

MINUTES OF AUDIT COMMITTEE MEETING - THURSDAY, 18 JANUARY 2024

Present:

Councillor Roberts (in the Chair)

Councillors

Cartmell	Humphreys	Thomas
Fenlon	Marshall	Warne

In Attendance:

Councillor Paul Galley, Chair of the Scrutiny Leadership Board

Neil Jack, Chief Executive

Alan Cavill, Director of Communications and Regeneration

Steve Thompson, Director of Resources

Mark Towers, Director of Governance and Partnerships

Tracy Greenhalgh, Head of Audit and Risk

John Greenbank, Democratic Governance Senior Adviser (Scrutiny)

1 DECLARATIONS OF INTEREST

Councillor Jason Roberts declared a personal interest as a Non-Executive Director of Blackpool Airport Operations Ltd, in respect of Item 3 “Wholly Owned Companies Leases, Asset Registers, Contracts and Operating Agreements Audit Follow Up” and Item 4 “Strategic Risk Register Deep Dive – Governance”.

2 MINUTES OF THE LAST MEETING HELD ON 23 NOVEMBER 2023

Resolved: That the minutes of the meeting held on 23 November 2023 be signed by the Chair as a true and correct record.

3 WHOLLY OWNED COMPANIES LEASES, ASSET REGISTERS, CONTRACTS AND OPERATING AGREEMENTS AUDIT FOLLOW-UP

Mr Steve Thompson, Director of Resources, presented a follow-up report on progress against recommendations made by the internal audit of Wholly-Owned Companies Leases, Asset Registers, Contracts and Operating Agreements. He advised that the audit had been undertaken to ensure consistency across the Council’s company group and maintain oversight of their operations.

The Committee noted that Recommendation One showed that succession planning meetings were being held by Wholly-Owned Companies (WOC) and queried what the outcome of these had been. Mr Mark Towers, Director of Governance and Partnership,

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explained that these meetings were internal meetings which ensured that company Boards and Audit Committees had reassurance that succession planning was in place. He added that if changes were made to the senior leadership team at a company then the Council would be represented during the recruitment process through the Council's Lead Office for the company.

Mr Towers also reported that it had been agreed that the Chair of the Shareholder Committee, the Council committee responsible for oversight of the WOCs, would present report to the February 2024 meeting of the Audit Committee. This report would provide assurance regarding the role of the Shareholder Committee in managing risk associated with WOCs.

The work to put in place a service level agreement (SLA) for Blackpool Entertainment Company Ltd's (BECL) operation of the Winter Gardens was discussed. Mr Alan Cavil, Director of Communications and Regeneration informed members that this work was ongoing but that it was expected that an SLA would be in place by 31 March 2024. It had been agreed to develop the SLA following the expiry of BECL's lease on the Winter Gardens and that the agreement would replace the lease and allow BECL's continued operation of the venue. This had been decided following consideration of the operation of the lease and in recognition that it was unnecessary for a WOC to operate a Council owned site and that the SLA would clarify responsibilities in respect of the Winter Gardens.

Mr Cavill also updated the Committee in respect of Recommendation Three that the only SLA not currently in place related to the operation of the Starr Gate Depot by Blackpool Transport Services Ltd (BTS). He advised that it was planned that this would be agreed and in place by the end of April 2024.

The Committee also queried the management agent agreement with Merlin for the operation of the Sandcastle Waterpark with Mr Cavil stating that discussions were ongoing regarding the long-term plans for the attraction.

Members highlighted that the target date for Recommendation Six, seeking a consistent approach for documenting the roles and responsibilities of the Council and each of the companies regarding the recording and maintenance of assets, had been pushed back from March 2024 to September 2024. Mr Towers highlighted as a new document this had been the case due to the time required to pull together the necessary documentation at each WOC, while noting that different approaches would be needed depending on the circumstance of each company. He further advised that the assurance regarding the completion of the lists would be provided to the Shareholder Committee.

Resolved:

1. That the report be noted;
2. That a report providing assurance regarding the role of the Shareholder Committee in monitoring risk at Wholly-Owned Companies would be provided to the February 2024 meeting.

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4 STRATEGIC RISK REGISTER DEEP DIVE - GOVERNANCE

The Committee considered a deep dive into the Strategic Risk "Governance" which included the sub-risks; (a) Non-compliance with the Council's decision making process, (b) Failure of wholly owned companies and (c) Failure of key strategic partnerships.

(a) Non-compliance with the Council's decision making process

It was noted that the gross risk score of 20 in relation to this sub-risk was red and queried if there were any concerns that officers had in relation to it. Mr Steve Thompson, Director of Resources, stated that no specific concerns existed and explained that mitigation was in place through the Council's governance framework which ensured that the risk would be managed.

Members also discussed the Equality and Diversity advice available with Mr Thompson explaining that the Council had a broad suite of mandatory training for officers. This had ensured that the correct culture in respect of equalities and diversity was in place, however it was noted that only one dedicated trainer existed in this respect. It was highlighted that further work to embed this culture would be achieved through the Elected Member Equality Champions.

The impact of the Lancashire Devolution Deal on the Council's governance arrangements were highlighted with Mr Neil Jack, Chief Executive, reporting that a report on the deal and its impact on the Council would be provided to a future meeting of Full Council.

(b) Failure of wholly owned companies

Members highlighted the identification of "robust conversations" as a control for this sub-risk and asked if this was a sufficient mitigation in this respect. Mr Thompson explained that the control existed as part of a wider range of controls. He highlighted the formal governance framework that was in place between the Council and wholly-owned companies (WOC) and the role of the Shareholder Committee. In addition to these formal and informal meetings took place regularly between officers and members of WOCs management teams. Further to this the Council ensured that a risk based approach was undertaken to each WOC that reflected the level of risk posed by each one.

An Ethical Statement outlining the expectations of the Council on how WOC operated was discussed. The statement had been drafted following the agreement of the companies governance framework and would be considered by the Shareholder Committee before being implemented. Mr Mark Towers, Director of Governance and Partnership, explained that the statement outlined the common business principles that the Council expected WOCs to take into account when making decisions.

The Committee also asked if there were any concerns that a WOC could fail and it was stated by Mr Thompson that ongoing monitoring ensured that the Council was kept informed of the WOCs' financial sustainability. He added that he does provide Letters of Comfort to the companies and that the WOC group was forecast to make a surplus during

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2023/2024. Mr Neil Jack, Chief Executive, added that recovery planning at the WOCs following the Covid-19 pandemic had progressed well, highlighting the improving performance of WOCs as a whole.

Resolved: That the report be noted.

5 STATEMENT OF ACCOUNTS 2020/2021 AND 2021/2022 EXTERNAL AUDIT UPDATE

Ms Nicola Wright, External Auditor, Deloitte, provided a verbal update on the progress of the Statement of Accounts. She advised that it was planned that the 2021/2022 statement of accounts would be completed by the end of March 2024 before being brought to the Committee.

Mr Steve Thompson, Director of Resources, informed the committee that in respect of the 2022/2023 accounts discussions were taking place in Parliament to facilitate a light-touch audit to allow a timely sign-off by local authorities. This would allow for the new external auditor KPMG to begin work on the 2023/2024 accounts. Ms Wright also confirmed that discussions between Deloitte and KPMG had taken place in respect of the hand over in responsibilities.

Resolved: That the update be noted.

6 ACTION TRACKER

Members considered the Committee Action Tracker of progress against outstanding actions

Mr Mark Towers, Director of Governance and Partnerships, advised that in respect of action six, a report on the outcomes of the Covert Surveillance inspection would be brought to the next meeting of the Committee. He reported that although what information could be provided would need to be clarified the inspection had been positive and the inspector had expressed that the Council undertook covert surveillance to a high standard.

In respect of action one, regarding an update on the development of a financial framework for Children's Services, Ms Tracy Greenhalgh, Head of Audit and Risk, reported that this would be delayed until May 2024. This was as the result of a technical issues being experienced and that a further update would be provided as part of the Quarter Four Audit and Risk reporting.

Resolved: That, subject to the updates outlined above, the Committee Action Tracker be noted.

7 DATE OF NEXT MEETING

The date and time of the next meeting was noted as Thursday, 29 February 2024 at 6pm.

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Chairman

(The meeting ended at 6.47 pm)

Any queries regarding these minutes, please contact:
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