



Committee: AUDIT COMMITTEE
Date: WEDNESDAY, 30 JULY 2025
Venue: MORECAMBE TOWN HALL
Time: 6.00 P.M.

A G E N D A

1. **Apologies for Absence**

2. **Minutes**

To receive as a correct record the Minutes of the meeting held on 21st May 2025 (previously circulated).

3. **Items of Urgent Business authorised by the Chair**

4. **Declarations of Interest**

To receive declarations by Councillors of interests in respect of items on this Agenda.

Councillors are reminded that, in accordance with the Localism Act 2011, they are required to declare any disclosable pecuniary interests which have not already been declared in the Council's Register of Interests. (It is a criminal offence not to declare a disclosable pecuniary interest either in the Register or at the meeting).

Whilst not a legal requirement, in accordance with Council Procedure Rule 9 and in the interests of clarity and transparency, Councillors should declare any disclosable pecuniary interests which they have already declared in the Register, at this point in the meeting.

In accordance with Part B Section 2 of the Code Of Conduct, Councillors are required to declare the existence and nature of any other interests as defined in paragraphs 8(1) or 9(2) of the Code of Conduct.

5. **Strategic Risk Management (Pages 3 - 19)**

Whilst this report is public, Appendix B is exempt, and notice is hereby given that the meeting is likely to move into private session if it is necessary to refer to the exempt appendix.

Report of the Chief Executive

6. **Corporate Enquiry Team – Business Plan 2025 (Pages 20 - 43)**

Report of the Corporate Fraud Manager

7. **Counter Fraud - Annual Report 2024/25** (Pages 44 - 48)

Report of the Corporate Fraud Manager

8. **Internal Audit Progress Report** (Pages 49 - 67)

Report of the Head of Internal Audit

9. **Statement of Accounts Update** (Pages 68 - 71)

Report of the Chief Finance Officer

Published 28th July 2025

10. **Local Audit Reforms** (Pages 72 - 75)

Report of the Chief Finance Officer

Published 30th July 2025

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

Councillors Paul Stubbins (Chair), David Whitaker (Vice-Chair), Ruth Colbridge, Brett Cooper, Peter Jackson, Colin Hartley and Isabella Metcalf-Riener

(ii) Substitute Membership

Councillors Gerry Blaikie (Substitute), Dave Brookes (Substitute), Martin Gawith (Substitute), Sally Maddocks (Substitute) and Sandra Thornberry (Substitute)

(iii) Queries regarding this Agenda

Please contact Sarah Moorghen, Democratic Support - email smoorghen@lancaster.gov.uk.

(iv) Changes to Membership, substitutions or apologies

Please contact Democratic Support, telephone 582000, or alternatively email democracy@lancaster.gov.uk.

MARK DAVIES,
CHIEF EXECUTIVE,
TOWN HALL,
DALTON SQUARE,
LANCASTER, LA1 1PJ

Published on 22nd July, 2025.

AUDIT COMMITTEE

Strategic Risk Management

30 July 2025

Report of Chief Executive

PURPOSE OF REPORT

To provide the Committee with an update on the authority's progress in updating the Strategic Risk Register.

This report is public, with appendix B being exempt by virtue of paragraph 3 of Schedule 12A the Local Government Act 1972.

RECOMMENDATIONS

- (1) The Audit Committee note the Strategic Risk Register, as shown as appendix A (public report) and appendix B (restricted report).

1 Change from 4 x 4 to 5 x 5 impact vs likelihood matrix

- 1.0 Following the recommendations of some consultancy work we commissioned on risk management, the impact vs likelihood matrix has been changed from a 4 x 4 to a 5 x 5. This will:

- Bring us into line with best practice
- Allow greater differentiation of risk severity

- 1.1 As part of the above change, a new risk rating colour has been introduced. Risk scoring is now as follows:

Impact	Catastrophic 5	5 Low	10 Moderate	15 High	20 High	25 High
	Major 4	4 Low	8 Moderate	12 Moderate	16 High	20 High
	Moderate 3	3 Very Low	6 Low	9 Moderate	12 Moderate	15 High
	Minor 2	2 Very Low	4 Low	6 Low	8 Moderate	10 Moderate
	Insignificant 1	1 Very low	2 Very Low	3 Very Low	4 Low	5 Low
		Remote 1	Unlikely 2	Possible 3	Highly Likely 4	Almost Certain 5
		Likelihood				

- 1.2 All strategic risks will be reviewed quarterly, with the exception of those which are red rated, which will be reviewed monthly.
- 1.3 The scoring on all strategic risks has been reworked so that they all score on the newly introduced 5 x 5 matrix for this report.
- 1.4 The changes have resulted in their being no red (high) risks, with 7 amber risks across the restricted and unrestricted risk registers. Under the 4 x 4 matrix there would have been 3 red risks open.

2 Report

- 2.0 Quarterly Strategic Risk Report as updated by Leadership Team to be seen by Audit Committee to be noted.

- 2.1 There are currently 25 Strategic Risks open on the register.

- 2.2 The attached appendices show the changes to the council's Strategic Risk Register made during the reporting period 13th May to 17th July 2025. Changes are highlighted using red text, excluding the new scoring, as all risks scored have been reworked following the introduction of the 5 x 5 matrix. A summary of the main changes is as follows:

- Risk reviews have been run against all 25 Strategic Risks.
- Action plan due dates have been updated for risks SR04, SR05, SR06, SR09 SR14, SR20, SR24 and SR28.
- Action plan descriptions have been updated or added for risks SR04, SR06, SR09, SR14, SR24 and SR28.
- Control measure details have been updated or added for risks SR03, SR07, SR16, SR20, SR24 and SR29.
- Under the new risk matrix and scoring, all of the council's Strategic Risks are within the risk appetite. It is worth noting that the risk appetite levels are due to be reviewed later this year, following the changes to the matrix and some other changes in the risk management policy.
- Risk SR26 which related to increasing costs of temporary accommodation for the homeless has been closed as a strategic risk, following significant progress in reduction of B&B costs. The risk will continue to be monitored at an operational (service) level.

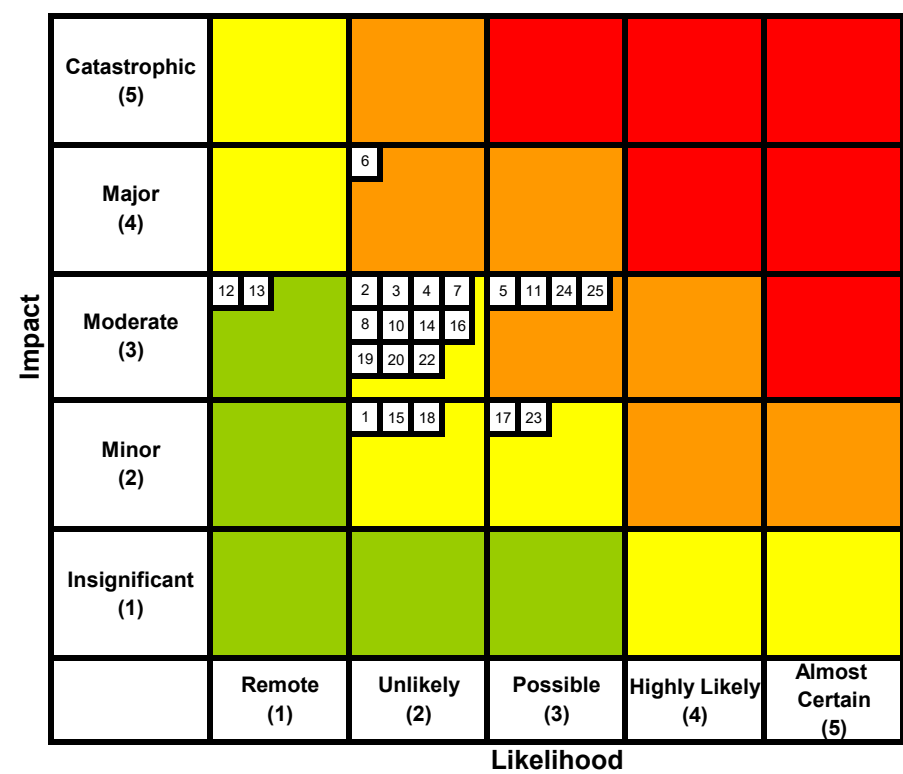
CONCLUSION OF IMPACT ASSESSMENT (including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing):
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No direct impact arising from this report, which provides an updated copy of the authority's Strategic Risk Register.

LEGAL IMPLICATIONS

No direct legal implications arising from this report.	
FINANCIAL IMPLICATIONS	
No direct financial implications arising from this report.	
OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces	
No direct resource implications arising from this report.	
SECTION 151 OFFICER'S COMMENTS	
The Section 151 Officer has contributed to this report in his role as Chief Officer Resources, including responsibility for Internal Audit.	
MONITORING OFFICER'S COMMENTS	
The Monitoring Officer has been consulted and has no further comments.	
BACKGROUND PAPERS	Contact Officer: Claire Dubelbeis, Projects and Performance Manager Telephone: 01524 582505 Email: CDubelbeis@lancaster.gov.uk Ref: N/A
N/A	

Strategic Risk Register - Risk Map 17.07.25



NOTE 1: All risks have been reviewed in the run up to 17th July 2025

NOTE 2: The numbers shown on the risk map relate to those on the next page in the first column, not the Strategic Risk (SR) numbers.

NOTE 3: Only risks which are unrestricted are shown.

Risk No.	Risk & Owner	Risk Description	Risk Score (Impact x Likelihood)	Risk Category	Existing Control Measure	Existing Control Measure Description	Target Risk Level (Impact x Likelihood)	Action Plan Title	Action Plan Description	Action Plan Owners	Action Plan Due Date	Date Last Reviewed	Review Comment
1	SR01 Central Government funding is insufficient to provide the current level of service leaving the council unable to deliver the financial resilience initiative and achieve financial stability. Mark Davies Paul Thompson	Central Government funding and/or revenues collected are insufficient to provide the current level of service leaving the council unable to deliver the financial resilience initiative and achieve financial stability. Link to Council Plan 24-27: 4.1 Value for Money	4 (2x2)	Financial	Officer/Member Working Groups	Capital Assurance Group (CAG) and Financial Resilience Group (FRG)	2 (2x1)	Outcomes Based Resourcing	Review of existing budgets to identify areas for realignment/ refocusing or cessation to deliver efficiencies but ensuring that Services remain aligned with the Councils Priorities.	Mark Davies Claire Dubelbeis Alex Kinch	31/12/2025	15/07/2025	Risks re-scored following update to matrix on Marks behalf.
					Council Strategies	Outcome Based Resourcing (OBR), Investment Strategy, Reserves Strategy and Medium Term Financial Strategy							
					Monthly income monitoring by applicable services	Monthly income monitoring by applicable services							
					Quarterly reporting	Formal quarterly reporting to Cabinet and Budget and Performance Panel							
					Commercialisation	Development of other alternative service delivery vehicles to deliver efficiencies and/ or operational surpluses which can be reinvested into Council Services.							
					Business Plans for Investments	Develop business plans for investment particularly in relation to decarbonisation and renewable energy generation.							
					Fees and Charges Income Monitoring	Regular monitoring and forecasting by services of all fees and charges. To be undertaken by Heads of Service and Managers.							
					Fit for the Future Strategy	The Strategy contains a number of principles to achieve Financial Stability.							
2	SR02 The Council fails to meet the 2025/26 funding gap as a result of ineffective delivery of the efficiency programme and failure to deliver on key projects. Mark Davies Paul Thompson	The Council fails to meet the 2025/26 funding gap as a result of ineffective delivery of the efficiency programme and failure to deliver on key projects. Link to Council Plan 24-27: 4.1 Value for Money	6 (3x2)	Financial	Reserves Policy	Reserves Policy	2 (2x1)	Outcomes Based Resourcing / Fit for the Future	Outcomes-Based Resourcing (OBR) approach focusing on where resources can have maximum impact on strategic priority areas. NOTE: This is also listed as a control measure as the programme is phased so has already delivered some savings with further outcomes and savings to follow.	Mark Davies Claire Dubelbeis Alex Kinch	31/12/2025	15/07/2025	Risks re-scored following update to matrix on Mark Davies behalf.
					Project Managers	Project Managers - suitably skilled PMs assigned to lead strategic projects							
					Programme Managers	Programme Managers in place for specific programmes							
					Programme Delivery Board	Programme Delivery Board							
					Cabinet	Cabinet							
					Portfolio Holder	Portfolio Holder							
					Outcomes Based Resourcing for 23/24, 24/25 and 25/26 financial years.	Outcomes Based Resourcing for 23/24, 24/25 and 25/26 financial years							

				Project Delivery Board	Project Delivery Board - Consisting of Leadership Team to monitor delivery via quarterly reports and provide support and challenge to each project as required.						
				Projects and Performance Manager	Established to provide a central co-ordination point for all the Council's projects and performance. Responsible for co-ordination and monitoring.						
				Delivering Our Priorities Quarterly Monitoring Reports	Delivering Our Priorities Quarterly Monitoring Reports - Monitoring report linking Projects, Performance and Resources presented to Cabinet and Budget & Performance Panel.						
				Quarterly Cabinet Meetings	Quarterly Cabinet Meetings - Project and Financial information present to Cabinet/Portfolio providing an opportunity for review and discussion of performance.						
					As part of the Funding the Future Strategy, the Outcomes Based Resourcing exercise is commencing July 2022 to identify revenue savings for 2023/24 and beyond.						
				Outcomes Based Resourcing / Fit for the Future	Outcomes-Based Resourcing (OBR) approach focusing on where resources can have maximum impact on strategic priority areas.						
3	SR03 The Council fails to recruit and retain competent / key staff resulting in ineffective leadership, increased costs and failure to deliver.	The Council fails to recruit and retain competent / key staff resulting in ineffective leadership, increased costs and failure to deliver effective services, projects and council priorities.	6 (3x2)	People	New 3-year People Plan (2023-2026) with key deliverables to mitigate this risk	New 3-year People Plan (2023-2026) with key deliverables to mitigate this risk. 25-26 is year 3 of the People Plan.	6 (3x2)		16/06/2025	Risk reviewed with Alex following re-scoring of risk and impact matrix.	
	Alex Kinch	Link to Council Plan 24-27: 4.3 Investing in Our Skills and Facilities			Annual Appraisal Process	Annual Appraisal Process embedded					
					Pay and Grading Structure	Pay and Grading Structure - The new pay and grading structure and job evaluation process ensures that all posts are objectively evaluated and then placed on a new pay and grading scale. Recent experience suggests that this assisted in attracting applicants with the desired skills and values					
4	SR04 The use of council assets is not maximised leading to insufficient funding to meet the funding gap and deliver capital projects.	Future capital investment is dependent on capital receipts from the sale and utilisation of council assets.	6 (3x2)	Property Financial	Use of Council Assets Capital Strategy Group		4 (2x2)	Council Assets	To progress with disposals of council assets as outlined through 22/23 OBR process.	Joanne Wilkinson	31/03/2026 02/07/2025
					Use of Council Assets Ongoing OBR workstream reviewing assets						
					Use of Council Assets Performance monitoring of leases implemented			Council Assets	Updated Asset Management Strategy to be developed to incorporate property performance, as well as Estates and FM areas.	Paul Mackie Joanne Wilkinson Dan Wood	31/03/2026
	Joanne Wilkinson	Link to Council Plan 24-27: 4.5 Innovative Public Service			Use of Council Assets Budget Monitoring						

				Partnerships	Partnerships - The Council continues to allocate resource to developing its key partnerships LRF, CSP (Community Safety Partnership) and local resilience partners.								
				County wide emergency (such as widespread loss of power and extreme weather events)	The LERP (Lancashire Emergency Response Plan) and plans as required from box 2 and box 3 plans, held in resilience direct.								
				Financial Planning	Adequate non earmarked reserves are maintained to allow for the impact of long term emergencies like the pandemic.								
				Corporate Resilience Exercises - January 2025	The LGA held two corporate resilience exercises with managers w/c 20th January 25.								
6	SR06 The Council fails to reduce its direct Co2 emissions to 'net zero' by 2030. Mark Cassidy	In January 2019 the Council declared a 'climate change emergency' and have now sought endorsement of an approach to reduce the Council's direct Co2 emissions to 'net zero' by 2030. Whilst an action plan is in place, costs associated with implementing the actions are considerable and are constantly under review. Link to Council Plan 24-27: 1.1 Carbon Zero	8 (4x2)	Strategy Project / Programme	Delivery plan in place	Climate Change Action Plan - the Climate and Nature Strategy will supersede this	8 (4x2)	(i) Climate and Nature Strategy (ii) Annual Climate Report (to be presented to Cabinet)	The Council continues to work on the delivery of its CaNS and the date for delivery is likely to be early-June.	Mark Davies	31/12/2025	01/07/2025	The remaining actions associated with this risk has been split into two sections. The first relates to the Climate and Nature Strategy(CaNS) which has been delayed due to other climate work associated with time-limited projects. The CaNS will still be delivered this year, and the Portfolio Holder has been updated (June 26 2025). The second part of the risk is new, and relates to the 1st Annual Climate Report, which will be prepared for Cabinet at the end of each calendar year, starting in December 2025. This will set out the progress on an annual basis for reducing CO2 emissions and the ambition to reach net zero by 2030.
					Peoples Jury	Peoples Jury - The Council considers the recommendations of the Peoples Jury and builds recs that can be delivered directly by the Council into its plans		(ii) Local Area Energy Plan	LAEP sets out a long-term vision for decarbonising the district by 2040 and looks beyond the council's own 2030 target for its direct activities. The LAEP sets out the changes required to transition the Lancaster district energy system and built environment to net zero while also addressing fuel poverty. It details what changes are required, where, when and by whom. Since the last review the LAEP has been formally adopted by this Council. Next stages for implementation are being considered, but are likely to require UKSPF assistance given resource constraints (staffing) during the remainder of the calendar year (delievry of other decarbonisation projects)	Mark Cassidy	30/09/2025		
				Development of the Local Area Energy Plan and the emergence of the Climate and Nature Strategy	Local Area Energy Plan (LAEP)has been adopted by Cabinet (Oct 2024) and it set out the district's most cost-effective pathways to net zero. Climate and Nature Strategy (CaNS) is funded by a UKSPF award and will be the Council's Climate and Nature Action Plan, bringing together all climate and biodiversity workstreams under one document with realistic ambitions that align with the Council Plan.								
7	SR07 The Council fails to deliver its key priorities due to the lack of an underpinning strategy setting out expected delivery / outcomes.	On the 29 January 2019, Full Council approved the Council's strategic priorities for the purpose of informing budget decisions for 2020-21 and future years.	6 (3x2)	Strategy	Carbon Zero +	More details can be found on our website: https://www.lancaster.gov.uk/sites/climate-emergency/new-and-updates	4 (2x2)	Local Development Plan	Local Development Plan	Mark Davies	30/09/2024	15/07/2025	Risks re-scored following update to matrix on Mark Davies behalf.

	Mark Davies Luke Gorst Paul Thompson	Link to Council Plan 24-27: Whole document.			Medium Term Financial Strategy (MTFS)	MTFS - in place to set out how the council proposes to manage its financial resources in line with corporate priorities.							
					Programme Management	Programme Management - in place to ensure strategy is followed and monitored on a regular basis.							
					Corporate Plan / Plan 2030	Corporate Plan / Plan 2030 - Updated in December 2021 to lay out the councils vision.							
					Fit for the Future	Fit for the Future is a strategic programme that assists in the balance of Council plan and MTFS							
8	SR08 The Council fails to deliver its key projects due to the lack of capacity and resources. Mark Davies	The Council has a number of key projects (Canal Quarter, Eden Project Morecambe, OBR, My Mainway, Heysham Gateway, Frontierland etc) all of which have detailed strategies for implementation. In order to deliver these key projects it is essential they are properly prioritised and resourced. Link to Council Plan 24-27: 4.5 Innovative Public Services	6 (3x2)	People Financial	Local Plan	Local Plan	3 (3x1)	Local Plan	Local Plan, due to be adopted in Jan 27	Mark Cassidy Mark Davies	01/01/2027	15/07/2025	Risk re-scored following matrix update on Mark Davies behalf.
					Medium Term Financial Strategy (MTFS)	Medium Term Financial Strategy (MTFS)							
					Investment Strategy	Investment Strategy		Reserves	Adequate reserves are maintained to allow, due diligence of property investment, regeneration projects and key strategic planning strategies.	Mark Davies Paul Thompson	30/01/2026		
					Capital Programme	Capital Programme							
					The Council continues to resource key service teams in Planning, economic development, regeneration, property investment	The Council continues to resource key service teams in Planning, economic development, regeneration, property investment and facilities management.		People Plan	3-Year People Plan in place and being delivered, which includes emphasis on upskilling and staff development, as well as initiative to support recruitment and retention.	Alex Kinch	31/03/2026		
					Collaborative Working	We work in collaboration with other stakeholders. For example, on the Eden Project we are working closely with the County Council.							
					Partnership Working	Many of our projects involve working in collaboration with other partners. For example, working with the County Council for the Eden Project Morecambe.							
					Capital Programme	Ensure capital programme is prioritised to facilitate match funding leverage and maximise the potential to attract external funding.							
					Funding the Future Strategy	Funding the Future Strategy							
10	SR10 Changes in Government policy impact on our ability to deliver major projects and programmes that would benefit our communities. Mark Davies	SR10 Changes in Government policy impact on our ability to deliver major projects and programmes that would benefit our communities. Link to Council Plan 24-27: 4.1 Value for money	6 (3x2)	Strategy Governance Operations People Project / Programme Financial	Continued monitoring and horizon scanning of Government policy	Continued monitoring and horizon scanning of Government policy	6 (3x2)					15/07/2025	Risk re-scored following update to matrix on Mark Davies behalf.
					Clear and focused Council strategy to maximise alignment with Government policy and resourcing	Clear and focused Council strategy to maximise alignment with Government policy and resourcing							

				Strategic Plans	Strategic Plans - Continue to develop Council strategic plans and documentation in light of emerging Government policy							
11	SR11 International and national issues rapidly impact on the strategic and financial context of the Council and / or partners, businesses and communities. Mark Davies	SR11 International and national issues rapidly impact on the strategic and financial context of the Council and / or partners, businesses and communities. This risk is outside of the control of the Council. It can not be fully mitigated against but should still be recorded on the strategic risk register.	9 (3x3)	Strategy Operations Security Financial	Retention of in-house expertise to provide agility and resilience in rapidly-emerging issues Strategic responsiveness through continued risk management review Agility and Resilience Strategic risk management approach	Retention of in-house expertise to provide agility and resilience in rapidly-emerging issues Strategic responsiveness through continued risk management review Agility and Resilience - Continue to develop agility and resilience across the organisation Strategic risk management approach	9 (3x3)			15/07/2025	Risk re-scored following matrix update on Mark Davies behalf.	
12	SR12 Budgetary proposals are brought forward / agreed that are then challenged, causing delays or changes to implementation. Mark Davies Paul Thompson	SR12 Budgetary proposals are brought forward / agreed that are then challenged, causing delays or changes to implementation. Link to Council Plan 24-27: 4.5 Innovative Public Service	3 (3x1)	Strategy Financial	Budget Development OBR / Fit for the Future	Comprehensive, robust and transparent approach to budget development and service delivery. Outcomes-Based Resourcing (OBR) approach to focusing on where resources can have maximum impact on strategic priority areas.	3 (3x1)			15/07/2025	Risk re-scored following matrix update on Mark Davies behalf.	
13	SR13 The Council's reputation is damaged through its own actions or actions of others in the District . Mark Davies	SR13 The Council's reputation is damaged through its own actions or actions of others in the District. Link to Council Plan 24-27: 3.4 Community Engagement	3 (3x1)	Strategy People	Communications Strategic Management of Activities Delivery of Services Strategic communication	Pro-active communications and transparency Strategic management of all Council activities to ensure continued high reputation Delivery of Services - Continue to manage and deliver services in a way that supports the authority's reputation as a Co-operative, Kind and Responsible Council. Strategically communicate and engage with residents, partners and stakeholders to ensure actions align with reputation	3 (3x1)			15/07/2025	MD reviewed - as is	
14	SR14 Major, sudden unforeseen expenditure or income reduction arises, necessitating significant change or reduction to services. Mark Davies Paul Thompson	SR14 Major, sudden unforeseen expenditure or income reduction arises, necessitating significant change or reduction to services. Link to Council Plan 24-27: 4.1 Value for money	6 (3x2)	Operations Financial	Budget and Performance Panel Reserves Policy Continue financial forecasting	Budget and Performance Panel Reserves Policy Continue financial forecasting and scenario planning e.g. for energy costs	6 (3x2)	Move to sustainable solutions	Minimise exposure to cost spikes such as energy by moving to sustainable solutions independent of external pressures Council has approved the construction of a Solar Farm at Burrow Beck and also the development of a new Data Centre at Salt Ayre. Both will have a positive impact on the Council's sustainability ambitions but also income generation and cost reduction.	Mark Davies Paul Thompson 31/03/2026	15/07/2025	Risk re-scored following update to matrix on behalf of Mark Davies

								Level of Reserves	As part of the annual budget cycle the s151 Officer is required to make a statement of the adequacy of the Council's reserves, provision and balances and set a minimum level of reserves. This ensures that it is able to mitigate variations in the short to medium term.	Paul Thompson	31/03/2026		
15	SR15 The Council's infrastructure fails to meet the future needs of the organisation and the residents of the district. Joanne Wilkinson Mark Davies Jonathan Nead	SR15 The Council's infrastructure fails to meet the future needs of the organisation and the residents of the district. Link to Council Plan 24-27: 4.5 Innovative Public Services; 4.1 Value for money	4 (2x2)	Strategy	Asset Management Plan Continuous review of assets and infrastructure	Asset Management Plan Continuous review of assets and infrastructure	2 (1x2)	Asset Management Plan	Conduct a major review of Council infrastructure and assets, taking a future focused approach to asset management.	Mark Davies	27/09/2024	15/07/2025	Risk re-scored following update to matrix on behalf of Mark Davies. Owner transferred to Jo Wilkinson
16	SR16 The Council's services fail to adapt to socioeconomic and demographic trends within the district, resulting in failure to meet the needs of local residents and businesses. Mark Davies Alex Kinch	SR16 The Council's services fail to adapt to socioeconomic and demographic trends within the district, resulting in failure to meet the needs of local residents and businesses. Link to Council Plan 24-27: 4.5 Innovative Public Services	6 (3x2)	Strategy	Corporate Plan Policy Framework Continuous review of strategy and policy LGA Workshop with Members CPC review and action plan.	Corporate Plan Policy Framework Continuous review of strategy and policy, and alignment with service delivery. These took place in September 2023. CPC review and action plan. Action Plans have now been added into Service Plans.	2 (1x2)					16/06/2025	Risk reviewed with Alex following re-scoring of risk and impact matrix and action added as control measure.
17	SR17 Negligent or unlawful action by the Council, resulting in financial or other liabilities. Mark Davies Luke Gorst	SR17 Negligent or unlawful action by the Council, resulting in financial or other liabilities. Link to Council Plan 24-27: 4.6 Openness	6 (2x3)	Legal	Corporate Governance Continuous review of governance processes Annual Governance Statement and Code of Corporate Governance	Corporate Governance Continuous review of governance processes to ensure they are fit for purpose The Accounts and Audit Regulations (2015), as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020, require the Council to conduct a review, at least once a year, on the effectiveness of its system of internal control and include an Annual Governance Statement reporting on the review with the Statement of Accounts. The Council has reviewed and adopted an amended Code of Corporate Governance (dated April 2022). The Preparation and publication of this Annual Governance Statement is in accordance with the principles set out in the CIPFA/SOLACE Framework Delivering Good Governance in Local Government (2016) (The Framework)	6 (2x3)					15/07/2025	MD reviewed - as is

				Training and development	Ongoing training and development to ensure staff and members are equipped to follow governance requirements.									
18	SR19 Failure of the Canal Quarter programme to deliver regeneration through use of the Council's assets in the area. Jonathan Noad Mark Davies	SR19 Failure of the Canal Quarter programme to deliver regeneration through use of the Council's assets in the area. Link to Council Plan 24-27: 2.4 Investment and Regeneration	4 (2x2)	Project / Programme	Programme Management	Programme Management	2 (1x2)	Development of a Canal Quarter Masterplan	Development of a Canal Quarter Masterplan that sets out a route to successful regeneration of the area in line with local needs and the Council's priorities. This now needs to be updated to preparing a business case for investment options to deliver adopted masterplan.	Jonathan Noad	31/03/2025	17/07/2025	Risk re-scored to reflect updated scoring so that the numbers add up. Owner transferred to Jonathan Noad	
19	SR20 Non compliance with Building Safety Executive for LCC owned high-rise buildings. Dennis Graham Paul Mackie Joanne Wilkinson	LCC has three high rise buildings which now fall under the Building Safety Act 2022, and require registration with the Building Safety Executive (BSE). There are numerous risks around non-compliance. Link to Council Plan 24-27: 3.1 Access to Quality Housing	6 (3x2)	Property Financial	Registration with BSE for high rise blocks	Fortnightly senior housing management meetings updating on risks and plans around building safety review.	2 (2x1)	Non-compliance with BSE	To review Building Safety Case files following EWI survey results	Paul Mackie	30/09/2025	02/07/2025	Limited change - safety case files not yet called in, but will be reviewed following cladding survey results which should be due in next quarter. Bridge House now has 16 residents residing in it as the decant strategy is underway. Work to remove the front cladding on one elevation of Bridge House is commencing in July.	
					Registration with BSE for high rise blocks	Fire safety works being completed.								
					Registration with BSE for high rise blocks	Fire door audits being undertaken								
					Registration with BSE for high rise blocks	Monthly Compliance Steering Group comprising staff from across the Housing Service meet to discuss issues and tasks that are needed.								
					Registration with BSE for high rise blocks	Tenants Voice group established								
					Registration with BSE for high rise blocks	Registration of blocks with BSE complete								
					Registration with BSE for high rise blocks	On-going and regular campaigns on fire safety undertaken with residents.								
					Registration with BSE for high rise blocks	Cabinet (Feb 24) approved decommissioning Bridge House - Housing team now progressing decision.								
					Registration with BSE of high rise blocks	Building Saftey Case files prepared ready for call in.								
					Non compliance with BSE	Commissioned external cladding survey for Park House - results due over the summer (survey results being chased).								
					Non compliance with BSE	Information updated on improved intranet pages								
					Non- compliance with BSE	Resident engagement strategy for building safety approved								
					Non-compliance with BSE	Ongoing and regular dialogue with LFRS including site visits								

20	SR21 Non compliance with Regulator of Social Housing Standards. Dennis Graham Joanne Wilkinson Pete Linsley	The Social Housing White Paper and subsequent amendments through to the introduction of the Social Housing Regulation Act have highlighted a significant shift in requirements for social housing providers. This will be the biggest shift in a generation, with changes to standards and expectations. Failure to keep up with changes could result in unlimited fines / DLUHC, Regulator or Ombudsman intervention / bad publicity. However clearly the Regulator has laid out that it is unlikely that Councils will meet the required new standards fully and expect to work with landlords to improve performance against new requirements. Link to Council Plan 24-27: 3.1 Access to Quality Housing	6 (3x2)	Property Financial	Social Housing Regulation	Attendance at benchmarking groups with the Regulator / Ombudsman to stay abreast of updates / developments / best practice / learning	2 (2x1)				02/07/2025	Limited change. Continue to keep abreast of what's going on through the sector. Recent announcements include - details of professionalisation, changes to electrical safety requirements, updates on Awaabs Law etc... Annual meeting with the regulator booked for middle of July.	
					Social Housing Regulation	Action planning within the service occurs in preparation for changes							
					Social Housing Regulation	Quarterly reports available for portfolio holder outlining changes in the previous quarter produced.							
					Social Housing Regulation	Service Improvement Plan well established							
					Social Housing Regulation	Annual self assessment undertaken against current standards							
					Social Housing Regulation	Member advisory group for continued / wider input into the housing service established.							
					Social Housing Regulation	Various external audits utilised e.g. TPAS, Resolve, Pennington Choices							
					Social Housing Regulation	Breaches Policy in place							
22	SR24 ICT Data Centre Paul Thompson	Data Centre is dated and improvements needed to satisfy future demand. Link to Council Plan 24-27: 4.3 Investing in Our Skills and Facilities	6 (3x2)	Technology	Air conditioning in place to keep the data centre at optimal temperature		6 (3x2)	Data Centre	Business case to be presented to CAG 15th May. Once considered the aim is for it be presented to June/ July Cabinet for formal approval and release from the Development Pool	Nick Goulden Paul Thompson	31/07/2025	16/07/2025	Risk rescored and further control measure added.
					Back up Date Centre at SALC								
					Regular fire safety servicing carried out								
					Water ingress alerts	To alert all ICT senior managers to any water detected in data centre							
					Cabinet have approved money for the build of a new data centre at SALC	Cabinet have approved money for the build of a new data centre at SALC							
23	SR27 - Waste Strategy Will Griffith	Increased revenue cost burden to the authority and failure to deliver in line with milestones set out by government (31st March 2026). Link to Council Plan 24-27: 1.5 Reduced Waste	6 (2x3)	Strategy Financial	Fit for Future Waste Group and Waste Implementation Officer Working Group.	Regular meeting with officers and members taking place to ensure milestones are met.	2 (1x2)	Waste Strategy Implementation	Officer working groups and relevant sub groups have started in order to develop a project delivery plan.	Will Griffith	31/03/2026	17/07/2025	Risk re-scored to ensure the scoring adds up, following update to matrix.
24	SR28 Delivery of Mainway Project Joanne Wilkinson	Delivery of the Mainway project is not executed as planned. Potential Consequences - Reputational risk and loss of trust from residents, risk around finances and health and safety implications. Delays could also put pressure on staff resources. This risk is on the Housing Risk Register as "H02 Delivery of Mainway Project" (9th Dec 2024)	9 (3x3)	Project / Programme	Mainway project	Reports completed on a quarterly basis to update on project progress at a corporate level.	4 (2x2)	Mainway project	Procurement of next stages to be completed	Joanne Wilkinson	31/03/2027	02/07/2025	MIAA have nearly completed PBC for Mainway / Skerton case. Ongoing engagement with Homes England now further details of AHP funding has been released. Regular meeting of Programme Board.
					Mianway project	Fortnightly project team meetings reviewing progress.							
					Mainway project	Additional resource put into the project by way of Andrew Whittaker moving into a dedicated Lancaster City Council Development Manager post to support the success of this over the course of 23/24		Mainway project	Lune and Derby Houses to be disposed of	Joanne Wilkinson	31/12/2025		
								Mainway project	Masterplan to be completed	Joanne Wilkinson	31/03/2026		

					Mainway project	Demolition of school site completed				
					Mainway project	Regular meetings with Homes England taking place to keep them abreast of developments				
					Mainway project	Financial model put forward to Link				
					Mainway project	Planning application approved for Phase 1a and b				
					Mainway project	Various and ongoing engagement events / information sessions with residents and councillors				
					Mainway project	New governance structure with Project Board, Scrutiny Group and sub-groups established.				
					Mainway project	MIAA audit review completed				
					Mainway project	MIAA supporting with PBC for Mainway.				
25	SR29 - Local Government Reorganisation Mark Davies	In December 2024 the government told local authorities across the UK that Local Government Reorganisation (LGR) will be brought in for geographical areas who have not yet participated. The aim being to create Council's with a population of 500k, or more, in most cases to provide efficiency benefits in the delivery of services. In the short term, whilst these changes are being implemented, this can lead to a number of risks to the delivery of local services. The main concerns being delivering the Ambitions as stated in the Council Plan 24-27 and the risk of staff leaving the Council causing problems in the delivery of services.	9 (3x3)	Strategy Governance Operations People Project / Programme	Regular discussions at LT and with Members	Regular discussions at LT and with Members, Lancashire Leaders / CEX groups Council have agreed an x party working group	3 (1x3)		16/07/2025	Actions moved to be control measures
					LGR Steering Group	Set up LGR steering group for Cabinet and senior officers				
					Liaise with Management from nearby Lancashire Authorities	Liaise with Management from nearby Lancashire Authorities to understand their thinking and positions.				

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted



**BUSINESS PLAN
2025/26**

**CORPORATE ENQUIRY TEAM
SHARED SERVICE**

**LANCASTER CITY COUNCIL,
PRESTON CITY COUNCIL & FYLDE
BOROUGH COUNCIL**

(This Plan will be refreshed annually)

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VISION STATEMENT:

To use available resources to enforce a zero-tolerance approach to fraud against the Councils and their partner organisations.

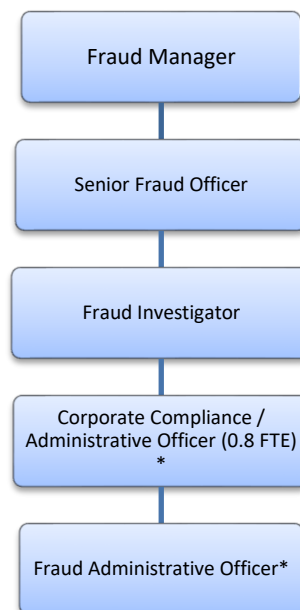
STATEMENT OF PURPOSE:

The Corporate Enquiry Team will:

- Prevent, detect and deter fraud against the respective Council and its partners;
- Investigate appropriate allegations of fraud to a criminal prosecution standard;
- Work with the Police and other agencies to protect the public purse;
- Act as single point of contact for data enquiries from the Police, the Department for Work and Pensions and other law enforcement agencies.

SERVICE OVERVIEW:

The shared Corporate Enquiry Team was created on 1 June 2015 and operates over three sites on behalf of Fylde, Lancaster and Preston Councils. In practice, it currently sits as part of the Customer Services Directorate within Preston City Council and the structure of the team is as follows:



* One post of the two Admin officer posts covers DWP liaison for both Lancaster & Preston and is therefore funded from the Revenues/Benefits Shared Service budget.

The initial years of this partnership arrangement saw a period of development and enhancement in the field of corporate anti-fraud activity. The Corporate Enquiry Team has focussed its attention on anti-fraud and error across the three authorities and work involves prevention, detection and investigative work.

Local authorities have a duty to safeguard public funds and to ensure that any public money is used appropriately. All three Councils have a zero-tolerance approach to fraud.

Fraud is often an opportunistic crime, committed by those who perceive the likelihood of being caught and punished as minimal. The Corporate Enquiry Team will use all legal powers available to work with our partners to reduce both the risk of fraud and the losses caused by it. This will be done by taking firm action against offenders and publicising positive outcomes to create a deterrent effect.

This Business Plan is produced to document the work of the Corporate Enquiry Team and to outline the responsibilities and key objectives for the team in coming years. It provides financial and performance information and provides a risk analysis of possible events that may adversely affect the service in the future.

CUSTOMERS & STAKEHOLDERS:

We continue to develop excellent working relationships with our customers and stakeholders, which include:

- All residents of the three districts;
- The business community;
- Benefit/Council Tax Reduction Scheme customers;
- Elected representatives.
- Other Council services;
- Department for Work and Pensions;
- Pensions Service;
- Valuation Office Agency;
- Registered Social Landlords;
- Private Landlords/Agents;
- HM Revenues and Customs;
- UK Border Agency;
- Cabinet Office;
- HM Courts and Tribunals Service;
- The Home Office;
- The National Crime Agency
- Advice Agencies – CAB & Welfare Rights Service;
- Ministry for Housing, Communities and Local Government (MHCLG);
- Enforcement Agents;
- Other Local Authorities;
- Police.

CONTRIBUTION TO COUNCIL PRIORITIES:

This Business Plan is shaped by corporate priorities and we continue to contribute towards these priorities in our day to day work; by achieving our key service objectives. Our processes alongside new systems will support the revised ways of partnership working and help ensure that Council priorities can be achieved.

Local Authorities have a duty to protect the public purse. The Council has experienced significant reductions in funding from central Government. This means that we must strive to do more for less. It is vital that we ensure our limited funds are directed towards the provision of essential services and that we minimise our losses to fraud.

The Corporate Enquiry Team proactively work with all services within each Council to offer a counter fraud and error service and to identify and investigate any fraudulent activity.

KEY SERVICE OBJECTIVES:

In preparing the objectives for this plan, the Shared Service Management Team has reviewed all of the known influences on the service. These include customer needs, staff needs/issues, the overall environment, performance issues and the various changes associated with improving service provision.

Key Service Objectives for the Shared Service for 2025/26 are:

- To create and promote a robust “anti-fraud” culture across the three authorities, highlighting the Council’s zero tolerance of fraud, bribery and corruption.
- To review supporting policies and procedures to strengthen governance and improve resilience to fraud and corruption.
- To embrace partnership working to enable excellent service delivery, whilst achieving financial savings to the partner authority.
- To ensure that investigations comply with the regulatory environment such as Criminal Procedures and Investigations Act 1996 (CPIA), Police and Criminal Evidence Act 1984 (PACE), Regulation of investigatory Powers Act 2000 (RIPA), Human Rights Act 1998 (HRA), Data Protection Act 2018 (DPA), Freedom of Information Act 2000 (FOI) and GDPR.
- To work with social housing providers to recover properties from fraudsters enabling those identified as being most in need of social housing to be re-housed.
- To encourage a strong culture of good performance in relation to cost and develop relevant performance measures;
- To promote the principles of fairness, equality of opportunity, social inclusion and poverty reduction through service provision;

OTHER MAJOR RESPONSIBILITIES:

Council Tax Support Scheme (CTS) Fraud

- The Council Tax Support (CTS) scheme replaced Council Tax Benefit and as such, responsibility for investigating related fraud lies with the Council. The DWP

Single Fraud Investigation Service has no powers to investigate these issues. The DWP have now introduced joint working on CTS cases where there is also a suspected fraud against national benefits. The North West Region commenced joint working on 29th April 2019.

- Investigate allegations of fraud against the CTS systems administered across the three partner Councils;
- Undertake pro-active exercises in areas considered of being at a high risk of fraud;
- To consider appropriate sanction action against fraudsters, in line with all three Council's sanction policies;
- To use the authorised officer powers contained within the CTS scheme (Detection of Fraud and Enforcement) (England) Regulations 2013 in a fair, consistent and legal manner;
- To minimise financial losses as a result of fraud.

Business Rates/ Business Grant Fund/ Council Tax Fraud

To deal with an area of fraud where Council's may lose significant revenue through abuse of the discount, exemption and grant rules. General objectives are to:

- Investigate allegations of fraud across Business Rates, and Council Tax systems administered by the three partnering Councils.
- Participate in National Fraud Initiative data matching to identify irregularities.
- Work with Business Rates, Council Tax teams and visiting officers to help identify and deal with high risk areas of fraud.
- Undertake pro-active visits to high risk premises to identify business rates fraud.
- Utilise the Destin Solutions system to identify false claims for small business rate relief.

Housing Tenancy Fraud

Lancaster City Council has retained its housing stock, which may be at risk of fraud such as subletting, key swapping, non-residency and right to buy fraud.

New criminal offences were introduced by the Prevention of Social Housing Fraud Act 2013. This includes powers for local authorities to obtain information and the use of

unlawful profit orders. Only local authorities have the powers to prosecute these offences, which include all social housing, not just properties owned by the authority.

The Corporate Enquiry Team will work with the Housing team at Lancaster and other Registered Social Landlords to detect and punish tenancy fraud. This will create a deterrent and help to recover properties that are being misused, to be utilised to house those deemed to be most in need of the resource. This should help reduce temporary accommodation costs which are estimated to be around £18,000 per year for a homeless family. The Team will:

- Work closely with Lancaster City Council's Housing team, to encourage staff and residents to report fraud and allow us to deal with it effectively
- Encourage partnership working with our Registered Social Landlords to ensure that the properties they manage are not subject to fraud. This will free properties for some of our residents who are in genuine need.

Staff/Employee Fraud

To assist Audit, Human Resources (HR) and other services deal with investigations of employee fraud. These may include:

- Bribery and Corruption
- Abuse of financial systems, including payroll
- Abuse of personal data for criminal reasons
- Abuse of working time/flexi scheme arrangements
- False expenses claims
- Abuse of the absence and sickness procedure
- Recruitment fraud

KEY PROJECTS

Specific projects for 2025/26 include:

- Continue to participate in Operation GENGA, a multi agency project to help tackle serious and organised crime.
- Participate in the National Fraud Initiative data matching exercises.

FINANCIAL APPRAISAL

The 2025/26 proposed budget for the Corporate Enquiry Team Shared Service is £192,650.00.

The costs of the services over the past two years are shown in the table below along with the budget for the year ahead:

	2025/26 Budget	2024/25 Actual	2023/24 Actual
Employee Costs	181,300.00	170,674.77	148,523.00
Transport Costs	3,300.00	646.15	460.87
IT Equipment and Systems	4,500.00	5,383.38	3,937.50
Other Supplies and Services	3,500.00	7,786.52	5,894.29
Total	192,650.00	184,490.82	158,815.66

The operating costs are met from partner Councils on a monthly basis, based on the annual budget. Contributions from partner Councils are split as follows:

- Preston City Council: 40%.
- Lancaster City Council: 40%
- Fylde Borough Council: 20%

In addition to Preston City Council's contribution of 40%, the Council absorbs the overheads relating to the Corporate Enquiry Team Shared Service team e.g. HR, Finance, and ICT.

The shared service has no capital expenditure.

EQUALITY IMPACT ASSESSMENT

The outputs / outcomes detailed within this Business Plan could affect service users or employees. The impact on different groups will depend on those referrals identified as sufficiently high risk to require investigation. However, processes are in place to ensure those affected are treated equitably. eg. interpreter facilities for those whose first language is not English.

The outcomes of our fraud work can affect some individuals, for example employees who are dismissed following a disciplinary hearing. However, where a disciplinary is held, the outcome lies with the individual manager concerned, as each case will be considered on its own merits.

An Equality Impact Assessment Action Plan is reproduced at **Appendix A**

PERFORMANCE

Performance management is an important component of the shared service arrangement and is a key measure in terms of:

- Developing a sustainable operation;
- Maintaining positive and pro-active partnerships;
- Develop new partnerships where it is beneficial for our residents

Senior managers work with peers and stakeholders in each Council and with external bodies, to measure and maintain performance levels.

The team will seek to find levels of fraud at least the equivalent of the cost of the service. However, it should also be noted that we expect additional “soft” benefits to accrue.

From 1st April 2017 the team introduced an additional methodology to identify counter fraud performance. When a claim for an allowance, discount, reduction or exemption ends or reduces as a result of an intervention by the Corporate Enquiry Team the value of the intervention is not just the amount of any overpayment that has occurred.

It is recognised that there is also a “future” saving made by preventing further incorrect payments being made. In such cases the weekly amount of reduced entitlement to an allowance, discount, reduction or exemption applied following fraud intervention is multiplied by 52, as it is reasonable to believe that the award would have continued unchanged for a full year (average) had no intervention taken place. This was agreed as an appropriate performance measure by the Lancashire and Greater Manchester Fraud Investigators Group. These will be reported as a separate figure from overpayments.

For social housing fraud the team will use the nationally accepted figure of £18,000 for every property recovered. This figure is based on estimated temporary accommodation costs. Again, this will be reported separately from actual overpayments.

In addition to this, targets have been set to identify actual overpayments during 2025/26:

- Preston £110,000
- Lancaster £110,000
- Fylde £55,000

FUTURE DEVELOPMENT

- **Corporate Fraud Awareness**

To work with Audit teams to identify areas of high fraud risk in all three Councils and to help staff recognise and refer potential discrepancies. The team will assist services in developing systems that reduce the risk of fraud.

- **Other new areas**

Possibility of additional NFI data-matching
To review resources (invest to save)

THREE YEAR HORIZON

- To maintain partnership working between the three partner Councils;
- To publicise positive results and sanction action taken against fraudsters, creating a deterrent against those seeking to defraud the Council and its partners;
- To participate in joint working with the Department for Work and Pensions where our investigations correlate;
- To ensure that staffing structures and resources are fit for purpose, shifting resources to areas of greatest need to achieve optimum results;
- To ensure compliance with the Governments proposed counter fraud standards.

Full Equality & Human Rights Impact Assessment (EHRIA)

Department Community and Wellbeing	Division Revenues	Officers involved in the assessment Andrew Taylor, Head of Shared Service Haley Baron-Wright, Fraud Manager Candice Lancaster, Special Projects Manager Who is the owner of this EHRIA - responsible for monitoring outcomes? Haley Baron-Wright, Fraud Manager
Name of the policy, function or service provision to be assessed: Corporate Fraud Investigation	Date of assessment: 29/09/15 31/03/17 01/05/18 28/05/19 02/07/20 02/07/21 29/04/22 10/07/23 19/8/24	Is this a new or existing policy or service provision? New Revised Revised Revised Revised Revised Revised Revised Revised

Who defined the policy, function or service provision and who are the main stakeholders?

Section 151 of the Local Authority Finance Act 1972 stipulates a requirement to protect public funds.

The main stakeholders are:-

- **All residents of the three districts;**
- **The business community;**
- **Benefit/Council Tax Support customers;**
- **Elected representatives.**
- **Other Council services;**
- **Department for Work and Pensions;**
- **Pensions Service;**
- **Jobcentre Plus;**
- **Valuation Office Agency;**
- **Rent Service;**
- **Registered Social Landlords;**
- **Private Landlords/Agents;**
- **HM Revenues and Customs;**
- **UK Border Agency;**
- **National Fraud Authority;**
- **HM Courts and Tribunals Service;**
- **The Home Office;**
- **The National Crime Agency**
- **Advice Agencies – CAB & Welfare Rights Service;**
- **Department for Communities & Local Government;**
- **Enforcement Agents;**
- **Solicitors;**
- **Other local authorities;**
- **Police.**

<p>Who implements and who is responsible for this policy or service provision?</p> <p>Andrew Taylor, Head of Shared Service</p>

The EHRIA form above should be undertaken if your preliminary assessment highlights that you need to gather more information about the impact of your service on a group or if you know that there is potential for an adverse impact upon a section of the community.

Completing this form supports our work towards becoming an excellent council under the Equality Framework for Local Government (EFLG)

The Equality Framework for Local Government (EFLG) is based on three levels of achievement; 'developing', 'achieving' and 'excellent'

The five areas of performance are:

- Knowing your communities and equality mapping
- Place shaping, leadership, partnership and organisational commitment
- Community engagement and satisfaction
- Responsive services and customer care
- A modern and diverse workforce.

Visit the IDeA's website for more details on the Framework

<http://www.idea.gov.uk/idk/core/page.do?pagelId=9499336>

Public Sector Equality Duty

Which of the 3 general equality duties listed below does your policy or service provision impact upon – please use space to comment.

1. Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
2. Advance equality of opportunity between people who share a protected characteristic and those who do not.
3. Foster good relations between people who share a protected characteristic and those who do not.

Please use the space above to outline what the relevance of the policy or service provision is to the general equality duties and equality groups. Remember to consider each of the general duties and not only the duty to eliminate discrimination.

Where it is concluded that the policy is not relevant to a specific duty, this should be recorded here with the reasons why and evidence.

The Equality & Human Rights Commission's '**The essential guide to the public sector equality duty**' has a useful example of how to consider relevance

'To ensure that you are having due regard to the aims of the duty, you need to consider all of your functions in order to determine which of them are relevant to the aims of the duty. Some functions will be relevant to most or

all protected groups, such as recruitment. Other functions may be relevant to one ‘arm’ of the duty but not to others, or to the needs of some protected groups but not to others. For example, your IT policies and practices will be relevant to the elimination of discrimination and the advancement of equality for disabled people but may not be for fostering good relations or for other groups.’

See link below for guidance

http://www.equalityhumanrights.com/uploaded_files/PSD/equality_impact_assessment_guidance_quick-start_guide.pdf

Understanding the importance of equality in visions of place, political and officer leadership, working with partners to challenge inequality

<p>– Describe the aims and objectives of the policy or service provision, how does it complement PCC Corporate Priorities:</p>	<p>Section 151 of the Local Authority Finance Act 1972 stipulates a requirement to protect public funds. Preston City Council has a zero tolerance stance on fraud, and ensures that resources are in place to prevent and detect fraudulent activity, and punish those who are found to have committed offences in accordance with the Council’s Sanction Policy. This contributes towards the Council’s good governance, openness and transparency and Well Run corporate priorities, working with partners and stakeholders.</p>
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<p>- Do the anticipated outcomes meet or hinder other policies, values or objectives of the authority?</p>	<p>Our objective is to promote the principles of fairness, equality of opportunity, social inclusion and reduce poverty through excellent service provision.</p> <p>The Council is governed by the Police and Criminal Evidence Act 1984 (PACE) codes of practice when conducting interviews with customers who are suspected of committing an offence.</p> <p>PACE sets out to strike the right balance between the powers of the police and investigatory bodies and the rights and freedoms of the public. Maintaining that balance is a central element of PACE ensuring that customers are treated fairly, given the right to representation and it is the responsibility of the interviewing officer to ensure that the customer is fit for interview both physically and mentally, to identify any language or literacy barriers and to allow the customer to have an appropriate adult or friend with them during the interview for moral support. If the interviewing officer has any doubts as to the capabilities of the customer when being interviewed, the interview will be terminated.</p>
<p>Can you identify how this may impact on promoting good relations between different groups within the city?</p>	<p>The member endorsed Sanction Policy ensures that a consistent approach is adopted when dealing with offenders.</p> <p>As an alternative to prosecution the Authority can offer a simple caution or administer an administrative penalty of 50% of any overpayment for Council Tax Support with penalties ranging from a minimum of £100 to a maximum of £1000. The sanction policy considers each case on its merits, including social factors and the public interest test.</p>

	Protecting public funds that can be allocated to those individuals and groups who genuinely need it.
– What are the expected outcomes from this policy or service provision?	<ul style="list-style-type: none"> • To deliver cost effective services that provide value for money; • To ensure that investigations comply with the regulatory environment such as Criminal Procedures and Investigations Act 1996 (CPIA), Police and Criminal Evidence Act 1984 (PACE), Regulation of investigatory Powers Act 2000 (RIPA), Human Rights Act 1998 (HRA), Data Protection Act 1998 (DPA) and Freedom of Information Act 2000 (FOI). • To recover properties from fraudsters to enable re-housing of those identified as being most in need of social housing. • To encourage a strong culture of good performance in relation to cost; • To promote the principles of fairness, equality of opportunity, social inclusion and poverty reduction through service provision; • To embrace partnership working to enable the delivery of an excellent service, whilst achieving savings based on economies of scale, reductions in duplication and financial savings to the authority.

<p>– Is this policy or service provision being delivered in partnership? If so, please detail partnerships involvement</p>	<p>Shared Service with Preston City Council, Lancaster City Council and Fylde Borough Council for whom we deliver the counter-fraud service.</p>

Responding to Need

<p>– Who is intended to benefit from the policy, strategy or function and in what way?</p>	<ul style="list-style-type: none"> • Central Government benefit from not only the fraud identified, but from the deterrent effects. • The Council benefits reputationally by having a high profile successful fraud team,. • Tax payers within the City, by protecting the public purse and only paying claims where there is a genuine need. • Communities benefit from reduced poverty and deprivation through the correct allocation of support. • Any overpayment that is considered fraudulent can be recovered at a higher rate; therefore overpayments are recovered more expediently.
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<p>– What do you already know about who uses this service? Are there identified gaps in the information needed (Actions to collect this data should be included in your action plan)</p>	<p>Each referral of fraud is risk assessed and any investigation resulting from that is based on its own individual merits, regardless of gender, ethnicity, sexual orientation etc..</p> <p>It is unnecessary to collect detailed customer data as there is no intention to use this data to target investigations.</p> <p>We use registered interpreters when appropriate to ensure that customers are not disadvantaged by language barriers.</p>
<p>– What further consultation do you need to do? Please describe how you propose to proceed?</p>	<p>None.</p>

Comments

Are there any issues that you feel are important and have not been identified in this EHRIA?

Assessing Impact on each Protected Characteristic

Step 1

Consider the aims and expected outcomes of the service / function or project you are delivering and ask yourself the following questions:-

- How are the current needs of different equalities groups and communities being met?
- Is there any initial evidence that any part of it could discriminate unlawfully, directly or indirectly, against particular groups of people?
- How will you ensure that your chosen methods of communication will reach all communities?

Step 2

Look at each protected characteristic, would any group be affected differently than others ? If you believe they would please identify whether this would be positively or negatively.

If there is no differential impact then you should select the neutral option.

Positive = you can evidence that outcomes from this project have / will impact positively on a protected characteristic

Negative / Unsure = Outcomes have not / are not expected to impact positively (There must be a corresponding action in your plan to address this or comment to justify why you cannot address the impact)

Neutral = No evidence either way

Protected Characteristic	Positive	Negative	Unsure	Neutral	Comments
Race				*	
Disability				*	
Gender				*	

Protected Characteristic	Positive	Negative	Unsure	Neutral	Comments
Age				*	
Religion & Belief				*	
Sexual orientation				*	
Socio economic				*	
Transgender				*	
Carers*				*	
Human Rights				*	
Pregnancy & Maternity				*	
Rural Issues*				*	
Ex Offenders*				*	

<p>If you found adverse impact on any grounds at all, can it be avoided? What action will you take?</p> <p>(If you make changes because of adverse impact make sure these don't have a further adverse effect on any other group)</p>	<p>It is difficult and almost impossible to translate all correspondence into every spoken language within the City, but interpretation services are available.</p>	
<p>If there is nothing you can do about any adverse impact highlighted, can the reasons be justified on the grounds of promoting equality of opportunity for any groups?</p>		
<p>What lessons have been learnt from completing the assessment?</p>	<p>Although we don't collect detailed customer data, in the interests of fairness, it doesn't seem necessary due to our risk assessment procedures and prosecution policy that is in place.</p>	

Signed (completing Officer)..... Signed (Lead Officer).....

Action Plan

Issue	Equality Strand	Action Required	Targets / Measure	Date Due	Responsible Officer (Job Title Only)

AUDIT COMMITTEE**Counter Fraud – Annual Report 2024/25****30th July 2025****Report of the Corporate Fraud Manager****PURPOSE OF REPORT**

To inform the Committee of the extent and outcome of counter fraud work during the 2024/25 financial year.

This report is public

RECOMMENDATIONS

- 1. That the report be noted.**

1.0 Introduction

- 1.1 Local Authorities have a statutory duty under section 151 of the Local Government Finance Act 1972 to make arrangements for the proper administration of their financial affairs. As responsibility for Housing Benefit fraud investigation passed to the Department for Work and Pensions on 1st June 2015, the Council made a decision to form a Corporate Fraud Team, shared between Preston, Lancaster and Fylde Councils. There is a duty to have effective controls and procedures in place to prevent, detect and investigate fraud and error in Council Tax Support, Council Tax and Business Rates. The Corporate Fraud, or Corporate Enquiry Team (CET) as it is also known, also works in partnership with the Housing Department and Social Housing providers to investigate tenancy fraud.
- 1.2 This report details performance and counter fraud activity undertaken by the Fraud Team/Corporate Enquiry Team during 2024/25 in this specialist area of work.

2.0 Background Information

- 2.1 Early in 2015, the Council supported a bid by Preston City Council for funding from the Department for Communities and Local Government (DCLG) to set up a shared Corporate Enquiry Team, with the partners being Preston City Council, Lancaster City Council and Fylde Borough Council. The bid was successful and £125,750 was awarded towards the cost. This team effectively replaced the former Benefit Fraud Team hosted by Preston City Council, with six staff from the share service transferred to the Department for Work and Pensions (“DWP”) on 1st June 2015.
- 2.2 At the same time, the Corporate Enquiry Team was established and throughout the year 2024/25 consisted of five staff, including a Manager, one full time Senior Investigator, one full time Investigator, one part time Compliance Officer and one

Administrative Officer. The staff continued to be employed by Preston City Council and resources are shared between the three authorities, giving Lancaster full time equivalent staff (FTE) of Manager (0.4 fte), Investigator (1.0 fte) and Administrative Officer (1.0 fte).

2.3 The objectives of the Corporate Enquiry Team are to:-

- Protect public funds
- Undertake fraud prevention measures
- Detect and stop fraud
- Increase fraud awareness
- Implement sanctions in accordance with Council prosecution policies
- Ensure that investigations comply with the regulatory environment
- Recover properties from fraudsters to enable re-housing of those identified as most in need of social housing
- Encourage a strong culture of good performance in relation to cost
- Promote the principles of fairness, equality of opportunity, social inclusion and poverty reduction through service provision
- Embrace partnership working to enable the delivery of an excellent service, whilst achieving savings based on economies of scale, reductions in duplication and financial savings to the authority

2.4 The Corporate Enquiry Team strives to prevent and detect as much Council Tax Support fraud as possible, working with outside agencies such as the Department for Work and Pensions, HM Revenues & Customs, Police and Immigration when appropriate. The team has signed up to joint working with the DWP on cases involving Council Tax Support and national benefits. The project commenced on 29th April 2019.

2.5 The team acts as Single Point of Contact (SPOC) for providing information on Housing Benefit investigations to DWP.

2.6 The team has an excellent working relationship with Lancashire Police, participating in Operation GENGA, a multi agency project to help tackle serious and organised crime. This demonstrates our commitment to tackle fraud on a larger scale and other related crimes in partnership with external agencies

2.7 The team has an excellent working relationship with Lancashire Police and acts as SPOC for Police Data Protection Act requests.

2.8 The Corporate Enquiry Team are active members of the National Anti-Fraud Network (NAFN). NAFN's key services include:

- Acquiring data legally, efficiently and effectively from a wide range of information providers;
- Acting as the hub for the collection, collation and circulation of intelligence alerts;
- Providing best practice examples of process, forms and procedures.

2.9 The team are also members of the Chartered Institute of Public Finance and Accountancy (CIPFA) Counter Fraud Centre in order to share best practice and receive information on new counter fraud initiatives. They work closely with other Lancashire and Greater Manchester Local Authorities, meeting regularly to discuss common problems and best practice.

3.0 Performance

3.1 Performance data is detailed as below:

	Year	Target	Achieved
Financials	2024/25	£110,000	£373,705.84

Financial Source	Financials	Weekly Savings
Council Tax Support	£14,230.99	159.81
Housing Benefit	£20,038.71	£532.46
Council Tax	£115,090.99	£1075.47
Business Rates	£1,645.15	£0.00
Right To Buy	£222,700.00	£0.00
Totals	£373,705.84	£1,767.74 (X52 = £91,922.48)

- 3.2 From 1st April 2024 to 31st March 2025 the Corporate Enquiry Team identified overpayments and 4 ineligible Right to Buy applications being denied following investigation and review (Lancaster City Council Housing stock) all of these areas totalled £373,705.84.
- 3.3 From 1st April 2017 the team has introduced an additional methodology to identify counter fraud performance. When a claim for an allowance, discount, reduction or exemption ends or reduces as a result of an intervention by the Corporate Enquiry Team the value of the intervention is not just the amount of any overpayment that has occurred. It is recognised that there is also a “future” saving made by preventing further incorrect payments being made. In these cases the weekly amount of reduced entitlement to an allowance, discount, reduction or exemption that is applied following fraud intervention should be multiplied by 52. It is reasonable to believe that the award would have continued unchanged for an average of a full year had no intervention taken place. This was agreed as an appropriate performance measure by the Lancashire and Greater Manchester Fraud Investigators Group. The weekly figure identified for Lancaster City Council is £1,767.74, multiplied by 52 gives total “future” savings for 2024/25 of £91,922.48.
- 3.4 The team works with Lancaster City Council Housing Department in relation to alleged tenancy fraud, there was 4 properties recovered during the year 2024/25 with temporary accommodation savings of £72,000.00. The Audit Commission’s estimate of the average annual cost to a council of housing one homeless family in temporary accommodation because the property they should move into is already occupied under a fraudulent tenancy is £18,000.00. It should be noted that the Audit commission was abolished in 2015 and housing costs have risen significantly since 2015. Members of LGMFIG are to review the amount of £18,000.00 in the coming months.

- 3.5 The Corporate Enquiry Team has participated in the annual National Fraud Initiative (NFI) data matching exercise, including investigating Council Tax data matches where single person discount is in place, but more than one adult is listed on the electoral register for the property.
- 3.6 The team review 100% of all “right to buy” applications for Council Housing properties made to the Council. During the year 2024/25 home visits continued. This intervention saw the authority retain 4 properties from the Council’s housing stock, resulting in £222,700.00 of ineligible Right to Buy applications being denied.
- 3.7 The year 2024/25 saw a total of 25 applications reviewed by the team.
- 3.8 A management checking regime is in place, structured to monitor performance and compliance with legislation. This process includes:-
- 1-2-1’s with staff to discuss the officer’s full caseload, giving advice and direction, identifying any inactive cases, together with any training needs;
 - A review of all “Interviews Under Caution” before prosecution is considered;
 - A full management check on all sanction cases; and regular checks are undertaken of fraud officer’s pocket notebooks.
- 3.9 Surveillance is only authorised in appropriate cases where considered necessary and proportionate, in line with the Regulation of Investigatory Powers Act (RIPA). No surveillance took place during 2024/25. From 10th June 2019 the legislation governing surveillance changes to the Investigatory Powers Act (IPA).
- 4 Details of Consultation**
- 4.1 No specific consultation has been undertaken in compiling this report.
- 5 Options and Options Analysis (including risk assessment)**
- 5.1 None – the report is for noting.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

The Benefits Service has a major impact upon the wellbeing of the poorer members of the local community. The Council is committed to protecting the gateway to Benefits and Council Tax Support with a service that is accessible to everyone in the community, ensuring that customers receive all the allowances to which they are entitled. As an essential part of this service provision, the prevention and detection of fraud remains high on the Council’s agenda.

FINANCIAL IMPLICATIONS

There are no direct financial implications arising from this report. However, the Corporate Enquiry Team has generated savings for the Council from their Corporate Fraud Shared Service work, and delivers value for money.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments

LEGAL IMPLICATIONS

None arising from this report

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

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AUDIT COMMITTEE**30 July 2025****Internal Audit Progress Report****Report of Head of Internal Audit****PURPOSE OF REPORT**

To advise Members of the latest monitoring position regarding the Internal Audit plans 2024/25 and 2025/26.

This progress report provides a summary of Internal Audit activity and complies with the requirements of the Public Sector Internal Audit Standards.

This report is public

RECOMMENDATIONS

(1) That the latest monitoring position in relation to the 2024/25 and 2025/26 audit plans be noted.

1.0 Audit Plan monitoring

1.1 An Internal Audit Plan is agreed on an annual basis and is continually reviewed during the year for appropriateness.

1.2 As part of the service provision MIAA include a separate progress report to each Audit Committee detailing progress against the agreed plans and highlighting key messages for Audit Committee attention.

1.3 Management Team and Service Managers continue to be consulted in delivering both the audit plan and the Annual Governance Statement action plan.

2.0 Options and Options Analysis (including risk assessment)

2.1 As this report is for noting there are no other options presented.

3.0 Conclusion

3.1 The programme of audits for the rest of the year continues to be implemented in consultation with Service Managers.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

Not applicable

FINANCIAL IMPLICATIONS

None directly arising from this report

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments

LEGAL IMPLICATIONS

None directly arising from this report

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments

BACKGROUND PAPERS

Internal Audit Plan 2024/25

[Agenda for Audit Committee 20 March 2024
6pm](#)

Internal Audit Plan 2025/26

[Agenda ofr Audit Committee 19 March 2025
6pm](#)

MIAA Internal Audit Progress Reports

[Agenda for Audit Committee 22 May 2024
6pm](#)

[Agenda for Audit Committee 27 November
2024](#)

[Agenda for Audit Committee 30 Jan 2025](#)

[Agenda for Audit Committee 19 March 2025](#)

[Agenda for Audit Committee 21 May 2025](#)

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Internal Audit Progress Report

Audit Committee (30th July 2025)

Lancaster City Council

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Appendix E: Assurance Definitions and Risk Classifications

Global Internal Audit Standards (UK public sector)

Our work was completed in accordance with Global Internal Audit Standards (UK public sector).

1 Introduction

This report provides an update to the Audit Committee in respect of the progress made in against the Internal Audit Plan for 2024/25 and 2025/26 and brings to your attention matters relevant to your responsibilities as members of the Audit Committee.

This progress report provides a summary of Internal Audit activity and complies with the requirements of the Global Internal Audit Standards (UK public sector).

Comprehensive reports detailing findings, recommendations and agreed actions are provided to the organisation, and are available to Committee Members on request. In addition, a consolidated follow up position is reported on a periodic basis to the Audit Committee.

This progress report covers the period May 2025 to July 2025.

2 Key Messages for Audit Committee Attention

Since the last meeting of the Audit Committee, there has been the focus on the following areas:

Audit Reviews

The following review has been finalised:

- Risk Management (Moderate Assurance)

We have also issued the following:

- Audit Committee and Internal Audit Effectiveness Briefing
- Chief Internal Auditor Declaration – Social Housing Wave 3 Funding

Refer to Appendix C for details of Key Areas and Actions to be Delivered

The remaining 2024/25 audit reviews are in progress as follows:

- Environmental Enforcement – Fly Tipping (draft report)

- IT Asset Management (draft report)
- Key Financial Controls (draft report)

The following 2025/26 audit reviews are in progress or are being planned as follows:

- Health & Safety (fieldwork)
- Food Safety (fieldwork)
- Mandatory Training (fieldwork)
- Insurance (planning)
- Treasury Management (planning)
- Fleet Stock (fieldwork)

Follow Ups

A summary of the current status of all follow-up activity is included in Appendix D, however, we would draw the committee's attention to the following:

There has been progress with the implementation of recommendations since the previous Audit Committee in May 2025. 5 recommendations have been completed since May 2025, and 1 recommendation has not been implemented but closed. 3 reports have had all actions completed Externally Managed Events, IKEN Review and NNDR. There are 59 actions either in progress or not yet due. There are 14 actions which are overdue, and we are awaiting updates from management on progress.

Management are working with MIAA to ensure that actions are implemented.

Audit Plan Changes

Audit Committee approval will be requested for any amendments to the original plan and highlighted separately below to facilitate the monitoring process.

- The Building Statutory Compliance Review was scheduled for quarter 1; however, due to the introduction of a new IT system it has been requested to move the review to quarter 4 to allow the new system to be embedded and then reviewed.
- The Building Maintenance Stock Review to be replaced with an Insurance review to focus on building repairs and maintenance and public liability claims and whether the Council is getting value for money. Additionally, the review is to move from quarter 4 to quarter 2.

Added Value

Briefings

Our latest briefings/blogs/podcasts are:

[25/26 MIAA Insight - Local Authority Audit Committee Members Roles and Responsibilities](#)

25/26 MIAA Insight – Audit Committee Briefing – Global Internal Audit Standards UK Public Sector

[Planning for AI and the future digital landscape - Key considerations for Audit Committees](#)

Events

[Neighbourhoods First: Transforming Local Health and Care Together \(17th July 2025\)](#): The North West Collaborative, in partnership with the Centre for Management Development & Innovation, is bringing together leaders to focus on neighbourhood-level care. Achieving success will require addressing health inequalities, leveraging smarter technology, and strengthening collaboration between the NHS and local government. This Hackathon invites leaders to co-design local solutions and rethink how care is delivered.

[Prevention: How do we shift the focus on tackling the causes of ill health and make prevention a priority? \(18th September 2025\)](#): This event will consider the government's shift within the 10 year Plan to focus on preventing ill health and the research underpinning the case for change. We will showcase how North West colleagues are leading the charge on prevention and the wider determinants of health.





Appendix A: Contract Performance

The Global Internal Audit Standards (UK public sector) state that 'In the UK public sector, a chief audit executive must prepare such an overall conclusion at least annually in support of wider governance reporting, mindful of any specific sector obligations or processes. This overall conclusion must encompass governance, risk management and control.'

Below sets out the overview of delivery for your Head of Internal Audit Opinion for 25/26:

HOIA Opinion Area	TOR Agreed	Status	Assurance Level	Audit Committee Reporting
Core Reviews				
Key Financial Controls	Q3			
Risk Management	Q4			
Treasury Management	Draft TOR	Planning		
Revenue and Benefits	Q3			
Mandatory Training	✓	In progress		
Cyber	Q3			
Risk Based Reviews				
Fleet Stock	✓	In progress		
Food Safety	✓	In progress		

Insurance (was Building Maintenance Stock)	Draft TOR	Planning		
Corporate Health and Safety	✓	In progress		
Social Housing Regulator	Q3			
Building Statutory Compliance (moved from Q2)	Q4			
Follow Up				
Quarter 1	N/A	Complete	N/A	July 2025
Quarter 2	N/A		N/A	
Quarter 3	N/A		N/A	
Quarter 4	N/A		N/A	
Added Value / Support & Guidance				
Audit Committee & Internal Audit Effectiveness Briefing	N/A	Completed	N/A	
Social Housing Wave 3 – Chief Auditor Declaration	N/A	Completed	N/A	
2024/25 Reviews				

Key Financial Controls		Draft Report		
Risk Management		Complete	Moderate	July 2025
IT Asset Management		Draft Report		
Environmental Enforcement – Fly-tipping		Draft Report		
Management				
Head of Internal Audit Opinion/Annual Report/Annual Governance Statement		Ongoing	N/A	
Planning and Management		Ongoing	N/A	
Reporting and Meetings		Ongoing	N/A	
Contingency		Ongoing	N/A	

If due to circumstances beyond our control we are unable to achieve sufficient depth or coverage, we may need to caveat opinions and explain the impact of this and what will be done to retrieve the position in future.

*These reviews were/will be delivered during 2024/25 as requested by the Council, and as such will be included in the 2025/26 Head of Internal Audit Opinion.

Appendix B: Performance Indicators

The primary measure of your internal auditor's performance is the outputs deriving from work undertaken. The following provides performance indicator information to support the Committee in assessing the performance of Internal Audit.

Element	Reporting Regularity	Status	Summary
Delivery of the Head of Internal Audit Opinion (Progress against Plan)	Each Audit Committee	Green	There is ongoing engagement and communications regarding delivery of key reviews to support the Head of Internal Audit Opinion.
Qualified Staff	Annual	Green	MIAA have a highly qualified and diverse workforce which includes 75% qualified staff. The Senior Team delivering the Internal Audit Service to the Council are CCAB/IIA qualified.
Quality	Annual	Green	MIAA operate systems to ISO Quality Standards. The External Quality Assessment, undertaken by CIPFA, provides assurance of MIAA's compliance with the Public Sector Internal Audit Standards. MIAA conforms with the Public Sector Internal Audit Code of Ethics.
Percentage of recommendations raised which are agreed	Each Audit Committee	Green	100%
Percentage of recommendation which are implemented	Each Audit Committee	Amber	There is a total of 142 recommendations made as at Appendix D. 22 of these are not due for follow up, as the original

Element	Reporting Regularity	Status	Summary
			<p>implementation date has not passed. Of the remaining 120 recommendations, 76 (63%) have been actioned and 31 (26%) are in progress. There are 13 overdue (11%). There is one critical and 19 high priority actions outstanding.</p> <p>MIAA are working with management to ensure actions are completed.</p>

Appendix C: Key Areas from our Work and Actions to be Delivered

Report Title	Risk Management			
Executive Sponsor	Chief Officer – People & Policy			
Objective	To provide assurance that core risk management controls have been adequately designed.			
Assurance Rating	Moderate			
Recommendations	0 x Critical	1 x High	2 x Medium	1 x Low
Summary	<p>Overall, the Council risk management controls have been adequately designed; a policy is in place, training is made available to risk owners, the GRACE system prompts users to review their risks when they become due and updates in relation to the strategic risk register are reported to the Budget and Performance Committee, the Leadership team and the Audit Committee.</p> <p>Review of the operational, strategic and project risk registers noted that a number of risks and risk actions had not been reviewed in a timely manner, as required by policy. There were also instances where sufficient detail had not been provided when an update is included; as such a high-risk recommendation has been included that has resulted in the overall moderate assurance opinion.</p> <p>The other control weaknesses identified relate to strengthening the risk management policy, review of the risk appetite review frequency and review of the frequency for reporting against the risk management key performance indicators.</p> <p>To note: The Risk Management policy was in the process of being updated at the time of the audit to include the recommendations from the MIAA Solutions Risk Management review commissioned by the Council. The process by which risks are assessed was also due to transfer to the 5x5 risk assessment matrix in line with best practice as opposed to a 4x4 matrix that has been in use. We were informed that the training material will be updated to reflect the updated arrangements in due course.</p>			

Appendix D: Follow up of previous internal audit recommendations

The status of the actions is as at July 2025.

AUDIT TITLE (YEAR)	NO OF RECS	ASSURANCE LEVEL	PROGRESS ON IMPLEMENTATION				OUTSTANDING RECOMMENDATIONS				COMMENTS
			✓/S	P	X	Not due	C	H	M	L	
2021/22											
Council Tax	8	Moderate	7	1	-	-	-	-	1	-	Remaining recommendation in progress.
P2P System	4	Limited	1	1	2	-	-	2	1	-	Awaiting update and evidence for remaining recommendations.
2022/23											
Budgetary Controls	3	Substantial	2	1	-	-	-	-	-	1	Remaining recommendation in progress.
Externally Managed Events	7	Substantial	7	-	-	-	-	-	-	-	All recommendations implemented.
Cyber Security	Confidential										All recommendations in progress.
Data Protection: Policy and Process Follow up	Confidential										All recommendations in progress.
Resilience and Emergency Preparedness	7	Limited	6	1	-	-	-	-	1	-	Remaining recommendation in progress.
CCTV	4	Limited	-	4	-	-	-	4	-	-	All recommendations are in progress.

AUDIT TITLE (YEAR)	NO OF RECS	ASSURANCE LEVEL	PROGRESS ON IMPLEMENTATION				OUTSTANDING RECOMMENDATIONS				COMMENTS
			✓/S	P	X	Not due	C	H	M	L	
Contracts	11	Limited	2	9	-	-	-	3	5	1	Remaining recommendation in progress.
2023/24											
IKEN Review	6	Moderate	6	-	-	-	-	-	-	-	All recommendations implemented.
Payroll	6	Limited	4	1	1	-	-	1	1	-	High recommendation in progress. Awaiting update on the medium recommendation.
Risk Management	6	Substantial	5	-	-	1	-	-	-	1	Remaining recommendation not yet due.
National Non-Domestic Rates (NNDR)	5	Substantial	5	-	-	-	-	-	-	-	All recommendations implemented.
Climate Change	5	Substantial	3	-	-	2	-	-	1	1	Recommendations not yet due.
Reactive Repairs and Maintenance	9	Limited	4	5	-	-	-	3	2	-	All recommendations in progress.
Budgetary Control	7	Substantial	3	4	-	-	-	-	2	2	All recommendations in progress.
Mobile Device Management	Confidential										All recommendations in progress.
2024/25											
Air Quality Duty Review	5	Substantial	2	1	-	-	-	-	-	1	Remaining recommendation in progress.

AUDIT TITLE (YEAR)	NO OF RECS	ASSURANCE LEVEL	PROGRESS ON IMPLEMENTATION				OUTSTANDING RECOMMENDATIONS				COMMENTS
			✓/S	P	X	Not due	C	H	M	L	
Income – Cash and Cards Review	12	Limited	11	1	-	-	-	-	-	1	Remaining recommendations in progress.
Procurement Cards	10	No	-	-	10	-	1	1	6	2	Update received. Awaiting evidence for actions taken on recommendations
Homelessness	7	Limited	2	1	-	4		2	3	-	Recommendations in progress or not yet due.
Markets	7	Moderate	2	-	-	5	-	1	3	1	Recommendations not yet due.
Appraisals	6	Moderate	2	1	-	3	-	1	2	1	Recommendations in progress or not yet due.
Social Housing Rent Setting	3	Substantial	-	-	-	3	-	-	2	1	Recommendations not yet due.
Risk Management	4	Moderate	-	-	-	4	-	1	2	1	Recommendations not yet due.
TOTALS	142		76	31	13	22	1	19	32	14	

Key to recommendations:

✓/S Implemented or Superseded

P Partially implemented/recommendation in progress

X Recommendation not implemented/awaiting update

C Critical priority recommendation

H High priority recommendation

M Medium priority recommendation

L Low priority recommendation

Appendix E: Assurance Definitions and Risk Classifications

Level of Assurance	Description
High	There is a strong system of internal control which has been effectively designed to meet the system objectives, and that controls are consistently applied in all areas reviewed.
Substantial	There is a good system of internal control designed to meet the system objectives, and that controls are generally being applied consistently.
Moderate	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.
Limited	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.
No	There is an inadequate system of internal control as weaknesses in control, and/or consistent non-compliance with controls could/has resulted in failure to achieve the system objectives.

Risk Rating	Assessment Rationale
Critical	Control weakness that could have a significant impact upon, not only the system, function or process objectives but also the achievement of the organisation's objectives in relation to: <ul style="list-style-type: none"> the efficient and effective use of resources the safeguarding of assets the preparation of reliable financial and operational information compliance with laws and regulations.
High	Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organisation objectives.
Medium	Control weakness that: <ul style="list-style-type: none"> has a low impact on the achievement of the key system, function or process objectives; has exposed the system, function or process to a key risk, however the likelihood of this risk occurring is low.
Low	Control weakness that does not impact upon the achievement of key system, function or process objectives; however implementation of the recommendation would improve overall control.

Limitations

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regards to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Reports prepared by MIAA are prepared for your sole use and no responsibility is taken by MIAA or the auditors to any director or officer in their individual capacity. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose and a person who is not a party to the agreement for the provision of Internal Audit and shall not have any rights under the Contracts (Rights of Third Parties) Act 1999.

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AUDIT COMMITTEE**Statement of Accounts Update****30 July 2025****Report of Chief Finance Officer****PURPOSE OF REPORT**

To provide the Committee with an updated position regarding the audit of 2020/21, 2021/22, 2022/23 and 2023/24 Statement of Accounts, and the position of the 2024/25 Financial Statements.

This report is public.

RECOMMENDATIONS

1. The conclusion of the 2019-20 to 2022/23 audits be noted.
2. On the conclusion of the 2023/24 audit the Chair in consultation with the s151 Officer, be given delegated authority to approve the 2023/24 Statement of Accounts.
3. The publication of the 2024/25 Statement of Accounts and the s151 Officers comments around the timing of the audit, the potential impact on the Council's statutory functions and audit achievement of the "backstop" deadline be noted.

1.0 INTRODUCTION

- 1.1 This report provides an update on key areas and events of the since the last Audit Committee meeting 19 March 2025. The paper covers the following areas.
 - External Audit position of the Council's Statement of Accounts 2019/20 – 2023/24.
 - Production and audit arrangements of the Statement of Accounts 2024/25.
 - 1.2 Links to previous Statement of Accounts updates can be found at the end of this document as part of the Background Papers
-
- 2.0 **BACKGROUND**
 - 2.1 At the last meeting of this Committee, Members considered a report confirming that our former External Auditors, Deloitte issued unmodified opinions for 2019/20 & 2020/21, and in accordance with the backstop arrangements issued disclaimed opinions for the financial years 2021/22 and 2022/23. Copies of the audited financial statements were published on the Council's ahead of the 13th of December 2024 backstop deadline.
 - 2.2 In addition, the Committee received a separate report from Deloitte reporting the findings of their work around the Value for Money (VfM) conclusion. To remind Members the table below provides summary details.

Financial Year	Risk Assessment	Conclusion
2020/21	No risk of significant weakness	No significant weakness identified
2021/22	No risk of significant weakness	No significant weakness identified
2022/23	No risk of significant weakness	No significant weakness identified

3.0 OBJECTIONS & CERTIFICATION OF THE FINANCIAL YEARS 2019/20 – 2022/23

- 3.1 Members of the Committee will be aware of a number of longstanding objections to the Councils Financial Statements and the impact on the certification and closure of the audits.
- 3.2 The outcome of the objections were formally communicated to the objector by Deloitte 25th February 2025. The communication outlined in detail their considerations and conclusion against each of the 34 objections and confirms that for a number of reasons **none** of the objections have been upheld.
- 3.3 The objector had signalled their intent to appeal against the External Auditors decision. However, following consideration of further correspondence and in consultation with PSAA and NAO, Deloitte issued the audit certificates 3rd July 2025. As a result, the audits of the financial years 2019/20, 2020/21, 2021/22 and 2022/23 **are now formally concluded** and a notice to that effect has been published on the Council's website. The Council has incurred additional fees of **£48,191** of dealing with these objections. The Committee should note that this cost excludes a considerable amount Council officer time with the true cost of the objection far exceeding this amount.

FINANCIAL STATEMENTS 2023/24

Financial Statements

- 4.0 As previously reported KPMG have been appointed as the Council's External Auditors for the 5-year period 2023/24 to 2028/29. The delays in issuing the audit opinions and addressing the objection to the prior year's financial statements have impacted their ability to undertake work on the 2023/24 and we were not able to achieve the backstop date of 28th February 2025. All outstanding adjustments have now been agreed with KPMG and are now reflected within the Councils Statement of Accounts.

Value for Money Conclusion

- 4.1 In regard to KPMG's Value for Money conclusion all responses and supporting information was presented to KPMG in February this year. A number of questions and queries were received 12th & 18th July; a number of responses were supplied 23rd July, which still being collated. Subject to any supplementary questions we would expect KPMG to issue a disclaimed opinion shortly.
- 4.2 To reassure Members there are no financial consequences to the Council for not achieving the backstop date. MHCLG and PSAA have published a list of all of the bodies on their website and as at June 2025 we were 1 of 39 other public sector bodies, including 13 other District Councils who did not meet the 28th of February 2025 backstop date.
[Addressing the local audit backlog in England: Non-compliance lists - GOV.UK](#)
[June 2025 - audit opinion data - PSAA](#)

Objection

- 4.3 Members will recall that similar to previous years, the 2023/24 Financial Statements are subject to ongoing objections by a local Council Taxpayer. The objections appear to be similar in nature and to assist KPMG have been cross referenced to those from previous years and the findings from Deloitte. KPMG will need to form their own view validity of the objections, but it is hoped the issuing of the audit certificates and conclusion of the audits for the financial years 2019/20, 2020/21, 2021/22 and 2022/23 will further assist their work. As in previous years the 2023/24 scale audit fee £161,380 (2022/23 £44,959) does not include any amount for dealing with objections and so it is expected that the Council will again incur additional audit fees in regard to this matter.

- 4.4 Similar to the previous issues encountered in years, the External Auditors should shortly be in a position conclude their audit and issue the Council with a disclaimed opinion and conclude on the Council's arrangements around VfM. Recommendation 2 of this report seeks delegated authority to perform the necessary actions. The audit certificate can only be issued once the auditors have once, they have considered the merits of the objection.

5.0 FINANCIAL STATEMENTS 2024/25

Financial Statements

- 5.1 The deadline for publishing the Council's Unaudited 2024/25 Statement of Accounts was 30th June 2025. The s151 Officer is pleased to inform Members that we achieved this publication deadline. [Statement of Accounts - Lancaster City Council](#)

Objections

- 5.2 The Council has received notification from a Council Taxpayer of a number of objections to the 2024/25 Statement of Accounts. As in previous years the objections appear to be similar in nature to those considered by Deloitte in 2019/20, 2020/21, 2021/22 and 2022/23 and still under consideration by KPMG for 2023/24. KPMG will need to form their own view on the validity of the outstanding objections. As noted previously the scale audit fee £176,597 (2023/24 £161,380) does not include any amount for dealing with objections and so it is expected that the Council will again incur additional audit fees in regard to this matter.

Audit Arrangements

- 5.3 To date no discussions have been held with the External Auditors, nor has a plan been presented to Audit Committee. Similar to the Audit Plan for 2023/24 presented to this Committee 27th November 2024, we would expect the 2024/25 plan to provide an outline the External Auditors draft risk assessment and planned audit approach to both the financial statements and their Value for Money (VfM) work. In addition, the plan would also provide information on other factors such as materiality, audit quality, independence, reporting and timing of audit work.
- 5.4 The s151 Officer would like to remind the Committee that the back stop deadline for the completion of the audit of the 2024/25 Financial Statements is 27th February 2026. Whilst we will endeavour to accommodate any auditors requests it is likely to clash with the Council's existing timetable for production of General Fund and Housing Revenue Account revenue and capital budgets, supporting strategies, as well as Council Tax setting, all of which are statutory requirements for the Council. Finance staff are also required to support various Fit for the Future initiatives, as well undertaking financial monitoring and various other operational functions. The lack of a defined time for the audit work does not allow for the effective planning of Council resources and so the s151 Officer would request that Members note that the achievement of the backstop deadline is at risk.

6.0 DETAILS OF CONSULTATION

- 6.1 The report provides the Committee with an update on the progress of the audit of the various years Statement of Accounts and so consultation has been limited to discussion with the External Auditors.

7.0 OPTIONS AND OPTIONS ANALYSIS

- 7.1 As the report is for noting no alternative options are put forward, but the Committee could make supplementary commentary regarding any matters arising.

8.0 CONCLUSION

- 8.1 Members should note the progress and matters arising to date.

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing):

No implications directly arising.

LEGAL IMPLICATIONS

S27 of the Local Audit and Accountability Act 2014 makes provision for an elector of the Council's area to make an objection to the local auditor in respect of the grounds set out at paragraph 3.4 of this Report. On receipt of an objection the local auditor must decide (a) whether to consider the objection, and (b) if the auditor does so, whether to take action within paragraph (a) and (b) of s27(1) in response.

In considering any objection, the auditor will need to have regard to the provisions of the 2014 Act and the code of audit practice applicable to the Council. The Local auditor must in conducting functions under the 2014 Act, have regard to guidance issued by the Comptroller and Auditor General under paragraph 9 of Schedule 6 of the 2014 Act. This includes the Auditor Guidance Note 4.

An objector aggrieved by a decision of a local auditor not to consider the objection or not to apply for a declaration under s28 of the 2014 Act may within 6 weeks from notification of the decision require the auditor to provide written reasons for the decision and within 21 days from receipt of the written reasons may appeal against the decision to the court.

FINANCIAL IMPLICATIONS

There are no financial implication flowing directly from this report.

However, Member's should be aware of the additional audit fees that may accrue because of the objection to the financial statements.

OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces

No implications directly arising.

SECTION 151 OFFICER'S COMMENTS

This report forms part of the Chief Finance Officer's responsibilities, under his role as s151 Officer.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

Statement of Accounts 2024/25

<http://www.lancaster.gov.uk/the-council-and-democracy/budgets-and-spending/statement-of-accounts>

Statement of Accounts 2019/20 – 2023/24

<http://www.lancaster.gov.uk/the-council-and-democracy/budgets-and-spending/statement-of-accounts>

Statement of Accounts Updates

[Agenda for Audit Committee on Wednesday, 21st May 2025, 6.00 p.m. - Lancaster City Council](#)

Contact Officer: Paul Thompson

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AUDIT COMMITTEE

Local Audit Reforms

30 July 2025

Report of Chief Finance Officer

PURPOSE OF REPORT
The purpose of this report is to inform the Audit Committee of the Government’s response to the consultation on Local Audit Reforms.
This report is public.

RECOMMENDATIONS

1. The The Audit Committee is asked to note the Government’s response to the consultation on Local Audit Reforms
- 1.0 INTRODUCTION
- 1.1 This report provides an update on the Government’s response to the consultation on Local Audit Reforms
- 2.0 BACKGROUND
- 2.1 The Committee will be well aware of the significant issues and failings with the public sector audit regime since the abolition of the Audit Commission in 2015 and particularly the impact this Council has felt. These issues have arisen for a number of reasons such as staff shortages in Audit Firms, fewer Audit Firms in the market, increased regulatory requirements placed on the Audit Firms, as well as the growing complexity of Local Authority Statement of Accounts.
- 2.2 In December 2024, the Government issued a consultation, “Local Audit Reform: A strategy for overhauling the Local Audit system in England”. The consultation covered a range of matters such as.
 - Local Audit Office remit,
 - Financial Reporting and Accounts,
 - Capacity and Capability, and,
 - Audit Committees etc.
- 2.3 Full details of the consultation can be found here [Local audit reform: a strategy for overhauling the local audit system in England - GOV.UK](#)
- 2.4 The following summarises the Government’s response to the consultation feedback they received and what actions they propose to take.

LOCAL AUDIT OFFICE

- 3.0 A key finding of previous reviews into the crisis within the sector, highlighted the absence of a system leader. To address this the consultation proposed the creation of a new public body called the Local Audit Office (LAO). The LAO's main objectives will be:

Leading the Local Audit System

- 3.1 The LAO will be a statutory and independent arm's length body of the Ministry of Housing, Communities and Local Government (MHCLG) bringing a strategic oversight and technical expertise and leadership not seen since the abolition of the Audit Commission.

Championing auditors' statutory reporting powers

- 3.2 The LAO will review Auditors' use of their statutory reporting powers, including their powers to issue Public Interest Reports (PIR's). It will also "issue guidance to encourage the consistent application of statutory recommendations, PIRs and Advisory Notices, including criteria to define the scope of each and the scenarios in which they would be used. They will be a stronger point of escalation for auditors with concerns and support the use of these powers for auditors who wish to raise concerns in the public interest.

Appointing auditors to all relevant local bodies

- 3.3 The LAO will take over responsibility for auditor appointments and fee setting from Public Sector Audit Appointments (PSAA). Audit bodies will also lose the option to appoint their own auditors. The current audit appointments made by PSAA run from 2023 to 2028, with the option of extending them by two years. The consultation said that PSAA is considering whether to offer that option to the firms and will work with MHCLG to seek the best contractual position and to minimise disruption

Recreating local audit capacity in the public sector

- 3.4 From 1983 until its abolition in 2015 the Audit Commission had a substantial in-house audit practice, typically carrying out 70% of local audits themselves, with the remaining 30% contracted out to private sector firms. The government stated that it would establish some public sector audit provision, which would "gradually scale up over time". The consultation stated that, if public sector provision were considered necessary, this would need to be "urgently considered" before the formation of the LAO. However, the government would seek to avoid a situation comparable to the Audit Commission arrangements:

Inspection and oversight

- 3.5 The LAO will publish the Code of Practice on local audit and associated statutory guidance. This is currently the responsibility of the National Audit Office (NAO). It will be responsible for assessing how International Standards of Accounting (ISAs) applied to local bodies. It will take on the management of the backstop programme from MHCLG.
- 3.6 It will also manage inspection of local audits, monitoring of audit quality, enforcement and supervision, and the role of professional bodies. Audit inspections are currently carried out by the Financial Reporting Council (FRC) (for major local audits) and ICAEW (for other local audits), with their results published annually. It will have powers to delegate to other bodies such as the FRC if they see fit. It will retain powers to decide on enforcement action in the event that inspections uncover breaches of good practice.
- 3.7 The response also advises that "auditors will be required to escalate significant issues, with the knowledge of the Council, to both the LAO and relevant Secretary of State". It also states that the LAO will "set up channels for local bodies and auditors to raise concerns, investigate persistent quality and timeliness issues and work with the sector to resolve these where possible. Oversight of the backstop programme has demonstrated the need for collation and monitoring of account publication to aid transparency and timeliness".

Collating data

- 3.8 The LAO will be responsible for collation of reports of local auditors, and publication of analyses of national issues. This will include “timely and independent reports on local audit health, including timeliness, emerging trends or issues, audit quality and market sustainability”. This is expected to include analyses of arrangements for value for money, or the issue of statutory recommendations, and Public Interest Reports.

Financial Reporting and Accounts

- 4.0 The consultation questioned the timeliness and clarity of the local authority accounting system. For a number of reasons, the production of the Statement of Accounts is a lengthy and complex process which presents significant challenges for both those producing them and those that audit them. Overly complex Statement of Accounts and misfocused audits make it difficult for the public to understand the financial position of the Council and thereby hold decision-makers to account.
- 4.1 In response, the Government has committed to review the content and format of local authority accounts. It has also indicated that: -
- The removal of LGPS pension fund accounts from the statement of accounts will be facilitated.
 - It will extend the statutory override for infrastructure (highways, mainly) accounting to the 2028/29 financial year;
 - Take forward the reform of the Code of Practice on Local Authority Accounting in the UK with Chartered Institute of Public Finance and Accountancy (CIPFA).

5.0 Audit Committees

- 5.1 The consultation focussed on strengthening the role of Audit Committees and has outlined various responsibilities
- Reviewing and scrutinising the Council's financial affairs
 - Reviewing and assessing the Council's risk management, internal control and governance arrangements
 - Reviewing and assessing the economy, efficiency and effectiveness with which resources have been used in discharging the Council's functions
 - Making reports and recommendations to the Council in relation to its reviews
- 5.2 It will also mandate that Audit Committees should have a least one independent member. It will consider further, the merits of mandating Audit Committees to have an independent chair.
- 5.3 The Council's current committee structure has established the following
- Overview & Scrutiny
 - Budget & Performance Panel
 - Audit Committee

The terms of reference for these committees is set out in the Council's Constitution and many need to be revised in light of the responsibilities of the Audit Committee.

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6.0 DETAILS OF CONSULTATION

6.1 As this report provides an update on the Government's response to the consultation on Local Audit Reforms no formal consultation has taken place

7.0 OPTIONS AND OPTIONS ANALYSIS

7.1 As the report is for noting no alternative options are put forward.

8.0 CONCLUSION

8.1 Members should note details of the Government's response.

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing):

No implications directly arising.

LEGAL IMPLICATIONS

There are no legal implications stemming from this report.

FINANCIAL IMPLICATIONS

There are no financial implication flowing directly from this report.

OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces

No implications directly arising.

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has authored this report

DEPUTY MONITORING OFFICER'S COMMENTS

Amendments to committees' terms of reference is the responsibility of Full Council. The Audit Committee may consider and propose to Council amendments (not covered by the Council Business Committee) to the Constitution as necessary.

BACKGROUND PAPERS

Statement of Accounts 2024/25

<http://www.lancaster.gov.uk/the-council-and-democracy/budgets-and-spending/statement-of-accounts>

Statement of Accounts 2019/20 – 2023/24

<http://www.lancaster.gov.uk/the-council-and-democracy/budgets-and-spending/statement-of-accounts>

Statement of Accounts Updates

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