

Agenda

Audit and Governance Committee

Date:	Thursday, 20 July 2023 at 6:30 pm
Venue:	Town Hall, St Annes, FY8 1LW
Committee members:	<p>Councillor Michael Withers (Chairman) Councillor Andrew Redfearn (Vice-Chairman)</p> <p>Councillors Peter Anthony, Liz Bickerstaffe, Ellie Gaunt, Joanne Gardner, Paul Hayhurst, John Kirkham, Ed Nash</p>

	PROCEDURAL ITEMS:	PAGE
1	Declarations of Interest: Declarations of interest, and the responsibility for declaring the same, are matters for elected members. Members are able to obtain advice, in writing, in advance of meetings. This should only be sought via the Council’s Monitoring Officer. However, it should be noted that no advice on interests sought less than one working day prior to any meeting will be provided.	1
2	Confirmation of Minutes: To confirm the minutes, as previously circulated, of the meeting held on 20 April 2023 as a correct record.	1
3	Substitute Members: Details of any substitute members notified in accordance with council procedure rule 23(c).	1
	DECISION ITEMS:	
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The code of conduct for members can be found in the council's constitution at
<http://fylde.cmis.uk.com/fylde/DocumentsandInformation/PublicDocumentsandInformation.aspx>

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DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
MERSEY INTERNAL AUDIT AGENCY (MIAA)	AUDIT AND GOVERNANCE COMMITTEE	20 July 2023	4
INTERNAL AUDIT ANNUAL REPORT AND HEAD OF INTERNAL AUDIT OPINION 2022/23			

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

SUMMARY

The purpose of this report is to summarise the work undertaken by the Internal Audit Service during 2022/23 and to give a Head of Internal Audit Opinion (HOIAO) as required by the Public Sector Internal Audit Standards (PSIAS) on the adequacy and effectiveness of the Council's framework of governance, risk management and control.

RECOMMENDATION

That the Committee notes the contents of the report.

SUMMARY OF PREVIOUS DECISIONS

None

CORPORATE PRIORITIES

Economy – To create a vibrant and healthy economy	✓
Environment – To deliver services customers expect	✓
Efficiency – By spending money in the most efficient way	✓
Tourism – To create a great place to live and visit	✓

REPORT

THE ROLE OF INTERNAL AUDIT

1. The Internal Audit Service is an assurance function that provides an independent and objective opinion on the adequacy and effectiveness of the council's control environment. The Public Sector Internal Audit Standards (PSIAS) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA) require the head of internal audit to provide an opinion on the council's control environment. This report fulfils this requirement and assists the councils in meeting the requirements of the Accounts and Audit Regulations 2015.

OVERALL OPINION

2. The Public Sector Internal Audit Standards require the Head of Audit to provide an opinion on the overall adequacy and effectiveness of the organisation's framework of control, risk management and governance. This opinion is based upon the work undertaken by the Internal Audit Service throughout the year. The Head of Internal Audit provided by MIAA on behalf of the Council is attached

IMPLICATIONS	
Finance	No implications
Legal	There are no legal implications from this report; however the provision of an Internal Audit Service is a requirement of the Accounts and Audit Regulations 2015.
Community Safety	No implications
Human Rights and Equalities	No implications
Sustainability and Environmental Impact	No implications
Health & Safety and Risk Management	No implications

LEAD AUTHOR	CONTACT DETAILS	DATE
Louise Cobain	louise.cobain@miaa.nhs.uk	July 2023

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
None		

Attached documents

Appendix 1 – Internal Audit Annual Report and Head of Internal Audit Opinion 2022/23

Internal Audit Annual Report & Head of Internal Audit Opinion 2022/23

Fylde Borough Council

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- 1 Executive Summary
- 2 Head of Internal Audit Opinion
- 3 Internal Audit Coverage and Outputs
- 4 Areas for consideration – your Annual Governance Statement
- 5 MIAA Quality of Service Indicators

1 Executive Summary

We are pleased to have provided your internal audit services for 2022/23. The highlights of the delivery of our services are summarised in this report.

This annual report provides your 2022/23 Head of Internal Audit Opinion, together with the planned internal audit coverage and outputs during 2022/23 and MIAA Quality of Service Indicators.

Key Area	Summary
Head of Internal Audit Opinion	<p>The overall opinion for the period 1st April 2022 to 31st March 2023 provides Moderate Assurance, that that 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 of the organisation’s objectives at risk.</p> <p><i>In considering the overall opinion, the targeted and effective use of Internal Audit as part of the system of internal control has been considered. Internal Audit resource has been directed into known risk areas by the Council. The risk based approach adopted by the Council supports the overall opinion of Moderate Assurance.</i></p> <p>This opinion is provided in the context that the Council like other organisations across the public sector is facing a number of challenging issues and wider organisational factors particularly with regards to financial challenges and increasing collaboration across organisations and systems.</p> <p>In providing this opinion we can confirm continued compliance with the definition of internal audit (as set out in your Internal Audit Charter), code of ethics and professional standards. We also confirm organisational independence of the audit activity and that this has been free from interference in respect of scoping, delivery and reporting.</p> <p>The purpose of our Head of Internal Audit (HoIA) Opinion is to contribute to the assurances available to the Accountable Officer and the Council which underpin the Council’s own assessment of the effectiveness of the system of internal control. As such, it is one component that the Council takes into account in making its Annual Governance Statement (AGS).</p> <p>The opinion does not imply that we have reviewed all risks and assurances relating to the organisation. The opinion is substantially derived from the conduct of risk-based plans generated from a robust and organisation-led assurance framework.</p>

Planned Audit Coverage and Outputs	<p>The 2022/23 Internal Audit Plan has been delivered with the focus on the provision of your Head of Internal Audit Opinion. This position has been reported within the progress reports across the financial year. Review coverage has been focused on:</p> <ul style="list-style-type: none"> • The organisation’s assurance framework; • Core and mandated reviews, including follow up; and • A range of individual risk-based assurance reviews. <p><i>Please include the summary text in the table above when referring to the HoIA Opinion in your AGS.</i></p>
Recommendations / Management Actions	<ul style="list-style-type: none"> • We have raised 57 recommendations as part of the reviews undertaken during 2022/23 (not including confidential reviews). All recommendations raised by MIAA have been accepted by management. • Of these recommendations: none were critical and 12 were high risk recommendations in relation to the reviews of Risk Management (Draft report), Property Repairs and Management, Data Sharing Protocols, Section 106 agreements, Homelessness, Apprenticeships and the Planning System. • During the year, we have undertaken follow up reviews and can conclude that 71 actions were either completed or superseded during 2022/23. • The total number of recommendations yet to be implemented as at 31st March 2023 is 35, seven of these are high risk and relate to the reviews of Asset Disposals, Project Management, Section 106 agreements, Data Sharing Agreements and Property Repairs and Maintenance. • Of the 35 actions yet to be implemented, none are critical risk, two are high risk, none are medium risk and two are low risk and six without a risk rating, from the previous in house audit team, were overdue at 31st March 2023. The remaining 25 recommendations were not yet due.
MIAA Quality of Service Indicators	<p>MIAA operate systems that comply with ISO Quality Standards. The External Quality Assessment, undertaken by CIPFA (2020), provides assurance of MIAA’s full compliance with the Public Sector Internal Audit Standards PSIAS. We undertake regular internal assessments to ensure our ongoing compliance with requirements. We also conduct an annual self-assessment of compliance with PSIAS and we continue to confirm full compliance with these standards.</p>

MIAA are committed to delivering and demonstrating the highest standards of information governance and cyber security in order to protect not only our information and systems but to protect the data we collect and create through our audit and advisory activities with clients.

We have consistently submitted a compliant NHS Data Security and Protection Toolkit return and in 22/23 MIAA is now certified to the national Cyber Essentials Plus standard.

2 Head of Internal Audit Opinion

Your internal audit service has been performed in accordance with MIAA's internal audit methodology which conforms with PSIAS. PSIAS require that we comply with applicable ethical requirements, including independence requirements, and that we plan and perform our work to obtain sufficient, appropriate evidence on which to base our conclusion.

2.1 Roles and Responsibilities

The whole Council is collectively accountable for maintaining a sound system of internal control and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system.

The AGS is an annual statement by the Leader of the Council and Chief Executive, on behalf of the Council, setting out:

- how the individual responsibilities of the Accountable Officer are discharged with regard to maintaining a sound system of internal control that supports the achievements of policies, aims and objectives;
- the purpose of the system of internal control as evidenced by a description of the risk management and review processes, including the assurance framework process; and
- the conduct and results of the review of the effectiveness of the system of internal control, including any disclosures of significant control failures together with assurances that actions are or will be taken where appropriate to address issues arising.

The organisation's assurance framework should bring together all of the evidence required to support the AGS requirements.

In accordance with Public Sector Internal Audit Standards, the HoIA is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes (i.e. the organisation's system of internal control). This is achieved through a risk-based plan of work, agreed with management and approved by the Audit and Standards Committee, which can provide assurance, subject to the inherent limitations described below. The outcomes and delivery of the internal audit plan are provided in Section 4.

2.2 Opinion

Our opinion is set out as follows:

- Basis for the Opinion;
- Overall Opinion; and
- Commentary

2.2.1 Basis for the Opinion

The basis for forming our opinion is as follows:

- 1 An assessment of the design and operation of the underpinning strategic governance, risk management arrangements and supporting processes.
- 2 An assessment of the range of individual assurances arising from our risk-based internal audit assignments that have been reported throughout the period. This assessment has taken account the relative materiality of systems reviewed and management's progress in respect of addressing control weaknesses identified.
- 3 An assessment of the organisation's response to Internal Audit recommendations, and the extent to which they have been implemented.

2.2.2 Overall Opinion

Our overall opinion for the period 1st April 2022 to 31st March 2023 is:

High Assurance, can be given that there is a strong system of internal control which has been effectively designed to meet the organisation's objectives, and that controls are consistently applied in all areas reviewed.	
Substantial Assurance, can be given that that there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently.	
Moderate Assurance , can be given that 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 of the organisation's objectives at risk.	✓
Limited Assurance, can be given that there is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls impacts on the overall system of internal control and puts the achievement of the organisation's objectives at risk.	
No Assurance, can be given that 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 organisation's objectives.	

2.2.3 Commentary

The commentary below provides the context for our opinion and together with the opinion should be read in its entirety.

Our opinion covers the period 1st April 2022 to 31st March 2023 inclusive, and is underpinned by the work conducted through the risk-based internal audit plan.

Assurance Framework

Our work has consisted of:

- Assessing progress with implementing the recommendations from the internal audit review of risk management that was completed in 2021/22 and provided moderate assurance.
- Conducting a Risk Management Review to consider the design and operating effectiveness of the Council's risk management processes and provided moderate assurance.

Improvements are ongoing with work to embed risk management across the Council. A Risk Management Manager has been recruited to provide support to Heads of Service to fully utilise the GRACE Risk Management System and this has been an area of focus for our review of risk management in 2022/23.

The Council completed a Constitutional Review during 2022/23 in readiness for the new governance changes to be implemented following the May 2023 local elections.

Core & Risk-Based Reviews Issued

We issued:

One high assurance opinion:	Budgetary Controls	Three limited assurance opinions:	Data Sharing Protocols* Property Repairs and Maintenance* Planning System Review - Draft
Two substantial assurance opinions:	Conflicts of Interest Key Financial Controls- Draft	No no assurance opinions:	No reviews received No Assurance

<p>Four moderate assurance opinions:</p>	<p>Section 106 Agreements* Homelessness Apprenticeships Risk Management</p>	<p>Two reviews without an assurance rating/ assurance rating to be provided verbally</p>	<p>Prevent Duty Cyber Security and Mobile Devices Follow-up**</p>
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**21/22 reviews which were concluded during 22/23 and not included within the 21/22 HoIAO.*

***To be provided verbally*

Follow Up

During the course of the year we have undertaken follow up reviews and can conclude that the organisation has made **good progress** with regards to the implementation of recommendations. We will continue to track and follow up outstanding actions.

3 Internal Audit Coverage and Outputs

The 2022/23 Internal Audit Plan has been delivered with the focus on the provision of your Head of Internal Audit Opinion. This position has been reported within the progress reports across the financial year.

Of the reviews completed in the year, assurance ratings were given in 11 cases. Assurance rating was not applicable in one review, due to the nature of this work. The audit assignment element of the Opinion is limited to the scope and objectives of each of the individual reviews. Detailed information on the limitations (including scope and coverage) to the reviews has been provided within the individual audit reports and through the Audit and Standards Committee Progress Reports throughout the year.

A summary of the reviews performed in the year is provided below:

	Review	Assurance Opinion	Recommendations Raised				
			Critical	High	Medium	Low	Total
1	Risk Management – Draft	Moderate	0	1	3	0	4
2	Property Repairs and Maintenance	Limited	0	3	4	1	8
3	Data Sharing Protocols	Limited	0	2	2	0	4
4	Section 106 Agreements	Moderate	0	1	4	3	8
5	Homelessness	Moderate	0	1	3	3	7
6	Cyber Security and Mobile Devices Follow-up	Verbal Update	Verbal Update Provided				
7	Conflicts of Interest	Substantial	0	0	3	7	10
8	Budgetary Controls	High	0	0	0	2	2

	Review	Assurance Opinion	Recommendations Raised				Total
			Critical	High	Medium	Low	
9	Prevent Duty - Briefing Note	N/A	Feedback provided separately				N/A
10	Apprenticeships	Moderate	0	1	4	4	9
11	Planning System Review - Draft	Limited	0	3	0	0	3
12	Key Financial Controls - Draft	Substantial	0	0	2	0	2
		TOTAL	0	12	25	20	57

We will continue to follow up progress against all recommendations as part of the 2023/24 Internal Audit Plan

ADVISORY SUPPORT AND GUIDANCE: Areas where MIAA have supported the organisation in strengthening arrangements in respect of governance, risk management and internal control.

Review and Chief Internal Auditor Declaration of Contain Management Outbreak Fund (COMF) Grant 2020/21 & 2021/22 Grant Claims

Review and Chief Internal Auditor Declaration of Local Authority Test and Trace Support Payment Scheme Funding (TTSP) Grant 2020/21 & 2021/22 Grant Claims

Advisory work on the Energy Rebate Scheme Discretionary Payments

Advisory work on the use of funds provided to the Citizens Advice Bureau

Providing advice on garden waste subscription refunds and external cash collection internal controls

CONTRIBUTION TO GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL ENHANCEMENTS: *Additional areas where MIAA have provided added value contributions.*

Involvement with the organisation in respect of advice and guidance relating to corporate governance.

Involvement and relationship with the organisation (e.g. attendance and contribution to Corporate Governance meetings etc.).

Ongoing discussion with lead Officers, Managers and Members throughout the year.

Specific audit review of third party assurances to the Council (e.g. Blackpool Council).

Effective utilisation of internal audit including in year communication, requests for support and changes to the audit plan in respect of Payroll and Freedom of Information and Subject Access Requests.

To keep our clients informed on emerging governance and wider policy developments we ran 5 events in 22/23 as part of our North West Masterclass Collaboration. Each event was accompanied by an event summary published on our website.

Continued involvement and representation on National Bodies including the Institute of Internal Auditors (IIA) and CIPFA enabling us to be proactive in sharing best practice, wider benchmarking and providing early insights on national issues.

Continued involvement and representation on Local Bodies including the Lancashire Local Government Head of Internal Audit Group and the Lancashire Local Government Information Technology Group.

4 Areas for Consideration – your AGS

The Head of Internal Audit Opinion is one source of assurance that the organisation has in providing its AGS other third party assurances should also be considered. In addition the organisation should take account of other independent assurances that are considered relevant.

We have identified a number of other strategic challenges that should be considered by the Council when drafting the AGS. Whilst the scope of the Internal Audit Plan would have considered elements of these, it is important that the Council reflects more widely on how these should be factored into the AGS.

Areas for consideration include:

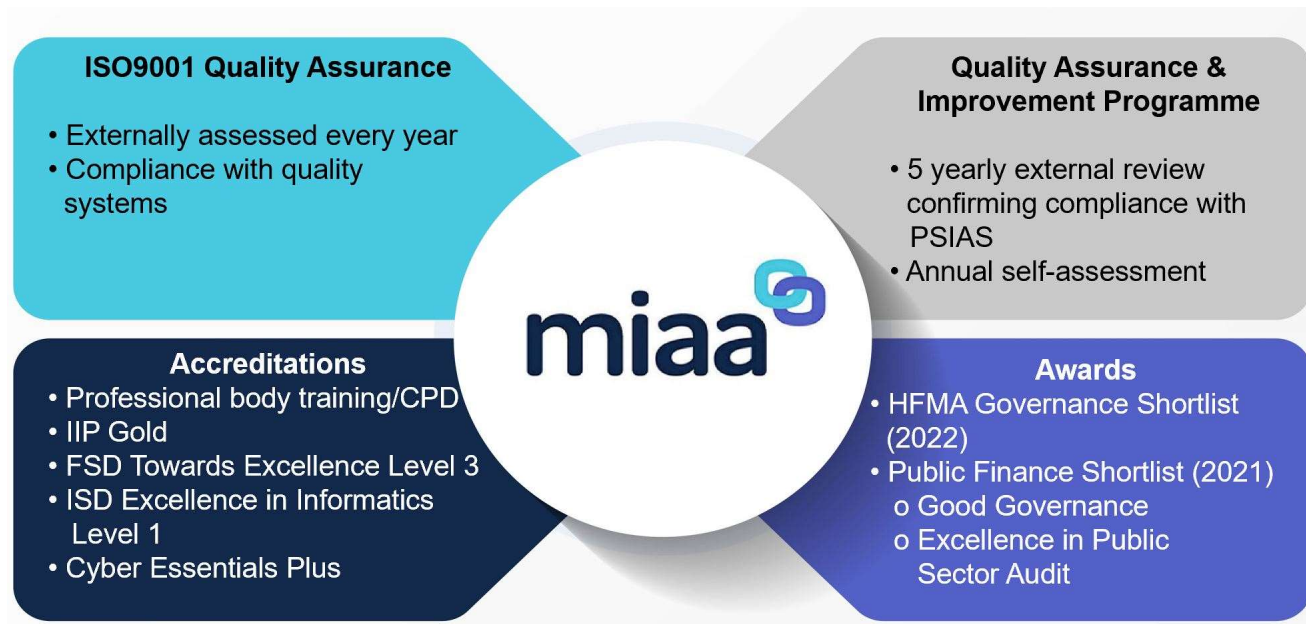
- Wider partnership/ collaborative working and engagement across the Lancashire Footprint (e.g. Lancashire Resilience Forum).
- Continued establishment and delivery of cross-organisation arrangements for the Better Care Fund and other pooled budgets development (e.g. Education, Lancashire County Council, and the Health & Wellbeing Board)
- Changes to governance, risk management and internal control arrangements (including the impact on decision making processes).
- Impact of the COVID-19 response on the ongoing delivery of services and compliance with legislative and regulatory requirements (e.g UK Corporate Governance Code). Maintenance and improvement of the quality of services alongside and overall organisation performance, including the delivery of targets.
- Council/Service leadership, including any significant changes to the Council and Senior Management Team (e.g. Management reorganisation and design)
- Workforce capacity, engagement, wellbeing and development.
- Ensuring there is a fit for purpose infrastructure.
- Cyber security, information governance risks and any associated reportable incidents to the Information Commissioner.
- Relationship and management of 3rd party providers upon which the organisation places reliance, and the provision of assurances from these (e.g. Blackpool Council and Preston Council).
- Compliance with all relevant laws, standards and regulations.
- HMICFRS inspections and feedback during 2021/22 including any actions taken to address any areas of development.
- Organisation performance, including challenges in achieving financial duties, delivery of Priority Based Budgets and service pressures managed in year.
- Wider partnership working risks and challenges.

5 Ensuring Quality

MIAA's strategy has quality at the heart of everything we do and our overall approach to quality assurance includes ISO9001:2015 accreditation, compliance with Public Sector Internal Audit Standards, the quality of our people and how we supporting them, staffing levels, compliance and outcome measures.

Professional Standards and Accreditations

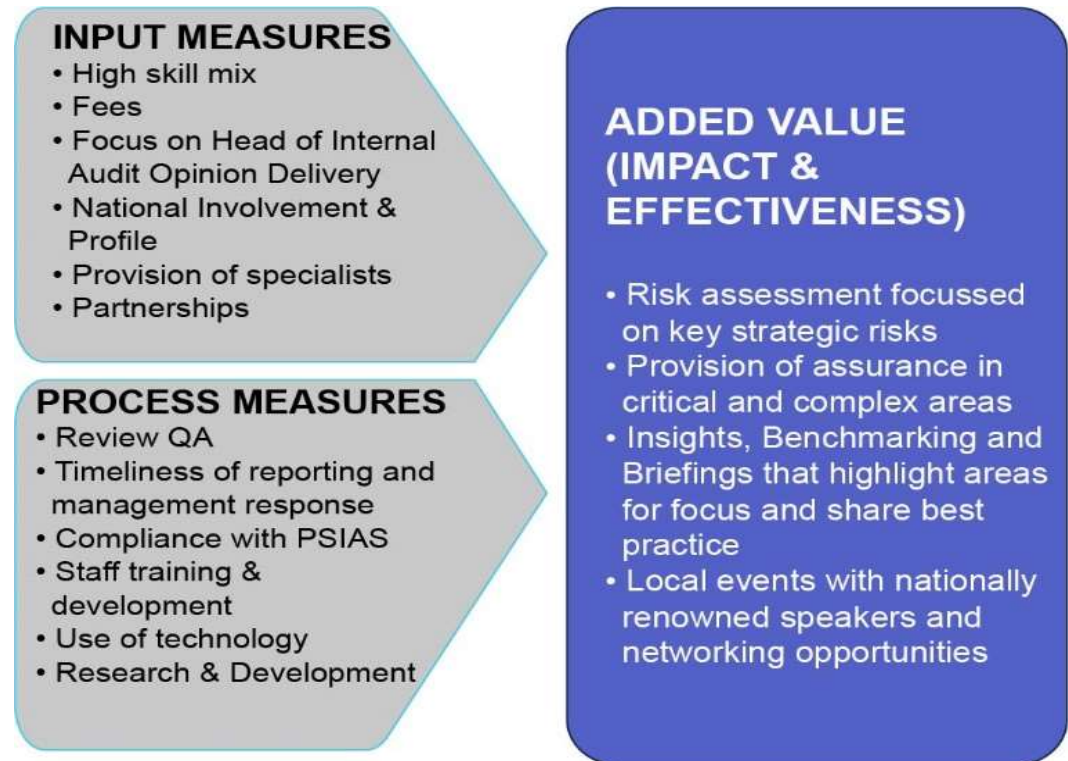
MIAA comply fully with professional best practice, internal audit standards and legal requirements. We assess our compliance with the PSIAS each year and can confirm ongoing compliance with required standards.



Service delivery and outcome measures

It is important that client organisations ensure an effective Internal Audit Service, and whilst input and process measures offer some assurance, the focus should be on outcomes and impact from the service. The figure below confirms the measures that we believe demonstrate an effective service to you.

MIAA regularly report on input and process KPIs as part of our Audit Committee Progress reports, and the impact and effectiveness measures can be assessed through the HOIA Opinion.



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DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
MERSEY INTERNAL AUDIT AGENCY (MIAA)	AUDIT AND GOVERNANCE COMMITTEE	20 th July 2023	5

INTERNAL AUDIT PROGRESS REPORT

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

SUMMARY

This report provides an update to the Audit & Governance Committee in respect of the progress made in against the Internal Audit Plan for 2022/23 and 2023/24 and draws attention to matters relevant to members responsibilities.

RECOMMENDATION

1. To receive, consider and comment on the Internal Audit Progress Report which is attached to this covering report.

SUMMARY OF PREVIOUS DECISIONS

Internal Audit Plan 2022/23 approved by the Audit and Standards Committee on 17th March 2022.
 Internal Audit Plan 2023/24 approved by the Audit and Standards Committee on 16th March 2023.

CORPORATE PRIORITIES

Economy – To create a vibrant and healthy economy	✓
Environment – To deliver services customers expect	✓
Efficiency – By spending money in the most efficient way	✓
Tourism – To create a great place to live and visit	✓

REPORT

1. The attached report has been prepared by the Council's internal auditors, MIAA. It provides an update to the Audit and Governance Committee in respect of the assurances, key issues and progress against the Internal Audit Plans 2022/23 and 2023/24. Comprehensive reports detailing findings, recommendations and agreed actions are provided to the organisation, and are available to Committee Members on request.
2. MIAA will present the report to the meeting.

IMPLICATIONS	
Finance	No implications
Legal	No implications
Community Safety	No implications
Human Rights and Equalities	No implications
Sustainability and Environmental Impact	No implications
Health & Safety and Risk Management	No implications

LEAD AUTHOR	CONTACT DETAILS	DATE
Louise Cobain	louise.cobain@miaa.nhs.uk	October 2022

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Internal Audit Plan 2022/23	17 March 2022	Internal Audit Team
Internal Audit Plan 2023/24	16 March 2023	Internal Audit Team

Attached documents

Internal Audit Progress Report

Internal Audit Progress Report Audit & Governance Committee (July 2023)

Fylde Borough Council

Contents

1 Introduction

2 Key Messages for Audit & Governance Committee Attention

Appendix A: Contract Performance

Appendix B: Performance Indicators

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

Appendix D: Follow-up of Previous Audit Actions

Appendix E: Assurance Definitions and Risk Classifications

Your Team

Name	Role	Contact Details
Louise Cobain	Engagement Lead	Louise.Cobain@miaa.nhs.uk 07795 564916
Fiona Hill	Engagement Manager	Fiona.Hill@miaa.nhs.uk 07825 592842

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.

Public Sector Internal Audit Standards

Our work was completed in accordance with Public Sector Internal Audit Standards.

1 Introduction

This report provides an update to the Audit and Governance Committee in respect of the progress made in against the Internal Audit Plans for 2022/23 and also 2023/24 and brings to your attention matters relevant to your responsibilities as members of the Audit and Governance Committee.

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

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 and Governance Committee.

This progress report covers the period 6 March 2023 – 7 July 2023.

2 Executive Summary

There has been the focus on the following areas:

2022/23 Audit Reviews	<p>Since the previous Audit and Governance Committee, the following reviews have been finalised:</p> <ul style="list-style-type: none">• Apprenticeships (Moderate Assurance)• Key Financial Controls (Substantial Assurance)• Risk Management (Moderate Assurance) <p>Refer to Appendix C for details of Key Areas and Actions to be delivered.</p> <p>The following 2022/23 reviews are at draft report stage and awaiting management actions and/or approval:</p> <ul style="list-style-type: none">• MasterGov Planning System Review (Draft Report)• Recruitment (Draft Report) <p>The following reviews are in progress:</p> <ul style="list-style-type: none">• Kirkham Regeneration Project Review (In progress)• Externally Managed Events (In progress)• Payroll – Blackpool Controls (In progress)• Freedom of Information and Subject Access Requests (In progress)
2023/24 Audit Reviews	<p>The following 2023/24 audit reviews are being scoped:</p> <ul style="list-style-type: none">• Beach Safety• Stock Consumables• Housing Inspections• Homelessness Budget Efficiency

	<p>Appendix A provides an overview of the delivery of your Head of Internal Audit Opinion for 2023/24.</p> <p>Appendix B provides information on Internal Audit performance.</p>
<p>Follow Up</p>	<p>Progress has been made on the outstanding actions raised by the previous in house audit team, with four remaining which are either not due or are in progress.</p> <p>From the recommendations raised by MIAA all have either been completed or are in progress, except for one report where we are awaiting an update.</p> <p>For information, a summary of the status of follow-up activity is included in Appendix D.</p>
<p>Audit Plan Changes</p>	<p>Audit and Governance Committee approval will be requested for any amendments to the original plan and highlighted separately below to facilitate the monitoring process.</p> <ul style="list-style-type: none"> • There are no current proposals to amend the approved audit plan.
<p>MIAA Quality of Service Indicators</p>	<p>MIAA operate systems to ISO Quality Standards. Public Sector Internal Audit Standards (PSIAS) require MIAA to ‘develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity.’ This programme must include internal and external assessments.</p> <p>External assessments must be conducted at least once every five years. Our last external assessment was completed in 2020 and concluded MIAA fully complies with PSIAS (as previously reported to Audit Committee).</p> <p>We also undertake regular internal assessments to ensure our ongoing compliance with requirements. We have recently completed our annual self-assessment of compliance with PSIAS and can confirm full compliance with PSIAS.</p>
<p>Cyber Essentials</p>	<p>MIAA are committed to delivering and demonstrating the highest standards of information governance and cyber security in order to protect not only our information and systems but to protect the data we collect and create through our audit and advisory activities with clients.</p> <p>We have consistently submitted a compliant NHS Data Security and Protection Toolkit return and have, for several years, been certified to the national Cyber Essentials standard.</p> <p>This October, however, we enhanced this further becoming one of only circa 20 NHS organisations certified to the more exacting Cyber Essentials Plus standard. Certification to this standard required rigorous independent testing of our cyber security controls across our devices. That we have achieved this certification is a demonstration not only of the security of our devices but also a validation of the proactive monitoring and maintenance that we have in place to protect data and systems from malicious threats.</p>

Insights

Events

- [All Together Fairer in 2023: A Marmot approach to reducing Health Inequalities \(13th July 2023\)](#)
- [Strengthening our sector – How we can harness our community assets through effective community leadership \(15th September 2023\)](#)

Appendix A: Contract Performance

The Public Sector Internal Audit Standards (PSIAS) state that ‘The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.’

Below sets out the overview of delivery for your Head of Internal Audit Opinion for 2023/24:

HOIA Opinion Area	Status	Assurance Level
Risk Management		
Risk Management	Qtr 4	
Risk Based Assurances		
Beach Safety	Planning	
Stock Consumables	Planning	
Homelessness Budget Efficiency	Planning	
Financial Controls (Deep Dive)	Qtr 2	
Housing Inspections	Planning	
Cyber Security	Qtr 3	
Food Safety	Qtr 3	
Business Continuity	Qtr 3	
Heritage Assets	Qtr 3	
Performance Management	Qtr 3	
Asset Management	Qtr 4	
Follow-Up		
Quarter 1	Complete	N/A
Quarter 2	Complete	
Quarter 3	Complete	
Quarter 4	Complete	
2022/23 Audit Reviews		

HOIA Opinion Area	Status	Assurance Level
Risk Management	Complete	Moderate
Apprenticeships	Complete	Moderate
Key Financial Controls	Complete	Substantial
Payroll – Blackpool Controls*	In progress	
Planning System Review	Draft Report	
Externally Managed Events*	In progress	
Recruitment*	Draft Report	
Kirkham Regeneration*	In progress	
Freedom of Information and Subject Access Requests*	In progress	

Management

Head of Internal Audit Opinion/Annual Report/Annual Governance Statement		
Planning and Management		
Reporting and Meetings	Ongoing	N/A
Contingency		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 delivered during 2023/24 as requested by the Council, and as such will be included in the 2023/24 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.
Issue a Client Satisfaction Questionnaire following completion of every audit.	Ongoing	Green	Questionnaire issued with each audit report.
Percentage of recommendations raised which are agreed	Quarterly	Green	Actions agreed by the Council on all recommendations raised.
Percentage of recommendations which are implemented – reports issued pre April 2021.	Quarterly	Amber	Most recommendations have been implemented. However, there are still some outstanding from reports issued before 2020.
Percentage of recommendations which are implemented - reports issued post April 2021	Quarterly	Green	Recommendations not yet due for follow up have been completed or are in progress, except for one report where we are awaiting an update.
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.

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

Report Title	Apprenticeships			
Executive Sponsor	Head of Corporate Services			
Objective	To identify and evaluate the controls in place to manage key risks which would affect the effective operation of the organisation's system for Apprenticeships.			
Assurance Level	Moderate			
Recommendations	0 X Critical	1 x High	4 x Medium	4 x Low
Summary	<p>Overall, we found that Apprentices are recruited and provided with opportunities in pockets at the Council, there is no formal framework to ensure the Council get the best use of the apprenticeship levy fund at their disposal across all services.</p> <p>There were draft Strategies for Apprenticeships and Succession Planning, which need to be approved, adopted and monitored. These also need to be supported with effective policies and procedures.</p> <p>There was a dependency on one member of staff responsible for recruitment, liaison with education providers, administration and monitoring of the Levy and general administration. Consequently, a priority area for action is to ensure business continuity arrangements are made in the event of absence.</p> <p>An anonymous survey of Apprentices at the Council was conducted and showed that overall, they were very positive about their Apprenticeships. Some felt that they would benefit from a Peer support group to discuss their experiences, this along with a point of contact could also be used as a feedback mechanism and support with future career aspirations.</p> <p>The Council are looking to mirror an arrangement at Wyre Council were the Apprentice works across the services, to allow them to gain experience in areas which may otherwise not be able to recruit or are not well known. However, the relationship with Blackpool Council, who provide HR Services and have a dedicated Apprenticeship resource, could also be further leveraged to share best practice, and obtain support, for example with Education Providers.</p> <p>The Apprenticeship Levy fund available and those funds paid to Education Providers could be better monitored and reconciled.</p>			

Report Title	Key Financial Controls			
Executive Sponsor	Chief Financial Officer			
Objective	To provide assurance that the most significant key controls within the systems of general ledger, accounts payable and accounts receivable are appropriately designed and operating effectively.			
Assurance Level	Substantial			
Recommendations	0 X Critical	0 x High	2 x Medium	0 x Low
Summary	<p>Overall, the review identified that controls were designed and operating effectively.</p> <p>Our review noted that the general ledger was effectively maintained. There were reconciliations between then sales and purchase ledgers to the general ledger and journals had been approved with segregation of duties in place We also confirmed that the Council has processes in place to regularly back up the Civica financial ledger system.</p> <p>In respect of creditors and supplier payments there was enforced segregation of duties within the purchasing system in the creation and approval of requisitions and we also evidenced segregation and management oversight with regard to payment runs. The authorised signatory list was maintained by the council with the use of standard proforma forms to add or alter limits within the signatory list.</p> <p>Our review of debtors found that there was a formal process for authorised signatories to request the raising of invoices and credit notes and once raised, these required authorisation in the system. Our sample testing found all invoices and credit notes had been raised accurately to the request. Changes to supplier bank details input to Civica require authorisation within the system, and supporting documentation is maintained by the Council.</p> <p>Debt recovery actions were recorded in the debtor accounts on Civica and we evidenced liaison with other Council departments for information and assistance, where debts had been chased. Write offs for the year had been reported to the Finance and Democracy Committee in March 2023. The Council should however review and update the Fair Collection and Debt Recovery Policy dated September 2017 to ensure that is accurately reflects current process.</p>			

Report Title	Risk Management
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Executive Sponsor	Head of Corporate Services			
Objective	To provide assurance on the design and operating effectiveness of the Council's risk management processes.			
Assurance Level	Moderate			
Recommendations	0 X Critical	1 x High	3 x Medium	0 x Low
Summary	<p>The review identified that there was an adequate system of internal control with some areas requiring improvements, in particular, by ensuring all operational risks maintained in the GRACE system are populated in full and include risk owners, risk review dates, actions and risk scores throughout.</p> <p>Since our previous review, the Council have recruited a Corporate Emergency Planning & Risk Officer to oversee the whole risk management process which has seen a number of improvements made.</p> <p>The Council had recently updated its Risk Management Strategy which sets out roles and responsibilities, the councils risk appetite and on how risks should be identified, recorded, managed, monitored and reported via the Councils GRACE system. The Council has also developed a number of user guides for staff to help them navigate the system. The Council maintained a Strategic Risk Management Group that had oversight of the strategic risks. The strategic risks were maintained on the GRACE system and were found to have been recently updated.</p> <p>The Council had good governance arrangements in place via the Strategic Risk Management Group and the Audit and Standards Committee, however, controls could be improved by ensuring the new Audit and Governance Committee receive updates twice yearly as per the Terms of Reference and revisions made to the Risk Management Strategy.</p> <p>Although Risk Management training was provided to staff members by the Corporate Emergency Planning & Risk Officer, the Council did not have a monitoring process in place to ensure training provided was captured formally. The Council could also strengthen controls by ensuring annual refresher training is completed and risk management training is built into the new staters and councillors induction process.</p> <p>As the Council's risk management approach matures this represents an opportunity to develop an assurance framework, and CIPFA has announced that they are working on relevant guidance.</p>			

Appendix D: Follow up of previous internal audit recommendations

The status of the actions is as at July 2023.

Previous Fylde Borough Council Audit Team Recommendations from Limited or Moderate Rated Reports. No risk ratings were assigned to recommendations.

AUDIT TITLE (YEAR ISSUED)	NO OF RECS MADE	ASSURANCE LEVEL	PROGRESS ON IMPLEMENTATION				Comments
			✓/S	P	X	Not due	
Commercial Property (2019/20)	9	Limited	6	1	2	-	Remaining actions relate to the creation of an Asset Management Group and Plan. These are not expected to be completed until 2024, due to changes in Committee and departmental structures and emerging priorities.
Contract Procedure Rules (2020/21)	5	Moderate	5	-	-	-	All actions complete.
Sundry Debtors (2019/20)	8	Moderate	8	-	-	-	All actions complete.
VAT (2019/20)	3	Moderate	2	1	-	-	Remaining action in progress. Still outstanding due to year end accounts and Civica input required.
TOTALS	25		21	2	2	-	

MIAA Internal Audit Recommendations

AUDIT TITLE (YEAR)	NO OF RECS	ASSURANCE LEVEL	PROGRESS ON IMPLEMENTATION				OUTSTANDING RECOMMENDATIONS			
			✓/S	P	X	Not due	C	H	M	L
Asset Disposals (2021/22)	7	Limited	7	-	-	-	-	-	-	-
Project Management (2021/22)	1	Moderate	-	1	-	-	-	1	-	-
Health & Safety (2021/22)	6	Moderate	5	1	-	-	-	-	-	1
Shared Service and Third Party Assurance (2021/22)	4	Substantial	4	-	-	-	-	-	-	-
Treasury Management (2021/22)	2	High	1	-	-	1	-	-	-	1

AUDIT TITLE (YEAR)	NO OF RECS	ASSURANCE LEVEL	PROGRESS ON IMPLEMENTATION				OUTSTANDING RECOMMENDATIONS			
			✓/S	P	X	Not due	C	H	M	L
S106 (2021/22)	8	Moderate	5	-	-	3	-	1	2	-
Homelessness	7	Moderate	-	-	6	1	-	1	3	3
Data Sharing Agreements (2022/23)	4	Limited	1	-	-	3	-	2	1	-
Cyber Security & Mobile Devices (2022/23)	Confidential									
Property Repairs and Maintenance (2021/22)	8	Limited	3	-	-	5	-	2	3	-
Conflicts of Interest (2022/23)	10	Substantial	5	-	-	5	-	-	1	4
Budgetary Control (2022/23)	2	High	-	-	-	2	-	-	-	2
Apprenticeships (2022/23)	9	Moderate	-	-	-	9	-	1	4	4
Risk Management (2022/23)	4	Moderate	-	-	-	4	-	1	3	-
Key Financial Controls (2022/23)	2	Substantial	1	-	-	1	-	-	2	-
TOTALS	74		32	2	6	34	-	9	19	15

Key to recommendations:

- ✓/S Implemented or Superseded
- P Partially implemented/recommendation in progress
- X Recommendation not implemented/awaiting update
- ND Not due for follow up
- C Critical priority recommendation
- H High priority recommendation
- M Medium priority recommendation
- L Low priority recommendation

Asset Disposals – All actions completed.

Project Management – Currently no spare capacity to create a Project Management Framework due to the priority of Project/Programme delivery.

Health & Safety – Outstanding low priority recommendation is for computer training to be made available at the depot, this along with other options is being explored.

Treasury Management – The outstanding action is not yet due.

Shared Service and Third Party Assurance – All actions completed.

S106 – Outstanding recommendations not yet due.

Homelessness – Awaiting an update on outstanding actions.

Data Sharing Agreements - Outstanding recommendations not yet due.

Cyber Security and Mobile Devices – To be followed up in a separate review in Qtr 3.

Property Repairs and Maintenance – Outstanding recommendations not yet due.

Conflicts of Interest - Outstanding recommendations not yet due.

Budgetary Control - Outstanding recommendations not yet due.

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 could 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.

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
DELOITTE	AUDIT AND GOVERNANCE COMMITTEE	20 JULY 2023	6
AUDITORS ANNUAL REPORT 2020/21			

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

Please note that the Auditors Annual Report 2020/21 report is TO FOLLOW.

DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
DEPUTY CHIEF EXECUTIVE	AUDIT AND GOVERNANCE COMMITTEE	20 JULY 2023	7
ANNUAL GOVERNANCE STATEMENT			

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

SUMMARY

The report presents the Annual Governance Statement prepared under the CIPFA/SOLACE framework, the local code of corporate governance, for approval.

RECOMMENDATION

To approve the Annual Governance Statement for signature by the Chief Executive and Leader of the Council.

SUMMARY OF PREVIOUS DECISIONS

The Annual Governance Statement is prepared annually for consideration by the committee and its Action Plan is monitored throughout the year by the Committee.

CORPORATE PRIORITIES

Economy – To create a vibrant and healthy economy	
Environment – To deliver services customers expect	✓
Efficiency – By spending money in the most efficient way	✓
Tourism – To create a great place to live and visit	

REPORT

1. A sound system of corporate governance underpins the achievement of all the Council's corporate objectives.
2. The Council has adopted a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. This statement explains how Fylde Council has complied with the code and shows how the effectiveness of governance arrangements have been monitored during the year.
3. The preparation and publication of an annual governance statement is necessary to comply with Regulation 4(3) of the Accounts and Audit Regulations 2015, which requires authorities to prepare a statement of internal control in accordance with “proper practices”. The CIPFA/SOLACE guidance identifies the production of an annual governance statement in accordance with the guidance as “proper practices”.

Summary of the local code

4. The CIPFA/SOLACE guidance quotes the following definition of governance from “International Framework: Good Governance in the Public Sector”: *“Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved”*. It continues: *“To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity’s objectives while acting in the public interest at all times...Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders”*.
5. The council’s code is underpinned by the following seven core principles from the CIPFA/SOLACE guidance:
 - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the law
 - Ensuring openness and comprehensive stakeholder engagement
 - Defining outcomes in terms of sustainable economic, social, and environmental benefits
 - Determining the interventions necessary to optimise the achievement of the intended outcomes
 - Developing the Council’s capacity, including the capability of its leadership and the individuals within it
 - Managing risks and performance through robust internal control and strong public financial management
 - Implementing good practices in transparency, reporting and audit to deliver effective accountability
6. The Local Code describes the arrangements that have been or are being established within the Council to comply with the requirements. The code requires the Council to:
 - consider the extent to which it complies with the above seven core principles and requirements of good governance set out in the Framework.
 - identify systems, processes and documentation that provide evidence of compliance.
 - identify the individuals and committees responsible for monitoring and reviewing the systems, processes and documentation identified.
 - identify the issues that have not been addressed adequately in the authority and consider how they should be addressed.
 - Identify the individuals who would be responsible for undertaking the actions required and plan accordingly.
7. The Local Code was also updated in the Summer of 2020 with a report brought forward for consideration by the Audit and Standards committee. The Corporate Governance Group, currently comprising the Monitoring Officer, Section 151 Officer, Head of Governance together with the lead internal auditor, has conducted a self-assessment of the council’s governance against this checklist.

Annual Governance Statement

8. The governance statement is attached to this report and is presented for approval by the committee. It will, if approved, be signed by the leader of the council and the chief executive.
9. An action plan is incorporated within the governance statement and progress reports will be brought to the committee during the forthcoming year.

IMPLICATIONS	
Finance	The Code of Corporate Governance is a key component of the council's commitment to sound financial systems and practices. The Annual Governance Statement is an important requirement within the Code.
Legal	The preparation of a code of governance and an annual governance statement complying with the CIPFA/SOLACE guidance is effectively a legal requirement under the Accounts and Audit Regulations 2015.
Community Safety	No implications
Human Rights and Equalities	No implications
Sustainability and Environmental Impact	No implications
Health & Safety and Risk Management	Good risk management is crucial to proper corporate governance, as the code and the CIPFA/SOLACE guidance make clear.

LEAD AUTHOR	CONTACT DETAILS	DATE
Tracy Manning	tracy.manning@fylde.gov.uk Tel 658521	June 2023

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Fylde Code of Corporate Governance	2017	Town Hall, St Annes
Directorate assurance statements	2018/19	Town Hall, St Annes

Attached documents
Appendix 1 – Annual Governance Statement

Executive Summary

Based on the work carried out, which has been reviewed by the former Audit and Standards Committee throughout the year, we are satisfied that the Governance Framework is generally effective. 2022/23 saw the council's operations continuing to normalise post pandemic. During the coming year we will look to embed revised governance arrangements post local elections. We are satisfied that the actions shown in the Action Plan below will address the need for improvements that were identified in our review of the Governance Framework and the Audit and Governance Committee will monitor their implementation during the course of the forthcoming year.

Signed on behalf of Fylde Borough Council

Councillor K Buckley
Leader of the Council

Allan Oldfield
Chief Executive

Governance Issues

As a result of the assessment of the effectiveness of governance within the council, the Corporate Governance Group has identified that a sound system of governance and risk management exists within the Authority. Commentary on internal control is captured within the Statement.

Following the assessment of the effectiveness of governance, during 2023/24, the Corporate Governance Group recommends that governance work should focus on the following:

Area Requiring Action	Senior Responsible Officer	Commentary	Status	Completion Date
Succession Planning Strategy to be approved and implemented	Gemma Broadley (Head of Corporate Services)	Business critical posts, career aspirations of employees and identification of skills gaps need to be identified to address areas which have skills shortages and plan accordingly for the future	In-progress	31 st October 2023
UK GDPR – awareness raising to assist managers in meeting their compliance obligations	Ian Curtis (DPO) and Ben McCabe (Deputy DPO)	Support and awareness raising is ongoing. This is a continuing commitment to maintain awareness levels of the existing framework whilst waiting for forthcoming data protection legislative changes to pass through parliament in the autumn	In-progress	On-going
Scrutiny	Ian Curtis (Head of Governance)	Support and awareness raising regarding the new scrutiny function will be on-going. There is a need to develop protocols and procedures for scrutiny working with the elected members appointed to serve on these committees.	In-progress	31 st March 2024
Support for new elected members	Ian Curtis (Head of Governance)	Training programme to support newly elected members including bespoke internal and external training, and a buddy scheme where new members are provided with an officer who can help them to navigate both the organisation and its processes.	In-progress	31 st March 2024
Planning Service	Mark Evans (Head of Planning)	Implementation of Planning Advisory Service Improvement Plan actions	In-progress	31 st March 2024

Scope of responsibility

Fylde Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively. The council also has a duty under the Local Government Act 1999 to decide to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

In discharging this overall responsibility, the council is responsible for putting in place proper arrangements for the governance of its affairs and for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

In 2007, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) published best practice guidance, 'Delivering Corporate Governance in Local Government Framework' to assist authorities in reviewing their governance arrangements. This council subsequently approved and adopted a code of corporate governance, which was consistent with these principles. This guidance was subsequently updated in 2016 to define seven new core principles which should underpin the governance arrangements for all public bodies.

The seven core principles are:

 Principle A: Integrity and values <ul style="list-style-type: none">• Staying true to our strong ethical values and standards of conduct• Respecting the rule of law• Creating a culture where statutory officers and other key post holders are able to fulfil their responsibilities• Ensuring fraud, corruption and abuse of position are dealt with effectively• Ensuring a safe environment to raise concerns and learning from our mistakes	 Principle D: Making a difference <ul style="list-style-type: none">• Having a clear vision and strategy setting out our intended outcome for citizens and service users
 Principle B: Openness and engagement <ul style="list-style-type: none">• Keeping relevant information open to the public and continuing their involvement• Consultation feedback from the public is used to support service and budget decision• Providing clear rationale for decision making - being explicit about risk, impact and benefits• Constructively challenging what we do and the decisions made	 Principle E: Capability <ul style="list-style-type: none">• Clear roles and responsibilities for council leadership• Maintaining a development programme that allows councillors and officers to gain the skills and knowledge they need to perform well in their roles• Evaluating councillor and officers' performance• Regular oversight of performance, compliments and complaints to enable results (outcomes) to be measured and enable learning
 Principle C: Working together <ul style="list-style-type: none">• Having a clear vision and strategy to achieve intended outcomes - making the best use of resources and providing value for money• Being clear about expectations - working effectively together within the resources available• Developing constructive relationships with stakeholders• Having strong priority planning and performance management processes in place• Taking an active and planned approach to consult with the public• Regularly consult with employees and their representatives	 Principle F: Managing risk and performance <ul style="list-style-type: none">• Ensuring that effective risk management and performance systems are in place, and that these are integrated in our business systems / service units• Having well developed assurance arrangements in place - including any commercial activities• Having an effective Audit & Standards Committee• Effective counter fraud commitments in place
	 Principle G: Transparency & accountability <ul style="list-style-type: none">• Having rigorous and transparent decision making processes in place• Maintaining an effective scrutiny process• Publishing up to date and good quality information on our activities and decisions• Maintaining an effective internal and external audit function

Each local authority is required to conduct a review at least once a year on the effectiveness of the system of internal control and include a statement on such a review within its published Statement of Accounts. This annual governance statement is the culmination of this work and provides commentary on the 2022/23 financial year.

The purpose of the governance framework

This statement is an acknowledgment on the part of the council that is incumbent on all the stakeholders who play a part regarding the organisation of the council to ensure that there is a sound governance framework underpinning the work of the organisation.

The governance framework comprises systems and processes for the direction and control of the Authority and its activities through which it accounts to, engages with, and leads the community.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control comprises several processes which together seek to identify and prioritise the risks to the achievement of the council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The governance framework as outlined has been in place at the Fylde Borough Council for the municipal year ended 31 March 2023.

The governance environment

Principles

The council's corporate governance environment comprises a multitude of systems and processes designed to regulate, monitor, and control the various activities of the Authority in its pursuit of its vision and objectives. The following describes the key elements:

Constitution

The council's constitution sets out how the council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent, and accountable to local people. The constitution also identifies some of the principal obligations and functions of the council.

The constitution and its appendices clearly explain how the different elements of the council interact and work together. It sets out procedure rules to which members and officers must adhere, codes of conduct and protocols.

The constitution builds on model constitutions and guidance produced by the government several years ago.

The Monitoring Officer has a standing obligation to keep the operation of the constitution under review and recommend any changes to help better achieve its objectives. She has delegated authority to make consequential changes to the constitution made necessary by, for example, changes in legislation.

Substantive changes to the constitution must be agreed by councillors at a full council meeting, normally following a recommendation by the Audit and Standards Committee. The involvement of the Audit and Standards Committee and the Monitoring Officer as the guardians of the constitution ensures that the constitution receives appropriate councillor oversight and remains fit for purpose.

Political structure

The council operates a committee system. Councillors are divided into political groups, with the Conservative group having an overall majority of councillors. The political groups nominate councillors to committees in accordance with the statutory rules of political balance. A small number of councillors are not members of any political group.

The council, meeting as a body, is responsible under the constitution and the Local Government Act 2000 for setting the policy framework and the budget for the authority. It also exercises certain other functions that are reserved to it.

Other decision-making powers are delegated to the council's committees or to officers. All such delegated powers, except for ad-hoc short-term delegations, are set out in the constitution. There is a mechanism in place for decisions which would otherwise be taken by programme committees to be referred instead to the council. This can be activated by any ten councillors.

The council's programme committees comprise Finance and Democracy, Tourism and Leisure, Environment Health and Housing and Operational Management. The council's regulatory committees are Planning, Licensing, Public Protection and a combined Audit and Standards Committee. There is also a joint committee established with Blackpool and Wyre Councils to discharge economic development functions, within the context of the council's overall policy framework. The cross-party Member Development Steering Group considers and recommends personal development and training opportunities for councillors, as well as their general wellbeing. This includes a strong focus on putting in place an induction process for new and returning councillors following the May 2023 elections.

The council is engaged in other partnerships and these arrangements are subject to review on an on-going basis, for example, the Community Safety Partnership. The Partnership appointed a new Chairman elect during the year.

The council operates on a presumption of openness, with nearly all items of business being considered in public at council and committee meetings. Public attendance is only excluded where legislation allows exempt or confidential matters to be discussed in private.

Public platform allows members of the public to make a point or raise a question during Programme Committee meetings, together with the Planning Committee. Members of the public also have the facility to ask a question at council meetings by pre-registering to do so. Any councillor can ask questions at committee meetings, even if they are not a member of the committee. This helps ensure robust accountability of decisions.

The council had no scrutiny committee/committees in place for 2022/23. However, during the year, the council endorsed arrangements for a revised governance system post 2023 local elections. These will see the implementation of an Executive Committee in 2023/24 which will subsume the work of the four programme committees and re-introduce scrutiny in the guise of two scrutiny committees.

All the council's work is aligned to its corporate priorities through its committee system. All reports identify how they align to one of the four priorities: economy; environment; efficiency and tourism.

The council's Audit and Standards Committee deals with conduct, ethics, propriety, and declarations of interest. It also oversees and determines complaints made against members under the Code of Conduct. There were three investigations with respect to standards issues during the year, with breaches of the Code of Conduct found with respect to the respective three members. Decision Notices summarising the circumstances of the three matters have been posted on the council's website.

The monitoring and performance of the council's assurance and governance framework is also led by the council's Audit and Standards Committee. The committee has the responsibility to ensure that the monitoring and probity of the council's governance framework is undertaken to the highest standard and in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) guidelines.

Decisions on planning, licensing and other regulatory or quasi-judicial matters are taken by committees of the council in accordance with the principles of fairness and natural justice and, where applicable, article 6 of the European Convention on Human Rights. Such committees always have access to legal and other professional advice.

Officer structure

As well as the council and committees, the authority implements its priorities, objectives and decisions through officers, partnerships, and other bodies. Officers can also make some decisions on behalf of the authority under the Scheme of Delegation.

The council's statutory officers have specific legal responsibilities for ensuring probity and good governance in the way the council manages its affairs. The statutory officers are the Head of Paid Service, the Monitoring Officer and the Chief Financial Officer.

The Chief Executive is designated as the council's **Head of Paid Service**. As such, legislation and the constitution make him responsible for the corporate and overall strategic management of the Authority. He is responsible for establishing a framework for management direction, style, and standards and for monitoring the performance of the organisation.

The council's **Monitoring Officer** was appointed to a dual role of Deputy Chief Executive on the 1st April 2022. The Monitoring Officer must ensure compliance with established policies, procedures, laws, and regulations. She must report to the full council if she considers that any proposal, decision, or omission would give rise to unlawfulness or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered. No such reports have arisen during the 2022/23 financial year. Blackpool Council's Monitoring Officer acts as a Deputy Monitoring Officer for the council, supporting the Monitoring Officer in her role. During the year, the council's Head of Governance was also appointed as a Deputy to the Monitoring Officer providing additional capacity to support this role. There are reciprocal arrangements for investigating standards matters across both these council's Monitoring Officers. The Head of Governance also supports ethical framework arrangements as a deputy monitoring officer.

The council has designated the **Chief Financial Officer** as the officer responsible for the proper administration of its financial affairs in accordance with Section 151 of the Local Government Act 1972. The principal responsibilities of this officer include financial management, reporting and monitoring financial information, ensuring compliance with financial codes of practice including the Accounts and Audit Regulations 2015. Regular reports have been made to the council's Finance and Democracy, and other Committees as appropriate, throughout the course of the year.

Both the Monitoring Officer and Chief Financial Officer have unfettered access to information, to the Chief Executive and to councillors so they can discharge their responsibilities effectively. The functions of these officers and their roles are clearly set out in the council's Constitution. In particular, the role of the Chief Financial Officer accords with the principles set out in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. A protocol supports the statutory role of the Monitoring Officer.

Each of the three statutory officers has been in post for several years, bringing stability, experience, and corporate knowledge to their key governance functions.

In addition to the three statutory officers, the Management Team collectively and individually is responsible for managing the council and securing the economic, effective, and efficient use of resources as required by the duty of best value. Powers delegated to each member of Management Team, together with other officers, are documented in the constitution.

During 2022/23, the Management Team consisted of the three statutory officers, together with seven Heads of Service.

Governance framework

External Audit

The Council's external auditors are appointed and managed by Public Sector Audit Appointments Ltd via the appointing person route under the Local Audit and Accountability Act 2014. The council's external auditors for 2022/23 were Deloitte. They have been the council's external auditors since 2019/20, and continue for 2023/24. Deloitte is one of the leading international and national audit practices and as such, the council can be satisfied that its external audit arrangements continue to provide robust assurance.

Internal Audit

The council does not maintain an in-house Internal Audit Service, but instead buys in internal audit services from Mersey Internal Audit Agency ('MIAA'). MIAA is an agency of the NHS, which provides internal audit services for a range of health and local government bodies. MIAA complies with the Public Sector Internal Audit Standards (PSIAS) and all other relevant regulatory and practice standards. Internal audit services provided through MIAA are of at least the same professional standard as those previously provided in-house, while ensuring an additional level of resilience.

Corporate Governance Group

The Corporate Governance Group (CGG), on behalf of the Management Team, co-ordinates corporate governance workstreams, including the receipt and actioning of reports from the various sources of audit and inspection, maintaining and monitoring the Annual Governance Statement. CGG consists of the Monitoring Officer, Chief Financial Officer, Head of Governance and the MIAA audit lead for Fylde. It meets frequently, and also receives regular reports from the corporate fraud service.

Strategic Risk Management Group

The council has adopted a Strategic Risk Management Strategy, which incorporates the identification and management of existing risks to the achievement of corporate objectives in accordance with recognised standards of control assurance. A Strategic Risk Register is in place and is monitored and reviewed, combined with action planning for risks identified. A Strategic Risk Management Group ('SRMG') has been established to assist with the management of strategic risks.

The Authority's Risk Management Policy requires that officers understand and accept their responsibility for risk and for implementing appropriate controls to mitigate those risks. To this end, service managers have identified their respective operational risks and have recorded these on GRACE.

Governance in 2022/23

The Corporate Plan establishes Fylde Council's corporate priorities and reflects the council's principal statutory obligations. Performance against the plan is supported by a performance management system and performance information is reviewed by the various committees of the council during the year.

The financial management of the Authority is conducted in accordance with the Financial Procedure Rules set out in Appendix 4 of the Constitution. The council has in place a Medium-Term Financial Strategy, updated at least twice per annum, to support the aims of the Corporate Plan.

Annual budgets are set by the council in the context of the Medium-Term Financial Strategy, and each budget is allocated to a named budget holder. The responsibilities of budget holders in financial management are clearly set out within Financial Procedure Rules.

A robust process of financial monitoring is in place. Budgets are regularly reviewed; the regularity and depth of attention is linked to the risks associated with each budget area. The financial position of the council is reported on a regular basis to the Management Team, to the council's Committees, and to full council. Closer monitoring and appropriate action are taken where there is an indication of a likely variance against budget.

In December 2019, CIPFA introduced a Financial Management Code (the Code). A key objective of the Code is to improve the financial resilience of organisations by embedding enhanced standards of financial management. The Code was implemented in local government bodies effective from 2021/22. The Audit and Standards Committee considered a report during 2022 on Fylde Council's compliance with the Code which concluded that the council is fundamentally compliant in all significant respects with the Code requirements.

2022/23 was the second year of the present Internal Audit arrangements through MIAA. An internal audit plan was developed, and delivered against, and nine audits have been successfully completed.

The overall opinion for the period 1st April 2022 to 31st March 2023 provides **Moderate Assurance**, that 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 of the organisation's objectives at risk.

In considering the overall opinion, the targeted and effective use of Internal Audit as part of the system of internal control has been considered. Internal Audit resource has been directed into known risk areas by the Council. The risk-based approach adopted by the Council supports the overall opinion of Moderate Assurance.

This opinion is provided in the context that the Council like other organisations across the public sector is facing several challenging issues and wider organisational factors particularly with regards to financial challenges and increasing collaboration across organisations and systems.

The council's Service Heads completed questionnaires about compliance with corporate policies and other governance matters within their service areas. The questionnaire responses indicated that the respective service areas were in compliance with corporate policies and the principles of good governance during the year.

Other governance matters

Council services are delivered by trained and experienced people. Posts have a detailed job description and person specification, and training needs are identified through the Personal Development Appraisal Scheme. In addition, the council has comprehensive policies and procedures in place, which provide the framework for the operation of its services and ensure that its actions and decisions are undertaken within the framework of effective internal control. The authority also has a set of core competencies which outline the expected behaviours of employees.

The Authority has a zero-tolerance policy towards fraud and corruption. The council's Whistleblowing Policy provides the opportunity for anyone to report their concerns confidentially and enable these to be investigated impartially. The council has a shared Corporate Fraud Team with partners Preston City Council and Lancaster City Council and regular service reporting on the outcomes of its work were presented to elected members during the year. The Corporate Fraud Team also joined meetings of the Corporate Governance Group during the year and reported on anti-fraud matters.

The council is committed to openness and transparency. It published a suite of transparency resources on its website, including collections of material required to be published by government regulation and guidance. Additionally, the council maintains a comprehensive and fully searchable index of agendas and decision records from for committee meetings from 2005 onwards. During the year 2022/23, the council received 598 information requests (made under either the Freedom of Information Act 2000 or the Environmental Information Regulations 2004). Of these over 80 per cent were responded to within prescribed timeframes.

The council takes its data protection responsibilities seriously. Its data protection officer has complete operational independence in data protection matters and is one of the council's most senior officers. There is a standing item on the corporate management team regarding information governance.

During the year, eleven personal data breaches were reported to the data protection officer. Of these, two were reported to the Information Commissioner with no further action by the ICO on either.

The Authority is committed to working in partnership with public private and voluntary sector organisations where this will enhance its ability to achieve its identified aims.

Review of effectiveness

Fylde Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The Corporate Governance Group, has been given the responsibility to annually review the corporate governance framework and to report to Audit and Standards Committee on the adequacy and effectiveness of the Code and the extent of compliance with it and its work is referenced within this statement.

Inherent within the review of internal control arrangements is the need to assess the extent of compliance with statutory requirements and the Authority's rules and regulations, which includes not only its Financial and Contract Procedure Rules but also its Scheme of Delegation, and Codes of Conduct. This is evaluated each year by each Head of Service completing a self-assessment against these procedures. The Corporate Governance Group reviews these statements made by the respective Service Heads taken together with external assurance sources such as the external auditor's Annual Audit Letter and its ISA 260 report to those charged with governance...

During 2022/23, the Audit and Standards Committee kept under review how issues identified in the previous annual governance statement had been resolved. Any outstanding actions have translated into this year's action plan although delivery has been good on governance improvements despite resources being diverted elsewhere to respond to the pandemic.

The review of effectiveness is also informed by the Head of Internal Audit's opinion, and by comments made by the external auditors and other review agencies and inspectorates.

The Strategic Risk Management Group has continued to meet during the year to review achievement of control measures in relation to strategic risks identified. The Audit and Standards Committee has also been kept abreast of strategic risk issues and their management.

We have considered the implications of the result of the review of the effectiveness of the governance framework and system of internal control, and a plan to address weaknesses and ensure continuous improvement of the system is set out in the priorities on page 3 of this statement.



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Date: May 2023

Review Date: July 2023

INFORMATION ITEM

REPORT OF	MEETING	DATE	ITEM NO
SHARED CORPORATE FRAUD SERVICE	AUDIT AND GOVERNANCE COMMITTEE	20 th JULY 2023	8
CORPORATE FRAUD TEAM REPORT 2022/23			

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

SUMMARY OF INFORMATION

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 (DWP) on 1st June 2015, the Council made a decision to partner on a Corporate Fraud Team, hosted by Preston City Council and 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, Business Rates and other areas of fraud committed against the authority.

The Corporate Fraud, or Corporate Enquiry Team (CET) as it is also known, also works in partnership with the Housing Department (Lancaster) and other Social Housing providers to investigate tenancy fraud.

This report details performance and counter fraud activity undertaken by the CET during 2022/23 in this specialist area of work.

SOURCE OF INFORMATION

Internal - Shared Corporate Fraud Team

WHY IS THIS INFORMATION BEING GIVEN TO THE COMMITTEE?

No decision is required. Members are recommended to note the content of this report, relating to the counter fraud activities of the Corporate Enquiry Team during financial year 2022/23 and to note the Business plan for 2023/24.

FURTHER INFORMATION

Contact: Haley Baron, Corporate Fraud Manager. Tel: 01772 906388 Email: h.baron@preston.gov.uk

OBJECTIVES

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

STAFFING

The Corporate Enquiry Team was established 1st June 2015 and consists of seven staff, including a Manager, one full time Investigator, one part time Investigator, one full time Compliance Officer, one full time Enforcement Officer/Investigator, one Administrative Officer and a part time Apprentice. The staff continue to be employed by Preston City Council and resources are shared between the three authorities providing Fylde with full time equivalent (FTE) staff resources of a Manager (0.2), Investigators (0.3) and a Compliance/Administrative Officer (0.4).

SHARED SERVICES

Preston City Council made a bid for corporate counter fraud funding from the Department for Communities and Local Government (DCLG) based on a shared service with Lancaster City Council and Fylde Borough Council and was initially awarded £125,750 to help fund the costs of the new service for the first year of its operation. This team replaced the former benefit fraud team that previously operated between the three councils.

PARTNERSHIP WORKING

The Corporate Enquiry Team strives to prevent and detect as much fraud against the Council as possible, working with outside agencies such as DWP, HM Revenues and Customs, Police and Immigration where appropriate. Joint working with the Department for Work and Pensions on cases involving Council Tax Support and national benefits re-commenced on 29th April 2019 however, the Covid19 Pandemic saw DWP investigators redeployed to priority benefit processing services temporarily. As at January 2022 DWP investigation staff are gradually returning to investigation duties however, their initial area of focus is Universal Credit.

The team has an excellent working relationship with Lancashire Police, participating in Operation GENGA, a Home Office led multi-agency operation 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.

The Corporate Enquiry Team are active members of NAFN (National Anti-Fraud Network). 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 processes, forms and procedures.

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 counter fraud initiatives. The team works closely with Lancashire and Greater Manchester Local Authorities and meets regularly with other counter fraud practitioners to discuss common counter fraud issues and best practice.

PERFORMANCE

From 1st April 2022 to 31st March 2023 the Corporate Enquiry Team found overpayments for Fylde Council totalling £87,564.44.

The team has introduced an additional methodology to clarify counter fraud performance. When a claim for an allowance, discount, reduction, benefit or exemption ends or reduces as a result of an intervention by the CET, 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, resulting from preventing further incorrect payments being made.

In these cases the weekly amount of reduced entitlement that is applied following a counter fraud intervention is multiplied by 52. It is reasonable to believe that the award would have continued for an average of one 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 for Fylde Council is £1486.29, providing estimated “future” savings for 2022/23 of £77,287.08 It should be noted that “future” savings can only be estimated, but it helps to demonstrate additional benefit to the Council of undertaking counter fraud work.

Performance data is detailed in Appendix A to this report.

A Management checking regime is in place, structured to monitor performance and compliance with legislation. This process includes:-

- 1-2-1’s with all fraud staff at least three times a year to discuss the officer’s full caseload, giving advice and direction, identifying inactive cases, together with any training needs;
- all Interviews Under Caution are reviewed before prosecution is considered;
- a full management check is conducted on all sanction cases; and regular checks are undertaken of fraud officer’s pocket notebooks.

Surveillance is only authorised in appropriate cases where considered necessary and proportionate, in line with the Regulation of Investigatory Powers Act (RIPA). No surveillance has been undertaken Fylde during 2022/23. From 10th June 2019 the legislation regarding surveillance changes to The Investigatory Powers Act (IPA).

Covid19 had a significant impact on the teams operations, from February 2020 all formal action was suspended and businesses across Fylde were mandated to close for long periods of time throughout the pandemic which had an impact on the usual areas of focus for the team. The team was unable to undertake formal interviews under caution, visit members of the public (witnesses, suspects etc) or pursue criminal proceedings due to the pandemic. The team has assisted Business Rates with the administration of business rate grants. As restrictions were lifted in 2022 the team began to return to normal duties.

Covid19 saw a new area of fraud for the team to investigate with the Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund introduced on the 17th March 2020, followed by multiple other grant scheme including but not limited to; Local Lock Down Grants, Discretionary Grants and Restart Grants. Investigations in this regard are both pre and post payment.

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 work and delivers value for money in this area.

IMPACT STATEMENT

The Benefits Service has a major impact upon the wellbeing of the more vulnerable members of the community. The Council is committed to protecting the gateway to both 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.

Partnership working with the Police and other external agencies demonstrates our commitment to tackle fraud on a larger scale and demonstrates good governance.

REASONS FOR DECISION

This report is produced for perusal and comment by Members. It provides performance evidence for the Corporate Enquiry Team, in conducting counter fraud activity.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

Not applicable

REASON FOR INCLUSION IN PART B, IF APPROPRIATE

Not applicable

Contact for further information

Haley Baron Corporate Fraud Manager	Tel. 01772 906388	Customer Services Directorate
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APPENDIX A

**Fylde Counter Fraud Activity
Performance 2022/23**

	Year	Target	Achieved
Overpayments	2022/23	£55,000	£87,564.44

Financial Source	Overpayments	Weekly Savings (estimated "future" savings)
Council Tax Reduction Scheme	£10,975.99	£81.11
Housing Benefit	£33,604.03	£235.76
Council Tax	£32,984.42	£1,169.42
Covid Business Grant	£10,000.00	£0.00
Totals	£87,564.44	£1,486.29 (X52 = £77,287.08)



**BUSINESS PLAN
2023/24**

**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.

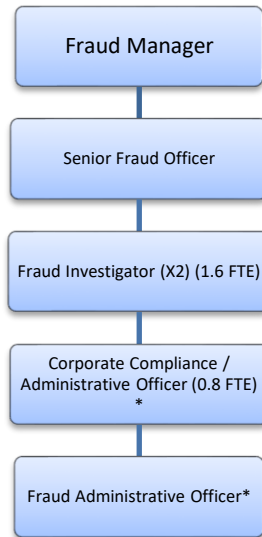
STATEMENT OF PURPOSE:

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 Corporate Compliance/Administrative Officer hours reduced with effect from 3rd July 2023 from full time to 0.8 FTE permanently.

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;
- The Department for Levelling Up, Housing and Communities (DLUHC);
- 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 2023/24 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.
- Participate in the Cabinet Office Spotlight due diligence checks to identify potential areas of fraud.

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 2023/24 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 2023/24 proposed budget for the Corporate Enquiry Team Shared Service is £172,270.00.

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

	2023/24 Budget	2022/23 Actual	2021/22 Actual
Employee Costs	161,920.00	163,001.43	141,499.29
Transport Costs	3,300.00	421.42	309.03
IT Equipment and Systems	4,500.00	6,000.00	5,858.22
Other Supplies and Services	2,550.00	3,487.96	3,779.15
Total	£172,270.00	£172,910.81	£151,445.69

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 2023/24:

- 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)

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

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.**

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

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>Can you identify how this may impact on promoting good relations between different groups within the city?</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>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>
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	<p>Protecting public funds that can be allocated to those individuals and groups who genuinely need it.</p>
<p>– What are the expected outcomes from this policy or service provision?</p>	<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,. • The Council generates an income from the counter-fraud work carried out on behalf of Fylde BC. • 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>With regards to race, 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)

INFORMATION ITEM

REPORT OF	MEETING	DATE	ITEM NO
DEPUTY CHIEF EXECUTIVE	AUDIT AND GOVERNANCE COMMITTEE	10 July 2023	9
UPDATE ON THE STRATEGIC RISK REGISTER			

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

SUMMARY OF INFORMATION

This Information item gives a progress update on the risks contained within the Strategic Risk Register (SRR). The SRR was last presented to the Audit and Standards Committee on 13 January 2022 and detailed the risks alongside any existing control measures.

SOURCE OF INFORMATION

Strategic Risk Management Group

WHY IS THIS INFORMATION BEING GIVEN TO THE COMMITTEE?

The Audit and Governance Committee's Terms of Reference states that the committee monitors the effective development and operation of risk management in the council. This report supports the Committee in undertaking this role.

FURTHER INFORMATION

Strategic Risk Register (attached as appendix)

CORPORATE PRIORITIES	
Economy – To create a vibrant and healthy economy	✓
Environment – To deliver services customers expect	✓
Efficiency – By spending money in the most efficient way	✓
Tourism – To create a great place to live and visit	

REPORT

This report provides members with an overview of the strategic risks identified facing the council. These risks are kept under regular review by the Council’s Strategic Risk Management Group which comprises senior council officers. Reports on these risks, and the actions identified to mitigate these risks, are made to this committee.

The Strategic Risk Register is attached (the aspect of the register relating to hacking, virus and ransomware attacks has been redacted), and risks are categorised as follows:

- Green Risks = Low Risks
- Yellow Risks = Medium Risks
- Red Risks = High Risks

The strategic risk register was last reviewed by the Strategic Management Group, together with the Corporate Management Team, on 14 April 2023. All risks were reviewed, and an updated version of the Risk Register is attached.

The current risks on the register encompass:

Climate change

COVID 19

Partnership working

Hacking, virus and ransomware attack

Legacy ICT systems

Kirkham Futures regeneration programme

Management of key assets

Public reform – procurement

Recruitment and Retention

New risks identified are inflationary and cost of living pressures together with leisure provision. Action Plans are currently being developed with respect to these specific risks and will be included within the next update on strategic risk to be presented to members.

Members will also be interested to read that a risk management audit was recently completed by the council’s internal audit service (May 2023). The review identified that there was an adequate system of internal control in place via the Strategic Risk Management Group and the former Audit and Standards Committee.

The next Strategic Risk Management Group will take place at the latter end of this month and regular updates will continue to be provided to this committee on an on-going basis going forward.

IMPLICATIONS	
Finance	Risk management is an essential part of CIPFA/SOLACE framework on corporate governance.
Legal	The Local Government (Accounts and Audit) Regulations legislate that a local authority is responsible for ensuring that the financial management of the authority is adequate and effective, and that the authority has a sound system of internal control which facilitates the effective exercise of the authority’s functions; and includes arrangements for the management of risk

Community Safety	Section 11 safeguarding policy in place and the risk is recorded on GRACE .
Human Rights and Equalities	Compliance with the Public Sector Equality Duty through robust risk management process.
Sustainability and Environmental Impact	Strategic Risk Register holds climate change risk with ongoing work to reduce environmental impact.
Health & Safety and Risk Management	As a public body the Council has a low-risk appetite and regards the successful identification, monitoring and control of risk to be the most effective way to manage risk.

LEAD AUTHOR	CONTACT DETAILS	DATE
Tracy Manning, Stephen Benson	01253 658521 01253 658488	10/07/2023

BACKGROUND PAPERS	
Name of document	Date

Risk	Risk Description	Risk Owner	Inherent Risk Score	Existing Control Measure	Existing Control Measure Description	Residual Risk Score	Risk Category	Target Risk Level	Action Plan Title	Action Plan Description	Action Plan Owners	Type	Action Date	Review Date
Fylde Borough Council Strategic Risk Register														
Climate Change	The authority fails to assess the relative significance of climate change risks and the impact of multiple extreme weather events on the Fylde coast.	Senior Management Team	12	Working Group established to build up a picture of climate change risks and to mitigate against the risk of these through the creation of a number of carbon reduction policies	The Working Group has concluded its work in the current term of office, and members will consider post May 2023 elections in what guise this work will continue to have member oversight going forward.	9	Risks impacting on the achievement of corporate objectives and priorities Risks relating to pollution, noise or energy efficiency Risks relating to Legal/Regulatory requirements	4	Further development of carbon reduction policies	Climate Change Action Plan to be considered formally by members in the term.	Senior Management Team	Proposed	11/23/2023	4/18/2023
				Sea defenses and flooding work	Sea defense works at Fairhaven completed together with an overview piece of work on flooding across the Borough. Work is also being undertaken to progress a further sea defense work programme for St Anne's promenade. Drainage engineer resources have also been agreed by the council with				Further development of awareness programme.	Once the implementation of all the identified carbon reduction policies has been undertaken to keep the impacts of the policies under review and to horizon scan for further climate change risks arising in terms of the Council's operations.	Senior Management Team	In Progress	10/31/2023	
				A number of carbon reduction policies have been developed including strategies for tree planting, electric vehicle charging infrastructure, plastic reduction and recycling. The council's Leadership Board and Management Team have also developed an action plan capturing council wide activities to support carbon reduction. A baseline study is also being worked on for council led activity.	A Climate Change Action Plan has been developed by the Leadership Board together with the Senior Management Team. This has been considered and endorsed by both the Carbon Neutral WG and the former Environmental Health and HSS Committee.				Further flood defense work	Flood defense works at The Island progressed to design phase, and a Flooding Engineer and have been employed	Senior Management Team	Proposed	12/22/2023	
COVID 19	Failure to react to the changing service demand due to the recovery of COVID 19 (incorporating our role to support employees / the community / businesses / financial impacts)	Tracy Manning (Deputy CEO)	9	Employees	Risk Assessments undertaken on buildings and Health & Safety measures implemented	4	Risks relating to operational activity Risks relating to the reputational risks to the Council	4						4/18/2023
				New guidance issued to staff on what to do if they are feeling unwell. Local authority continues to keep abreast at LCC and National level and is ready to step up its response if necessary going forward,	NHS Living with Covid-19 Posters providing advice on actions to take if unwell displayed around council offices.									
				Return to work health questionnaires for staff who have been ill for any reason are standard practice	If the absence is suspected to be C19 or any other cold /flu infection the staff member is required to work from home (if well enough to work) until symptom free to reduce transmission of the illness in the work place.									

Fylde Council / Lancashire County Council	Potential for a unitary council / LCC dissolve resulting in significant restructuring,	Senior Management Team	9	Consultations Engagement	Ongoing discussions around a County Deal Engagement with Lancashire Leaders discussions and dialogue with potential partners.	6	Risks impacting on the achievement of corporate objectives and priorities Risks relating to the reputational risks to the Council	6	Statement of Intent	Statement of Intention on participation in County Deal remains on the horizon as therefore retained as a potential risk,	Senior Management Team	Proposed	10/6/2023	4/18/2023
ICT Systems	Legacy and not fit for purpose systems	Gemma Broadley (Head of Corporate Services) Ross McKelvie (ICT Manager)	25	ICT Strategy	ICT Strategy in place	12	Risks associated with financial planning & control Risks associated with technology Risks relating to operational activity Risks relating to information held	4	Network resilience / capacity	To continuously review the Council's reliance and capacity arrangements to ensure that they meet current and future needs.	Senior Management Team	In Progress	8/17/2023	4/11/2023
				Digital Transformation Senior Management Team	Digital Transformation agenda in place Management team keep under review issues including cyber security threats, corporate storage and capacity issues, network resilience, and to assess the status of key corporate IT systems and to facilitate upgrades or the purchase of replacement systems as				Civica Flare (housing and env services)	The next system that poses an immediate risk in this space is Civica Flare (housing and env services) which is end-of-life, but on extended vendor support (security updates only).	Ross McKelvie (ICT Manager)	Proposed	10/28/2023	
Kirkham Futures Regeneration Programme	This is a multi-faceted project with various workstreams . Specific elements of the risks are logged within the Futures High Street Fund Projects operational risk . The overarching risk is delivering the multi-stranded programme within the agreed timeframes and within budget forecast .	Charlie Richards (Head of regeneration projects)	15	Member approval and support for the scheme in principal	Member approval and support for the scheme	15	Risks associated with financial planning & control Risks relating to the reputational risks to the Council	6	Staffing Resource	Undertake recruitment to provide additional support and resources	Charlie Richards (Head of Projects and regeneration)	Proposed	8/30/2023	4/18/2023
				Programme Board in place	Meets monthly				Project delivery plans	Refine and agree project delivery plans for each individual scheme within the programme	Charlie Richards (Head of Projects and regeneration)	Proposed	8/31/2023	
				Planning Committee oversee delivery of the programme	Regular reporting to committee				Budgetary Control	Establish a robust budget protocol to monitor anticipated spend against actual spend	Charlie Richards (Head of Projects and regeneration)	Proposed	8/17/2023	
				Quarterly return to Historic England for HAZ	Meets monthly									
				HAZ Risk Log	Historic England require that a risk log is maintained as part of the terms of the HAZ grant award									
				Department of Levelling Up, Housing and Communities (DLUHC)	A spending profile has been agreed with DLUHC with quarterly returns provided to allow them to monitor FHSF expenditure against projected budgets.									
				Staffing Structure Approved	Agreed at Planning Committee									
				Procurement	All procurement is in line with council procedures									

Management of key assets	Failure to obtain value for money from quality service delivery in the management of buildings and land that the council owns or has interest in .	Darren Bell (Head of Technical Services)	12	Asset Management Strategy Commercial Strategy	Asset Management Strategy Commercial Strategy	6	Risks impacting on the achievement of corporate objectives and priorities Risks associated with financial planning & control	4	The Asset Management Group will be reinstated as a cross departmental forum to support the achievement of priorities with A new Asset Management Plan will be developed in consultation with the re-formed Asset Management Group. The Asset Manag	This will be established as part of the work on the asset management plan. The asset management group will be engaged with the consultation on the plan preparation Work on drafting the asset management plan has been started. the group has been set up and the plan will be drafted and recommended for adoption.	Darren Bell (Head of Technical Services)	In Progress	7/14/2023	4/18/2023
Public Reform Event – Transforming Public Sector Procurement	Changes are coming to the Public Contract Regulations 2015, these are the external procurement rules which come into force at certain thresholds	Ian Curtis (Head of Governance) Ben McCabe (Procurement and Surveillance Camera Officer)	9	Details of capital expenditure in committee reports External Audit opinion Procurement officer	Details of capital expenditure in committee reports External Audit favourable value for money opinion Dedicated Procurement Officer role within the Governance Team	4	Risks associated with financial planning & control Risks relating to operational activity Risks relating to the reputational risks to the Council	4	Procurement Strategy Objectives of the new Procurement Bill Achieving value for money	Development of a procurement strategy Early market engagement is not just permissible but is encouraged. Reduction of procedures and more flexibility e.g. Open Procedure or Competitive Flexible Procedure	Ian Curtis (Head of Governance) Ben McCabe (Procurement and Surveillance Camera Officer)	Implemented	8/24/2023	5/10/2023
Recruitment / Retention and Succession Planning	Failure to recruit and retain a skilled workforce which enables the Authority to deliver council priorities. Harder to recruit new employees at current salary levels	Alex Scrivens (Performance and Improvement Manager)	12	Job Evaluation process Fylde Apprenticeship Strategy Appraisal process Competency Framework Business Critical Posts: Assessment Process- Fylde succession planning policy being drafted, Staff engagement survey	Job Evaluation process Use of apprentices throughout the authority, the strategy is currently being reviewed/condensed . Strategy has been drafted and is currently awaiting SMT approval and has been for over 12 months. Annual appraisal process Core competency framework Succession Planning Strategy 2021-2024 currently being drafted, ongoing work as below, Further discussions with SMT, consider formalising arrangements - •Look to create a supportive mentoring network and have measures in place for a talent pool – •Build into Business Continuity documentation - SMT are asking for feedback from employees and acting on any issues flagged to resolve problems	12	Risks associated with the recruiting, retaining and motivating staff & developing skills Risks relating to the reputational risks to the Council	6	Recruitment Policy Apprentice Strategy Review and rebrand the Competency Framework (incorporating corporate values) Development of Fylde Apprenticeship Strategy.	Development of Recruitment Policy to standardise the process incorporating a review of job descriptions and personnel Development of an Apprentice Strategy. Review and rebrand the Competency Framework (incorporating corporate values) Review/condense strategy – Speak to Blackpool to piggyback onto mentoring and management - Build regular contact relations with the local colleges -	Alex Scrivens (Performance and Improvement Manager)	Proposed	8/16/2023	4/18/2023

INFORMATION ITEM

REPORT OF	MEETING	DATE	ITEM NO
HEAD OF GOVERNANCE	AUDIT AND GOVERNANCE COMMITTEE	20 JULY 2023	10

REGULATION OF INVESTIGATORY POWERS ACT 2000: AUTHORISATIONS

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

SUMMARY OF INFORMATION

Councillors are obliged to review the use of covert surveillance and covert human intelligence sources by the council at least quarterly. In the period to July 2023, there were no authorised operations.

SOURCE OF INFORMATION

Head of Governance

INFORMATION

1. The Regulation of Investigatory Powers Act 2000 (“RIPA”) regulates covert investigations by a number of bodies, including local authorities. It was introduced to ensure that individuals' rights are protected while also ensuring that law enforcement and security agencies have the powers they need to do their job effectively.
2. Fylde Council is therefore included within RIPA framework with regard to the authorisation of both directed surveillance and of the use of covert human intelligence sources.
3. Directed surveillance includes the covert surveillance of an individual in circumstances where private information about that individual may be obtained. A covert human intelligence source (“CHIS”) is a person who, pretending to be someone that they are not, builds up a relationship of trust with another person for the purpose of obtaining information as part of an investigation.
4. Directed surveillance or use of a CHIS must be authorised by the chief executive or deputy chief executive and confirmed by a Justice of the Peace. All authorisations are recorded centrally by the Head of Governance.
5. This is the required report on the use of RIPA. The information in the table below is about authorisations granted by the council during the quarter concerned.

Period	Directed surveillance	CHIS	Total	Purpose
16 March 2023 – 20 July 2023	0	0	0	

Figures correct when report published. Officers will verbally update members if the figures have changed by the date of the meeting.

WHY IS THIS INFORMATION BEING GIVEN TO THE COMMITTEE?

Regulations under the Regulation of Investigatory Powers Act 2000 (“RIPA”) require councillors to consider a report on the use of RIPA at least quarterly.

FURTHER INFORMATION - Contact Ian Curtis on 01253 658506 or at ian.curtis@fylde.gov.uk.

