

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 19 OCTOBER 2023

Present:

Councillor Roberts (in the Chair)

Councillors

Cartmell Fenlon Humphreys Marshall
Thomas

In Attendance:

Neil Jack, Chief Executive
Mark Towers, Director of Governance and Partnerships
John Blackledge, Director of Community and Environmental Services
Alan Cavill, Director of Communications and Regeneration
Cath Bagley, Head of Procurement, Energy and Exchequer Services
Andrew Duckett, Service Manager - Energy and Sustainability
Tracy Greenhalgh, Head of Audit and Risk
Nicola Wright, External Auditor Deloitte
John Greenbank, Democratic Governance Senior Adviser (Scrutiny)

1 DECLARATIONS OF INTEREST

There were no declarations of interest made on this occasion.

2 MINUTES OF THE LAST MEETING HELD ON 14 SEPTEMBER 2023

Resolved: That the minutes of the meeting held on 14 September 2023 be signed by the Chair as a true and correct record.

3 INTERNAL AUDIT FOLLOW-UP - ENERGY MANAGEMENT

Ms Cath Bagley, Head of Procurement, Energy and Exchequer Services, presented a report on progress against the recommendations made in the internal audit report Energy Management issued on 4 October 2022. She reported that the audit had made seven recommendations of which six had been completed, including both Priority One recommendations and that one remained outstanding.

The outstanding recommendation was R1 a Priority Two recommendation relating to issues with Water Plus. Ms Bagley informed the Committee that a formal agreement with Water Plus needed to be agreed and that a revised target date for the recommendation had been agreed for March 2024.

The Committee queried the ongoing integration of the new finance system, with Ms Bagley explaining that the process had proceeded well and that it would enable closer working with the Council's Wholly-Owned Companies. She added that the integration work would be

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completed by the end of 2023.

Resolved: That the report on progress against the recommendations made in the Internal Audit of Energy Management be noted.

4 STRATEGIC RISK REGISTER DEEP DIVE - PROJECT/PROGRAMME MANAGEMENT

The Committee considered a deep dive into the Strategic Risk “Project/Programme Management” which included the sub-risks (a) The Council fails to reduce carbon emissions across its operations and the town, (b) Climate breakdown causes an increase in sea levels and severe adverse weather events, and (c) Failure to modernise transport network.

(a) The Council fails to reduce carbon emissions across its operations and the town

Mr Alan Cavill, Director of Regeneration and Communication, provided an update in relation to sub-risk (a). He informed the Committee that good progress had been made in carbon emissions work undertaken by the Council, but that carbon emissions and climate change more widely presented an ongoing challenge.

The Committee noted that the risk had a red rating and that although the Council had worked hard to achieve the targets it had set itself, that climate issues had causes and consequences wider than Blackpool and beyond the Council’s control. Mr Cavill added that this had been recognised but that the Council could seek to improve the situation locally through its own carbon targets and assisting businesses and residents to reduce their emissions.

Mr Cavill also explained that the risk scores were realistic based on what the Council could achieve. In addition to work to prevent the negative consequences of climate change the work being undertaken also involved protective actions, such as sea water defences. These would help protect Blackpool from consequences such as sea level rises that were out of the Council’s control.

Members also discussed if and how the Council could offset the impact of the substantial regeneration work underway within Blackpool. Mr John Blackledge, Director of Community and Environmental Services, advised that the carbon impact of a project was considered as part of its planning. Contractors were also asked to ensure that they took carbon emissions into account when undertaking work.

(b) Climate breakdown causes an increase in sea levels and severe adverse weather events

Mr John Blackledge, Director of Community and Environmental Services, provided an update in relation to sub-risk (b), he reported that the Council was well placed strategically to mitigate the consequences of sea level rises and increased severe weather. This included £150m in investment over the next five years from the Environment Agency (EA) into sea defences and beach management projects that would ensure protection for the next one-hundred years. In addition to this Mr Blackledge also reported that the Council continued to

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work with partners and neighbouring authorities on climate change work that would benefit Blackpool.

Mr Neil Jack, Chief Executive, reported that the Council had also invested in projects such as Beach Nutrition, which sought to allow nature itself to provide part of the solution. He added that such projects were generational in nature and would provide part of the long term solution to climate challenges faced in Blackpool.

(c) Failure to modernise transport network

Mr Alan Cavill, Director of Regeneration and Communication, provided an update in relation to sub-risk (c). He reported that the Council had worked closely with its wholly-owned company, Blackpool Transport Services Ltd (BTS), to ensure that the transport network was modernised. This work had included the agreement of a Tramway Asset Management Strategy and involvement in substantial projects supported by the Department for Transport (DfT). Mr Cavill also advised that the Council had ensured that the new multi storey car park being constructed would include thirty electric vehicle charging points and that work was underway to identify more locations across Blackpool.

The Zero-Emissions Bus Regional Area project was raised by Members with the Committee querying the delays that had been experienced and the impact on cost. Mr Cavill explained that the main cost increase had been in relation to the equipment needed for BTS to operate a fleet of electric buses since the initial tender exercise. He further advised that the DfT had stated that the Council and BTS were responsible for any changes in cost. These increases had related to the need to secure a power reserve for the charging of buses, the cost of vehicles and the need to change from the initially planned AC chargers to DC equipment. Despite this, Mr Cavill stated that the Council was confident that the project would progress and noted that it was planned that ninety vehicles would be purchased through the project, for which procurement was ongoing.

It was also clarified that responsibility for the operation of the buses procured would be BTSs, including ensuring safety and maintenance. BTS was also therefore leading on the procurement exercise for the vehicles advised by a consultant to ensure it was prepared for the operation of electric buses.

The installation of electric vehicle (EV) charging points was raised with the Committee noting that a target of two-hundred and forty points by the end of 2024 had been set. In respect of the current number of points, Mr Cavill reported that the exact number would be confirmed following the meeting. Mr Blackledge added that the Council planned to operate a model whereby the EV charging would be operated by private providers and that the work underway had been aimed at facilitating that.

Members questioned if the proposed number of charging points was sufficient considering the increase in EV ownership. This number had been adopted, Mr Cavill explained, due to the fact that the majority of EV owners preferred to charge their vehicles at home rather than at a public charging point due to the lower cost. The Council therefore had sought to ensure the correct EV infrastructure was in place for private sector operators and that

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coverage was spread across Blackpool. It was also noted that EV technology continued to develop and factors such as charging speeds would likely improve as time passed. The Council would keep the current approach under review as EV technology and its take up developed in years to come.

Resolved: That

1. The update be noted; and
2. That the exact number of electric vehicle charging points be confirmed to Members of the Committee in writing following the meeting.

5 EXTERNAL AUDIT PLAN 2021/2022

Ms Nicola Wright, External Auditor, Deloitte, presented the External Audit Plan 2021/2022. She reported that the external audit work for 2021/2022 was expected to be completed by March 2024. It was further advised that the approach to materiality taken by Deloitte was based on the benchmarking standard within the industry and the approach previously used at the Council.

The Plan also highlighted the significant risks identified by Deloitte, which the Committee noted as;

- Completeness of Accrued Expenditure
- Management Override of Controls
- Property Valuations.

The Committee queried if any issues had been identified in respect of property values, pensions or grants. Ms Wright explained that property valuations presented an ongoing challenge and Deloitte would continue to monitor how these were presented in accounts. In respect of grants these had been highlighted in the Plan and would show the impact of those received during the Covid-19 pandemic.

Resolved: That the External Audit Plan 2021/2022 be agreed.

[Ms Bagley, Mr Blackledge, Mr Cavill, Mr Duckett and Ms Wright left the meeting at this juncture].

6 COVERT SURVEILLANCE POLICY

Mr Mark Towers, Director of Governance and Partnerships, presented the Covert Surveillance Policy for approval. He explained that the policy had been updated since it had last been considered by the Committee in 2019. The scope of the policy covered the use of powers under the Regulation of Investigatory Powers Act 2000 (RIPA) and other legislation relating to covert surveillance. He added that the review had been delayed to ensure that officers received the mandatory training on the best practice areas of covert surveillance and any learning from that was then factored into the review. The policy had been updated to ensure greater consistency in securing approvals for surveillance and to future proof the

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policy. Mr Towers added that overall the number of RIPA investigations remained low and that the Committee would continue to be advised of the exercise of powers under the policy.

The use of covert surveillance by the Council was overseen by the Corporate RIPA Group and Mr Towers informed members that he was the responsible officer in respect of covert surveillance.

Members noted that the Council's compliance with the Policy would be subject to an inspection during November 2023 and Mr Towers explained the policy had been shared with inspectors in advance and that the outcome of the inspection would be shared with the Committee.

Ms Tracy Greenhalgh, Head of Audit and Risk, advised that the Policy was only be used as a last resort and a review of its use was be conducted at the end of an investigation to identify any areas of learning for future application. She also confirmed that no investigations under RIPA powers had been conducted since the beginning of 2023. However, some investigations under lesser powers had been conducted in relation to other areas such as trading standards by an authorised officer in the Public Protection team and these had been carried out under the current Covert Surveillance policy.

Resolved: That;

1. The updated Covert Surveillance Policy be approved;
2. That the Director of Governance and Partnerships be authorised to make any minor amendments as required; and
3. That details of the outcome of the inspection of compliance with the Covert Surveillance Policy, due to be conducted in November 2023, be shared with the Committee, once the official outcome was received.

7 CIPFA POSITION STATEMENT ON AUDIT COMMITTEE

Mr Mark Towers, Director of Governance and Partnerships, presented the Chartered Institute of Public Finance and Accountancy (CIPFA) Position Statement setting out the purpose, model, core functions and membership of the Audit Committee. The Statement brought together the CIPFA guidance on Audit Committees and included information gained from the consultation with Members of the Committee in September 2023. Mr Towers added that a report on compliance with the Statement would be presented to a future meeting of full Council by the Chair of the Committee.

Resolved: That the Audit Committee agreed that the CIPFA Position Statement be recommended to Council for approval.

8 AUDIT ACTION TRACKER

Resolved: That the Committee Action Tracker be noted.

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9 DATE OF NEXT MEETING

The date and time of the next meeting was noted as Thursday, 23 November 2023 at 6pm

Chairman

(The meeting ended at 6.50 pm)

Any queries regarding these minutes, please contact:
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