evaluation.
- Access to Cabinet Office Contract Management Capability Programme. Four members of the Procurement Team have undertaken/undertaking the foundation level training and 2 members of the team are currently undertaking the full practitioner training.
- Contract management guide in place to advise responsible officers how to undertake contract management.
- Intelligent clients who have oversight of the market, high level contingency planning, and staff experienced in dealing with service failure.
- Commissioning Team in place to work with the marketplace to ensure access to appropriate services.
- The domestic waste service has been brought back under the umbrella of the Council's wholly owned company's portfolio.

Net Risk Score

16

Impact - 4

Likelihood – 4

#### What are we doing to further manage the risk?

**Implement the new Lancashire and Blackpool Waste Strategy that the Lancashire Waste Partnership are currently producing. Key elements relate to a non-landfill solution for residual waste, disposal, markets sustainability, and food waste collection.**

The current strategy is out of date and is no longer fit for purpose. Whilst efforts have been made to address this via the Lancashire Waste Partnership, progress has paused due to a number of external factors. There is considerable uncertainty around future central government waste strategy, associated funding, and what will be expected going forward as action is required to move away from traditional landfill sites (current contract expires in 2025) to other solutions for processing residual waste.

As an interim measure, the Lancashire Waste Partnership has developed an Outline Waste Processing Strategy. This is an informal operational document which does not require formal approval. The purpose of this document is to set out how the existing waste facilities will continue to be optimised for the processing of waste, and also identifies potential commissioning challenges going forward. This document is focused on kerbside collection and does not cover wider waste management matters which would be expected in the Municipal Waste Strategy.

**Continue to strengthen contract management across the Council.**

Four members of the Corporate Procurement Team have now completed the Government Commercial Colleges' Contract Management Foundation level training with two members of the team currently completing the full qualification. Once the Procurement Team has obtained the relevant qualifications they will use this learning and course material to build a corporate framework for effective contract management which will be rolled out across all services and reflect best practice.

It will likely be later in 2023 before this guidance is developed and rolled out. The next challenge will then be to embed this across all Council services to ensure consistency of approach.

**Revise procurement procedures in line with any changes to legislation advised by central government as a result of the EU Exit.**

It is likely that the new legislation will not be implemented until later 2023 and there will be a 6 month transition period for the Council to revise its policies and procedures and embed these across the Council. To date the Cabinet Office has shared its training programme for public sector procurement and there are four tiers to this dependent on the level of knowledge required. A report will be prepared for consideration at Corporate Leadership Team to determine how to cascade the training and share the expected changes to the legislation, and internal policies and procedures will be reviewed.

**Continue work with neighbouring authorities (Lancashire, Blackburn with Darwen, and South Cumbria) to develop greater commissioning partnerships across the children's residential, and fostering markets to grow opportunities in areas where there is a need for more placement choice.**

This work continues, across Fostering, Residential and now Semi Independent accommodation. Opportunities to develop the market in areas of shared of need, including great, skilled family homes for children with additional needs, larger sibling groups and older children and therapeutic support, is being explored across our local authority partners and jointly with Health.

**Undertake a tendering exercise for provision of children's care provision.**

After detailed work with Children's Social Care Additional Needs Service, a recommendation has been accepted that in order to develop a market which can meet a wide range, but in terms of volume, relatively low number of individuals, needs and achieve good outcomes, we should establish a flexible framework of support providers for Children and Young People that can be used to conduct placement searches and award packages of care under agreed terms and conditions, and fee rates, via Individual Placement Agreements (IPAs).

The framework scope will cover a range of services that are required to provide support for eligible children and young people in Blackpool. It will offer a simplified and flexible route to make support placements, provide transparency, improve operational processes, and set agreed quality standards and outcomes for individuals.

The framework will be established through a compliant tender process, and will set out the overarching principles, terms and standards that the providers will work to. The IPA and care plan will provide the detail as to how the individual child or young person will be supported, based on their needs.

The criteria to join the framework will include an assessment of the service, including key criteria such as:

- Ofsted/CQC/ other appropriate registration (as required).
- Staffing – skill level, training & capacity.
- Consideration of levels/type of support they can provide – i.e. care at home, socialisation, befriending, complex, group support, sessional support, specialisms e.g. Autism.
- Acceptance of Council's terms and conditions.

The details of this decision have been discussed with Procurement, Quality Monitoring and with the Complex Needs Team and all are in agreement that this is the right way forward. The team is working with procurement to get the service specification and other tender documents ready, so that they can

then be reviewed by the Complex Needs Team before going out to tender for the framework in the next few weeks.

**What will these additional actions achieve?**

Effective commissioning, procurement and contract management help ensure:

- Value for money.
- Compliance with procurement legislation.
- Transparency.
- Improved governance.

**What barriers do we face?**

There will be resource implications for the Corporate Procurement Team to develop and roll-out the new frameworks and associated training across the Council. One of the key challenges is that activity, particularly in relation to contract management, is devolved to services, and therefore ensuring consistent compliance can be difficult. Contract management, procurement and commissioning compliance are areas regularly reviewed by Internal Audit which helps identify good practice and also areas of non-compliance.

**Do these actions contribute to the sustainability of the Council?**

The use of legally compliant processes helps ensure value for money for the Council. However, with the current economic climate it is a challenge to achieve saving targets due to market forces, high inflation and scarcity of supply, all of which are outside of the Council control. Therefore, the focus is currently on managing increased costs as opposed to driving significant savings.

**Do these actions impact on the Council's finances?**

The Council spends a considerable proportion of its budget on external procured goods and services and therefore continuing to achieve value for money, against the backdrop of a difficult economic environment, contributes to the Council's budget performance.

**How does this contribute to the Council Plan?**

Commissioning, procurement and contract management activity contributes to all of the Council's priorities.

Where possible the Council encourages the use of local suppliers to help the local economy, with around 44% of spend carried out locally. Considerable work is also being done on implementing a measuring tool for social value to further embed this and to help ensure that the companies the Council contracts with are making a positive contribution to the local community.

**Any additional changes to this strategic risk?**

Economic uncertainty makes this area particularly challenging due to inflation and scarcity of supply for some products. This can be difficult to mitigate with one example being the energy market where costs are increasing significantly. Whilst the Council can't control the overall costs it needs to look at alternative ways to manage this such as rationing and consumption.

Other significant challenges remain with the spiralling costs of planned capital schemes due to the inflationary impact on supply's and labour. This may result in some schemes not being delivered, or

scaled back, as alternative sources of funding cannot be identified to bridge the gaps.

It is worth noting that the net risk score has increased from 12 (in the initially approved Strategic Risk Register) to 16 (in this deep dive review) given the ongoing uncertainty of the financial markets and other challenges.

<b>Report to:</b>	<b>AUDIT COMMITTEE</b>
<b>Relevant Officer:</b>	Mark Towers – Director of Governance and Partnerships Tracy Greenhalgh – Head of Audit and Risk
<b>Meeting</b>	24 November 2022

## **CIPFA’S POSITION STATEMENT: COMPLIANCE REPORT**

### **1.0 Purpose of the report:**

- 1.1 The CIPFA Position Statement (2022) includes all principal local authorities in the UK, corporate joint committees in Wales, the audit committees for PCCs and chief constables in England and Wales, PCCFRAs and the audit committees of fire and rescue authorities in England and Wales.

The statement sets out the purpose, model, core functions and membership of the Audit Committee.

The statement represents CIPFA’s view on the audit committee practice and principles that local government bodies in the UK should adopt.

CIPFA expects that all local government bodies should make their best efforts to adopt the principles, aiming for effective Audit Committee arrangements. This will enable those bodies to meet their statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.

A requirement of the Position Statement is that Council’s report annually on how the Audit Committee has complied with the Position Statement, discharged its responsibilities, and include an assessment of its performance. The report should be available to the public. This report aims to address this requirement.

### **2.0 Recommendation(s):**

- 2.1 The Audit Committee is asked to approve the compliance statement against the CIPFA Position Statement (2022).

### **3.0 Reasons for recommendation(s):**

- 3.1 To meet the requirements of the CIPFA Position Statement (2022).

- 3.2 Is the recommendation contrary to a plan or strategy adopted or approved by the No

Council?

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 work of the Audit Committee contributes to the achievement of all of the Council's priorities.

**6.0 Background information**

6.1 The Position Statement sets out the purpose of an Audit Committee which is:

*"Audit Committees are a key component of an authority's governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements.*

*The committee's role in ensuring that there is sufficient assurance over governance, risk and control gives greater confidence to all those charged with governance that those arrangements are effective. In a local authority the Full Council is the body charged with governance.*

*The Audit Committee may be delegated some governance responsibilities but will be accountable to Full Council. The committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability"*

In order to deliver its purpose CIPFA set out a number of criteria which Audit Committees should deliver The assessment of Blackpool Council's Audit Committee performance against the core functions in the Position Statement is set out in the following table:

<b>CIPFA Position Statement</b>	<b>Blackpool Council Position</b>
<b>Maintenance of governance, risk and control arrangements:</b>	
Support a comprehensive understanding of governance across the organisation and among all those charged with governance, fulfilling the principles of good governance.	<b>Complies</b> The Committee receives relevant governance policies such as the Governance Framework and Partnership Governance Framework and recommends these to Full Council for adoption.
Consider the effectiveness of the authority's risk management	<b>Complies</b> The Committee receives and approves the



<p>arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.</p>	<p>Council’s Risk Management Framework. In addition, it considers the Strategic Risk Register on an annual basis and undertakes a deep dive of individual risk categories at each meeting.</p>
<p>Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics and managing the authority’s exposure to the risks of fraud and corruption.</p>	<p><b>Complies</b>  The Committee receives the Audit and Risk Quarterly Report and considers the assurance statements for internal audit work completed each quarter.</p> <p>A sample of audit reports are also presented to Committee so that the relevant Heads of Service can provide an update in terms of the completion of audit recommendations.</p> <p>The Head of Audit and Risk’s Annual Opinion on the control environment is considered by the Committee.</p> <p>In addition, updates are provided in relation to proactive and reactive fraud and error activity. The Committee also approves the annual Fraud and Error Prevention Charter which sets out the Council’s zero tolerance approach to fraud, bribery and corruption.</p>
<p><b>Financial and governance reporting</b></p>	
<p>Be satisfied that the authority’s accountability statements, including the annual governance statement, properly reflect the risk environment, and any actions required to improve it, and demonstrate how governance supports the achievement of the authority’s objectives.</p>	<p><b>Complies</b>  The Committee receives and approves the Annual Governance Statement each year. In addition it receives a mid-term progress update providing assurances that the actions identified in the Annual Governance Statement are being addressed.</p>
<p>Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.</p>	<p><b>Complies</b>  The Statement of Accounts and the associated external auditors report are considered by the Committee.</p> <p>Management’s response to the ISA260 is also reported to the Committee for consideration.</p>

<b>Establishing appropriate and effective arrangements for audit and assurance</b>	
Consider the arrangements in place to secure adequate assurance across the body's full range of operations and collaborations with other entities.	<b>Complies</b> The Annual Internal Audit Plan is presented to the Audit Committee for approval. Further assurance can be taken from other review bodies such as Ofsted and the CQC as required.
In relation to the authority's internal audit functions: <ul style="list-style-type: none"> <li>• Oversee its independence, objectivity, performance and conformance to professional standards.</li> <li>• Support effective arrangements for internal audit.</li> <li>• Promote the effective use of internal audit within the assurance framework.</li> </ul>	<b>Complies</b> The Audit Committee approve the Internal Audit Charter and the Quality Assurance and Improvement Programme on an annual basis.
Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.	<b>Complies</b> All reports of the external auditor and management response to these are considered by the Committee. External Audit attend every Audit Committee meeting to enable verbal updates or respond to questions from the Audit Committee.
Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.	<b>Complies</b> Full Council are consulted on whether the Council should participate in the national scheme for the procurement and appointment of external auditors (which Blackpool Council does).  There have been occasions where members of the Audit Committee have been involved with external audit and finance outside of committee meetings in order to address relationship and performance issues.
Support effective relationships between all providers of assurance, audits and inspections, and the organisation, encouraging openness to challenge, review and accountability.	<b>Complies</b> This can be evidenced through the minutes of the Audit Committee which demonstrate the breath of discussion and engagement by committee members and officers.

<b>Audit Committee Membership</b>	
A membership that is trained to fulfil their role so that members are objective, have an inquiring and independent approach, and are knowledgeable.	<b>Complies</b> An Audit Training Academy is in place which delivers modular training prior to each Audit Committee meeting. The training programme is developed each year, dependent on requests from Audit Committee members and is approved by the Committee for each Municipal Year.
A membership that promotes good governance principles, identifying ways that better governance arrangement can help achieve the organisation's objectives.	<b>Complies</b> This can be evidenced through the minutes of the Audit Committee which demonstrate the breadth of discussion and engagement by committee members and officers.
A strong, independently minded chair, displaying a depth of knowledge, skills, and interest. There are many personal skills needed to be an effective chair, but key to these are: <ul style="list-style-type: none"> <li>• Promoting apolitical open discussion.</li> <li>• Managing meetings to cover all business and encouraging a candid approach from all participants.</li> <li>• Maintaining the focus of the committee on matters of greatest priority.</li> </ul>	<b>Complies</b> This can be evidenced by the annual self-assessment of Audit Committee effectiveness where the Chair continually scores highly for their skills in the role. All Audit Committee members, key officers and external audit are invited to participate in this anonymous survey.
Willingness to operate in an apolitical manner.	<b>Complies</b> This can be evidenced by the minutes of the Audit Committee. On the rare occasions discussion could have diverted into political matters the Chair is skilled to bring the discussion back to focus.
Unbiased attitudes – treating auditors, the executive and management fairly.	<b>Complies</b> Good working relationships are in place between the Audit Committee, officers and external audit.
The ability to challenge the executive and senior managers when required.	<b>Complies</b> This can be evidence in the minutes of the Audit Committee which highlight the breadth of discussion and challenge.
Knowledge, expertise and interest in the work of the committee.	<b>Complies</b> The Audit Committee work as an effective

	<p>team in order to ensure that all committee members have a role in the meetings. Over the past few months steps have been taken to get committee members to be a lead on specific topics to help increase knowledge and also provide structure to questioning at Committee.</p>
<p><b>Engagement and Outputs</b></p>	
<p>Meet regularly, at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public.</p>	<p><b>Complies</b>  The Committee meet between 6 to 7 times each Municipal Year. Where possible items are discussed in public but where this would not be appropriate arrangements are in place for a private meeting. The Chair of Audit Committee will also remind officers attending Committee of this arrangement if a particularly sensitive topic is on the agenda with recent examples being managing the risk of terrorism and cyber security.</p>
<p>Be able to meet privately and separately with the external auditor and with the head of internal audit.</p>	<p><b>Complies</b>  External Audit are invited to all committee pre-meets so that they can have a discussion with the Audit Committee outside of the presence of officers.</p> <p>The Chair and Vice Chair of Audit Committee have regular meetings with the Head of Audit and Risk approximately four weeks before each committee meeting to set the agenda. At the end of these meetings the Chair always asks the Head of Audit and Risk if there are any matters which the committee need to be aware of.</p>
<p>Include, as regular attendees, the chief finance officer(s), the chief executive, the head of internal audit and the appointed external auditor; other attendees may include the monitoring officer and the head of resources (where such a post exists). These officers should also be able to access the committee members, or the chair, as required.</p>	<p><b>Complies</b>  The Director of Resources (Statutory Finance Officer), external audit and Head of Audit and Risk attend all Audit Committee meetings. The Director of Governance and Partnership (Monitoring Officer) and Chief Executive also attend on a regular basis as required. All officers and external audit are able to contact the Chair of Audit Committee outside of formal meetings should this be required.</p>

<p>Have the right to call on any other officers or agencies of the authority as required.</p>	<p><b>Complies</b> Officers are regularly invited to Audit Committee to provide updates on the implementation of internal audit recommendations and the strategic risk register. The Committee can also request officers to attend for any other risk, control or governance issue and such actions are included on the audit tracker which helps inform the work programme for the Committee.</p>
<p>Support transparency, reporting regularly on its work to those charged with governance.</p>	<p><b>Complies</b> The Chair of Audit Committee presents an annual report to Full Council summarising the work that the committee has undertaken and aspirations for the future focus of the committee.</p>
<p>Report annually on how the committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance. The report should be available to the public.</p>	<p><b>Complies</b> This is the first assessment against the Position Statement which is reported to the Audit Committee and is therefore in the public domain.</p>
<p><b>Impact</b></p>	
<p>As a non-executive body, the influence of the audit committee depends not only on the effective performance of its role, but also on its engagement with the leadership team and those charged with governance. The committee should evaluate its impact and identify areas for improvement.</p>	<p><b>Complies</b> On an annual basis the Audit Committee undertakes a self-assessment of its effectiveness. This also includes seeking feedback from key stakeholders such as Chief Officers, internal and external audit. The findings of this exercise are reported to the Audit Committee and also inform the Audit Academy training programme for each Municipal Year.</p>

<p><b>Overall Strengths</b></p>	
<p>As part of the assessment the Committee felt that it exhibits a number of strengths which feed into all element of the Position Statement and these include:</p> <ul style="list-style-type: none"> <li>• Overall the Committee recognised the work that it does reflected in the Position Statement with all core functions complied with.</li> <li>• The Committee feels that engagement with officers is good with a wide range of officers being invited to Committee to provide input and assurance.</li> </ul>	

- The Committee feels that it receives useful and meaningful information which enables it to effectively interrogate and ask questions.
- The Committee feels that it has a strong sense of challenge, asks probing questions and asks follow-up questions to ensure that they are satisfied with the response.
- The Committee benefits from a good chair, the expertise of independent members and a team ethos which helps ensure that the committee conducts itself in an apolitical manner.
- The Committee strives to continually improve through its Audit Academy.

### **Key Achievements**

The Committee feels that one of the most important measures of its success is how the Committee has a positive impact on the work of the Council and the town's residents. The Committee noted a number of key achievements over the past three years including:

- Greater awareness of the work of the Audit Committee across elected members and Council Officers.
- Development of a proactive fraud prevention communication strategy to ensure residents know what to do if they suspect fraud and other related advice.
- Improved communication with residents on the work of the Audit Committee including via the media.
- Evolved the strategic risk management process to ensure that consideration of risks in a holistic way across Council services.
- Supported the development of an effective working relationship with the external auditor during a challenging time resulting in accounts being signed late.

### **Areas for Development**

The Committee recognised that it wanted to continue to develop and as part of the process identified a number of actions in order to continue to evolve and these include:

- Consider more frequent reporting by the Chair of Audit Committee to Full Council including the incorporation of key documents including compliance with the CIPFA Position Statement and the strategic risk register.
- There is a need to implement the plan for the Shareholder Committee to report to Audit Committee so that additional assurance in relation to the risks associated with the wholly owned companies can be embedded.
- There is a need to consider how risks associated with key partners who operate strategic assets on the Councils behalf can be considered by Audit Committee, potentially through a report from the Shareholder Committee.
- Consideration should be given as to whether the strategic risk register should be brought to committee on a more frequent basis.
- Consideration should be given to further refining the Council's risk appetite and the introduction of target risk scores as part of the strategic risk register.

- Consider the development of a plan setting out the expectations of the new external auditor in terms of working relationships.
- Seek to establish whether it would be appropriate for the Audit Committee to have further information relating to inspection reports undertaken by external agencies.
- Consideration should be given to inviting the Senior Auditors, the Senior Counter Fraud Advisor and Head of Democratic Governance to the Committee to co-present items with the Head of Audit and Risk / Director of Governance and Partnerships to assist with succession planning.
- Consider the benefits of wider engagement of the Executive at Audit Committee meetings when appropriate to do so.

6.2 Does the information submitted include any exempt information? No

**7.0 List of Appendices:**

7.1 Appendix 6(a) – CIPFA Position Statement

**8.0 Financial considerations:**

8.1 The work of the Audit Committee is delivered within the restrictions of the core Council budget.

**9.0 Legal considerations:**

9.1 The completion of this Position Statement demonstrates how the Council’s Audit Committee meets legislative requirements.

**10.0 Risk management considerations:**

10.1 The primary role of the Audit Committee is to provide assurance that the Council is effectively managing its risks.

**11.0 Equalities considerations:**

11.1 These would be considered throughout the work of the Audit Committee as appropriate.

**12.0 Sustainability, climate change and environmental considerations:**

12.1 These would be considered throughout the work of the Audit Committee as appropriate.

**13.0 Internal/external consultation undertaken:**

13.1 The report was considered by Audit Committee members, the Head of Audit and Risk and the

Director of Governance and Partnerships as part of the Audit Academy on the 13<sup>th</sup> October 2022.

**14.0 Background papers:**

14.1 None.





## CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022

### Scope

This position statement includes all principal local authorities in the UK, corporate joint committees in Wales, the audit committees for PCCs and chief constables in England and Wales, PCCFRAs and the audit committees of fire and rescue authorities in England and Wales.

The statement sets out the purpose, model, core functions and membership of the audit committee. Where specific legislation exists (the Local Government & Elections (Wales) Act 2021 and the Cities and Local Government Devolution Act 2016), it should supplement the requirements of that legislation.

### Status of the position statement

The statement represents CIPFA's view on the audit committee practice and principles that local government bodies in the UK should adopt. It has been prepared in consultation with sector representatives.

CIPFA expects that all local government bodies should make their best efforts to adopt the principles, aiming for effective audit committee arrangements. This will enable those bodies to meet their statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.

The 2022 edition of the position statement replaces the 2018 edition.

**The Department for Levelling Up, Housing and Communities and the Home Office support this guidance.**

## CIPFA's Position Statement 2022: Audit committees in local authorities and police

### Purpose of the audit committee

Audit committees are a key component of an authority's governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.

In a local authority the full council is the body charged with governance. The audit committee may be delegated some governance responsibilities but will be accountable to full council. In policing, the police and crime commissioner (PCC) and chief constable are both corporations sole, and thus are the individuals charged with governance.

The committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.

### Independent and effective model

The audit committee should be established so that it is independent of executive decision making and able to provide objective oversight. It is an advisory committee that has sufficient importance in the authority so that its recommendations and opinions carry weight and have influence with the leadership team and those charged with governance.

The committee should:

- be directly accountable to the authority's governing body or the PCC and chief constable
- in local authorities, be independent of both the executive and the scrutiny functions
- in police bodies, be independent of the executive or operational responsibilities of the PCC or chief constable
- have rights of access to and constructive engagement with other committees/functions, for example scrutiny and service committees, corporate risk management boards and other strategic groups
- have rights to request reports and seek assurances from relevant officers
- be of an appropriate size to operate as a cadre of experienced, trained committee members. Large committees should be avoided.

The audit committees of the PCC and chief constable should follow the requirements set out in the Home Office Financial Management Code of Practice and be made up of co-opted independent members.

The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation.

Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise.

## Core functions

The core functions of the audit committee are to provide oversight of a range of core governance and accountability arrangements, responses to the recommendations of assurance providers and helping to ensure robust arrangements are maintained.

The specific responsibilities include:

### Maintenance of governance, risk and control arrangements

- Support a comprehensive understanding of governance across the organisation and among all those charged with governance, fulfilling the principles of good governance.
- Consider the effectiveness of the authority's risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.
- Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics and managing the authority's exposure to the risks of fraud and corruption.

### Financial and governance reporting

- Be satisfied that the authority's accountability statements, including the annual governance statement, properly reflect the risk environment, and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives.
- Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.

### Establishing appropriate and effective arrangements for audit and assurance

- Consider the arrangements in place to secure adequate assurance across the body's full range of operations and collaborations with other entities.
- In relation to the authority's internal audit functions:
  - oversee its independence, objectivity, performance and conformance to professional standards
  - support effective arrangements for internal audit
  - promote the effective use of internal audit within the assurance framework.

- Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.
- Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.
- Support effective relationships between all providers of assurance, audits and inspections, and the organisation, encouraging openness to challenge, review and accountability.

### Audit committee membership

To provide the level of expertise and understanding required of the committee, and to have an appropriate level of influence within the authority, the members of the committee will need to be of high calibre. When selecting elected representatives to be on the committee or when co-opting independent members, aptitude should be considered alongside relevant knowledge, skills and experience.

Characteristics of audit committee membership:

- A membership that is trained to fulfil their role so that members are objective, have an inquiring and independent approach, and are knowledgeable.
- A membership that promotes good governance principles, identifying ways that better governance arrangement can help achieve the organisation's objectives.
- A strong, independently minded chair, displaying a depth of knowledge, skills, and interest. There are many personal skills needed to be an effective chair, but key to these are:
  - promoting apolitical open discussion
  - managing meetings to cover all business and encouraging a candid approach from all participants
  - maintaining the focus of the committee on matters of greatest priority.
- Willingness to operate in an apolitical manner.
- Unbiased attitudes – treating auditors, the executive and management fairly.
- The ability to challenge the executive and senior managers when required.
- Knowledge, expertise and interest in the work of the committee.

While expertise in the areas within the remit of the committee is very helpful, the attitude of committee members and willingness to have appropriate training are of equal importance.

The appointment of co-opted independent members on the committee should consider the overall knowledge and expertise of the existing members.

## Engagement and outputs

The audit committee should be established and supported to enable it to address the full range of responsibilities within its terms of reference and to generate planned outputs.

To discharge its responsibilities effectively, the committee should:

- meet regularly, at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public
- be able to meet privately and separately with the external auditor and with the head of internal audit
- include, as regular attendees, the chief finance officer(s), the chief executive, the head of internal audit and the appointed external auditor; other attendees may include the monitoring officer and the head of resources (where such a post exists). These officers should also be able to access the committee members, or the chair, as required
- have the right to call on any other officers or agencies of the authority as required; police audit committees should recognise the independence of the chief constable in relation to operational policing matters
- support transparency, reporting regularly on its work to those charged with governance
- report annually on how the committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance. The report should be available to the public.

## Impact

As a non-executive body, the influence of the audit committee depends not only on the effective performance of its role, but also on its engagement with the leadership team and those charged with governance.

The committee should evaluate its impact and identify areas for improvement.

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### AUDIT COMMITTEE ACTION TRACKER

	DATE OF REQUEST	ACTION	TARGET DATE	RESPONSIBLE OFFICER	UPDATE	RAG RATING
2	21.01.21	To receive, in due course, Deloitte's detailed log of all additional work and the associated costs, with any materially significant queries identified.	September 2021	Ms Nicola Wright, Deloitte	The 2020/21 accounts have not yet been signed off due to some technical accounting issues affecting a number of local authorities. Therefore time spent on the audit is not yet known pending an outcome from CIPFA and the sign-off of the accounts.	In progress
3	29.04.21	That the Chair of the Audit Committee give further consideration as to the role of the Committee in relation to contract management and procurement arrangements, in conjunction with Mrs Tracy Greenhalgh, Head of Audit and Risk.	March 2023	Mrs Tracy Greenhalgh, Head of Audit and Risk	The Chair and Head of Audit and Risk have started to give some thought to how this can be delivered. There is some planned training on how the Audit Committee can add value and after this consideration will be given as to how this can be adapted to procurement.	Not yet due
4	20.01.22	That an updated ISA 260, along with the final accounts be presented to the next meeting of the Audit Committee.	April 2022	Deloitte	The 2020/21 accounts have not yet been signed off due to some technical issues affecting a number of local authorities.	In Progress
5	16.06.22	That an update on the progress of the data infrastructure centre be provided to the July meeting.	March 2023	Tony Doyle, Head of IT Services	To be provided in the Audit and Risk Quarterly report once the priority one recommendation is due.	Not yet due
6	Sept 22	To invite the Director of Adult Services to attend committee to provide an overview of the risks associated with her new	January 2023	Ms Karen Smith, Director of Adult Services.		Not yet due

	DATE OF REQUEST	ACTION	TARGET DATE	RESPONSIBLE OFFICER	UPDATE	RAG RATING
		joint role with health.				
7	Oct 22	To invite the Director of Children's Services to provide an update in relation to progress made against implementing the actions identified in the financial systems audit.	June 2023	Ms Victoria Gent, Director of Children's Services.		Not yet due