

## MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 19 JANUARY 2023

### Present:

Councillor Galley (in the Chair)

Councillors

Burdess                      Critchley                      Roberts

### In Attendance:

Councillor Mrs Maxine Callow JP, Scrutiny Lead Member

Neil Jack, Chief Executive

Karen Smith, Director of Adult Services

Steve Thompson, Director of Resources

Scott Butterfield, Strategy, Policy and Research Manager

Chris Coyle, Assistant Director of Operations - Children's Social Care

Tracy Greenhalgh, Head of Audit and Risk

Lorraine Hurst, Head of Democratic Governance

John Greenbank, Democratic Governance Senior Adviser (Scrutiny)

Nicola Wright, External Auditor, Deloitte

### 1 DECLARATIONS OF INTEREST

There were no declarations of interest made on this occasion.

### 2 MINUTES OF THE LAST MEETING HELD ON 24 NOVEMBER 2022

**Resolved:** That the minutes of the meeting held on 24 November 2022 be signed by the Chair as a true and correct record.

### 3 ANNUAL GOVERNANCE STATEMENT - MID-TERM REVIEW

Ms Tracy Greenhalgh, Head of Audit and Risk and Ms Lorraine Hurst, Head of Democratic Governance, presented the Annual Governance Statement (AGS) 2021-22 Half Year Review. Ms Greenhalgh informed the Committee that the report had been prepared to allow members to monitor the progress of identified actions AGS.

The measuring of the success of the AGS was highlighted, with Members querying how the performance would be quantified. Ms Greenhalgh explained that in relation to the Community Engagement Strategy, the implementation of the framework could be subject to future audit although it was currently being implemented across Council services and wholly-owned companies.

With respect of the potential CQC inspection of adult social care, Ms Greenhalgh informed

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the Committee that work was ongoing to ensure preparedness and that an audit of any self-assessment exercises would be undertaken in 2023. Ms Karen Smith, Director of Adult Services, added that the Association of Directors of Adult Social Services had agreed to undertake a desktop exercise on the impact the service was having and identify any areas for improvement. The Local Government Association had also been engaged to undertake a peer review of Adult Services. It was foreseen that the outcomes of these exercises would allow any improvements to be identified and implemented ahead of a Care Quality Commission visit expected later in 2023.

The Committee discussed economic changes that had occurred since the start of the 2021/2022 AGS year and whether these had affected the actions within the report relating to contracts and procurement. Ms Greenhalgh explained that contract management was a subject of regular internal audit to ensure an ongoing oversight of risk. This had been especially important due to the large number of contracts in place to support the ongoing development of Blackpool Town Centre. Mr Steve Thompson, Director of Resources, further explained that contract management training would be rolled out across Council services to ensure a consistency approach and that new contract software would allow for the simpler identification of existing weaknesses.

Ms Hurst emphasised that the AGS remained an important document to provide assurance to the Committee regarding the Council's governance processes, noting that this included the self-assessment work undertaken by the Committee itself.

### **4 INTERNAL AUDIT FOLLOW-UP: CLIMATE CHANGE**

Mr Scott Butterfield, Strategy, Policy and Research Manager, presented a progress report on the recommendations made in the internal audit report of Climate Change issued on 31 March 2022. He reported that following the declarations of a Climate Emergency in 2019 a Climate Action Plan had been developed aimed at the Council achieving net-zero carbon emissions by 2030, and helping the town work towards a similar deadline. The progress of climate emergency work and the action plan had been monitored regularly by the Council's Tourism, Economy and Communities Scrutiny Committee through six-monthly updates and in-depth review work.

In respect of the recommendations made in the report, Mr Butterfield reported that the majority had been completed with progress against the outstanding actions being shown in the report. Regarding the establishment of a Climate Experts group to support the work in Blackpool, Mr Butterfield reported that upon consultation with academics at various institutions, engagement would take place at a regional rather than local level around areas of specialism, although there had been interest in involvement in specific projects.

It was also reported that Blackpool's Climate Action Plan had been assessed by the lobbying group Climate Emergency UK which had scored Blackpool at 61% in terms of actions towards becoming net-zero, which was the highest score of local authorities in Lancashire.

The Committee highlighted the feedback from climate change training and Mr Butterfield advised that the course would be redesigned to ensure that it adopted a "people centric"

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approach. Further training modules would also be made available to staff through iPool online training.

Barriers to the delivery of climate change work were also discussed with Mr Butterfield highlighting that resources remained the biggest challenge although a focus on recruitment of graduates with necessary skills and knowledge could address this.

The opportunities created by the rising cost of energy bills due to increased fuel costs, in relation to encouraging a move to renewable sources was raised. The Committee noted that a number of schemes were being developed for some of the Council's assets with large roofs resources from the Shared Prosperity Fund had been identified for solar panelling and heat source pumps. Financial modelling for the installation for solar panelling on Blackpool Coastal Housing stock was also being developed.

In response to a question from members as to the role of Audit Committee in helping achieve climate change actions, Mr Butterfield advised that climate change considerations in audit work was important along with members in general challenging content of reports to ensure that climate change and sustainability considerations were fully specified.

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

### 5 JOINT ROLE WITH LANCASHIRE AND SOUTH CUMBRIA INTEGRATED CARE BOARD (ICB)

Ms Karen Smith, Director of Adult Services presented an update in relation to the risk and opportunities presented by her appointment to the Integrated Health Board (ICB) as Director of Health and Care Integration. She reported that the ICB had been established in 2022 and combined the eight Clinical Commissioning Groups into a single body. The ICB was governed by an Executive Board and had an Executive Leadership Team to oversee its work. Blackpool formed one of four areas under the ICB and each had a responsible director for the work taking place.

It was intended that Ms Smith holding a joint role with the Council and the ICB would allow greater Council influence on the direction of health and social care services and decision-making, ensure better alignment with the NHS and prevent conflicting demands through a joined-up approach. The ICB would adopt a "placed-based approach" to each of the four areas and the identification of Blackpool as a footprint would help ensure that services were delivered and more tailored to the needs of the community, along with any specific budgetary delegations.

The impact of the joint role on Ms Smith's responsibilities as the Council's Director of Adult Services was discussed. Ms Smith reported that her involvement in health related work had increased as a result of the appointment but that a structure had been put in place to ensure she was supported and that Council service delivery would not be disadvantaged. Mr Neil Jack, Chief Executive, added that the new structure allowed staff within Adult Services to take greater ownership of the work being delivered and offered them the opportunity for personal development and succession planning.

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The role of Blackpool Council in the appointment of a future ICB Director of Health and Care Integration was queried with Mr Jack explaining that as a joint position, the Council would retain influence over any future appointment to ensure the best person for Blackpool was in post.

The Committee welcomed the information provided and asked that an update on the risk and opportunities of the joint role be provided to a meeting in twelve months' time.

**Resolved:** That an update on the risk and opportunities of Ms Smith's joint role with the ICB be provided to a meeting in twelve months' time.

### 6 STRATEGIC RISK REGISTER DEEP-DIVE - FINANCIAL

The Committee considered a deep dive into the Strategic Risk "Financial" which included the sub-risks (a) 'Insufficient funding to deliver services', (b) 'Insufficient central government funding for social care' and (c) 'Increased fraud and error'.

(a) 'Insufficient funding to deliver services'

Mr Steve Thompson, Director of Resources, informed the Committee that public sector finance remained under significant pressure, particularly in respect of social care. This had been the situation since 2011-12, and the Council had adapted to operate in a more efficient way, while increasing productivity and seeking income generation opportunities. The Council had also achieved success in securing additional grant funding for a number of projects.

The Council had adopted a Medium Term Financial Strategy covering a six-year period that operated as an important mitigation to ensure service delivery, offered focus for future funding and ensured a consistent approach year-on-year. An area of risk remained however in the continued use of annual local government settlements, with the 2023/2024 settlement having been received on 19 December 2022 which left only a short period in which to finalise the budget for the upcoming year. The Council also possessed a Financial Assurance Framework which Mr Thompson agreed to circulate to members of the Committee for information.

The Committee discussed the risk of a Section 114 notice having to be issued by Mr Thompson as Section 151 Officer. He responded that the issue of such a was not limited to bankruptcy but included issues such as corruption within a local authority. He further stated that in many local authorities where S114 notices had been issued, financial mismanagement had been a major contributing factor. Mr Neil Jack, Chief Executive, added that the Council undertook continuous monitoring of the budget throughout the year to identify emerging issues and necessary actions. He added that in many cases financial over exposure in projects had led to S114 notices in other authorities. In contrast the Council had sought to mitigate the risks associated with capital projects including the agreement of fixed costs.

Mr Thompson added that individual project boards were established to provide oversight

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and monitoring of risk registers.

(b) 'Insufficient central government funding for social care'

### Adults Social Care

Ms Karen Smith, Director of Adults Services, reported that the primary mitigation in respect of ASC was its Medium Term Financial Plan which allowed control of the financial risks related to the service. It was also highlighted that the Senior Accountant was embedded with the Directorate's Management Team, and therefore had an understanding of the work and the resources required and that a close working relationship with the Director of Resources, also ensured that costs could be controlled and effective financial monitoring was taking place. However it was noted that demand for adult social care was increasing as a result of an ageing population and subsequent reduction in the size of Blackpool's workforce along with complex health requirements within the demographic and that closer working with health services was the most effective way to address this.

Work to address the overspend in Adult Services was discussed with Ms Smith reporting that challenges were created by the uncertainties in demand and therefore the funding requirement for the service. She highlighted that a small change in demand could have a significant impact on the resources, noting the cost of an increase in required nursing placements as an example.

### Children's Social Care

Mr Chris Coyle, Assistant Director for Children's Services, Children's Social Care, reported that CSC service had experienced increasing demand and that following the Covid-19 pandemic it had seen an increase in those with complex need. The service had also adopted a MTFP to ensure cost was controlled and risk mitigated.

Work to reduce demand had focussed on ensuring that care was where possible delivered in a residential setting where it had been shown that better outcomes could be achieved. Challenges in this area were related to the competition with other local authorities for social care placements. In order to ensure value for money Mr Coyle explained that all placements were regularly reviewed by the Commissioning Team and costs were continually monitored, along with regular inspections and data monitoring regarding the outcomes for children, such as school attendance progression to university education. Mr Coyle added that the monitoring of social care for looked after children was tailored to the individual child to ensure their progress could be effectively measured.

Noting the long-standing overspend in Children's Services the Committee discussed budgetary control particularly in relation to high cost placements. Mr Coyle explained that data showed that outcomes were improving noting that Blackpool now had the highest number of children leaving care in the North West.

Partnership working to improve outcomes was raised and Mr Coyle explained that close working with Adult Services, as Housing and Public Protection was important and externally,

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health services played an important role in reducing demand through early intervention work. He also highlighted that neglect and domestic abuse created significant demand and that work across the Council and with external partners such as the Police was needed to address these issues.

It was noted the successful partnership working would ultimately reduce the demand experienced in social care and help reduce the number of people with complex needs, which would lead to reduced costs and overspend for those services.

The report outlined a number of interventions as part of the MTFP to achieve improved outcomes and reduce demand, the Committee therefore asked that a report on progress towards achieving the desired outcomes be provided to the Scrutiny Leadership Board for consideration in twelve months' time.

### (c) 'Increased fraud and error'

Mr Steve Thompson, Director of Resources, highlighted that responsibility for addressing fraud and serious error at the Council was his responsibility as Director of Resources, and that the Council had a Fraud Team of four officers who investigated suspect incidents. It was explained that following the Covid-19 Pandemic a large area of work had been in relation to Covid Grants to businesses.

In respect of these grants the Council had developed its own guidance and it was believed that this had contributed to only a low level of fraud being detected with only approximately twenty cases of fraud out of over one-thousand grants made had been found. This was an example of a good outcome for the Council and highlighted actions that could be taken in response to any future serious events.

Mr Thompson informed the Committee that the Council had also invested in data matching software to allow the comparison of Council Tax claims with data from a variety of sources. The Committee queried if due to the ongoing Cost of Living Crisis, Council Tax was an area that could see an increase in the levels of fraud experienced. Ms Tracy Greenhalgh, Head of Audit and Risk, reported that in the first instance consideration would be given to any erroneous applications and any applicants experiencing financial difficulties could be referred to appropriate services. However if fraud was shown to be ongoing then a zero-tolerance approach was adopted and an individual would be sanctioned.

The use of new software to improve the identification of fraud was welcomed by the Committee who noted that the data obtained could be used for other research purposes. Mr Thompson added that the new approach to fraud detection would also be publicised by the Communications Team to make residents aware of the new approach and potential sanctions for fraud.

### **Resolved:**

1. That the report be noted; and
2. That the Financial Assurance Statement be circulated to the Committee for

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information.

3. That a report on progress of the interventions outlined in the Medium Term Financial Plan to address the overspend in social care be brought to a meeting of the Scrutiny Leadership Board in twelve months' time.

### 7 STATEMENT OF ACCOUNTS 2021/2022

Ms Nicola Wright, External Auditor, Deloitte, provided a verbal update on progress to achieve sign-off for the Statement of Accounts 2020/2021 and 2021/22. She reported that following the publication of guidance on the accounting of infrastructure assets, that work was underway to ensure the sign off of the 2020/2021 Accounts for consideration by the Committee at its March 2023 meeting. Following this it was expected that the 2021/2022 accounts would be completed for later in 2023.

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

### 8 AUDIT COMMITTEE ACTION TRACKER

The Committee gave consideration to the updated Action Tracker.

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

### 9 DATE OF NEXT MEETING

The date and time of the next meeting was confirmed as Thursday, 2 March 2023 at 6pm

### Chairman

(The meeting ended at 7.56 pm)

Any queries regarding these minutes, please contact:  
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