

AUDIT COMMITTEE

Date: Thursday, 25 September 2025 Time: 1.30 p.m. Venue: Mandela Room, Town Hall

AGENDA

1. Welcome and Evacuation Procedure
2. Apologies for Absence
3. Declarations of Interest
4. Minutes - Audit Committee - 10 July 2025 3 - 8
5. Minutes - Audit Committee - 24 July 2025 9 - 14
6. Minutes - Audit Committee - 31 July 2025 15 - 16
7. Annual Complaints Report 2024-2025 17 - 32
8. First Annual Report of the Audit Committee 33 - 48
9. Risk and Opportunities Annual Assurance Report 2024 49 - 74
10. Annual Report of the Senior Information Risk Owner (SIRO) 75 - 86
11. Audit Progress Report - Middlesbrough Council and Teesside Pension Fund 87 - 102
12. Internal Audit and Counter Fraud Progress Report 103 - 134
13. Management of the Dedicated Schools Grant Risk Within the Strategic Risk Register 135 - 144
14. Work Programme (Standard Item) 145 - 148
15. Any other urgent items which in the opinion of the Chair, may be considered.

Charlotte Benjamin
Director of Legal and Governance Services

Town Hall
Middlesbrough
Wednesday, 17 September 2025

MEMBERSHIP

Councillors J Ewan (Chair), D Coupe (Vice-Chair), D Branson, B Hubbard, M Nugent, G Wilson and L Young

Assistance in accessing information

Should you have any queries on accessing the Agenda and associated information please contact Chris Lunn, 01642 729742, chris_lunn@middlesbrough.gov.uk

AUDIT COMMITTEE

A meeting of the Audit Committee was held on Thursday, 10 July 2025.

PRESENT: Councillors J Ewan (Chair), D Coupe (Vice-Chair), D Branson, B Hubbard, L Lewis, G Wilson and L Young.

ALSO IN ATTENDANCE: C Andrew (Forvis Mazars)
Mayor C Cooke
M Kirkham (Forvis Mazars).

OFFICERS: A Humble, C Lunn, E Scollay and J Weston.

APOLOGIES FOR ABSENCE: None.

25/102 **WELCOME AND EVACUATION PROCEDURE**

The Chair welcomed all present to the meeting and read out the Building Evacuation Procedure.

25/103 **DECLARATIONS OF INTEREST**

MEMBER	TYPE OF INTEREST	ITEM/NATURE OF INTEREST
Councillor D Branson	Non-Pecuniary	Spouse is a Member of the Teesside Pension Fund
Councillor D Coupe	Disclosable Personal Interest	Non-Executive Director of Border to Coast Pensions Partnership Limited
Councillor J Ewan	Non-Pecuniary	Member of Teesside Pension Fund
Councillor B Hubbard	Non-Pecuniary	Member of Teesside Pension Fund

25/104 **MINUTES - AUDIT COMMITTEE - 17 APRIL 2025**

The minutes of the Audit Committee meeting held on 17 April 2025 were submitted and approved as a correct record.

25/105 **DRAFT STATEMENT OF ACCOUNTS AND ANNUAL GOVERNANCE STATEMENT - 2024/25**

The Director of Finance and Transformation (S151 Officer) submitted a report, the purpose of which was to allow Members the opportunity to:

- consider and discuss the draft Statement of Accounts (SOAs) for the 2024/25 financial year;
- to review the draft Annual Governance Statement (AGS), which needed to be published alongside the draft SOA, under the Accounts and Audit Regulation 2015, and the progress made in relation to continuous improvement activity;
- to note the key financial metrics in the draft financial statements, movements during the financial year; and
- to determine whether any dedicated training was required to understand these before the audited accounts returned for approval in February 2026.

The Head of Finance and Investment provided an overview of the report, together with some contextual background information. Mention was made of an Audit Committee training session that had been provided to Members earlier in the day.

The Committee considered the AGS section of the report, prior to considering the draft 2024/25 SOAs, certification and public inspection matters.

The Chief Executive provided an overview of the AGS to the Committee; the following matters were highlighted:

- The purpose of the AGS was to provide Members and the public with a comprehensive and clear account of how the Council had managed arrangements over the preceding 12-month period. It assessed the extent to which the Council complied with its Code of Corporate Governance; how it had monitored and improved the effectiveness of its governance arrangements in 2024/25; and how it had identified actions to strengthen those arrangements going forward.
- There were legislative requirements that required the Council to undertake a review of internal controls, which also indicated how any further necessary or intended action would be carried out.
- A significant amount of work had been undertaken to assist in tackling the backlog of unaudited accounts, which had been an issue for local authorities nationally.
- Section four of the AGS detailed the significant governance-related events that had occurred during 2024/25. Reference was made to:
 - The cessation of intervention in Children's Safeguarding Services.
 - The cessation of the Best Value Notice.
 - The permanent appointments to the Chief Executive and Section 151 Officer posts.
 - The completion of a Local Government Association (LGA) Corporate Peer Challenge review; closure of the discretionary Independent Improvement Advisory Board; and completion of delivery of the Corporate Governance Improvement Plan.
 - The closure of the Section 24 Action Plan.
- Appendix 1 of the AGS detailed the self-assessment of compliance with the Local Code of Corporate Governance; Appendix 2 detailed the Corporate Governance Priorities for 2025/26.
- The AGS was felt to be more streamlined in comparison to those of previous years - the intention had been to provide the key critical information to Members in a more effective manner.
- The AGS demonstrated a combination of the strong progress that had been achieved, together with an indication of the areas where further work was required.
- Full Council had committed to a continuous improvement plan; the first associated report would be considered by the Executive on 16 July 2025.

The Committee wished to place on record their thanks to the officers across the finance directorate for the work undertaken and the improvements made.

A discussion ensued in relation to the Local Government Finance Settlement, during which the following matters were raised:

- The Mayor advised of the importance of crossing Middlesbrough's boundary and actively lobbying government to achieve a fair and equitable settlement for the town. Reference was made to roles that the Mayor had on various outside bodies, including ANEC and SIGOMA, which assisted with this. It was felt that a fair funding formula had been achieved; consideration was given to other local authorities and their financial positions in terms of their spending and available reserves.
- The Director of Finance and Transformation referred to published research and some of the issues that had been raised, such as some local authorities potentially 'losing out' in the settlement, and then subsequently requesting some kind of compensation. Whether grant support would be offered in this regard remained to be seen.
- The Mayor advised that funding provision on a phased, three-year basis would be the favoured approach: 40% in the first and second years, and 20% in the third year. It was hoped that Council consensus would be achieved and SIGOMA would support this approach.
- A Member commented on the importance of receiving adequate financial support, as well as thorough consideration of the future issues facing the town. Reference was made to housing development and the limited capacity for this, together with the changing retail landscape and how this could alter the town centre.

- The Mayor referred to Council Tax and Business Rates and private individuals putting cases forward for exemption. The Committee heard that some private landlords had submitted cases for whole street exemption from Council Tax payments. Reference was also made to the development of existing buildings and the hope that developers with an intention to purchase and develop premises would acquire them for use by the people of the town. Exploration of other areas, such as holiday lets, was also taking place. In response to a query regarding the power to compulsorily purchase some buildings, the Mayor explained that this was a long and expensive process. Enforced sale processes were timelier, which could provide a more viable alternative option. Reference was made to another local authority that was currently trialling high street auctions whereby if buildings failed to attract tenants within a specified period, they would be auctioned off. It was difficult to attract potential developers to units that were close to others that had simply been purchased and left to stand empty.
- The Committee was informed that there had been a change to the fair funding formula in that students were now exempt from it. There was a cost to hosting students, which had now been recognised.

The Chair thanked the Mayor and Chief Executive for the information conveyed and invited the Head of Finance and Investment to present the draft SOAs, which was shown at Appendix 1 of the submitted report.

Members heard that there had been increased audit scrutiny since several high profile corporate failures were reported in 2019. The audit process had taken a long time to undertake and spread over several years; government intervention via backstop dates had been welcomed whilst a significant amount of audit work was carried out.

Members were reminded of the disclaimed audit opinions that had been made for the Council for the last three years, and the disclaimed opinion for Teesside Pension Fund for 2023/24. It was commented that although those opinions would influence audit going forward, it did not mean that the professionally produced accounts could not be relied upon. Auditors had not had a sufficient amount of time to properly review the accounts, hence the disclaimed opinions. It was felt that the figures represented a true and fair view.

There was a requirement for the draft SOAs for 2024/25 to be approved by the Director of Finance and Transformation and published on 30 June 2025, which had been met.

The public inspection period, where local taxpayers could inspect the accounts and request further information on any invoices, contracts, income received, etc., was now open. The period ran from 1 July 2025 to 11 August 2025. Officers would advise the Committee of any significant issues that had been raised in due course, as applicable. It was noted that Forvis Mazars could also be contacted with any issues during this period.

Central government intended, via the back stop process, to restore the timeliness and quality in local government external financial reporting for all local authorities by the 2027/28 financial year. It was highlighted to Members that further training in respect of more complex areas, such as pensions, could be arranged to take place before the next back stop date for the 2024/25 external audit, which was 27 February 2026, if required.

The Committee was advised that, firstly, the SOAs consisted of a Narrative Report from the Director of Finance and Transformation. This report provided an explanation of the Council's financial position and described the key activities/highlights for the Council during the year. The report also contained performance-based information that demonstrated what had been achieved using public funds during the financial year.

It was explained that the second section included the Council's financial statements. These were the core elements of the draft SOAs and included the movement in reserves statement, the income and expenditure statement, the balance sheet, and the cash flow statement for 2024/25.

The third section comprised the notes to the accounts, which included a detailed narrative explanation and figures that supported the key totals within the financial statements and other issues that were of interest to local authority stakeholders. The accounts also included the Collection Fund, covering Council Tax and Business Rates activities, and the accounts for the Teesside Pension Fund, for which Middlesbrough Council

was the administering authority.

The final section was the AGS for the financial year in question, which set out how the Council had complied with best practice governance arrangements and any key risk and control issues that arose from that.

Members noted that there were some significant differences between the Council's financial statements, which were part of the SOAs document and its management accounts and were reported for budget and operational purposes. This related to technical accounting adjustments and timing issues in how certain totals were reported, to comply with accounting standards. Two important areas were the presentation of reserves and the net worth of the Council's balance sheet.

Members were referred to section 3.7 and the movement in reserves. It was explained that the total value of usable reserves in the Council's Balance Sheet, as on 31 March 2025, was £101.082m. This was an increase of £25.379m over the comparative figure in the previous year's accounts. In response to a query regarding the revaluing of debts and being able to use these reserves, the Committee was informed that the Council had an asset re-evaluation programme which, as part of the transformation agenda, meant that asset sales could be used to finance future service change. Asset sales had generated capital receipts: some had been used as part of the programme, those not used had rolled forward for future use. There had also been an increase in earmarked revenue reserves during the year.

After being informed that changes had been made to the Council's bad debt provision policy, with more collection rate information being used, a Member queried the current figure of the bad debt provision fund. In response, Members were advised that there was £27.3m of provisions. It was explained that the Council had a significant amount in provision to cover debt write-offs for at least ten years.

The Committee heard that, at the start of the 2024/25 municipal year, there was an aim to generate assets and increase reserves; the AGS provided a clear view of the status of the usable reserves.

Members were referred to pages 51 and 52 of the agenda pack that showed an income and expenditure statement and balance sheet relating to each service area. Reference was made to the controls used by officers and the key testing methods applied by auditors, in respect of the budget versus assets performance. It was indicated that, during the period, the Council spent £529.8m across directorates, with £501.5m of income being raised. When adjustments were considered for pensions, etc., the £28.3m deficit was amended to reflect the figure detailed in the outturn report.

Details regarding assets – long-term, heritage and intangible – were provided to the Committee. The balance sheet showed £487m in long term assets; £33.6m in heritage assets; and £5.6m in intangible assets.

Members were informed that £21m in cash from a capital or revenue source had been controlled through the Treasury Management Strategy. Details in relation to short and long-term borrowing were also provided and it was noted that £255m of debt had been used to fund programmes. In terms of liabilities, the Committee was advised of the net position of £260.4m, which had decreased from £279m – achieved through the sale of assets and financing of capital through debt. This activity was reflected on the balance sheet.

In response to a query, Members heard that long-term debt related to the capital programme and, under legislation, a minimum revenue position needed to be achieved. For Middlesbrough, approximately £5m needed to be set aside to achieve the minimum revenue position. Debt for all local authorities had tended to increase. Short-term debt was relative to the size of the local authority - for larger local authorities, this amount was greater.

A Member raised a query in relation to loans and refinancing reviews and options. In response, the Head of Finance and Investment referred to Lender Option Borrower Option (LOBO) loans that had been taken out in the 2000s when interest rates were quite low, and which gave the lender opportunity to amend the rates. Historic debt had since been changed to public borrowing loans; a lot of the Council's debt was around current interest rates. It was noted that there were always opportunities for refinancing debt.

A discussion ensued in respect of the Dedicated Schools Grant (DSG). A Member highlighted the £7.9m overspend and queried whether this would be written off. In response, the Committee was advised that the government had delayed the decision regarding this. It was possible that the historic deficit may be written off, but a decision was yet to be made. The £7m+ overspend each year would continue to occur, which would not be written off. The historic deficit across the country was monumental and there would still be issues going forward. It was a high risk to the Council and had been placed on the Strategic Risk Register as such. An announcement in relation to SEND reforms was due in September 2025. The Committee considered funding options for SEND, and how other local authorities had managed their finances in comparison to Middlesbrough. It was suggested that Members receive further information as to the management of this risk at the 25 September 2025 meeting.

Members discussed the topic of reserves and considered Middlesbrough's position in comparison to that of other areas, such as the Shetlands and the London Boroughs. Reference was made to Council Tax and other income streams that could increase the level of reserves.

A Member referred to page 106 of the agenda pack and queried the £5.7m compensation figure. In response, officers explained that the matter referred to the valuation of scrap metal and was due to be considered by the courts in September 2025. The fund had been set aside, but none of it paid out.

The Director of Finance and Transformation indicated that if Members had any further queries or comments in respect of the draft statement, to please forward them to him.

Following the discussion, the Head of Policy, Governance and Information suggested to the Committee that, in addition to the three recommendations noted in the report, that a fourth be added as follows: *'That a presentation on the management of the DSG risk within the Strategic Risk Register be provided at the 25 September 2025 Committee meeting'*. The Members agreed this.

The Chair thanked the officers for their attendance and contributions to the meeting.

AGREED that:

- 1.) The draft Statement of Accounts for 2024/25 had been approved by the Director of Finance and Transformation for publication on 30 June 2025, and these were currently on the Council website, was noted.
- 2.) The draft annual governance statement for 2024/25, which had been approved by the Mayor, the Chief Executive and the S151 Officer, was noted.
- 3.) The public inspection period, where local taxpayers could inspect the accounts and request further information on any invoices, contracts, income received, etc., in the period 1 July 2025 to 11 August 2025 was noted.
- 4.) A presentation on the management of the Dedicated Schools Grant (DSG) risk within the Strategic Risk Register would be provided at the 25 September 2025 Committee meeting.

25/106

ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, MAY BE CONSIDERED.

None.

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AUDIT COMMITTEE

A meeting of the Audit Committee was held on Thursday, 24 July 2025.

PRESENT: Councillors J Ewan (Chair), D Coupe (Vice-Chair), D Branson, B Hubbard and G Wilson.

ALSO IN ATTENDANCE: C Andrew (Forvis Mazars)
J Dodsworth (Veritau)
P Jeffrey (Veritau).

OFFICERS: C Benjamin, G Field, T Frankland, A Humble, A Johnstone, C Lunn, G Welch and J Weston.

APOLOGIES FOR ABSENCE: None.

24/107 **WELCOME AND EVACUATION PROCEDURE**

The Chair welcomed all present to the meeting and read out the Fire Evacuation Procedure.

24/108 **DECLARATIONS OF INTEREST**

MEMBER	TYPE OF INTEREST	ITEM/NATURE OF INTEREST
Councillor D Branson	Non-Pecuniary	Spouse is a Member of the Teesside Pension Fund
Councillor D Coupe	Disclosable Personal Interest	Non-Executive Director of Border to Coast Pensions Partnership Limited
Councillor J Ewan	Non-Pecuniary	Member of Teesside Pension Fund
Councillor B Hubbard	Non-Pecuniary	Member of Teesside Pension Fund

24/109 **MIDDLESBROUGH COUNCIL - AUDIT STRATEGY MEMORANDUM 2024/25**

A representative from Forvis Mazars presented a summary of the Middlesbrough Council Audit Strategy Memorandum, the purpose of which was for Mazars, the Council's External Auditor, to present their Audit Strategy Memorandum for the 2024/25 financial year. This set out their plans for the audit of the financial statements and Value for Money arrangements for the Council.

NOTED

24/110 **TEESSIDE PENSION FUND - AUDIT STRATEGY MEMORANDUM 2024/25**

A summary of a report of the Director of Finance (S151) was presented, the purpose of which was for Mazars, the Council's External Auditor, to present their Audit Strategy Memorandum for the 2024/25 financial year. This set out their plans for the audit of the financial statements for the Teesside Pension Fund.

NOTED

24/111 **HEALTH AND SAFETY ANNUAL ASSURANCE REPORT 2024**

The Risk and Health and Safety Manager presented a report of the Director of Legal and Governance Services, the purpose of which was to outline the Council's approach to health and safety management and summarise activity in the past year, together with planned activity for 2025, in order to provide the Committee with assurance that the Council had robust arrangements in place, as required by the Health and Safety Act 1974.

The Council had a governance framework structure in place to oversee health and safety, ensure compliance with legal requirements and deliver ambitions in relation to Health and Safety. This framework set out the Council's plans for a three-year period and was supported by an action plan.

It was explained that within the last year, there had been significant advancements regarding the Health and Safety Plan and the digitised health and safety management application (My Compliance). My Compliance now had a fully operational legal register, which further enhanced how the Council managed risks. Due to there being a significant level of data now on the system, it had allowed the Council to improve the level of intelligence it could develop from:

- Incident reporting and investigation.
- Health and safety audits.
- Service area audits.
- Fire risk assessment.
- Action tracking.

Regular reviews of underpinning documentation with the governance framework were undertaken.

During 2024 the following procedures were implemented and/or reviewed:

- Incident Management Procedure (reviewed).
- First Aid Procedure (reviewed).
- Legal and Other Requirements (reviewed).
- Risk Assessment Procedure (reviewed).
- Communication and Consultation (implemented).
- Display Screen Equipment Procedure (reviewed).
- Objectives and Targets Procedure (reviewed).
- Working at Height Procedure (reviewed).
- Allergen Policy (created and implemented throughout the local authority).

A key focus for the Health and Safety Team during 2024 had been the implementation of the service area health and safety audits, which ensured compliance with the health and safety management system. A self-assessment health and safety compliance list was sent to all heads of service to establish, with evidence, that service areas were complying with internal policies, procedures and best practice.

Throughout the year there had been more focus on deliverable training and, in addition to the eLearning made available to staff, the following had been provided in 2024:

- Face-to-face incident investigation awareness, evacuation chair and fire warden courses to supplement e-learning.
- Face-to-face manual handling and people handling courses to support operational areas.
- Face-to-face personal safety, including breakaway techniques training, to improve the safety of both officers and Elected Members.
- eLearning resources were refreshed to enhance manual handling training.
- A use of fire extinguishers eLearning package.
- An external contractor had been tendered to deliver multiple scopes of first aid training to Middlesbrough Council officers.

In 2025, further work would be undertaken to implement the new strategic plan for health and safety.

The Health and Safety Team would continue to oversee and offer assistance in developing the digital solution. In order to create improved intelligence on health and safety incidents, Power BI and My Compliance would be interlinked. Further work was also planned for the development of safety training information from Middlesbrough Learns and PowerBi to further develop business intelligence available to senior management.

The following policies and procedures would be produced, reviewed and uploaded onto the intranet in line with planned refresh cycles:

- Drugs and Alcohol Procedure.
- Fire Safety Procedure.
- Incident Management Procedure.
- Lone Working Procedure.
- Manual Handling Procedure.
- Potentially Violent Persons Policy.
- Risk Assessment Procedure.
- Training and Competency Procedure.
- Work at Height Procedure.

Health and safety audits for service areas would be carried out to further enhance the Council's health and safety framework. These audits were scheduled throughout the fiscal year, following self-assessments carried out by heads of service. This approach enabled the health and safety team to verify the implementation of best practice across all levels of the Council. Fire risk assessments and health and safety audits against all Council occupied buildings would also continue.

The Health and Safety Team would continue to deliver training to both Elected Members and officers on Personal Safety and Breakaway Techniques. The Health and Safety Team would also conduct a complete review of all eLearning training, and continue to deliver the following face-to-face health and safety training:

- Manual handling of Objects.
- Fire Warden Training.
- Incident Investigation Training.
- Evacuation Chair Training.
- Personal Safety and Breakaway Techniques.

One of the Health and Safety Team's priorities in 2025 was children and young people, particularly ensuring there was always a robust system in place for Children's Services and Adult Social Care, with the appropriate level of support available from a data protection and more general health and safety perspective. An example of this was the development of the Allergen Policy and ensuring that this had been pushed out in schools, children's homes, food businesses, etc.

AGREED that the information provided assurance that health and safety management arrangements were suitable and that plans to further strengthen those arrangements were sufficient.

24/112

COUNTER FRAUD ANNUAL REPORT 2024/25

A report of the Head of Internal Audit at Veritau was presented to Members, the purpose of which was to provide the Committee with a summary of counter fraud work undertaken in 2024/25.

There had been more fraud reported in 2024/25 than in previous years; the Counter Fraud Team had helped the Council achieve £150,000 in counter fraud savings in 2024/25. The team had received 129 referrals of suspected fraud during the year including reports from the public, Council employees, external agencies, and issues identified through proactive exercises. Twenty-five investigations were completed in 2024/25 with successful outcomes achieved in 80% of cases. There was also information provided in seven debtor tracing cases.

Middlesbrough Council had arrangements in place to ensure that there was a clear process for managing whistleblowing reports. Veritau helped to support the Council's whistleblowing process by keeping a log of any concerns raised through Veritau's whistleblowing hotline and email address, or when receiving notification that a report had been made internally. Four whistleblowing reports were logged by Veritau in 2024/25. All four were referred to Council officers to address; they related to alleged corruption, poor procedures, and working relationships.

Raising awareness of fraud amongst Council employees and the public was an important function of the Counter Fraud Team. Bespoke training was provided to employees working within the Revenues and Benefits and Adult Social Care departments in 2024/25. The Counter Fraud Team also produced a regular newsletter for employees working in Adult Social Care, which highlighted recent fraud activity detected locally and nationally.

Cybercrime was considered a high-risk area for the Council. Working with the Council's Communications Team, Veritau had helped raise awareness during Cyber Security Awareness Month in October 2024. Information about phishing, spear-phishing, and whaling was shared. Council employees were encouraged to exercise caution when opening attachments and clicking on links contained in emails. Employees were also made aware that cybercriminals could try to impersonate senior officers within the Council to pressure them to make payments. An assurance report was currently being drafted.

Members felt that it was important for Councillors to be informed of the dangers around cybercrime and provided with advice. It was noted that the information was available on the intranet and information was also shared via internal communications, which was sent to all Councillors.

A Member queried whether the increase in suspected fraud referrals was a cause for concern. In response, it was confirmed that since 2020/21, there had been a gradual increase in the number of referrals received each year; however, the numbers were not unusual for a Council of Middlesbrough's size. It was a positive step that people were reporting more.

NOTED

24/113

HEAD OF INTERNAL AUDIT - ANNUAL REPORT 2024/25 AND THE INTERNAL AUDIT CHARTER

A report of the Head of Internal Audit, Veritau, was presented to provide the Committee with a summary of internal audit work undertaken in 2024/2025, and to provide an opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control.

A copy of the Annual Internal Audit Report was attached at Appendix 1 of the submitted report, which included a summary of the work completed during the year, findings from recently issued audit reports, and the annual internal audit opinion. The overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating at the Council was that it provided reasonable assurance.

A Member queried whether the matter of VAT not being recorded or reclaimed when a procurement card was used continued to pose issue. It was confirmed that an audit of procurement cards had been finalised since the last report to the Committee and progress had been made, but there were still some outstanding issues. Some actions had been agreed; an update would be provided at a future Committee meeting.

The Committee heard that there was one significant action that had been outstanding for more than three months, which related to a Bereavement Services framework. The framework would include a strategy setting the direction for change and an action plan setting out how that change would be delivered. The Director of Environment and Community Services explained the context around the action and the reasons for the delay. Members were informed that Middlesbrough required more burial space, and the crematoriums only had around five years of operation remaining. The opening of Stockton Crematorium also meant that Middlesbrough's crematoriums were not as busy and therefore the number of furnaces would likely be reduced. In 2027, there would be changes to crematorium legislation; the Bereavement Services Strategic Plan would be finalised after that. However, the draft policy had been externally verified by experts.

The Head of Policy, Governance and Information added that work would be taking place with Committee Members over the next 12 months to track any actions that were outstanding for over three months. It was useful to hear directly from Directors or Officers and Members were reminded that they were able to bring Officers or members of LMT into the meetings to look at overdue audit actions.

A Member queried whether actions could be enforced. It was confirmed that colleagues from Environment and Commercial Services liaised with the Health and Safety Team on a monthly basis to review actions, access audit reports and set expectations, which challenged officers to complete outstanding actions.

In conclusion, it was confirmed that the Internal Audit Charter was largely unchanged, aside from some minor formatting changes.

NOTED

24/114 **WORK PROGRAMME (STANDARD ITEM)**

The Head of Policy, Governance and Information presented the draft Work Programme, which would be reviewed over summer against the new Terms of Reference. The Work Programme was subject to change and an updated version containing some LGA recommendations would be included in the reports pack for the next Audit Committee meeting, which would take place on 31 July 2025.

NOTED

24/115 **DATE AND TIME OF NEXT MEETING - 31 JULY 2025 AT 1.30 P.M.**

The arrangements for the next Audit Committee meeting were noted.

NOTED

24/116 **ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, MAY BE CONSIDERED.**

None.

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AUDIT COMMITTEE

A meeting of the Audit Committee was held on Thursday, 31 July 2025.

PRESENT: Councillors J Ewan (Chair), D Coupe (Vice-Chair), D Branson, B Hubbard and L Young.

ALSO IN ATTENDANCE: P Jeffrey (Veritau)
M Kirkham (Forvis Mazars)
B Scarr (Impact Change).

OFFICERS: C Benjamin, A Humble, R Johansson, S Lightwing and J Weston.

APOLOGIES FOR ABSENCE: Councillors M Nugent and G Wilson.

24/1 **WELCOME AND EVACUATION PROCEDURE**

The Chair welcomed all present to the meeting and read out the Building Evacuation Procedure.

24/2 **DECLARATIONS OF INTEREST**

There were no declarations of interest received at this point in the meeting.

24/3 **WORK PROGRAMME (STANDARD ITEM)**

Members reviewed the Audit Committee Draft Work Programme 2025/2026.

AGREED that the following amendments were made:

11 December:

- Letter of Representation on the Accounts from the Director of Finance – (move to committee date 19 February 2026).

19 February:

- Forvis Mazars Auditors Annual Report 2023/2024 – (change dates to 2024/2025)
- Forvis Mazars Audit Completion Report 2023/2024 – (change dates to 2024/2025)
- Final Statement of Accounts 2024/2025 (could be a special meeting depending on capacity and timescales to happen around 20 February 2025) – (change to 20 February 2026).

16 April:

- Veritau Internal Audit Work Program 2026/2027 – (bring forward to Committee date 19 February 2026)
- Veritau Counter Fraud Plan 2026/2027 – (bring forward to Committee date 19 February 2026 with the lead/author being J Dodsworth).

24/4 **REVIEW OF THE EFFECTIVENESS OF AUDIT COMMITTEE - FINAL REPORT, RECOMMENDATIONS AND NEXT STEPS**

A report from the Director of Legal and Governance Services was presented, the purpose of which was to submit proposed decisions in relation to the review that was carried out in the effectiveness of the Audit Committee.

The Local Government Association Financial Improvement and Sustainability Advisor carried out this review and presented the report.

During the consideration of the report, the following points were raised:

- Publishing an annual report to the full Council and having feedback raised to the Audit Committee.

- Carrying out an Effectiveness Assessment - it was suggested that a swap with another Council could be arranged, rather than it being a formally commissioned process.
- Members to set time aside, thirty minutes before meetings, to speak with internal and external auditors, without the presence of Officers. It was agreed that a discussion pre meeting would need to be held away from the actual committee meeting room.
- Stopping or Limiting Members Substitution - the review found that substitutions are rarely used and although the system works well it was suggested that substitutions needed to be limited and best practice was not to have them at all.
- Members preference was to have a limitation and a pool of audit committee trained members for this purpose. A Member raised that there needs to be more training in this area, rather than just the one-hour compulsory training per year.
- Appointing two Independent Members to the Audit Committee, with remuneration at an appropriate level. This review highlighted that most Councils have this, and it is best practice. Concerns were raised regarding the cost of the remuneration which was potentially £5,000 to £7,000 per year. The advantages of this were discussed, such as having specific individuals who can bring a specialist accounting skill set to the committee, but Members would like to see how this works in other Councils and what value this has added. The External Auditor spoke about this being a compliance point as the English Devolution Bill stated a requirement of one Independent Member to be part of the committee. Advice was given that the standard is a minimum of two Independent Members, as best practice and there will need to be good enough reasons for not implementing this and to also consider external scrutiny.
- A training needs analysis and a training plan was recommended for each Audit Committee Member, covering all CIPFA best practices, risk, governance and control. This training needed to be for substitute members also. It was mentioned that this kind of training had been offered before, but there was low take up from Members. Members discussed that they each had different skills sets and that some of the training was not needed for everyone. The review highlighted individual training needs analysis should be carried out per member. A Councillor, who was in attendance as an observer in the public gallery, stated that he could not attend the substitute training for Audit Committee as he had other Council commitments during the time that the training was taking place. It was suggested that training times and dates need to be more flexible and have more options to attend. A discussion took place about having an external body to implement and deliver training, for a more standardised approach. The Local Government Association had been used to deliver training in the past and it was suggested that this can be investigated again.
- Members approved all three recommendations in principle. The next steps are to prioritise each recommendation and to investigate the options that have been referred to.

AGREED as follows that the Audit Committee approved:

1. The recommendations of the Local Government Financial Improvement and Sustainability Advisor as set out at Appendix 1 of this report in principle.
2. That the Chair, Director of Legal and Governance and the Director of Finance draft a response to the recommendations for consideration by Committee Members and that agreed responses were reflected in the first Annual report of the Committee as per the engagement timetable set out in the submitted report at Paragraph 3.6.
3. Thanks to the Local Government Financial Improvement and Sustainability Advisor for his timely work in providing a framework against which the Committee could plan a series of improvements to its effectiveness.

24/5

ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, MAY BE CONSIDERED.

None.

MIDDLESBROUGH COUNCIL

Report of:	Director of Legal and Governance Services, Charlotte Benjamin
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Submitted to:	Audit Committee
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Date:	25 September 2025
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Title:	Annual Complaints Report 2024-2025
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Report for:	Discussion
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Status:	Public
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Council Plan priority:	Delivering Best Value
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Proposed decision(s)

That the Committee:

- **NOTES** the complaints statistics and trends, the outcomes and lessons learned from these
- **NOTES** the planned actions to further strengthen the management of complaints over the next 12 months
- **CONSIDERS** whether it has sufficient information to be assured that the Council's approach to managing complaints is robust.

Executive summary

To present an annual complaints report covering the period from April 2024 to March 2025. The report sets out an overview on the Council's complaints process covering complaints statistics and trends, the outcomes, how the Council continues to learn from complaints, how the Council has worked towards the goals set within the previous annual report and planned actions to further strengthen the management of complaints during 2025/26.

The report also outlines the governance in place to ensure complaints are managed in line with good practice and the expectations of the Local Government and Social Care Ombudsman (LGSCO), including details from the annual review of Local Authority Complaints recently issued by the LGSCO.

1. Purpose

- 1.1 The purpose of this report is to provide the Committee with information about how the Council is managing complaints made by local people, summarising complaints and compliments received from April 2024 to March 2025, alongside their outcomes and to show how the Council continues to learn from complaints and strengthen the managements complaints process.

2. Recommendations

2.1 That the Committee:

- **NOTES** the complaints statistics and trends, the outcomes and lessons learned from these
- **NOTES** the planned actions to further strengthen the management of complaints over the next 12 months
- **CONSIDERS** whether it has sufficient information to be assured that the Council's approach to managing complaints is robust.

3 Background and relevant information

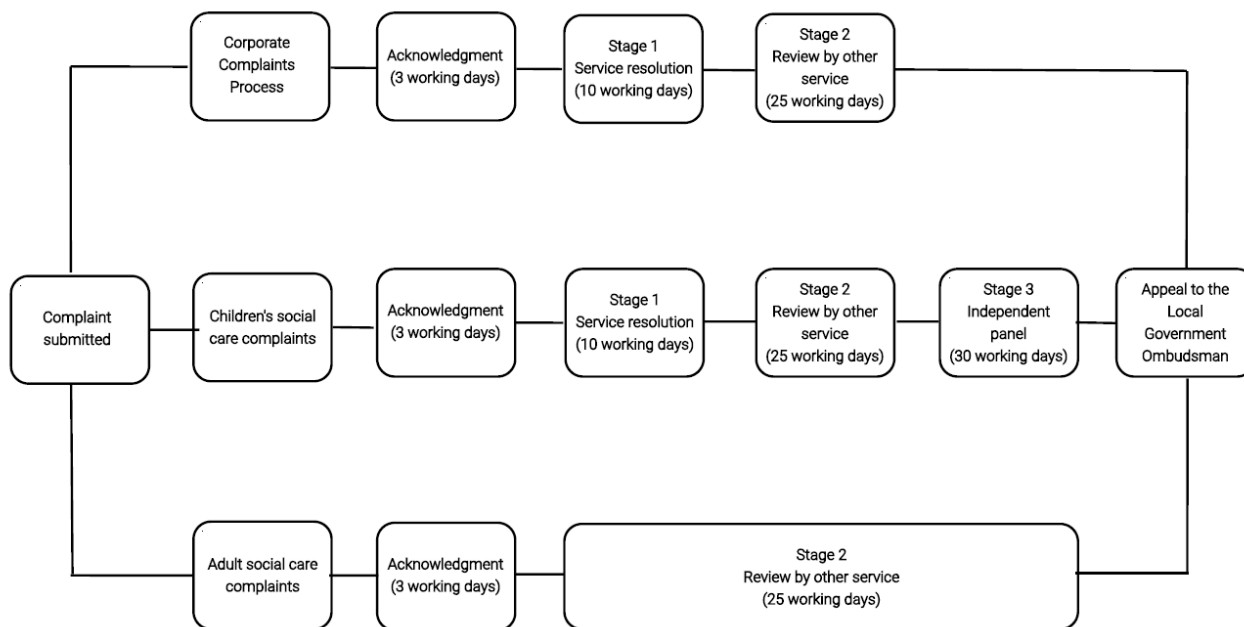
- 3.1 Monitoring of complaints and embedding lessons learned from them supports the Council's commitment to a principle of continuous improvement and the achievement of compliance with the Best Value Duty. The Council analyses complaints and compliments received to ensure it learns lessons from both.
- 3.2 Services that are most frequently accessed by households—such as Environmental Services and Revenues and Benefits generate a higher number of complaints. However, areas related to the provision of care receive fewer complaints but can often involve more complex issues that require detailed investigations.

What is a Complaint?

- 3.3 A complaint is an expression of dissatisfaction or disquiet about the actions, decisions, or apparent failings of a local authority's service provision, and/or a decision the Council has made.

Complaints policy and procedures

3.4 The Council is required to operate three distinct complaints procedures:



3.5 Where a complainant remains dissatisfied, they can refer the complaint to the LGSCO for review and possible investigation (with this determined by the LGSCO itself).

3.6 Some complaints and appeals are addressed through separate procedures, including:

- a complaint about a school;
- a complaint about councillor misconduct;
- a complaint about staff misconduct;
- whistleblowing;
- a potential insurance claim;
- a potential data protection breach;
- an appeal against a parking penalty charge notice;
- an appeal relating to request for information;
- an appeal against refusal of planning permission; and
- an appeal about school admission or exclusion.

3.7 As set out within the [Council Plan 2024-2027](#) the Council is committed to improving resident satisfaction with its services and welcomes customer feedback, and to help the corporate complaints team to identify areas of good practice and address problems for customers. This report shows how the Council continues to increase the volume of customer feedback about services, how we are responding to complaints, and how the Council is committed to learning from these to improve performance.

Compliments

- 3.8 The Council's central team captures compliments that are submitted to the Council. From the period April 2024 to March 2025, the central team received 60 compliments given to the Central Complaints team, which is a significant decrease on the 109 recorded for 2023-2024.

Complaints Data and Trends

- 3.9 The total number of complaints received represents only a small proportion of the services delivered by the council over the year. The LGSCO advises that the number of complaints and trends are in themselves no indication of organisational health or of the performance of individual services but that a high number of complaints can be a sign of an open, learning organisation, as well as sometimes being an early warning of wider problems. Conversely, a low number of complaints can be a sign that an organisation is not open or responsive to user feedback.
- 3.10 As such, the Council does not set targets around the number of complaints it receives but instead tracks the percentage that are upheld. The Council tracks performance against how quickly we respond to complaints in line with statutory and Local Government Social Care Ombudsman guidance so that we can respond as efficiently as possible with effective resolutions for residents.
- 3.11 This report provides a summary of all corporate and statutory complaints covering 1 April 2024 – 31 March 2025. Appendix 1 sets out the data for this period and covers:
- Overall volumes of complaints and outcomes
 - the numbers that were escalated to the LGSCO
 - the volumes and outcome of complaints by department
 - the percentage of complaints that were responded to in time by each department
 - Tees Valley local authority comparative performance in relation to complaints.
- 3.12 The data shows that while there has been a significant decrease in the total number of complaints received by the Council in 2024/25, there was an increase in the percentage upheld after initial investigation. This rose from 55.3% (2023/2024) to 63.4% (2024/2025). Most cases are upheld due to services failing to respond in time.

Children's statutory complaints

- 3.13 There has been a slight decrease in the number of complaints in relation to Children's Services which has seen decreases from 167 in (2023/24) to a reduced 100 for (2024/25).
- 3.14 Over the last year, we have monitored complaints and identified recurring themes which include delays in carrying out agreed actions (such as Looked After Children passport applications), unclear policies, delays in alternative school provision, insufficient support for foster carers, and poor communication. While the original complaint issues were not always upheld, the Local Government Ombudsman found fault with our complaint handling, particularly around delays and lack of updates and communication. As a result, we have issued formal apologies, made financial

payments in recognition of distress caused, and have been asked to evidence service improvements and review relevant policies.

- 3.15 Whilst the volume has decreased, the percentage upheld locally has risen for the first time after three years, although this remains lower than many other areas. This reflects improvements in practice that have been delivered by the Children's Services improvement journey.

Adults statutory complaints

- 3.16 Adults statutory complaints numbers have risen from 29 in 2023/24 to 46 in 2024/25. This increase is as a result of increased focus on reviewing packages of care within service, with individuals complaining about a change in service provision.
- 3.17 There was again a positive direction of travel in the percentage of upheld and partially upheld complaints, which decreased from 48.3% in 2023/24 to 39.1% in 2024/25. Of those upheld only 24% (11 complaints) were fully upheld. The remaining 15.1% (5 complaints) were only partially upheld due to fault by the Council.
- 3.18 One complaint was partially upheld as it was investigated under the ASC process and involved multiple issues. The upheld element related to difficulties experienced when submitting a Subject Access Request, this element of the complaint was upheld.
- 3.19 Other complaints were partially upheld due to:
- Inaccuracies in a conversation record, which led to the removal of certain elements of direct funding (since reinstated).
 - Poor quality of assessment forms.
 - Lack of email response from a team manager.
 - An assessment that led to the removal of funding, later reinstated due to a previously unrecognised change in circumstances.
 - Incorrect advice given, which resulted in the complainant incurring unnecessary costs.

Directorate performance

- 3.20 Appendix 1 sets out a breakdown of complaints by category. The categories are set by the LGSCO and give a deeper indication of the types of complaints the Council receives. In both years, the highest number of complaints by volume relate to Environment and Regulation services. This section sets out more detail around the themes, excluding the statutory processes as the categories around these have been set out above.

Environment

- 3.21 During 2024/2025, the Directorate implemented a significant change in service delivery. This included the introduction of a charge for green waste collections and the transition from weekly to fortnightly general refuse collections. These changes affected all 61,600 households in Middlesbrough (figure based on the 2021 Census data). As part of the process, the Directorate engaged with each household to determine the appropriate size of refuse bin based on household occupancy. Additionally, households

that did not qualify for a larger bin were given the option to purchase one if required. These changes led to an increase in resident contact and complaints. As a result, the service introduced a dedicated resource to manage enquiries and qualifying complaints to the central complaints team have seen a steady decline. Additionally, the Directorate experienced IT issues with the in-cab communication system and the online refuse collection calendars. These issues caused some temporary confusion, resulting in a further rise in contact and complaints.

- 3.22 Communication regarding the new collection arrangements, both online and direct, was well received by residents. Regular updates were posted on the Council's website, including revised bin delivery schedules and collection dates, which helped reduce confusion among households. To support residents, the Directorate introduced a payment plan option for those in receipt of benefits, making it easier for them to access the garden waste collection service.
- 3.23 The Council has continued to receive contact and complaints regarding grass cutting and general green space maintenance, primarily due to concerns about the frequency of the service. The majority of these complaints have been upheld, largely because of delays in responding to them in a timely manner, again due to limited staff availability. The reduced frequency of grass cutting reflects the impact of earlier decisions to scale back the service following previous budget reductions.

Highways

- 3.24 Potholes and road repairs complaints continue to remain high although have decreased from the previous year.
- 3.25 Road closures along Marton Road increased the volume of complaints due to the timing of the closures which were from 7pm. This overlapped with peak traffic times due to visiting and staff shifts finishing between 8pm and 9pm at James Cook Hospital. This caused much frustration to residents as access in and out of the local estate was severely disrupted and visitors and staff at the hospital were delayed getting onto and off the James Cook site.
- 3.26 Due to the residential area works needed to cease by midnight, starting later than 7pm would have increased delay on the overall closure period. Provision for alternative routes both in and out of the site made significant improvements to traffic flow for staff and visitors once they used the signposted routes which by the second evening of closures had increased.

Benefits & Council Tax

- 3.27 The increase in Council Tax charges has led to a rise in contact and complaints from residents. The service area continues to manage these service requests through dedicated phone lines. A web form is also available for residents to submit their request for a service. When a qualifying complaint is received, it is forwarded to the designated Officer to determine whether it can be resolved informally or through early resolution processes.

Corporate and other

- 3.28 Corporate and other complaints continue to be received under this category, trend information indicates most complaints related to parking issues, staff behaviour, issues at cemeteries and crematorium, bus station and parks, these types of complaints remain relatively high as a percentage of the overall complaints received.

Timeliness of complaints handling

- 3.29 While overall compliance with this measure has increased year on year, a breakdown of complaints timeliness by complaint theme demonstrates that performance is variable across the Council. While over 82% of complaints in relation to Environmental Issues are responded to in time, only 28.2% for Education & Childrens complaints were responded to in time.

Local Government and Social Care Ombudsman (LGSCO) complaints

- 3.30 The Local Government and Social Care Ombudsman (LGSCO) is the Council's regulator. Some complainants remain dissatisfied after exhausting local complaints procedures and will escalate their cases to the LGSCO to seek independent investigation.
- 3.31 Case data figures are set out in Appendix 1. The LGSCO publishes annual reports for each local authority on its website: <https://www.lgo.org.uk/your-councils-performance/middlesbrough-borough-council/annualletters/>.
- 3.32 The LGSCO also publishes redacted copies of upheld decisions and service improvements agreed by the Council.
- 3.33 Where applicable, the council will pay remuneration as a result of the following categories that the LGSCO use:
- lost time and trouble
 - distress
 - goodwill
 - uncertainty
 - injustice
 - a refund, reimbursement, or
 - offset/waving of arrears.
- 3.34 During 2024/25, the Council had six judgements made against it by the LGSCO which required payment to be made to the complainants.

Fostering

The Council failed to follow policy, failing to record a discussion with the Local Authority Designated Officer (LADO), who is responsible for considering allegations made about adults who work with children. The Ombudsman also judged that the delay in responding to a request for a stage two complaint investigation was unreasonably long. This occurred as a result of staff departures in the service which impacted upon the investigation. The Council apologised and made a payment in recognition of the

injustice and agreed to remind fostering staff of procedures when liaising with the LADO.

Child Protection / Fostering Policy

The complainant was unsure who was responsible for providing updates during an investigation. The Council's policy did not clearly define this which led to confusion. As a result, the Council reviewed its 'Tees Safeguarding Children Partnership procedures' to ensure it clearly defines roles and responsibilities towards the person who works with or cares for children who is subject to an investigation about an allegation made against them.

Statutory Complaints Process

A complainant raised concerns about the Council failing to deal with a complaint under the statutory children's complaints procedure. This was not fully investigated by the LGSO as the Council resolved the matter by offering a proportionate remedy.

Special Educational Needs (SEN) Complaint

A parent complained that the Council failed to deliver the education provision in her child's Education, Health and Care Plan (EHCP) and ignored multiple complaints submitted to the department. The Ombudsman found that Council did not follow its corporate complaints policy, failed to acknowledge or escalate her complaints properly, and delayed responses for almost a year. A payment of £7,200 was made to the child. An additional payment of £300 was made in recognition of the distress caused by the fault in failing to arrange provision and for failing to consider the complaint.

As a result of learning from this complaint, the service and all other service areas were contacted to raise awareness of the Council's Complaints Policy and the need to adhere to it.

Looked After Child (LAC) Complaint – Delayed Response

There was a delay of 12 weeks in handling a stage two complaint under the children's statutory process, for which the Council made a small payment of £200 to recognise the injustice caused.

Looked After Child (LAC) Complaint – Immigration Status

A young person arrived in the UK and two years later, became a looked-after child and was placed in foster care. During this time there were failings in relation to the progression of the young person's immigration status. As a result, the young person was unable to access public funds, including financial support for education and student finance. The young person is now classed as an overseas student and is therefore charged as an overseas visitor for education. The Council paid £2,200 in response to this complaint.

Themes, improvement actions and lessons to be learned

- 3.35 The Council continues to maintain a lessons learned log to ensure lessons are learned from any investigations, whether the complaint is upheld or not, as well as LGSCO investigations. Relevant examples are detailed in the report above. Learning is shared across the organisation where wider lessons can be learned from an issue. The Council received complaints which have highlighted areas for service improvement. The themes around these complaints are around delays in communication, service delivery and updates. Unclear policies and lack of communication and updates when dealing with complaints which has left service users feeling unsupported.
- 3.36 Following an investigation into a Children's Services complaint regarding a young person's immigration status, the Local Government and Social Care Ombudsman (LGSO) issued a series of recommendations, all of which have now been fully implemented. A comprehensive Lessons Learned report was also produced and circulated to the Director of Children's Services.

Planned actions for 2025/26

- 3.37 The Council is currently in the process of implementing a new complaints management system, which is expected to increase automation and improve the speed and ease the management of complaints.
- 3.38 The Council has also implemented a previously delayed action from 2023, which involves requesting complainants to complete a satisfaction questionnaire upon receipt of their complaint response. This aims to identify further opportunities to improve service delivery and complaint-handling practices.

Action Identified	Action Owner	Action Date Due	Status
Mandatory LGSO complaints training for Children's Services Management.	Children's Services Director	July 2025	Completed initially however also ongoing sessions needed, reflecting senior management staff turnover
Implementation of new complaints system with automatic communication saving for improved record keeping.	Complaint Manager	November 2025	On track
Additional team member for Complaints/SAR team to provide increased support to service areas	Complaints Manager	September 2025	Complete
Improved triage process to ensure appropriate logging and signposting upon complaint receipt.	Complaints Team	June 2025	Complete
Increased contact time to support service areas with issues and responses.	Complaint Manager	September 2025	On track

Lessons learnt tracking within new system	Complaints Team	November 2025	On track
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4. Other potential alternative(s) and why these have not been recommended

- 4.1 The report provides the committee with assurance that the Council has an effective approach to complaints management that complies with the expectations of the Local Government and Social Care Ombudsman (LGSCO).

5. Impact(s) of the recommended decision(s)

Topic	Impact
Financial (including procurement and Social Value)	It is anticipated that all activity set out in this report is achievable within existing and planned budgets. By effectively learning the lessons that need to be taken from past complaints management, the Council will continue to minimise costs going forward as well as improving outcomes for its residents
Legal	The processes and planned actions within the report are consistent with and will promote the achievement of the Council's legal duty to achieve Best Value.
Risk	Current and planned activity is consistent with the direction of travel set out in the Council Plan and so is aligned with the Council's Policy Framework. Effective management of complaints mitigates reputational and financial risks to the Council and mitigates the strategic risk of failing to embed cultural change within the Council.
Human Rights, Public Sector Equality Duty and Community Cohesion	There will be no negative, differential impact on diverse groups and communities within Middlesbrough arising from this report. Continued improvements, including strengthening the Council's approach to learning lessons from complaints is likely to be of potential benefit to all protected characteristics.
Reducing Poverty	There is no impact associated with the proposed policy within this area.
Climate Change / Environmental	There are no climate or environmental impacts associated with this report.
Children and Young People Cared for by the Authority and Care Leavers	There are no direct implications arising from this, our Complaints process continues to support the rights of these individuals.
Data Protection	Our Complaints policy aims to protect individual rights in accordance with the legislation in relation to their protected characteristics, this report has no direct impact.

Appendices

1	Complaints Statistics
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Background papers

Body	Report title	Date
Corporate Affairs and Audit Committee	Annual Complaints Report 2021 - 2023	15 August 2023
Audit Committee	Annual Complaints and Compliments report 2023/24	22 August 2024

Contact: Leanne Hamer, Governance and Information Manager
Email: leanne_hamer@middlesbrough.gov.uk

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Appendix 1**Complaints volume and outcomes**

Procedure	2021/22		2022/23		2023/24		2024/25	
	Complaints	% upheld / partially upheld	Complaints	% upheld / partially upheld	Complaints	% upheld / partially upheld	Complaints	% upheld / partially upheld
Corporate	920	60.2%	1,087	51.9%	1,678	57.0%	1,229	67.4%
Children's	108	40.7%	157	40.1%	167	44.3%	100	55.7%
ASC / Public Health	32	62.5%	31	51.6%	29	48.3%	46	47.4%
Totals	1,060	58.4%	1,275	50.5%	1,889	55.3%	1,378	66.0%

Complaints investigated by the Local Government and Social Care Ombudsman (LGSCO)

Year	Incomplete or Invalid	Advice given	Referred back for local resolution	Closed after initial enquiries	Not Upheld	Upheld	Total	Number of open cases with LGSCO at this time
2020/21	2	0	9	17	4	3	35	0
2021/22	0	0	0	12	3	9	24	0
2022/23	0	0	3	28	0	5	37	1
2023/24	0	0	0	26	2	3	31	0
2024/25	17	0	0	18	0	6	41	2

Volume & Outcomes of Complaints by Directorate

Category	2021/22		2022/23		2023/24		2024/25	
	Complaints	% upheld / partially upheld	Complaints	% upheld / partially upheld	Complaints	% upheld / partially upheld	Complaints	% upheld / partially upheld
Environment and Regulation	566	67%	574	59.4%	1,099	68.1%	848	78.4%
Benefits and Tax	84	52.4%	164	45.7%	188	30.3%	150	27.2%
Education and Children's	136	38.2%	176	44.6%	216	41.2%	110	55.7%
Corporate and other	139	45.3%	168	37.5%	144	30.6%	75	47.1%
Highways and Transport	95	61%	144	48.6%	141	50.4%	94	63.3%
Adult Social Care	32	66.7%	35	48.6%	39	51.3%	55	47.7%
Planning and Development	5	40%	14	35.7%	13	38.5%	15	11.1%
Public Health	3	0%	3	33.3	2	0.00%	2	0.0%
Totals	1060	58.4%	1283	50.2%	1,889	55.7%	1,378	66.0%

Timeliness of complaints management by department¹

Category	2021/22		2022/23		2023/24		2024/25	
	Complaints	% closed in time	Complaints	% closed in time	Complaints	% closed in time	Complaints	% closed in time
Environment and Regulation	566	88%	574	95.3%	1,099	85.7%	848	84.1%
Benefits and Tax	84	96.4%	164	96.3%	188	92.0%	150	70.7%
Education and Children's	136	33%	176	27.1%	216	37.5%	110	29.2%
Corporate and other	139	67.6%	168	65.5%	144	74.3%	75	68.6%
Highways and Transport	95	54%	144	79.9%	141	80.1%	94	58.9%
Adult Social Care	32	71.9%	35	67.6%	39	79.5%	55	70.5%
Planning and Development	5	40%	14	64.5%	13	84.6%	15	44.4%
Public Health	3	100%	3	66.7%	2	50.0%	2	100%
Totals	1060	78.1%	1278	79.5%²	1,889	78.7%	1,378	74.2%

Comparisons to Tees Valley Neighbours²

Local authority	2022/23		2023/24		2024/25	
	Complaints to LGSCO	Investigations	Complaints to LGSCO	Investigations	Complaints to LGSCO	Investigations
Middlesbrough	33	9	31	5	41	6
Darlington	21	8	24	9	23	6
Hartlepool	12	2	11	2	26	4
Redcar and Cleveland	18	11	14	4	36	5
Stockton-on-Tees	21	10	35	13	30	8

¹ Timescales vary. Paragraph 8 of the report sets out the various timescales that apply to children's adults and corporate complaints. The complaints received relate to the top 8 categories of complaint type, not all the complaints categories. As such they do not necessarily match to the totals, the percentages are for each category.

² Please note figure will move during the year as some complaints from 2023/24 are still open.

MIDDLESBROUGH COUNCIL

Report of:	Director of Finance (Section 151 Officer) and the Director of Legal and Governance Services (Monitoring Officer)
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Submitted to:	Audit Committee
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Date:	25 September 2025
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Title:	First Annual Report of the Audit Committee
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Report for:	Decision
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Status:	Public
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Council Plan priority:	Delivering Best Value
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Proposed decision(s)

That the Audit Committee:

- **APPROVES** the content of the first Annual Report of the Audit Committee as set out at Appendix 1
- **APPROVES** the proposed response to the recommendations arising from the review of the Audit Committee's effectiveness as set out within the Annual Report at Appendix 1.

Executive summary

This report sets out the first Annual Report of the Committee which will be submitted for feedback to Full Council in October. This covers the range of work undertaken over the period under review, the key issues identified and discussed, and a summary of the recommendations from the effectiveness review undertaken by the Local Government Association.

1. Purpose

1.1 The purpose of this report is to:

- present the first Annual Report of the Audit Committee for consideration; and
- present the proposed response to the Review of Effectiveness recommendations which were accepted in principle at the Audit Committee meeting on 31 July 2025.

2. Recommendations

2.1 That the Audit Committee:

- **APPROVES** the content of the first Annual Report of the Audit Committee as set out at Appendix 1
- **APPROVES** the proposed response to the recommendations arising from the review of the Audit Committee's effectiveness as set out within the Annual Report at Appendix 1.

3. Background and relevant information

- 3.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) is a professional body and membership organisation that focusses on public finance, primarily in the UK, and it sets out recommended good practice for the public sector in relation to financial management.
- 3.2 In 2022 CIPFA produced a position statement and supporting guidance, setting out its view on the purpose, model, core functions and expected membership of Audit Committees.
- 3.3 Production of an Annual Report and consideration of it by Full Council is one of the recommended actions of an Audit Committee, as set out in that 2022 statement. It recommends that Audit Committees should 'report annually on how the Committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance. The report should also be available to the public'.
- 3.4 The first draft Annual Report of this Committee, set out at Appendix 1 sets out:
- The current level of compliance with the CIPFA position statement on Audit Committees (2022)
 - The results of the first annual review of effectiveness of the Audit Committee which has been completed recently
 - Work undertaken to improve compliance and a planned improvement programme for the Committee
 - Delivery of activity against the Committee's Terms of Reference
 - Key issues escalated and /or progressed in the last 12 months.
- 3.5 Members of the Committee are asked to consider whether the report reflects their work between October 2024 and September 2025.
- 3.6 The Committee are also asked to agree the proposed response to the review of the effectiveness of the Audit Committee which was accepted in principle by the Committee in July.
- 3.7 The finalised report will be presented at Full Council by the Chair of this Committee.

4. Other potential alternative(s) and why these have not been recommended

4.1 The Committee could ask for amendments to the content of the report and the proposed recommendations. This report is the report of the Committee and therefore for the Committee to own. The report was produced following analysis of the Committee minutes and engagement with the Chair and wider Committee.

5. Impact(s) of the recommended decision(s)

Topic	Impact
Financial (including procurement and Social Value)	There were no costs directly associated with the delivery of the responses to the recommendations within the Annual Report. Some of the activity is reliant on delivery of increased capacity within the Finance team but this has been previously agreed by Full Council as part of the 2025/26 budget setting process.
Legal	Completion of Annual Report gives the Committee the opportunity to provide Full Council with an overview of its role and its delivery against its legal and good practice obligations. The response plan within the Annual Report identifies areas to be strengthened that will improve assurance in relation to compliance with legal duties.
Risk	The Annual Report sets out action to strengthen the Committee's role in relation to risk management, therefore it will positively impact on the Council's approach to risk management.
Human Rights, Public Sector Equality Duty and Community Cohesion	There are no specific impacts or implications directly arising from this report; however, an effective Audit Committee function will support the Council to ensure its practice, policies and decision making are legally compliant, thus ensuring positive impacts on these areas.
Reducing poverty	
Climate Change / Environmental	
Children and Young People Cared for by the Authority and Care Leavers	
Data Protection	

Appendices

1	Draft Audit Committee Annual Report
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Background papers

Body	Report title	Date
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Audit Committee	Audit Committee Review of Effectiveness	13 March 2025
Audit Committee	Review of the Effectiveness of Audit Committee – Final Report, Recommendations and Next Steps	31 July 2025

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APPENDIX 1

DRAFT Audit Committee Annual Report April 2024 – August 2025

Introduction

The Chartered Institute of Public Finance and Accountancy (CIPFA) provides resources for audit committees of local authorities to help support good governance, strong financial management, and effective internal and external audit.

CIPFA issues position statements which set out the principles that CIPFA recommend audit committees should follow as best practice, supported by additional practical guidance (last updated in October 2022).

Over the summer of 2025, the Council's Audit Committee engaged external expertise through the Local Government Association (LGA) to complete an assessment of its effectiveness. The findings of that work are set out in this report, along with a planned programme of activity to strengthen arrangements.

The CIPFA guidance recommends that the Audit Committee should be regularly held to account by those charged with governance, which in Middlesbrough Council is Full Council ultimately. This Annual Report provides the information necessary for Full Council to undertake this action within the following structure:

- An overview of the Committee and its work
- Delivery of activity against the Committee's Terms of Reference
- The current level of compliance with the CIPFA position statement on Audit Committees (2022)
- The results of the annual review of effectiveness of the Audit Committee which has been completed recently
- Work undertaken to improve compliance and a planned improvement programme for the Committee
- Areas of concern identified by the Audit Committee during the period of the report and action taken.

Committee Membership

At the time of reporting, the Committee had seven places with the following membership:

- Councillor Ewan (Chair)
- Councillor Coupe (Vice-Chair)
- Councillor Branson
- Councillor Hubbard
- Councillor Nugent
- Councillor Wilson
- Councillor L Young.

Executive Members and the Mayor are restricted from being members of this Committee under statutory regulation and the Council's Constitution.

The Committee does not currently include active co-opted Independent persons, however provision for this is made within the terms of reference (without voting rights) agreed by Full Council in May 2025. An attempt to recruit an independent member was conducted in late 2022 but was not successful.

It is recommended within the CIPFA 2022 position statement that it should consider appointing at least two co-opted independent persons. Action will be undertaken during 2025/26 to review the current approach and undertake a further recruitment campaign as necessary.

Attendance

During the period of reporting, Members of the Committee attended as follows (grey marking identify where a Councillor was not a member of the Committee on that date):

Member	3/10/24	5/12/24	12/12/24	6/2/25	20/2/25	13/3/25	17/4/25	10/7/25	24/7/25	31/7/25
Cllr J Ewan	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Cllr B Hubbard	Y	Y	Y	Y	Y	N	N	Y	Y	Y
Cllr I Blades	Y	Y	Y	Y	Y	Y	Y			
Cllr D Branson	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Cllr D Coupe	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Cllr G Wilson	Y	Y	Y	Y	Y	Y	Y	Y	Y	N
Cllr L Young	Y	Y	Y	Y	Y	Y	Y	Y	N	Y
Cllr L Lewis								Y	N	

Key	Meaning
Y	Attended
N	Did not attend
	Not a member of the Committee for this meeting

Councillor Morrish attended the Committee as substitute for Councillor Hubbard on 13/3/25 and 17/4/25. Councillor Kabuye attended as a substitute for Councillor Young on 24/7/25.

Summary of Committee key business conducted

The Committee met eleven times during the reporting period from October 2024 to the beginning of September 2025, this included additional meetings to those identified at the Council's Annual General Meeting to ensure the Committee was able to consider all the necessary business required.

The sections below highlight some of the key activities the Committee completed.

Corporate Governance

In April 2025 the Committee considered an update on the Council's Constitution and a proposed draft term of reference following a request from the Committee that the previous terms of reference were amended to match the CIPFA model terms of reference for Local Authority Audit Committees.

During the period the Committee considered a series of reports that provided a deeper dive on the internal control arrangements in place for a range of corporate governance disciplines. Reports considered included:

- Health and Safety
- The report of the Senior Information Risk Owner setting out Information Governance arrangements
- Risk Management annual assurance report
- Decision-making
- Business Continuity
- HR and organisational development
- Procurement
- Complaints and compliments
- Programme and Project Management Framework
- Partnership Governance.

Risk management

In addition to the annual assurance report on risk, the Committee considered a 6-monthly update on the content of the Council's Strategic Risk Register. As a result of those reports, Members sought additional assurance in relation to the following:

Ref	Risk	Assurance Sought
Strategic Risk 15	If Communities feel disconnected and that they do not live in a safe and resilient environment that promotes the best outcomes for citizens of the town. This could lead to local flashpoints which would be damaging to community relations, the reputation and image of a multicultural Middlesbrough.	<p>Additional assurance was sought on the deliverability of the planned mitigating actions.</p> <p>Additional assurance was sought from service leads that well publicised issues in relation to the PREVENT programme had been addressed nationally.</p> <p>More information was requested and provided to the Committee on the practical steps that would be taken in relation to the practical actions needed to deliver the planned action to repair relationships and engagement between local communities.</p>
Strategic Risk 10	If the Council's ambitions for town centre regeneration or the wider financial sustainability of the organisation are	The Committee asked if the Council's risks in relation to the Tees Valley Combined Authority were reflected within its Risk Registers, they

Ref	Risk	Assurance Sought
	negatively impacted by the establishment of a Mayoral Development Corporation (MDC), this could potentially result in a lack of investment in the town, reduction in the Council's business rates income, loss of commercial income and reduction in asset holdings affecting the Council's financial viability. Reputational damage is also possible through the incorrect discharge of responsibilities such as town planning or business rate relief.	were advised that a review of the risks was underway by the Leadership Team risk owners and would be reflected in future reporting.
Strategic risk 2	The risk that demand and cost of and children's social care continues to escalate on the scale experienced, is the single biggest risk to the Council's financial viability. More financially sustainable solutions for meeting social care needs of children need to be secured with urgency to ensure delivery within the approved budget.	Members asked for information on the rigour around the management of cases and volumes and were provided with information on the oversight arrangements that are in place, along with the detailed data analytics models that are currently being developed.
Strategic risk 9	If the Council's Corporate Governance arrangements are not fit for purpose and appropriate action is not taken to rectify this at pace, this could result in censure from the Council's auditors within a public interest report that would damage the Council's reputation and/or in government formal intervention including removal of powers from officers and members and direction of council spend.	Members asked for assurance that they would have sight of the final report that would be produced by one of the future mitigations once completed. Members were advised that the final report, which was the Local Government Association Corporate Peer Challenge would be published and shared with all members, before being formally considered by Full Council.

The Committee asked, and received, additional information on the Council's approach to emergency planning, which is a risk documented and managed within the Environment Services Directorate Risk Register.

The Committee's September 2025 meeting is scheduled to consider a presentation on the recently escalated risk in relation to the Dedicated Schools Grant which is a risk facing nearly all councils.

The Committee's September 2025 meeting is also to consider a presentation on the level of reserves held by the Council and how these compare to others. The low level of reserves was one of the reasons why the Council faced recent government intervention and these need to increase over the medium term for the Council to ensure it is financially sustainable.

Over the next 12 months the Committee plans to have strategic risks and their management presented to them by the Leadership Team Officer responsible for their management to increase the assurance the Committee receives in relation to the effectiveness of the Council's Risk Management arrangements.

Finance

As a result of the Audit backlog, the Committee's workload was increased as it had to manage reporting from two sets of External Auditors as the incoming Auditors could not commence work until the previous External Auditors had finished their audits on the 2021/22 and 2022/23 accounts.

This increased the work of the Committee significantly. An additional complicating factor is that because Middlesbrough Council administers the Teesside Pension Fund, and the accounts of that body were also affected by the audit backlog, the Committee also received all reports in relation to that. The Council now has disclaimed audit opinions for three financial years. The Committee has been briefed on and discussed the implications of this and how assurance will be re-built on external financial reporting in the coming years.

In addition to the above, the Committee considered annual, mid-year and outturn reports on the strategic approach the Council takes in relation to borrowing, investments cash-flow and capital financing. Due to the levels of debt and risk involved in these transactions, the Audit Committee undertakes the scrutiny role on treasury management, rather than the Overview and Scrutiny Board.

These reports are complex by nature and the Committee is still at an early stage in its development of this. Most reports have been brought for information/training purposes at present, but the aim is to develop Members knowledge and experience in this area, so they can scrutinise and challenge the Executive's proposed approach, as part of setting the budget each financial year.

The reports have covered the following

- The level of capital expenditure being proposed and how it has been financed.
- The level of external borrowing in place and the cost of capital financing.
- The various prudential indicators which are used to self-regulate the Council's capital financing activities
- The annual treasury management strategy, including its approach to borrowing, investments and cashflow.
- How risk has been managed in these areas and whether any of the prudential indicators have been breached during the financial year.

Counter Fraud and corruption

In July 2025 the Committee considered the annual Counter Fraud report that is prepared by the Council's Internal Auditors, Veritau.

During the 2024/25 financial year, the counter-fraud team, operated by Veritau, generated approximately £150,000 in savings for the council through identifying and halting fraudulent activities. They handled 129 referrals—a substantial 26% increase over the previous year, and completed 25 investigations, with an 80% success rate where fraud or error was confirmed.

Results included two formal cautions, nine written warnings, debts pursued in seven cases, prevention of two frauds, one referral to immigration enforcement, and two internal investigations concluded.

External Audit

During the period for this report, the Council's previous External Auditors, Ernst & Young (EY), finished their work with the Council and were replaced by the current Auditors, Forbis Mazars.

Members may be aware that the Council, along with many other councils had been unable to close a number of Statements of Accounts following delays in the work of auditors. This was a national issue with several root causes including escalating complexity in Council finances, the complexity and novelty of accounting for infrastructure assets like roads, capacity of external audit teams and the ongoing impact of the pandemic. 1% of councils submitted audited accounts on time.

National intervention was undertaken in the form of statutory backstops to direct account closure deadlines by which External Auditors would either need to complete their work or issue a disclaimed opinion because they had been unable to. EY, the previous Auditors of the Council declared they were unable to meet the deadline and as such issued disclaimed opinions for the 2021-22 and 2022-23 accounts for both the Council and the Teesside Pension Fund.

The Committee received a number of updates on these accounts and pushed for additional capacity from the Auditors to complete their work and asked the team to identify actions the Council could take to support their work and meet the deadline; however, this was unsuccessful.

As well as receiving updates on this, the Committee also received updates from the incoming External Auditors on the likely impact this will have on their ability to complete audits for future years. Auditors require assurance that the opening balances and assumptions in a set of accounts are correct, and it is usual practice to get this from the completed work of the previous year's audit. Because this is missing, it will take several years for the Council's current External Auditors to complete the additional assurance work needed to be able to get to a position where they can issue a full audit opinion.

The Committee considered a report from the current Auditors that the impact of the above meant the 2023/24 Statements of Accounts for both the Council and Teesside Pension Fund were disclaimed. The Committee have engaged with the current Auditors on this issue and been provided with assurances that they are committed to working with the Council to get to a position where they are able to issue an opinion on the Council's accounts, though this may take several years to achieve.

During the period covered the Committee received the following type of reports from auditors on both the Council's and Teesside Pension Fund accounts:

- Progress reports on audit work
- Value for money reports

- Annual Reports
- Verbal updates on progress of audit work on the accounts
- Audit Strategy Memorandums.

Internal Audit

Middlesbrough Council's Internal Audit Service is provided by Veritau. For the past five years this has been provided through Veritau Tees Valley which was a Teckal company owned by the Council, Redcar and Cleveland Borough Council and Veritau Limited which was owned jointly by North Yorkshire Council and the City of York Council. In July 2025, Middlesbrough Council's Executive approved a series of recommendations to change the structure of the company to allow new member local authorities to join Veritau going forward.

The work of Internal Audit is governed by the Global Internal Audit Standards in the UK Public Sector and the Council's audit charter. These require the Head of Internal Audit to bring an Annual Report to the Audit Committee. That report was considered by the Committee in July 2025. It set out the audit work carried out in 2024/25, oversight of improvement actions and how internal audit complied with its professional standards.

The overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating at the Council is that it provides **Reasonable Assurance**.

In addition to the Annual Report, the Committee received regular reports from the Internal Auditor, setting out:

- An Annual Report on delivery of the Counter Fraud Strategy
- Audit charter
- Progress reports against delivery of the internal audit work programme
- Progress reports in relation to Counter Fraud strategy work.

Progress reports to the Committee provide information on ongoing and completed audits, follow ups, and information on revised schedules for audits.

The July 2025 Annual Report set out that of the 25 audits that had been completed between August 2024 and July 2025, all except two functions were assessed as having either substantial or reasonable levels of assurance. These two audits could only give limited assurance opinions. They were in relation to Domestic Abuse and Direct Payments. Internal Audit assurance levels are, no assurance, limited assurance, reasonable assurance and substantial assurance. Where it makes recommendations, it similarly ranks them as critical, significant or moderate. It also has a category for recommendations relating to opportunities it identifies.

In relation to the Domestic Abuse audit, it made five significant findings and 14 recommended actions. The Direct Payments audit had two critical findings, one significant finding and one moderate finding and ten recommended actions.

During the reporting period the Committee has raised its concerns about the length of time some audits have taken to reach completion and the capacity of the current arrangements to meet the needs of the organisation. It has asked that these concerns are considered within the review of the current audit arrangements which has been committed to by the Council as part of the Continuous Improvement Plan.

Best Value Notice (BVN)

As well as the above, the Committee received regular progress reports on delivery of the Council's Corporate Governance Improvement Plan, providing Members with an additional oversight opportunity in addition to the progress reports considered by Full Council.

The Committee also received updates on the status of the Best Value Notice (BVN) that had been first issued by Government in January 2023 and renewed in January 2024. In October 2024, the Committee considered a report advising that as a result of positive progress made in addressing the culture, governance and financial challenges facing the Council, Government had decided not to renew the BVN.

Current Level of Compliance with the CIPFA position statement 2022 and the annual review of effectiveness

The table below sets out the recommendations that were made to the Audit Committee in July 2025 and accepted in principle that should be actioned to bring the Committee, its members and its practices into full alignment with the CIPFA 2022 position statement and supporting guidance.

No	Recommendation	Proposed Response and actions	Target date(s)	Owner(s)
1	Publish an Annual Report for Full Council that covers: <ul style="list-style-type: none"> compliance with the CIPFA Position Statement 2022 results of the annual evaluation, development work undertaken and planned improvements how it has fulfilled its terms of reference, and the key issues escalated in the year 	This Annual Report, once agreed by the Committee and submitted to Council will address this recommendation. A Full Council agenda item has been scheduled for the October meeting.	15 October 2025	The Audit Committee
2	There should also be a response from Council to the Committee's report in relation to holding the Committee to account for its performance.	This Annual Report will be accompanied by a covering report which will formally ask Full Council for a response to this report.	15 October 2025	Head of Governance, Policy and Information
3	The effectiveness of the Audit Committee should be assessed annually.	The Committee will build an annual review into its work programme going forward and will conduct an annual review of effectiveness against the CIPFA Code of	September 2026	The Audit Committee

No	Recommendation	Proposed Response and actions	Target date(s)	Owner(s)
		Practice as part of its future annual reports.		
4	Time should be set aside before the meeting to meet with external audit and the head of internal audit.	Members services will diarise virtual pre-meetings with the Chair and Vice-Chair, Internal and External Audit before each meeting between publication of committee meeting papers and the Committee meeting.	To be in place for the December 2025 meeting of the Committee onwards	Audit Committee Democratic Services Officer
5	The Council should consider stopping or limiting substitution of Committee members.	Given the limited use of substitutions by the Committee and the need for compulsory training to be complete in order for an individual to be a substitute, the Committee does not propose to pursue this recommendation at this time but will commit to an annual review of the volume of substitutions along with formal consideration of statutory officer views.	Annual review due September 2026	Audit Committee
6	Two independent (non-Councillor) members should be appointed to the Committee on an appropriate level of remuneration.	A benchmarking exercise will be undertaken and reported to the February 2026 meeting of the Audit Committee, exploring the approach of other Councils volumes, skills and remuneration for Member consideration along with further information on the governance routes that would need to be followed.	February 2026 onward	Head of Corporate Finance and Deputy 151 Officer
7	A training needs analysis (TNA) should be carried out for the Chair and each Committee member.	Officers will propose the areas on which Members should have training competencies in order to be able to consider all reports that the Committee needs to be able to consider fulfilling its terms of reference. Draft proposals will be consulted on with the Committee, External and Internal Audit.	31 October 2025	The Monitoring Officer and the Section 151 Officer
		This will be accompanied by proposed training solutions The proposed training needs framework will be brought to the Committee for consideration	11 December 2025	Head of Democratic Services and all Members of

No	Recommendation	Proposed Response and actions	Target date(s)	Owner(s)
				the Committee
		All members of the Committee will engage with Democratic Services to complete a self-assessment against the training needs framework.	30 April 2026	Audit Committee Members
		Review the mandatory training required for the Committee and its substitutes following this and propose a revised set of mandatory training sessions, covering the fundamental elements of the Committee's work.	30 April 2026	Audit Committee to approve
8	A training plan should be identified for each member of the Committee based on the TNA.	Training plan in place by June 2026 with reports on compliance to the Committee by exception going forward	June 2026 onwards	Head of Democratic Services
9	Feedback from officers should be considered as a formal part of the next review.	This will be built into the next annual review due to be complete by September 2026	September 2026	The Monitoring Officer and the Section 151 Officer
10	The Council needs to develop a comprehensive assurance framework which should be used to define an assurance map	Draft proposal around the assurance framework to be presented to the Committee	April 2026	The Deputy 151 Officer and the Head of Governance, Policy and Information
11	The assurance map should be used to guide the work of internal audit and the workplan of the Committee.	Put in place a work programme to deliver training on the assurance mapping, roles and responsibilities and programme to populate the map over an initial 12-month period. It is anticipated that the map and the framework will be refined over the medium term as the organisation matures in its understanding of the process.	April 2026 – April 2027	The Deputy 151 Officer and the Head of Governance, Policy and Information
12	Senior Officers (and members where appropriate) should attend the Committee to update on risk and mitigations.	The Committee work programme is being amended to build in an LMT member attending each session to share an overview of their Strategic Risks with the Committee, This will be	September 2025 onwards	Head of Governance, Policy and Information

No	Recommendation	Proposed Response and actions	Target date(s)	Owner(s)
		in place from the December 2025 meeting onwards. LMT members will also attend as necessary where internal audit recommendations have not been implemented in line with agreed timescales.		
13	The Committee needs to feedback to Senior Officers on improvement required in managing key risks and actions.	This already occurs on an ad hoc basis as evidenced in this Annual Report, however the Committee action will be taken to ensure this is a consideration, systematically within the future presentations on risk management by responsible LMT members through the creation of a reporting template for this subject matter	December 2025 onwards	Head of Governance, Policy and Information
14	Management of the Internal Audit contract needs to be tightened	The Continuous Improvement Plan already contains an action to review the current contract in order to strengthen this area. The outcome of this review will be presented to the Committee.	April 2026	Section 151 Officer

Areas of concern identified by the Audit Committee during the period of the report and action taken

In addition to the content above which includes the Committee raising queries and concerns about elements of its terms of reference, during the reporting period, the Committee raised several concerns which are set out in this section.

The Committee formally raised concerns with the Council's previous External Auditors Ernst and Young, (EY) about EY's capacity to meet its commitments in relation to completion of the audits started.

It has been nationally reported that the average price for external audit services in local government has risen significantly in recent years. At the same time, the Council's External Auditors have not been able to complete a full audit of its accounts for three financial years. This has resulted in the Council being in the position of incurring increased costs, without being able to receive the assurance that would be given by Auditors from completion of their audit work. Accounts for the period 2021/22 to 2023/2024 have been disclaimed. Research from the Audit Reform Lab at Sheffield University reported that the average price for external audit work rose by 238% in one year based on analysis of data from 300 councils and their external audit figures from 2018 to

2024. The Council is still waiting for final costs for these audits to be approved by Public Sector Audit Appointments (PSAA) body, but these increases are expected to be greater than those quoted above.

The Committee sought information on the capacity of Internal Audit to deliver counter fraud work. The Committee were assured that this was subject to discussions between the Section 151 Officer and Internal Audit, and they welcomed the outcome of that engagement which was an expansion of the number of days purchased by the Council to support counter fraud work from 150 days in 2023/24 to 400 days by 2026/27. This would bring this activity on fraud at Middlesbrough in line with other comparable local authorities.

Conclusion

The Audit Committee has demonstrated a strong commitment to enhancing governance, financial oversight, and risk management across Middlesbrough Council during the reporting period. Through a comprehensive programme of work, the Committee has addressed key strategic risks, scrutinised internal and external audit processes, and actively engaged with both officers and auditors to ensure transparency and accountability.

The Committee's proactive stance on issues such as audit delays, internal audit capacity, and counter fraud measures reflects its dedication to continuous improvement and safeguarding public value.

This first Annual Report marks a significant step in aligning the Committee's operations with the CIPFA 2022 position statement. The planned actions and responses to the effectiveness review recommendations set a clear roadmap for further strengthening the Committee's role.

As the Committee continues to evolve, its focus on embedding best practice, enhancing member training, and improving assurance frameworks will be critical in supporting the Council's ambition to deliver best value and maintain robust governance standards. The Committee looks forward to receiving feedback from Full Council and continuing its work with renewed clarity and purpose.

MIDDLESBROUGH COUNCIL

Report of:	Director of Legal and Governance Services (Monitoring Officer), Charlotte Benjamin
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Submitted to:	Audit Committee
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Date:	25 September 2025
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Title:	Risk and Opportunities Annual Assurance Report 2024
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Report for:	Information
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Status:	Public
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Council Plan priority:	Delivering Best Value
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Proposed decision(s)

That the Audit Committee:

NOTES the current content of the Risk and Opportunities Annual Assurance Report 2024 and the Strategic Risk Register and progress within the six months since it was last shared with the Committee.

CONSIDERS whether the information provided, assures the Committee that management and oversight arrangements of Risk and the Strategic Risk Register are suitable and that plans to further strengthen those arrangements are sufficient.

Executive summary

<p>This report provides an overview of risk arrangements in the Council and a mid-year update to the Committee on the current content of the Council's Strategic Risk Register. Provision of this report supports the Committee to fulfil its governance and oversight responsibilities.</p>
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<p>It also sets out the planned actions to further strengthen risk management over the next 12 months and planned communications.</p>

1. Purpose

1. The purpose of this report is to provide the Committee with:
 - an overview of the risk arrangements in place within the Council
 - a six-month update on the current content of the Council's Strategic Risk Register
 - information on activity in the past six months
 - planned improvements over the next 12 months.

2. Recommendations

2.1. That the Audit Committee:

- **NOTES** the current content of the Risk and Opportunities Annual Assurance Report 2024 and the Strategic Risk Register and progress within the six months since it was last shared with the Committee.
- **CONSIDERS** whether the information provided, assures the Committee that management and oversight arrangements of Risk and the Strategic Risk Register are suitable and that plans to further strengthen those arrangements are sufficient.

3. Background and relevant information

- 3.1 Risk management is a critical element of corporate governance and is a statutory requirement for public sector organisations.
- 3.2 The purpose of Risk Management is to identify and manage risks to reduce their likelihood of occurring and also reduce their impact, should they occur. The Council is committed to maintaining a systematic and cost-effective approach to the identification and management of risk that is consistent with best practice and complies with statutory and audit requirements.

4. The Council's approach

- 4.1 Risk Management is the collective responsibility of all elected Members and officers of the Council. The Council's approach to Risk Management is articulated by the Risk Management Framework and Policy which was approved by Executive in July 2023.
- 4.2 The Council uses risk registers to manage the various risks it identifies. The overarching risk register is called the Strategic Risk Register (SRR). This register captures the most significant risks the organisation is exposed to that could impact on its ability to deliver its strategic priorities which are outlined in the strategic plan.
- 4.3 This SRR is underpinned by directorate level risk registers which are monitored by directors. Within project and programmes, risks are captured using

standardised project documentation which includes risk registers. There are processes in place to ensure risks are considered either as they are managed during business-as-usual processes, or throughout the life of a project and that they are escalated and de-escalated as appropriate.

4.4 In addition to annually reporting the Council's overall approach on Strategic Risk Management to this Committee, the Committee receives a six month update on progress against the Strategic Risk Register planned actions. From the September 2025 meeting onwards, the Committee will also have a rolling programme of deep dives into strategic risks, with Leadership Management Team representatives to set out their approach to managing risks that they own. A summary of the SRR is monitored monthly in a performance deck and reviewed every three months by the Leadership and Management Team.

4.5 A summary of the current SRR is appended to this report at Appendix 1.

5. Strategic Risk Register

5.1 In the last six months one new strategic risk has been added detailed below and is the subject of a separate agenda item at this Committee:

- SR-16 - Removal of the statutory override preventing the Dedicated Schools Grant (DSG) deficit from being met from general fund resources. If the statutory override issued by central government expires as planned on 31 March 2026, without providing a national solution to the current shortfall in funding compared to demand and cost of high needs provision. **Rationale for inclusion**, due to the current deficit being covered by the government if the override was to cease without sufficient reform in the sector, the Local Authority would be required to meet the deficit which sits at around £20 million. There is a separate presentation on this risk on the Committee's agenda.

5.2 The following actions were identified to manage this risk:

- SR-16a Lobbying Government to resolve the funding issue and provide a long-term solution to the Dedicated Schools Grant (DSG) deficit issue.
- SR-16b Ongoing monitoring of the High Needs Fund (HNF) budget.
- SR-16c Work with schools and settings to reduce the number of children and young people who are excluded.
- SR-16d Promote greater inclusion within mainstream settings.
- SR-16e Reduce the number of children and young people on out of area provision.

5.3 In addition to the new risk identified, officers continued to maintain a cycle of reviewing risk registers to identify whether planned mitigations are sufficient, scores are still appropriate and whether the nature of the risk has changed. The summary output of this work in relation to the Strategic Risk Register is set out below:

Strategic Risk Register	February – August 2025
New Risks	1
New Actions	11
New Assessments	5
Deactivated Risks	0
Number of actions completed	18

5.4 In five cases new assessments of risks were completed. As a result of these assessments the following has changed:

- **SR-01** Failure to Maintain a balanced budget and Medium Term Financial Plan (MTFP) – **Revised Risk Score:** Likelihood reduced from *Likely (4)* to *Possible (3)* Impact remains *Catastrophic (7)* resulting in a new overall risk rating of **21**, down from **28**.
Rationale: The likelihood of this risk was lowered following the Council's approval of a balanced budget for 2025/26 and 2026/27 on 19 February 2025. However, the financial position remains uncertain for 2027/28 and 2028/29, where the budget is currently unbalanced. The impact rating remains *Catastrophic* due to the potential severity should the financial position deteriorate in future years.
- **SR-02** Volatility in the demand and cost of adult social care - **Revised Risk Score:** Likelihood reduced from *Likely (4)* to *Unlikely (2)* Impact remains *Major (5)* resulting in a new overall risk rating of **10**, down from **20**.
Rationale: The agreement of fee rates for 2025/2026 has provided greater financial certainty, contributing to a reduced likelihood of volatility in costs. However, potential implications of the pending Employment Rights Bill may lead to increased provider costs, which is being monitored closely.
- **SR-09:** Corporate Governance Arrangements Not Fit for Purpose **Revised Risk Score:** Likelihood reduced from *Possible (3)* to *Unlikely (2)*. Impact remains *Major (5)*, resulting in a new overall risk rating of **10**, down from **15**.
Rationale: Following a successful Corporate Peer Challenge session, removal from the Best Value Notice, and the ongoing delivery of the Continuous Improvement Plan, there have been consistent and measurable improvements in Corporate Governance. These developments justify the reduction in the likelihood of this risk materialising.
- **SR-10** Negative Impact of Mayoral Development Corporation. **Revised Risk Score:** Impact reduced from *Major (5)* to *Moderate (3)*; Likelihood reduced from *Possible (3)* to *Unlikely (2)* resulting in a new overall risk rating of **6**, down from **15**.
Rationale: The appointment of new staff and ongoing constructive discussions around a medium-term delivery plan have helped alleviate concerns regarding the potential negative impact of the Mayoral

Development Corporation. These developments support a reduction in both the impact and likelihood of the risk.

- **SR-11** Failure to have strategic partnership working. **Revised Risk Score:** Impact reduced from *Catastrophic* (7) to *Moderate* (3). Likelihood remains *Possible* (3), resulting in an overall score of **9**, down from **21**.
Rationale: An initial stakeholder meeting has taken place, resulting in a principal agreement to establish a Town Board involving key partners. This initiative aligns with the strategic risk approach and aims to monitor and manage outcomes from the LGA Peer Review. Due to the ongoing efforts led by the Chief Executive, the potential impact of this risk has been significantly reduced.

5.5 Actions are actively monitored by both the Strategic Risk and Health and Safety Manager and the Risk and Business Continuity Officer. Updates are generally submitted on time by responsible officers, with sufficient supporting evidence provided to confirm completion. Of the 18 actions marked as completed, 2 were overdue but were finalised within an agreed timeframe. One action remains overdue within the Strategic Risk Register, linked to Strategic Risk 14. This action has recently been reassigned to a new officer who is currently working towards its completion.

Directorate Risk Registers

5.6 The Strategic Risk Register has a supporting suite of Directorate Risk Registers. Escalations and de-escalations of risk are agreed by the Council's Leadership team. In addition, directorate management teams review their risks, monthly. This and other measures ensure the Council has a grip on its risk management approach. Below is a summary position of actions taken during last 12 months to manage risks held at directorate level:

Directorate Risk Register	Regeneration	Adults	Public Health	Children's Services	Environment	Finance	Legal and Governance Services
Total Active Risks	28	10	5	18	22	24	32
New Risks	2	3	1	13	10	2	10
New Actions	8	17	0	44	26	6	13
Live Mitigating Actions	11	4	1	37	28	3	32
New Assessments	7	5	2	3	16	12	3
Deactivated Risks	7	4	3	0	7	20	9

6 Horizon Scan

6.1 The Council regularly reviews the policy landscape and national reports to identify and review its risks. Current risks on the horizon include:

- Artificial Intelligence (AI) - AI has the potential to enhance workstreams and improve capacity. However, a lack of understanding of these systems can have catastrophic consequences. Work is ongoing to understand these risks.
- Devolution and Government's appetite for local government reorganisation – both have the potential to impact significantly on the Council and its partners.

7 Risk Management - Improvement Plan

7.1 A Risk Improvement Plan was developed in March 2024 for the Council to ensure that it is committed to ensuring its Risk Management practice continues to be effective. Actions were split into the following areas:

- Risk communication and training – Improved notifications of risk and action updates.
- Strategic risk identification and monitoring – Chief Executive monthly and Leadership Management Team (LMT) quarterly reviews.
- Risk management processes – Departmental Management Team (DMT) monthly reviews.
- Risk Management Documentation – Risk Portals.

Risk Communication and Training

7.2 In 2024, the risk management webpage was redeveloped, with all related documentation now accessible via the intranet. Enhancements were also made to the eLearning modules on Middlesbrough Learns. The Risk Management Group is now fully operational, meeting quarterly to oversee and manage risks, with internal audit representatives in attendance.

7.3 Risk and action notifications were reintroduced on Ideagen, the ICT system that is used to hold and manage the Council's risks. The system alerts owners when updates are due. This, combined with the Risk and Business Continuity Officer's attendance at every DMT meeting, has significantly improved compliance and performance.

7.4 Dedicated portals have been developed to provide senior management within each directorate with streamlined access to key information. These portals serve as a central hub for viewing risks, associated actions, audit actions, the Council Plan, and KPIs. They also allow directors to download a Word version of their directorate's risk register.

Risk Identification and Monitoring

7.5 Horizon scanning identifies significant emerging risks that the Council should be aware of and how they impact on the organisation. The information from this is

considered by Leadership Management Team and the outcome is reflected within risk registers as appropriate. This exercise is repeated every 6 months.

7.6 Statistical analysis of the Council's insurance claims was undertaken to identify any risk trends forming and this information was reviewed by the Risk Management Group.

7.7 Bi-annual reporting of the strategic risk register has been implemented, giving the audit committee improved oversight of performance.

Risk Management Processes

7.8 The Risk and Business Continuity Officer now receives all final internal audit reports and ensures that any identified actions are recorded in the risk management system for ongoing monitoring and review. Auditors have access to the risk management system as well to enable them to view relevant risks when planning their audits and can seek support from the Strategic Risk and Health and Safety Manager or the Risk and Business Continuity Officer as needed.

7.9 The quarterly performance report includes dedicated sections for strategic risks, risk performance, and audits. Guidance is available to assist service areas in completing risk profile requests, helping them identify and document the risks they are managing within the Council's risk registers. The Risk and Business Continuity Officer conducts monthly compliance checks on the risk section and provides feedback where necessary.

Internal Audit of Risk Management

7.10 An internal audit of the Council's risk management arrangements was completed in February 2025. The framework received a rating of *Substantial Assurance*, with no recommendations for improvement or identified opportunities at the time of the audit.

Risk Management Activities for 2025

7.11 During 2025/26, further work will be undertaken to build on progress made in 2024/25 part of the Council's commitment to continual improvement in risk management planning. Planned activity includes:

- Ensure senior leaders actively support and promote risk management, visibly demonstrating this commitment during monthly Directorate Management Team (DMT) meetings.
- Deliver regular training across all levels of the organisation to embed a culture of risk awareness and proactive risk thinking in daily operations.
- Schedule frequent risk assessments to identify and respond to emerging risks in a timely and effective manner.

- Strengthen risk monitoring by integrating risk, performance, and audit reporting to provide senior leadership with a comprehensive and cohesive view of organisational risk.
- Conduct a review of the current risk management software to ensure it meets the Council's operational needs and represents best value for money.
- Reinforce governance by clearly assigning risk ownership and ensuring accountability for the implementation of mitigation actions.
- Review and update the Risk and Opportunity Management Policy to reflect best practices and align with the ISO 31000 standard by April 2026.
- Evaluate and manage the grouping of relevant staff and their access permissions within the Council's ICT risk management system to ensure optimal availability and usability of the system.

Impact(s) of the recommended decision(s)

Topic	Impact
Financial (including procurement and Social Value)	<p>There are no new direct financial considerations in relation to risk management as a result of this report. By having robust risk registers in place which are regularly reviewed at the correct levels ensures that the Council will be better placed to mitigate against the following:</p> <ul style="list-style-type: none"> • financial implications • reputational damage. <p>Benefits arising from robust risk management are as follows:</p> <ul style="list-style-type: none"> • health and wellbeing of members, officers, and members of the public. • informs business decisions. • enables a more effective use of resources. • enhances strategic and business planning; and strengthens contingency planning.
Legal	Risk Management is a part of the corporate governance framework. The proposed activity is consistent with and will promote the achievement of the Council's legal duty to achieve Best Value for Money.
Risk	Risk management positively impacts on all risks within the Council's risk registers. Providing this report to the Committee to assist it to fulfil its role, primarily positively impacts on the risk that the Council fails to achieve good governance.
Human Rights, Public Sector Equality Duty and	There are no direct implications from this report on human rights, equality and diversity.

Topic	Impact
Community Cohesion	
Reducing poverty	Strong risk management in the Local Authority will positively impact on work to reduce poverty.
Climate Change / Environmental	There are no direct implications from this report on climate change or the environment.
Children and Young People Cared for by the Authority and Care Leavers	Good risk management within Children's Services and Adult Social Care and Health Integration directorates will ensure that the correct level of support is given to Children, Young People and Care Leavers.
Data Protection	Risk management arrangements are a critical control in order to ensure compliance with data protection legislation in particular the availability of personal data to avoid personal data breaches and wider compliance with the relevant regulations.

Appendices

1	Appendix 1 – Strategic Risk Register
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Background papers









Body	Report title	Date
Audit Committee	Risk Management: Bi-Annual Strategic Risk Register Review	20 February 2025
Audit Committee	Risk and Opportunities: Annual Assurance Report 2024	10 July 2024

Contact: Gary Welch, Strategic Risk and Health and Safety Manager




Email: gary_welch@middlesbrough.gov.uk

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
Appendix 1 – Strategic Risk Register as at 27/08/2025




Code	Risk Description		Original Score	Current Score	Target Score	Managed By
SR-01	Failure to Maintain a balanced budget and Medium Term Financial Plan	<p>Failure to set a legal and balanced annual budget and to maintain a sustainable Medium Term Financial Plan (MTFP) The Council is required to set a legally balanced revenue budget by 11 March in advance of each forthcoming financial year. Failure to achieve this objective will require the s151 Officer to issue a statutory s114 Notice to the Council. The Council has a best value duty to set and maintain a sustainable and balanced Medium Term Financial Plan including maintenance of its reserves position to demonstrate financial resilience to be able to respond to unforeseen and complex financial challenges presented by the wider economic environment.</p>	 35	 21	 21	Director of Finance and Transformation
Current Mitigation			Future Mitigation	Responsible Officer	Director	Target Date
<ul style="list-style-type: none"> Responsibility and Accountability for Financial Management reinforced by Accountability Agreements for all Directors Monthly budget monitoring, forecasting, and tracking of savings delivery by Directors with accountability to the Chief Executive through Leadership Management Team (LMT) and development and delivery of financial recovery plans to control within approved budget Monthly budget challenge sessions chaired by Director of Finance for all Directorates to enable development of insight, understanding and wider collaboration of colleagues in order to address significant financial risks. 			Development of balanced 2024/25 Budget and Medium Term Financial Plan to 2026/27	Director of Finance and Transformation 	Director of Finance and Transformation; Chief Executive	11-Mar-2024
			Refresh of the 2025-26 Medium Term Financial Plan process	Andrew Humble 		28-Jul-2024
			Failure of the Recover, Reset, Deliver Transformation Portfolio	Chief Executive 		31-Mar-2025
			Failure of the Recover, Reset, Deliver Transformation Portfolio to identify further savings	Chief Executive 		31-Mar-2026
			Monthly budget monitoring to be put in place	Director of Adult Social Care and Health Integration; Director of 		31-Mar-2024




<ul style="list-style-type: none"> • Timely briefing of Mayor and Executive Members on significant financial challenges with agreement for action. • Quarterly budget challenge sessions chaired by the Executive Member for Finance & Governance to engage Executive Members. • Monthly monitoring of income budgets, council tax and business rates collection rates and debt levels. • Update Medium Term Financial Plan ahead of Council Planning and budget setting process for 2024/25. • Implementation of budget management Power BI dashboard over Business World financial management system in order to improve accessibility of financial information for Directors, Heads of Service and Budget Manager. • Implementation and expansion of purchase to pay compliance dashboards for use by Directors, Heads of Service and Budget Managers to drive increase in compliant procurement in relation to retrospective ordering, on vs off contract spend and use of purchase cards 		Children's Care; Director of Children's Services		
	Memorandum Of Understanding (MOU) surrounding agency costs as a region to be implemented.	Director of Children's Care	✓	30-May-2025
	Monthly budget monitoring to be put in place	Director of Adult Social Care and Health Integration; Director of Children's Care	✓	31-Mar-2024

Code	Risk Description		Original Score	Current Score	Target Score	Managed By
SR-02	Volatility in the demand, complexity and cost of children's social care.	The risk that demand and cost of and children's social care continues to escalate on the scale experienced in 2024/25, is the single biggest risk to the Councils financial viability. More financially sustainable solutions for meeting social care needs of children need to be secured with urgency to ensure delivery within the approved budget for 2025/26.	 35	 28	 21	Director of Children's Care; Director of Children's Services; Chief Executive
Current Mitigation			Future Mitigation	Responsible Officer	Director	Target Date
Children's input			Weekly placements panel to be put place for high cost placements	Director of Adult Social Care and Health Integration; Director of Children's Care	Director of Children's Care; Director of Children's Services; Director of Education and Partnerships	30-Jun-2023
<ul style="list-style-type: none"> • Weekly activity data through Childrens Services Analysis tool, known as a ChAT report/ data • Monthly financial monitoring with Finance BP 			Review Placements Manager post	Claire Walker		29-Feb-2024

<ul style="list-style-type: none"> • Development of demand model • Placement review has taken place to manage costs associated with young people. • Memorandum of Understanding (MOU) surrounding agency costs as a region to be implemented in April 2025. • Recruitment and retention strategy reviewed to increase permanent staff within the local authority. • Transformation of Children's Services underway. • Access to grants being followed up. 	Monthly budget monitoring to be put in place	Director of Adult Social Care and Health Integration; Director of Children's Care; Director of Children's Services	✓		31-Mar-2024
	Memorandum of Understanding (MOU) surrounding agency costs as a region to be implemented.	Director of Children's Care	✓		30-May-2025


Code	Risk Description		Original Score	Current Score	Target Score	Managed By
03	Volatility in the demand and cost of adult's social care	The potential for underlying demand and cost pressures to arise in adult social care presents a significant risk to the Council's overall financial viability and measures must be put in place to manage within approved budget.	 35	 10	 9	Director of Adult Social Care and Health Integration
Current Mitigation			Future Mitigation	Responsible Officer	Director	Target Date
Local Government settlement Budget Management process Contract management processes Savings programme in place Demand model in place Monthly demand reported to DMT - activity not just finance			Monthly budget monitoring to be put in place	Director of Adult Social Care and Health Integration; Director of Children's Care	✓	31-Mar-2024
			Develop a demand model, that monitors performance across activity demand and unit costing, to understand 'current state'.	Director of Adult Social Care and Health Integration; Dee Evans; Victoria Holmes	▶	31-Mar-2026
			Develop a forecast model, that uses the 'current state' model, to predict activity demand and financials across Adults Social Care in the next 1/2/5 years.	Dee Evans; Victoria Holmes	▶	31-Mar-2026

Code	Risk Description		Original Score	Current Score	Target Score	Managed By
SR-04	Unlawful decision by the Council	If the Council took a decision that was unlawful then there is a risk of legal challenge or regulatory action that could damage its reputation and its financial position.	 35	 10	 6	Director of Legal and Governance
Current Mitigation			Future Mitigation	Responsible Officer	Director	Target Date
Council constitution and supporting policy framework Corporate policies and procedures Compliance checks across key areas including HSE, Risk etc, covering the corporate governance framework Standard report formats Statutory officer posts to oversee governance Annual Governance Statement assessment process Internal and external audit processes Refreshed whistleblowing policy Legal and finance report clearance process Regular review of the Council Constitution.			Refresh the committee report format	Ann-Marie Johnstone	Director of Legal and Governance; Chief Executive	31-Jul-2023
			Review the report development process	Ann-Marie Johnstone		31-Jul-2023
			Complete delivery of the Corporate Governance Improvement Plan	Ann-Marie Johnstone		31-Mar-2025
			Progress report on improvement against the Best Value Notice by the independent Board considered by Council	Ann-Marie Johnstone		31-Mar-2024
			Progress report on improvement against Best Value notice considered by Executive	Ann-Marie Johnstone		30-Sep-2024




Code	Risk Description		Original Score	Current Score	Target Score	Managed By
SR-05	Serious accident or death occurred as a result of failure to comply with Health and safety legislation and regulations	If a serious accident or death occurred as a result of failure to comply with Health and safety legislation and regulations then this could result in financial and reputational damage and individual prosecutions of staff.	 35	 15	 10	Chief Executive
Current Mitigation			Future Mitigation	Responsible Officer	Director	Target Date

Comprehensive suite of Health and Safety policies and procedures. Mandatory and complimentary Health and safety training for all Council staff. Dedicated HSE Advisor team Incident investigation system (My Compliance) to learn from incidents. HSE intranet page with important HSE information Audit schedule HSE steering group Fire Management System implemented across Council premises.	Fire Safety Management Policy Statement	Director of Regeneration; Gary Welch	✓	Director of Legal and Governance; Director of Regeneration; Chief Executive	31-Jul-2023
	CEO to produce H&S Statement of Intent for the Council.	Chief Executive; Gary Welch	✓		31-Jul-2023
	Risk from reinforced autoclaved aerated concrete (RAAC) collapsing in maintained schools or other Council assets	Director of Regeneration; Richard Horniman	✓		31-Mar-2025
	Implementation of service area audits by the health and safety unit to give further assurance of sound Health and Safety Management Systems (HSMS) within directorates.	Gary Welch	✓		31-Mar-2025










Code	Risk Description		Original Score	Current Score	Target Score	Managed By
PR-07	Unable to recruit and retain key staff	If the Council is unable to recruit and retain key staff , then this could impact on its' ability to deliver critical services which could cause harm to people and could result in government intervention.	15	9	3	Director of Legal and Governance
Current Mitigation			Future Mitigation	Responsible Officer	Director	Target Date
Benchmarking salaries against other local authorities and similar roles in other disciplines to remain competitive. Work/life balance system such as agile working, 9 day fortnight, collaboration areas etc.. Advertising roles on multiple platforms such as LinkedIn and other social networking sites with the aim of reaching target audience.			Benchmark grades and salaries against NE local authorities	Kerry Rowe	✓	31-Jul-2023
			Review recruitment process	Nicola Finnegan	✓	31-Oct-2023
			Create new people and cultural transformation strategy	Nicola Finnegan	✓	31-Oct-2023
			review the People Strategy after the first year of implementation	Nicola Finnegan	✓	30-Apr-2025
			Recruitment of Chief Executive and S151 Officer	Director of Legal and Governance	✓	31-Mar-2025
			Track delivery of first quarterly report to Leadership Management Team on delivery against People Strategy	Nicola Finnegan	✓	31-Jul-2024

	Recruit a suitable Director of Children's Services or Interim Director of Children's Services	Nicola Finnegan			31-Aug-2025
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Code	Risk Description		Original Score	Current Score	Target Score	Managed By
SR-08	Fail to ensure an approach to cyber security that meets good practice standards as set out by the National Cyber Security Centre and other bodies	If the Council fails to ensure a sound approach to cyber security (technology, processes and awareness), then this could result in a cyber-attack which disrupts service delivery, increases risks to service users and incurs significant financial costs to respond to and recover from an attack.	 35	 14	 10	Director of Legal and Governance; Head of ICT
Current Mitigation			Future Mitigation	Responsible Officer	Director	Target Date
<p>Annual ICT health checks (Internal and external penetration testing).</p> <p>* Compliance with Public Services Network (PSN) and Payment Card Industry (PCI) standards.</p> <p>* Internal scanning as new systems go live.</p> <p>* Robust defence systems including firewalls, content filtering and endpoint protection.</p> <p>* Robust 60 day patching and maintenance cycle.</p> <p>* Test complete and continue to test.</p> <p>* Health check recommendations reviewed and implemented.</p> <p>* Membership of North East Warning, Advice and Reporting Point (WARP) and Cyber Security Information Sharing Partnership (CiSP)..</p> <p>* Use of Protective Domain Name System (DNS).</p> <p>* Robust backup regime, including off-line tape backups to ensure recovery.</p> <p>*Cyber Incident Response (CIR) partner and contract in place.</p>					Director of Legal and Governance; Chief Executive	

Code	Risk Description		Original Score	Current Score	Target Score	Managed By
SR-09	Corporate Governance arrangement not fit for purpose	If the Council's Corporate Governance arrangements are not fit for purpose and appropriate action is not taken to rectify this at pace , this could result, censure from the Council's auditors within a public interest report that would damage the Council's reputation and/or in government formal intervention including removal of powers from officers and members and direction of council spend.	 15	 10	 9	Director of Legal and Governance
Current Mitigation		Future Mitigation	Responsible Officer		Director	Target Date
Page 65 External reports commissioned on Corporate governance and findings reflected within a Corporate Governance Improvement Plan Improvement Board in place Detailed improvement plan in place that has delivered a range of changes to corporate governance processes Annual Governance Statement process and supporting action plan. Draft AGSs in place for both 2023/24 and 2025/26 Regular reports to Audit Committee on aspects of corporate governance to provide assurance	Revised the Complaints Procedure		Leanne Hamer	✓	Director of Legal and Governance; Chief Executive	15-Jul-2025
	Community Engagement policy and approach to be developed		Marion Walker	▶		30-Nov-2025
	Ensure the Middlesbrough Development Corporation is fully liquidated during 2025/26.		Justin Weston	▶		31-Oct-2025
	Review of the Internal Audit function		Director of Finance and Transformation	▶		30-Sep-2025
	Develop the detailed delivery plan		Gemma Cooper	✓		30-Sep-2023
	Progress report from Middlesbrough Independent Improvement Advisory Board (MIIAB) to Council by end March 2024		Ann-Marie Johnstone	✓		31-Mar-2024
	Progress report from MIIAB to Executive by end July 2024		Ann-Marie Johnstone	✓		31-Jul-2024
	Continue to implement a scheme of sub-delegations where appropriate to further improve governance around officer delegated decisions.		Director of Legal and Governance	▶		30-Sep-2025
	Seek an LGA Corporate Peer Challenge review within the next two years to provide an external review of the Council's corporate governance arrangements.		Director of Legal and Governance	✓		25-Jan-2025




	Continue to be addressed by the Corporate Governance Improvement Plan and the sec 24 action plan put in place to respond to the statutory recommendations of the External Auditor and the governance weaknesses identified by CIPFA, Government and the Council itself.	Chief Executive	✓		31-Mar-2025
	A robust officer scheme of delegations and sub-delegations is required to ensure effective, appropriate and timely taking of decisions that can be taken by officers. (20/21 action). This will be addressed following the review of the constitution in 2024.	Director of Legal and Governance	▶		30-Sep-2025
	Refresh the Information Strategy during 2024.	Ann-Marie Johnstone	✓		31-Aug-2025
	In 2024/5 the Council will continue to deliver against its improvement plan and move towards BAU practices that provide assurance to government that the Council is maintaining a culture of good governance.	Chief Executive	✓		31-Mar-2025
	Development of a Workforce Plan to ensure staff at all levels have the skills and capabilities to be successful in their roles	Nicola Finnegan	✓		31-Mar-2025
	Complete the first annual review of the People Strategy	Nicola Finnegan	✓		30-Apr-2025
	Complete recruitment process for all interim appointments in a Leadership Management Team position	Nicola Finnegan	✓		31-Mar-2025
	Complete the first annual review of the Member Development Strategy to assess effectiveness and impact on culture and compliance	Ann-Marie Wilson	✓		30-Nov-2024
	Commence reporting annually on how the Audit Committee has complied with CIPFA good practice, discharged its responsibilities, and include an assessment of its performance. The report should be available to the public.	Director of Legal and Governance; Ann-Marie Johnstone	▶		31-Oct-2025

	Review current governance arrangements for Audit Committee and make recommendations in relation to inclusion of co-opted independent members for Committee consideration	Director of Legal and Governance 		31-Oct-2025
	The Council will refresh its approach to customers within a revised Customer Services Strategy that will set out how customer services will be delivered within the Council's target operating model developed within the Transformation programme	Janette Savage 		14-Feb-2025
	Continually review the Community Engagement policy to ensure it aligns with the wider needs of the organisation that will emerge from the Transformation Programme.	Marion Walker 		28-Feb-2026
	Put in place a strategic Partnerships Strategy.	Chief Executive 		31-Oct-2025
	Review the process for managing any changes to reports that occur between publication and meetings	Director of Legal and Governance 		31-May-2025
	The Council is implementing a Corporate Landlord Model as part of the transformation work. This sets out the framework for property decisions and will be formally considered by Executive prior to full adoption.	David Jamison 		30-Nov-2024
	A clear Asset Acquisition Policy reflecting these requirements is integrated into the Corporate Landlord Model framework that will be considered by Executive.	David Velemir 		17-Mar-2026
	Continue to implement the Continuous Improvement Plan	Chief Executive 		31-Jul-2025
	Refresh the Performance Management Policy and the supporting Performance Management Framework to embed a 'golden thread' of Performance Management from the Council Plan down to departmental level.	Director of Legal and Governance 		16-Dec-2025




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



Code	Risk Description		Original Score	Current Score	Target Score	Managed By
SR-10	Negative Impact of Mayoral Development Corporation	If the Council's ambitions for town centre regeneration or the wider financial sustainability of the organisation are negatively impacted by the establishment of a Mayoral Development Corporation that would take over some of the Council's existing statutory roles. This could potentially result in a lack of investment in the town, reduction in the Council's business rates income, loss of commercial income and reduction in asset holdings affecting the Council's financial viability. Reputational damage is also possible through the incorrect discharge of responsibilities such as town planning or business rate relief.	<div><div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div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Code	Risk Description		Original Score	Current Score	Target Score	Managed By
SR-11	Failure to have strategic partnership working.	If the Council does not work with its partners to establish a strategic approach to partnership working based on principles of timely and meaningful collaboration, co-design and with common purpose to inspire and build a team beyond the council that are galvanised to deliver for the town, it is unlikely to achieve delivery of the Council plan ambitions and outcomes for our residents will not improve.	 35	 9	 10	Chief Executive
Current Mitigation			Future Mitigation	Responsible Officer	Director	Target Date
Partnership governance register in place. Partnership governance annual assurance report and supporting register in place to assess the health of key partnerships. Children's Controls All partnerships contain TOR - Partners contribute. External scrutiny of partnerships. New Mayor to chair Corporate Parenting Board. Formal reporting process in place - record of discussion and decision making. Adults Controls Victim support for those within ASC who require it. Additional resources as required,			Put in place a strategic Partnerships Strategy.	Chief Executive 	Chief Executive	31-Oct-2025
			Refresh of the Partnership Governance register	Ann-Marie Johnstone 		31-Dec-2023






Code	Risk Description		Original Score	Current Score	Target Score	Managed By
SR-12	Fail to deliver quality practice within children's safeguarding services	If the Council fail to deliver quality practice within children's safeguarding services then this may result in further government intervention, serious harm to individuals and loss of financial control.	 35	 15	 10	Director of Children's Care; Director of Children's Services
Current Mitigation			Future Mitigation	Responsible Officer	Director	Target Date

<ul style="list-style-type: none"> Delivered Children's services improvement plan Monthly performance monitoring boards in place Review to be undertaken of Children's Care Monthly audit activity and reports undertaken to consider the quality of practice. Implementation of children's improvement board April 2025. Commitment to the SHiFT project, to improve quality and management of practice. Ongoing monitoring via OFSTED with an annual conversation to take place. OFSTED future inspections to continue. Internal audit to review working practices. 	Implementation of post Inspection of Local Authority Children's Services (ILACS) improvement plan	Director of Adult Social Care and Health Integration; Director of Children's Care	✓	Director of Children's Care; Director of Children's Services; Chief Executive	31-Jan-2024
	Creation and recruitment to the head of Quality Principal Social Work Learning and Review	Director of Adult Social Care and Health Integration; Director of Children's Care	✓		30-Sep-2023
	Review progress in delivery of the ILACS improvement plan to assess progress and impact of actions	Director of Adult Social Care and Health Integration; Director of Children's Care; Director of Children's Services	✓		30-Apr-2024
	Complete delivery of the ILACS improvement	Director of Adult Social Care and Health Integration; Director of Children's Care; Director of Children's Services	▶		31-Jan-2026




Code	Risk Description		Original Score	Current Score	Target Score	Managed By
Page 70 9-13	Failure to deliver transformation successfully	If the Council fails to transform its service delivery model to a model that can deliver outcomes for residents at a reduced cost base, then the Council's financial position will become untenable and may result in the issuing of a S114 Notice.	 35	 15	 5	Director of Finance and Transformation; Chief Executive
Current Mitigation			Future Mitigation	Responsible Officer	Director	Target Date
<ul style="list-style-type: none"> PPMF in place Transformation governance arrangements and reporting cycle agreed Funding of £4.827m agreed by Council to fund transformation work 			Failure of the Recover, Reset, Deliver Transformation Portfolio	Chief Executive	Chief Executive	31-Mar-2025
			Failure of the Recover, Reset, Deliver Transformation Portfolio to identify further savings	Chief Executive		31-Mar-2026
			Agree the content and approach of the transformation portfolio	Chief Executive		30-Apr-2024
			First cycle of Transformation governance arrangements scheduled	Gemma Cooper		30-Apr-2024
			Develop specification for transformation resourcing	Gemma Cooper		30-Apr-2024






Code	Risk Description		Original Score	Current Score	Target Score	Managed By
SR-14	Failure to ensure effective governance of the Middlesbrough Development Corporation	If the Middlesbrough Development Corporation fails to reflect the relevant findings from the review of Teesworks governance in its structures, then there is a risk that it could fail to ensure value for money or good governance in its decision making, which will have an adverse impact on the economic vitality of the Town Centre.	 35	 10	 10	Director of Regeneration
Current Mitigation			Future Mitigation	Responsible Officer	Director	Target Date
<ul style="list-style-type: none"> Teesworks report and commitment from Tees Valley Combined Authority (TVCA) to reflect findings in the governance arrangements of the Middlesbrough Development Corporation (MDC) Council representatives on the MDC Board 			Refresh the Local Plan	Claire Holt	 Director of Regeneration; Chief Executive	31-Mar-2025

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Code	Risk Description		Original Score	Current Score	Target Score	Managed By
SR-15	Threats to Social Cohesion and Democratic Resilience	If Communities feel disconnected and that they do not live in a safe and resilient environment that promotes the best outcomes for citizens of the town. This could lead to local flashpoints which would be damaging to community relations, the reputation and image of a multi-cultural Middlesbrough.	<div><div><div>Probability</div><div>Impact</div></div></div> 35	<div><div><div>Probability</div><div>Impact</div></div></div> 15	<div><div><div>Probability</div><div>Impact</div></div></div> 14	Marion Walker
Current Mitigation			Future Mitigation	Responsible Officer	Director	Target Date
Internal Controls (Current Mitigations in place): <ul style="list-style-type: none">Community tension monitoring undertaken.Community engagement undertaken.Neighbourhood safety liaison in place.Prevent operational group risk plans in placeLiaison with policing partners to verify validity of possible demonstrations.Initial credibility verification through visual audits using CCTV operations and open sources.			Promote social cohesion through a dedicated local government effort, amplifying and reinforcing democratic freedoms and norms; and supporting evidence-based local cohesion initiatives.	Marion Walker 	Director of Environment & Community Services; Chief Executive	30-Aug-2025
			Build resilience in local communities against extremist ideologies and narratives, including conspiracy theories and disinformation (PREVENT).	Marion Walker 		30-Aug-2025

<ul style="list-style-type: none"> . Gatekeeping protocols with marketing and communications for potentially controversial communications . Ongoing promotion of education around disinformation and building of media literacy by partners within the local authority and via social media . Monthly meetings held with senior leadership. . Gold and Silver recovery group meetings with senior leadership teams across the organisation and partners. . Action plan developed by silver group to be reported to gold with escalations. . Community safety partnership reconstituted to provide greater strategic oversight. . MBC have secured £600k to be spent in response to community tensions as a further control. 	Engage people utilising the neighbourhood model, tying in with partnership organisations, VCS, local community groups and elected members. We will work to find solutions with communities and not to them.	Marion Walker	✓		30-Aug-2025
	Develop an early tension warning system that monitors and alerts the local authority and other key local partners about growing tensions.	Marion Walker	✓		30-Aug-2025
	Marginalise and isolate extremist and other malign actors to prevent the mainstreaming of extremist ideologies and dangerous conspiracy theories which are causing severe harm and disruption in local areas (PREVENT).	Marion Walker	✓		30-Aug-2025
	Respond quickly and effectively to flashpoint incidents and triggers.	Marion Walker	✓		30-Aug-2025
	Repair relationships and engagement between local communities where they have broken down following serious conflict and flashpoint incidents.	Marion Walker	▶		31-Aug-2026

Code	Risk Description		Original Score	Current Score	Target Score	Managed By
SR-16	Removal of the statutory override preventing the Dedicated Schools Grant (DSG) deficit from being met from general fund resources.	If the statutory override issued by central government expires as planned on 31 March 2026, without providing a national solution to the current shortfall in funding compared to demand and cost of high needs provision, this will mean that the High Needs Funding Deficit will be required to be met from the Council's general fund resources. Based upon the current projection of the DSG high needs deficit compared to the level of revenue reserves, this will result in the Council's reserves being exhausted and the Council's s151 Officer potentially being required to	 15	 15	 9	Director of Education and Partnerships

		issue a s114 Notice. This is likely to be the case for the majority of local authorities nationally.				
Current Mitigation		Future Mitigation	Responsible Officer		Director	Target Date
<ul style="list-style-type: none"> Lobbying Government to resolve the funding issue and provide a long term solution to the DSG deficit issue Delivering Best Value action plan. Liaising with DoE regularly Working with schools and settings to continuously review the funding models. 		Lobbying Government to resolve the funding issue and provide a long term solution to the DSG deficit issue	Director of Finance and Transformation		Director of Children's Services; Director of Education and Partnerships	31-Mar-2026
		Ongoing monitoring of the High Needs Fund (HNF) budget	Director of Education and Partnerships			31-Mar-2026
		Work with schools and settings to reduce the number of children and young people who are excluded.	Director of Education and Partnerships			31-Mar-2026
		Promote greater inclusion within mainstream settings.	Director of Education and Partnerships			31-Mar-2026
		Reduce the number of children and young people on out of area provision.	Director of Education and Partnerships			31-Mar-2026

MIDDLESBROUGH COUNCIL	
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Report of:	Head of Governance, Policy and Information and Senior Information Risk Owner (SIRO), Ann-Marie Johnstone
Submitted to:	Audit Committee
Date:	25 September 2025
Title:	Annual Report of the Senior Information Risk Owner (SIRO)
Report for:	Discussion
Status:	Public
Council Plan priority:	Delivering Value for Money

Proposed decision(s)
<p>That the Audit Committee:</p> <ul style="list-style-type: none"> • NOTES the position in respect of information governance as set out in the report and the arrangements in place to manage them • CONSIDERS whether the information provided is sufficient to provide them with assurance that information governance arrangements that are in place are sufficient. If the committee is dissatisfied, it is asked to give direction on the additional information it requires in order to be assured about the Council's Information Governance arrangements.

Executive summary
<p>This report sets out arrangements in place to ensure the proper governance of information within the Council, progress made within the 2024 calendar year, risks and issues arising, and priorities for 2025.</p> <p>This report provides assurance to the Committee that Information Governance (IG) policy and practice within the Council is in line with legal obligations, and consistent with the principles of good governance.</p> <p>It provides an update on activities and planned actions across the policy framework, the refresh of the Information Strategy, data protection, information security, cyber security, records management, surveillance, information requests and physical access controls.</p>

1. Purpose of this report and its contribution to the achievement of the Council Plan ambitions

- 1.1 To advise the Audit Committee of arrangements in place to ensure the proper governance of information within the Council, progress made within the 2024 calendar year, risks and issues arising, and priorities for 2025/26.

Our ambitions	Summary of how this report will support delivery of these ambitions and the underpinning aims
A successful and ambitious town	This report sets out the measures the Council has in place to ensure an appropriate approach to information governance and plans to strengthen it over the next 12 months. Delivery of this activity will support delivery of these ambitions by ensuring that the Council has systems, processes and policies in place to manage, retain, use and dispose of data in line with legislative requirements.
A healthy Place	
Safe and resilient communities	
Delivering best value	Delivering activity within an approach to information governance that ensures the Council complies with its legislative requirements.

2. Recommendations

- 2.1 That the Audit Committee:

- **NOTES** the position in respect of information governance as set out in the report and the arrangements in place to manage them
- **CONSIDERS** whether the information provided is sufficient to provide them with assurance that information governance arrangements that are in place are sufficient. If the committee is dissatisfied, it is asked to give direction on the additional information it requires in order to be assured about the Council's Information Governance arrangements.

3. Background and relevant information

The Information Governance Framework

- 3.1 The Council must create, protect, manage, share and disclose information in line with a complex legal framework. This report deals principally with information governance arrangements relating to the following, and the risks arising from:

- Data Protection Act 2018 (DPA)
- UK General Data Protection Regulation 2016 (UK GDPR)
- Privacy and Electronic Communications Regulations 2003 (as amended)
- Environmental Information Regulations 2004 (EIR)
- Freedom of Information Act 2000 (FOI)
- Regulation of Investigatory Powers Act 2000 (RIPA)
- Protection of Freedoms Act 2012 (PoFA)
- Data (Access and Use) Act 2025.

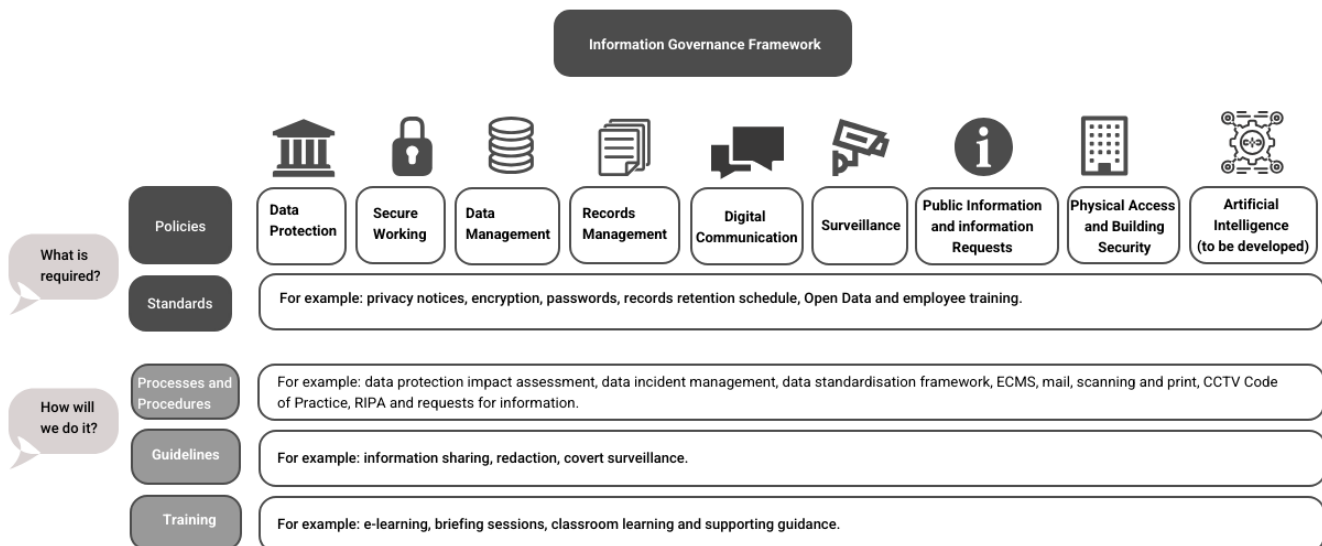
3.2 The Council's activity in this area is largely regulated by the Information Commissioner's Office (ICO), with the Investigatory Powers Commissioner's Office (IPCO) acting as the regulatory body for RIPA and compliance with the Surveillance Camera Code of Practice and the relevant provisions of PoFA encouraged by the Biometrics and Surveillance Camera Commissioner.

3.3 The Head of Governance, Policy and Information acts as the Council's Senior Information Risk Owner (SIRO) and as Senior Responsible Officer (SRO) for Biometrics and Surveillance and RIPA, and is the owner of the Council's Information Strategy. The SIRO advises the Chief Executive and the Council's management team on information risk, reporting quarterly to the internal risk management group and annually to the Leadership Management Team and to this Committee.

3.4 The Council has in place an Information Governance Framework (IGF) to ensure appropriate governance arrangements are in place and policies have been regularly refreshed prior to their set expiry dates. Since the last SIRO report to this committee the following policies were refreshed:

- Surveillance Policy
- 365 Policy
- Public Information and Information Requests Policy
- Records Management Policy.

3.5 Over the next 12 months the Council will adopt an Artificial Intelligence Policy to ensure it has appropriate governance in place for its lawful use. The diagram below, sets out the Council's Information Governance policy framework.



The Information Strategy

3.6 In 2025 the Council refreshed its Information Strategy. The purpose of the Strategy is to ensure that the Council continues to adhere to good practice in relation to information governance and ensures that its approach to information governance adapts and reflects to a moving policy and technical landscape.

3.7 The Strategy has refreshed the assessment of the health of Council data, identifying priorities and key actions grouped around three themes to ensure:

- Good data management
- Ethical use and reuse of data
- Data can be used to transform services.

3.8 The Strategy sets out a vision for information which is that:

‘the right information will be available to the right users, at any time, accessible and used ethically to support achievement of the Council Plan’.

3.9 The Strategy will enhance transparency and accountability, allowing the Council to make informed decisions and build trust with the public. Furthermore, it will support economic development, optimise resource allocation, and promote innovation, driving sustainable growth and improving the quality of life for all residents.

3.10 The Information Strategy group will oversee deliver of the plan. The group is chaired by the SIRO and includes the Deputy SIRO, Data Protection Officer, Data and Analytics Manager, the Head of ICT and Digital, a HR Business Partner, the Single Point Of Contact (SPOC) for CCTV and will also include the strategic lead for Transformation once they are appointed.

Data Protection

3.11 The bulk of data protection work continues to be around data breaches/incidents and rights requests complaints, in line with the priorities of the Data Protection Officer and as set out in UK GDPR. Other data protection activity during 2024 has involved supporting the Council's transformation programme, input to the Information Strategy, compliance audits in CCTV and surveillance, heavy involvement in procurement checks and contracts, and development of data protection impact assessment approaches to govern safe and lawful use of Artificial Intelligence applications.

3.12 By the end of 2024, mandatory training compliance had increased to 92% and there is an ongoing upward trend in compliance with this. The only Council directorate that met the 95% target was Adult Social Care and Health Integration (ASCHI). It should be noted that completion rates as of July 2025 have increased further. However, individual directorates, except ASCHI, have not yet met the challenging 95% target. Steps to ensure staff members understand their individual responsibilities for training completions are being taken in 2025.

Information Security

- 3.13 The UK Government regularly conducts cyber breaches surveys. The 2025 survey identified that there continues to be a high level of attempted or actual cyber security breaches, with 43% of companies and 30% of charities responding to the survey to say they had had an attack or a breach. Medium and large business continue to be a significant target with 67% and 74% reporting that they had had cyber security attacks.
- 3.14 As well as safeguarding systems the Council directly owns, it takes steps to ensure its suppliers are also safeguarding their data with appropriate measures. The robust approach to legally required compliance checks and contracts with suppliers and others continues to protect the Council from potential significant financial, regulatory, and other legal risks within its supply chain.
- 3.15 The table below summarises the number of personal data breaches and ICT/other security incidents (those involved lost or stolen ICT hardware or physical building security incidents).

Reporting by Year	Personal data breaches	ICT/other security incidents
2022	80	19
2023	94	20
2024	93	38

- 3.16 Reported personal data breaches have decreased slightly on the previous year, while ICT/other security incidents have increased as a result of cyberattacks and improved reporting of lost identity badges and access fobs. Investigations are undertaken into every report to identify any areas of concern and appropriate actions taken, up to and including disciplinary action if appropriate, to mitigate any unacceptable levels of risk.
- 3.17 Three personal data breaches were reported to the ICO in 2024 for the following reasons:
- Disclosure of the address of a vulnerable client
 - Disclosure of contact details of businesses by a supplier
 - Unauthorised access and disclosure information to a 3rd party.
- 3.18 Key measures that the ICO considered when assessing these breaches were the existence, and completion, of training relevant to the breach and the existing of processes that, if they had been followed, would have avoided the breach occurring.
- 3.19 Following investigation, the ICO took no further action on these incidents having been satisfied that the breaches were contained and the risk to individuals mitigated appropriately and that the actions were attributable to human error or deliberate action by an individual, due to the existence of robust controls already in place, or due to unauthorised actions of specific staff members which were addressed with disciplinary investigation/action.

Cyber Security

3.20 In early November 2024, the Council's website experienced two separate Distributed Denial of Service (DDoS) attacks. These incidents overwhelmed the server, making the website temporarily unavailable. Following these attacks, internal discussions were conducted to explore options for enhancing protection against future threats.

After a third attack in early December 2024, a decision was made to implement a mitigation solution, which was deployed in late December 2024. Since then, there have been no further outages, and the solution has consistently identified and blocked potentially harmful traffic.

3.21 In January, the Council entered into a Cyber Incident Response (CIR) retainer agreement. This agreement provides expert support for any cyber incident. If an incident occurs, the CIR can be activated for immediate assistance with investigation, containment, and resolution.

3.22 In light of increasing global threat levels, the Council remains committed to a robust cyber security strategy. Throughout the year, no systems, services, or information, whether stored on-site or in the Cloud were compromised. Furthermore, all hardware and software continue to receive the necessary support, updates, and patches in accordance with the Council's policies.

3.23 In late May 2025, the Council implemented a policy that restricted staff access to browser-based artificial intelligence (AI) websites. This decision was made to minimise the risk of sensitive Middlesbrough Council data being inadvertently shared with large language models (LLMs), which could potentially expose that information to external parties.

3.24 To ensure data security while still promoting productivity with AI, the Council approved access only to Microsoft Copilot Chat. This platform operates within a secure environment, ensuring that organisational data remains protected.

3.25 An annual test of the ICT Disaster Recovery Plan for the data centres was successfully completed. No additional technical recommendations emerged from the test, and the annual maintenance schedule for critical infrastructure components was carried out without any issues.

3.26 The Council maintains the highest possible email domain security rating, which is assessed by the Northeast WARP (Warning Advice and Reporting Point) group.

3.27 In early April 2025, the Council approved a three-year strategy focused on Cyber Security Training. This initiative is designed to enhance staff understanding and skills to effectively identify and respond to current cyber threats. The primary goal is to inform and educate Middlesbrough Council staff who use its ICT systems about potential malicious activities that could threaten the Council's ability to provide essential services. The progress of this strategy will be tracked on a monthly basis by the ICT team, with comprehensive updates provided annually to both the Audit Committee and the Leadership Management Team (LMT) as part of future SIRO reports.

3.28 The Council successfully retained its annual Public Services Network (PSN) compliance, confirmed in May 2025.

- 3.29 In December 2024, ICT Services successfully completed the Get Cyber Assessment Framework (CAF) readiness programme. This voluntary government initiative allowed the Council to evaluate its cyber security posture against recognised industry standards. The completion of this programme resulted in a grant award of £15,000. Additional phases of the optional CAF program are expected to be introduced as the government aims to broaden its reach and impact.
- 3.30 The Local Government Association (LGA) hosted an exercise in Fountain Court to assess ICT's response to a cyber incident. Their feedback was that "The team's response to the ransomware scenario was thoughtful, engaged and positive across the board. As is not unusual, the exercise identified areas for improvement in terms of preparedness and planning". Most of those improvements have now been put in place, with one outstanding, which is still being considered.
- 3.31 In June 2025, ICT suffered a network outage as a result of a failure of one of the core switches in the data centre. Usually, this on its own wouldn't have caused an outage, but unfortunately, it highlighted another problem, which ICT was previously unaware of, of a break in the fibre connection between the data centres. The faulty part in the switch was replaced under warranty however, the switches are nearing the end of life and are due to be replaced with new hardware by the end of September 2025. The fault with the fibre was identified as being malicious and is currently being repaired, which will be completed by mid-September.
- 3.32 Early in 2025 Veritau carried out an audit looking at Server Administration and Security. The audit gained the highest mark of Substantial assurance. The following was the conclusion from the audit - *"A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited. Our overall opinion of the controls within the system at the time of the audit was that they provided Substantial Assurance."*

Records Management

- 3.33 There is ongoing activity to review and remove physical records in line with the corporate retention schedule, something that is in place to ensure the Council retains records for the legally permissible time. The Council continues to assess records for digitising where there is a business case to do so. Physical storage has been significantly reduced with further annual disposals and utilising off site storage for Council Planning records. These are now held in secure storage and scanned on demand should the service need to retrieve them, this enables further digitisation which improves accessibility.
- 3.34 A major focus of record management in the last year has been the ongoing implementation of SharePoint and transition of data from legacy systems and shared drives. This is ongoing with more services onboarding, reducing the overall volume of shared drives and redundant data held, further roll out of good practice guidance continues to further embed records management across the Council. Implementation of SharePoint will provide the council with a platform that has access and version controls while also providing opportunities for collaborative working.

- 3.35 The Covid-19 inquiry is still ongoing, and the Council continue to hold information in relation to practice at that time. Some of the information held has gone beyond its retention as stated in the Council retention schedule, however in line with the inquiry requirements, this information will be retained until we are advised otherwise.

Surveillance Policy

- 3.36 The Council continues to operate a Surveillance Policy which sets out how and when surveillance will be authorised, conducted, reviewed and reported. There is a training module in place to ensure compliance with this process. In 2025 this was made mandatory training for all Heads of Service. This step supports action to ensure key staff understand their responsibilities have awareness of the policy and the differences between the RIPA and non-RIPA process. The Surveillance policy was reviewed in December 2024 by the Mayor and Executive Member for Governance. The next review will be undertaken in December 2025.
- 3.37 A central log for all RIPA and non-RIPA requests is maintained and the detail is reported annually in the Surveillance Policy as listed in the background papers. This data is regularly scrutinised by the Council's Place scrutiny panel. The Panel last scrutinised this data at a meeting on 27 January 2025.

Public Information and Information Requests

Subject Access Requests

- 3.38 In 2024, 182 individuals made subject access requests for the data held about them by the Council. 20 of those requests were for data held in more than one service area, meaning the number of actual responses provided totalled 201 and of those 115 involved service areas in Children's Services.
- 3.39 Only 51 service area responses were overdue and 13 of those were greater than 7 calendar days overdue. The reasons for those delays were due to the complexity of the requests, which required reviewing handwritten data involving multiple third parties, combined with staff shortages.
- 3.40 The Council's compliance rate for 2024/2025 is 72%. Requests have increased for Children's Services by 35% for 2024-2025 which has placed significant pressure of the team completing these requests, as a result the capacity of the team has been expanded and recruitment to an additional post is underway. This will enable improved compliance in this area.

Freedom of Information and Environmental Information Regulations (FOI and EIR)

The following table summarises statutory information requests received by the Council over the previous two years.

Request Type	2023	2024	% answered in time 2023	% answered in time 2024	Volume trend
FOIA requests	1295	1469	88.6%	76%	↑
EIR requests	70	77	85.7%	73%	↑
Appeals (FOIA and EIR)					
Requests to review initial responses	20	30	100%	67%	↑
Appeals to the ICO	0	3	100%	100%	↑
% Appeals upheld in MBC's favour	60%	100%	N/A	N/A	↑

3.41 Requests under the Freedom of Information Act 2000 increased in volume by 13.4% during the 2024 and Environmental Information Requests have increased by 10%, compared to 2023.

3.42 Performance reporting shows an increase in volume trend for FOI/EIR requests, Internal Reviews and ICO Complaints. The Council received several complex information requests regarding projects and associated political decisions. The delay in responding to information requests and requests to review initial responses is due to the increase in volume trend, the complexity of many of the requests and capacity of services to provide a response. Where there are trends in data requests, the Council continues to look to publish popular datasets in order to manage demand and reduce the need for the public to use the FOI/ EIR process. The Council publishes a range of datasets on its open data website. Information on compliance with these statutory processes is shared with Departmental Management Teams on a monthly basis and with Leadership Management Team on a quarterly basis.

Physical Access and Building Security

3.43 The Council has a range of policies and procedures in place which manage building security and access to Council sites, along with a building manager model. Responsibility for physical access and building security sits with the Head of Growth and Assets within the Regeneration Directorate.

3.44 There is a Physical Access and Building Security Policy in place which sets out roles and responsibilities.

3.45 The Council's Health and Safety and Data Protection Teams continue to undertake audits of Council buildings which includes testing of physical access policies and controls. In 2024 the team completed assessments of key building access risks which have been provided to Property Services to reflect within their access arrangements.

Priorities, Risks and Opportunities for 2025

3.46 The key priority during 2025 was to review the Information Strategy to ensure that the operational aims of it align with the Council Plan. Work is now underway to finalise a detailed delivery plan for the Strategy.

3.47 The second priority of the organisation will be the completion of the transition to SharePoint which has continued into 2025. SharePoint will transform how the Council

stores, shares and uses data on a day-to-day basis. Information governance considerations were embedded within the scope of the project to ensure that the benefits of SharePoint are maximised while ensuring a robust approach to information governance and security.

3.48 Following Royal Assent on 19 June 2025 to the Data (Access and Use) Act 2025, work will continue to assess the impact and opportunities this new legislation presents and make the necessary adjustments to the Information Governance Framework. Features of the new Act include minor amendments to UK GDPR and PECR, creation of Digital Identity Verification provider frameworks, updates to digital records in Registrars services, and creation of a National Underground Assets Register.

4. Other potential alternative(s) and why these have not been recommended

4.1 Consideration of this report supports the Committee in discharging its responsibilities in relation to corporate governance, which includes information governance.

5. Impact(s) of the recommended decision(s)

Topic	Impact
Financial (including procurement and Social Value)	There are no new direct financial considerations in relation to the topics covered in this report.
Legal	Information Governance is governed by UK legislation, regulation, statutory guidance and case law. This report sets out, at a high level, measures that the Council is taking and plans to take in order to ensure ongoing compliance with this legal framework.
Risk	Improved information governance will ensure good risk management. Continued action in this area will positively impact on the risk within the Strategic Risk Register: <ul style="list-style-type: none"> SR-09 - If the Council's Corporate Governance arrangements are not fit for purpose and appropriate action is not taken to rectify this at pace, this could result, censure from the Council's auditors within a public interest report that would damage the Council's reputation and/or in government formal intervention including removal of powers from officers and members and direction of council spend.
Human Rights, Public Sector Equality Duty and Community Cohesion	Not applicable – this report is for information only, however good data management will have a positive impact on the Council's ability to understand the potential impact of its decision making on these areas.
Reducing Poverty	
Climate Change / Environmental	

Children and Young People Cared for by the Authority and Care Leavers	
Data Protection	There are no data protection implications about this specific report for information.

Appendices

None.

Background papers

Body	Report title	Date
Corporate Audit and Affairs Committee	Annual Report of the SIRO	08/02/2018 07/02/2019 06/02/2020 21/04/2021 17/03/2022 16/03/2023
Audit committee	Annual Report of the SIRO	25 July 2025
Individual Executive Member – The Mayor	Surveillance Policy	17 December 2024

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Audit Progress Report

Middlesbrough Council and Teesside Pension Fund

September 2025

Contents

- 01 Audit progress
- 02 Publications and other updates

01

Audit progress

Audit progress

Middlesbrough Council 2024/25

Accounts

The Council published draft accounts on 30 June 2025.

As previously reported, we are applying the national backlog arrangement in respect of local authority financial reporting and local audit and the backstop date for the financial year 2024/25 is 27 February 2026.

To start to rebuild assurance, we are planning a balance sheet audit in 2024/25, and this work is planned to start in October 2025 with completion in February 2026.

Value for money (VFM) arrangements

We have completed most of our work and will draft and present our VFM commentary before the end of November.

At this stage there are no additional matters we wish to raise with Members.

Audit progress

Teesside Pension Fund 2024/25

Accounts

The Council published draft accounts on 30 June 2025 (included as part of the administering authority accounts).

As previously reported, we are looking to rebuild assurance and completing the outstanding procedures on Level 3 investment assets at 31 March 2024. This assurance for the opening balances at 01 April 2024 should, subject to our audit findings, enable us to issue an unmodified audit opinion for 2024/25.

We have a delivery plan in place for the 2024/25 audit. Our intention is to commence work in October 2025, with the view to being able to issue our opinion on the 2024/25 accounts in February 2026.

Publications and other updates

National publications

	Publication/update	Key points
Chartered Institute of Public Finance and Accountancy ('CIPFA')		
1	CIPFA Better Reporting Group consultation	CIPFA's Better Reporting Group (BRG) has been set up to identify and address challenges in local authority financial reporting. For information only.
2	CIPFA Advisory Note: Statement of Responsibilities	CIPFA has published an advisory note on the Chief Finance Officer's (CFO's) Statement of Responsibilities which provides guidance on informing the 'true and fair' assessment of the accounts at the reporting date. For information only.
Ministry of Housing, Communities and Local Government ('MHCLG') (formerly the Department for Levelling Up, Housing and Communities ('DLUHC'))		
3	Local audit reform: Government response to the consultation to overhaul local audit in England	Government response to consultation on reforms to the local audit system. For information only.
4	MHCLG Addressing the local audit backlog in England: Non-compliance lists	MHCLG has published a list of local bodies that did not publish one or more audited accounts for financial years up to and including 2022 to 2023 by the statutory backstop date of 13 December 2024. For information only.
National Audit Office ('NAO')		
5	NAO insight: Financial management in government: monitoring and forecasting	This guide is for senior finance leaders in government departments and other public bodies. It sets out insights and good practice on monitoring and forecasting for better financial management in government. For information only.
6	NAO insight: Government's approach to technology suppliers: addressing the challenges	This report examines government's overall approach to digital and technology suppliers. It sets out lessons for the centre of government and departments to learn from government's approach to digital procurement. For information only.
7	NAO Report: Good practice in annual reporting	The NAO has published its insight guide on Good practice in annual reporting. For information only.
8	NAO report: Local government financial sustainability	The NAO has published its report Local government financial sustainability. For information only.
9	NAO Insight: Managing the commercial lifecycle	The NAO has published good practice guidance Managing the commercial lifecycle that has been updated in response to the implementation of the Procurement Act 2023. For information only.
10	Local Audit Reset & Recovery Implementation Guidance (LARRIG) 06	Special considerations for rebuilding assurance for specified balances following backstop-related disclaimed audit opinions

National publications

	Publication/update	Key points
Other		
11	Major Local Audits Reports	The FRC have published their annual report on their inspection findings of Audit Quality Reviews of Major Local Audits. For information only.
12	Forvis Mazars - Annual Local Government Risk Report 2025/26	The report deep dives into the known and emerging risks for Local Authorities in 2025/26, as well as what they should include in their internal audit plans. For information only.
13	Forvis Mazars – Public Sector in Focus Report	Forvis Mazars report for the public and social sector outlining the top priorities and risks shaping the future of the sector. For information only.

National publications and technical updates

CIPFA

1. CIPFA Better Reporting Group consultation

CIPFA’s Better Reporting Group (BRG) has been set up to identify and address challenges in local authority financial reporting either through proposing amendments to the Code of Practice on Local Authority Accounting for the United Kingdom (the Code) or assisting to develop practical guidance to enhance its application.

[Better Reporting Group](#)

2. CIPFA Advisory Note: Statement of Responsibilities

CIPFA has published an advisory note on the Chief Finance Officer’s (CFO’s) Statement of Responsibilities which provides guidance on informing the ‘true and fair’ assessment of the accounts at the reporting date. The advisory note applies to all local government bodies in the UK.

The note draws from lessons learnt from recent examples and a roundtable with CFO’s and reinforces good practice principles that local government bodies in the UK should adopt. The CIPFA Practice Oversight Panel expects all local government bodies to be aware of the lessons learnt and therefore auditors may wish to ensure the bodies they audit are aware of this latest guidance.

[Statement of Responsibilities](#)

3. Local audit reform: Government response to the consultation to overhaul local audit in England

The government consulted on proposals to reform the local audit system. This published response to the consultation sets out the feedback on the specific measures proposed and the government’s response. This includes the setting up of a Local Audit Office to be the system leader and the remit of the LAO.

[Local audit reform: Government response to the consultation to overhaul local audit in England - GOV.UK](#)

4. MHCLG Addressing the local audit backlog in England: Non-compliance lists

The Ministry of Housing, Communities and Local Government (MHCLG) has published a list of local bodies that did not publish one or more audited accounts for financial years up to and including 2023 to 2023 by the statutory backstop date of 13 December 2024.

[Addressing the local audit backlog in England: Non-compliance lists - GOV.UK](#)

5. NAO insight: Financial management in government: monitoring and forecasting

Good financial management is critical in the public sector. For public services to be efficient and productive, the effective management of public finances is essential. This guide outlines how finance leaders across government can monitor budgets and their performance and ensure forecasting is effective. It focuses on three principles:

- Promote a culture of accountability – leadership emphasises the importance of budget holders being accountable for monitoring financial performance and ensuring forecasts are accurate and realistic.
- Develop the right skills and capabilities – finance professionals possess the skills and capabilities to monitor effectively and forecast with precision and leverage these to elevate the quality of the organisation's decision-making.
- Make the best use of data and information – high-quality data and information is used to enable better monitoring and more accurate forecasting, helping decision-makers respond to events quickly and effectively.

[Financial management in government: monitoring and forecasting - NAO insight](#)

6. NAO insight: Government's approach to technology suppliers: addressing the challenges

This report examines government's overall approach to digital and technology suppliers. It sets out lessons for the centre of government and departments to learn from government's approach to digital procurement. The NAO focus on major procurement of technology to support business change, including the digital transformation of government and planning for technology of the future. The report examines:

- the scale of the challenge of undertaking digital procurement in a way that supports the modernisation of the public sector to make it more efficient and effective, and government's response to that challenge;
- how the centre of government can adopt a more strategic approach to how it works with digital and technology suppliers; and
- how departments can better understand and manage the complexities of digital procurement, including making full use of their digital expertise.

[Government's approach to technology suppliers: addressing the challenges - NAO insight](#)

7. NAO Report: Good practice in annual reporting

The NAO has published its insight guide on Good practice in annual reporting which showcases real-world examples of good practice for annual reporting from organisations from the public sector who are leading the way. The examples are laid out in relevant sections of an annual report:

- Strategy
- Risk
- Operations
- Governance
- Measures of success
- Financial performance
- External factors

The list is not definitive but should provide ideas on content and format for all bodies in both the public and private sector as they plan their annual reporting for 2024-25. Note that Great Ormond Street Hospital annual report and accounts 2023-24 features for use of graphics to support narrative and demonstrate performance regarding net zero for estate-based emissions.

[Good practice in annual reporting - NAO insight](#)

National publications and technical updates

NAO

8. NAO report: Local government financial sustainability

The NAO has published its report Local government financial sustainability. The Ministry of Housing, Communities & Local Government, (MHCLG) is responsible for the accountability framework for local government and distributes core funding to local authorities. It leads on oversight of financial risk in individual local authorities and the system overall while responsibility for the services local authorities deliver is spread across government departments.

This report focuses on MHCLG as the department responsible for the framework within which local authorities operate, and provides transparency over the current position of local government finances. By examining the current finance system and context for local government finances, the NAO aims to help inform MHCLG's consideration of future reforms.

The report considers:

- the context of local government finances in 2024;
- service and financial pressures; and
- the government's approach to local government financial sustainability.

The report concludes that funding for local government has increased in recent years, reversing the long-term downward trend of the previous decade. However, while real terms funding has grown by 4% between 2015-16 and 2023-24, it has not kept pace with population growth or the demand for services, the complexity of need, or the cost of delivering services to people most in need of support.

Proposed reforms of the local government finance system have been repeatedly delayed. Some services are showing the strain, and more local authorities are requesting financial support, some due to the increasing costs of delivering essential frontline services such as homelessness and social care. Despite short-term measures to address acute funding shortfalls, there has been insufficient action to address the systemic weaknesses in local government financial sustainability.

As the government turns its attention to local government reforms, it is essential that this is part of a whole-system, cross-government approach to ensure local authorities are financially sustainable and can continue to provide essential services. This approach needs to ensure effective local accountability for the service and financial performance of each local authority, including robust independent assurance.

[Local government financial sustainability - NAO report](#)

National publications and technical updates

NAO

9. NAO Insight: Managing the commercial lifecycle

The NAO has published good practice guidance Managing the commercial lifecycle that has been updated in response to the implementation of the Procurement Act 2023. It reflects upon findings and recommendations drawn from 200 reports concerning over 300 commercial arrangements that have been published over the past 20 years.

The ‘commercial lifecycle’ means the entire process starting with the identification of a requirement that may be delivered by a supplier to government through to the selection and appointment process, contract management activity, and ending with contract termination or transition to alternative arrangements.

This is a revised and condensed edition of commercial good practice guidance that has been updated regularly since 2008. It remains essential reading for policy and commercial staff involved at all levels of public procurement and commercial activities – including senior leaders and non-executive board members of public authorities. The guidance is presented in ten sections, addressing both strategic and procedural considerations.

To support this guidance, the NAO also updated its guide on the Commercial Audit Framework, which highlights the key questions at each of the ten key stages of procurement. Whether it’s the commercial strategy for public procurement, the publication of good-quality, relevant information on a timely basis, or deciding whether to extend the contract or re-procure.

[Managing the commercial lifecycle - NAO insight](#)

10. Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06

The NAO has published the 6th Local Audit Reset and Recovery Implementation Guidance note to auditors. The LARRIG sets out guidance to auditors of English local authorities in circumstances where the auditor’s opinion on the prior year financial statements has been disclaimed because of backstop arrangements included in the Accounts and Audit (Amendment) Regulations 2024.

Its purpose is to assist auditors in the process of rebuilding assurance for specific classes of transactions, account balances and disclosures which warrant special consideration beyond the general principles set out in LARRIG 05. It provides principles as well as indicative procedures which, with the application of professional judgement, enable the auditor to make a timely return to being able to determine that, based on sufficient appropriate audit evidence, the financial statements are free from material misstatement.

[LARRIG 06](#)

11. Major Local Audits Reports

The FRC publish an annual report on the inspection findings of Audit Quality Reviews of major local audits in England, which includes large health and local government bodies. The audit of a relevant authority becomes a major local audit if it:

- has total income or expenditure of at least £500 million; or
- administers a local government pension scheme with at least 20,000 members or assets over £1,000 million.

In the 2023/24 inspection cycle, the FRC inspected six NHS and two local government audits. The results of these inspections are included in this report. The FRC acknowledge the unprecedented circumstances facing the local audit sector and have updated their regulatory approach to the monitoring of audit quality to support the reset measures and recovery period.

[Major Local Audits Reports](#)

12. Forvis Mazars - Annual Local Government Risk Report 2025/26

The report deep dives into the known and emerging risks for Local Authorities in 2025/26, as well as what they should include in their internal audit plans.

[Annual Local Government Risk Report for 2025/26 - Forvis Mazars - United Kingdom](#)

13. Forvis Mazars – Public Sector in Focus Report

Forvis Mazars have issued a report for the public and social sector, Public sector in focus: Charting the road ahead. With over 390 responses from across the UK public and social sector, the study reveals the top priorities and risks shaping the future of the sector.

[Public sector in focus: Charting the road ahead - Forvis Mazars - United Kingdom](#)

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MIDDLESBROUGH COUNCIL	
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Report of:	Head of Internal Audit, Veritau
Submitted to:	Audit Committee
Date:	25 September 2025
Title:	Internal Audit and Counter Fraud Progress Report
Report for:	Information
Status:	Public
Council Plan priority:	Delivering Best Value

Proposed decision(s)
<p>That the Committee:</p> <ul style="list-style-type: none">• Notes the update on internal audit and counter fraud work undertaken.

Executive summary
<p>This report provides the committee with:</p> <ul style="list-style-type: none">• an update on internal audit and counter fraud work undertaken.

1. Purpose

- 1.1 To provide Members with an update on the delivery of internal audit and counter fraud work and on reports issued and other work completed since the last update to the committee.

2. Recommendations

2.1 That the Audit Committee

- Notes the latest update on internal audit and counter fraud work.

3. Background and relevant information

- 3.1 Internal audit provides independent and objective assurance and advice on the Council's operations. It helps the organisation to achieve overall objectives by bringing a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, control and governance processes.
- 3.2 The work of internal audit is governed by the Accounts and Audit Regulations 2015, the Council's internal audit charter and relevant professional standards. These include the Global Internal Audit Standards and the Application Note: Global Internal Audit Standards in the UK Public Sector.
- 3.3 Fraud is a significant risk to the public sector. Annual losses are estimated as being as high as £59 billion in the United Kingdom. Veritau is engaged to deliver a counter fraud service for Middlesbrough Council. The service helps the Council to mitigate fraud risks and to take appropriate action where fraud is suspected.
- 3.4 The Audit Committee has oversight of the work of both internal audit and the counter fraud team. Regular progress reports keep members of the committee informed of the work of both teams over the course of the financial year. They also can be assessed against the planned activity set out in respective work programmes approved by the Committee at the beginning of the year (April 2025).

Internal Audit Progress report

- 3.5 The internal audit progress report is contained in appendix 1. This includes a summary of current work in progress, internal audit priorities for the year, completed work, and follow-up of previously agreed audit actions.

Counter Fraud Progress report

- 3.6 The counter fraud progress report is contained in appendix 2. A range of work is detailed including activity to promote awareness of fraud, work with external agencies, and the result of investigative work undertaken for the Council

4. Other potential alternative(s) and why these have not been recommended

4.1 This report is for information. There are no other options available.

5. Impact(s) of the recommended decision(s)

Topic	Impact
Financial (including procurement and Social Value)	There are no specific impacts or implications.
Legal	There are no specific impacts or implications.
Risk	There are no specific impacts or implications.
Human Rights, Public Sector Equality Duty and Community Cohesion	There are no specific impacts or implications.
Climate Change / Environmental	There are no specific impacts or implications.
Children and Young People Cared for by the Authority and Care Leavers	There are no specific impacts or implications.
Data Protection	There are no specific impacts or implications.
Financial (including procurement and Social Value)	There are no specific impacts or implications.

Appendices

1	Internal Audit Progress Report September 2025
2	Counter Fraud Progress Report September 2025

Background papers

Body	Report title	Date
n/a	n/a	/a

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Internal Audit Progress Report 2025/26

Date: 25 September 2025

APPENDIX 1

CONTENTS

3	Background
3	Internal Audit progress
4	Follow Up
5	Annex A: Internal Audit work in 2025/26
7	Annex B: Current audit priorities
14	Annex C: Summary of key issues from audits finalised
15	Annex D: Summary of progress on ongoing audits
17	Annex E: Audit opinions and priorities for actions
18	Annex F: Follow up of agreed audit actions



BACKGROUND

- 1 Internal audit provides independent and objective assurance and advice about the council's operations. It helps the organisation to achieve its overall objectives by bringing a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management, control and governance processes.
- 2 The work of internal audit is governed by the Accounts and Audit Regulations 2015, the Council's internal audit charter, and relevant professional standards. These include the Global Internal Audit Standards and the Application Note: Global Internal Audit Standards in the UK Public Sector.
- 3 In accordance with the professional standards the Head of Internal Audit is required to report progress against the internal audit plan (the work programme) agreed by the Audit Committee, and to identify any emerging issues which need to be brought to the attention of the committee.
- 4 The internal audit work programme was agreed by this committee in April 2025.
- 5 Veritau has adopted a flexible approach to work programme development and delivery. Work to be undertaken during the year is kept under review to ensure that audit resources are deployed to the areas of greatest risk and importance to the council.
- 6 The purpose of this report is to update the committee on internal audit activity up to 31 August 2025.



INTERNAL AUDIT PROGRESS

- 7 A summary of audits underway and those finalised in the year to date, is included in annex A. It also details other work completed by internal audit during the year.
- 8 The work programme, showing current priorities for internal audit work, is included at annex B. Alongside the work in the 'do now' and 'do next' categories are indicative timescales for when work commenced or is expected to commence, and projected dates for final reports to be produced. These timescales may be subject to change, for example if work priorities change as a result of ongoing risk assessment and work planning.
- 9 The programme includes several audits in the 'do later' category. The internal audit work programme is designed to include all potential areas that should be considered for audit in the short to medium term, recognising that not all of these will be carried out during the current year (work is deliberately over programmed). Audits which are currently not planned to be undertaken during the year have been referenced as such.

- 10 Annex C provides details of the key findings arising from internal audit assignments completed, that we have not previously reported to the committee.
- 11 Annex D provides details of progress on ongoing audits that have progressed beyond the planning stage. This includes when audits were started, commentary on progress including any issues that have caused delays and an expected date for the issuing of the final report and a summary to this committee.
- 12 Annex E lists our definitions for action priorities and overall assurance levels.

FOLLOW UP

- 13 All actions agreed with services as a result of internal audit work are followed up to ensure that issues are addressed. As a result of this work we are generally satisfied that sufficient progress is being made to address the control weaknesses identified in previous audits.
- 14 A summary of the current status of follow up activity is included at annex F.

ANNEX A: INTERNAL AUDIT WORK IN 2025/26

Audits in progress

Audit	Status
Savings plans and delivery	In progress
Schools themed audit – budget management	In progress
Anti-social behaviour management	In progress
ASC financial assessments	In progress
No recourse to public funds (CS)	In progress
Debtors	In progress
Home to school transport	Planning underway
Cyber security – malware protection	Planning underway
Section 17 payments	Planning underway
Information security	Planning underway
Business continuity	Planning underway
Benefits	Planning underway
TPF – financial controls	Planning underway
Planning applications	Planning underway

Final reports issued

Audit	Reported to Committee	Opinion
Treasury management	July 2025	Substantial Assurance
Teesside Pension Fund – Investments	July 2025	Substantial Assurance
Procurement cards (follow-up)	July 2025	Reasonable Assurance
Commercial property income	July 2025	Reasonable Assurance
Domestic abuse	July 2025	Limited Assurance
Server admin (IT)	July 2025	Substantial Assurance
Council Tax and NNDR	July 2025	Substantial Assurance
Members' allowances and declarations of interest	July 2025	Reasonable Assurance
VAT Accounting	September 2025	Substantial Assurance

Homelessness	September 2025	Reasonable Assurance
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Other work in 2025/26

Internal audit work has been undertaken in a range of other areas during the year, including those listed below.

- ▲ A review of grant claims including those relating to:
 - ▲ Delivering Better Value in SEND

ANNEX B: Current priorities for internal audit work

Audit / Activity	Rationale / Comments on progress	Actual / Expected start	Expected reporting ¹
Corporate & cross cutting			
Category 1 (do now)			
Savings plans and delivery	Ongoing. Savings plans reviewed are: ASC02, 06, 08, 11, 13, CS04, CC04, 05, 07	June 2025	December 2025
Information security	Opening meeting held and specification being drafted.	September 2025	December 2025
Business continuity	Opening meeting held and specification being drafted.	September 2025	March 2026
Category 2 (do next)			
Asset management	Initial planning underway.	Q3 2025/26	July 2026
Procurement (breaches)	Initial planning underway.	Q3 2025/26	July 2026
Partnerships	Deferred to Q3 at request of service due to implementation of actions relating to partnership working following the LGA peer review.	Q3 2025/26	July 2026

¹ This is the expected date the audit findings will be included in reports to the Audit Committee. The report will potentially be finalised sooner than this, and the date of issue will be included when reported to the Audit Committee.

Audit / Activity	Rationale / Comments on progress	Actual / Expected start	Expected reporting ¹
Priorities Fund	Initial planning underway. We are considering a request to defer this audit due to some ongoing work on the governance of the project.	Q3 2025/26	July 2026
Category 3 (do later)			
Records management	Planned for Q4.	Q4 2025/26	July 2026
Corporate complaints	Planned for Q4.	Q4 2025/26	July 2026
Financial resilience	Planned for Q4. This will build on the work undertaken in relation to savings plan and delivery.	Q4 2025/26	July 2026
Performance management	Deferred to Q3/Q4 at request of service whilst new performance framework is implemented. Some audit support may be provided in the interim.	Q4 2025/26	July 2026
Project management	This audit is currently not planned to commence in 2025/26, but we will consider the priority of this during the year. We are considering the transformation programme as part of all audits.		
Recruitment and retention	This audit is currently not planned to commence in 2025/26, but we will consider the priority of this during the year.		
Succession planning	This audit is currently not planned to commence in 2025/26, but we will consider the priority of this during the year.		

Audit / Activity	Rationale / Comments on progress	Actual / Expected start	Expected reporting ¹
Governance	This audit is currently not planned to commence in 2025/26, but we will consider the priority of this during the year.		
Equality and diversity	This audit is currently not planned to commence in 2025/26, but we will consider the priority of this during the year.		
Health and safety	This audit is currently not planned to commence in 2025/26, but we will consider the priority of this during the year.		
Financial / Corporate systems			
Category 1 (do now)			
Debtors	Ongoing. Fieldwork is nearly complete.	June 2025	December 2025
Benefits	Initial planning underway. Agreed start date end of August / early September.	September 2025	March 2026
TPF – Financial controls	Initial planning underway.	September 2025	March 2026
Category 2 (do next)			
Main accounting	Initial planning underway.	Q3 2025/26	July 2026
Creditors	Initial planning underway. This will follow the completion of the debtors audit.	Q3 2025/26	July 2026

Audit / Activity	Rationale / Comments on progress	Actual / Expected start	Expected reporting ¹
Category 3 (do later)			
TPF – Investments (TBC)	Planned for Q4.	Q4 2025/26	July 2026
ICT			
Category 1 (do now)			
Cyber security – malware protection	Initial planning underway. Request to defer to later in Q2 due to new IT manager.	September 2025	March 2026
Category 2 (do next)			
TBC	TBC – we will be discussing the remaining IT audits with the new IT manager.		
Operational audits			
Category 1 (do now)			
Anti-social behaviour management	Fieldwork is nearly complete.	December 2024	December 2025
Schools themed audit	Fieldwork is nearly complete.	February 2025	December 2025

Audit / Activity	Rationale / Comments on progress	Actual / Expected start	Expected reporting ¹
Financial assessments (Adult's)	Fieldwork is underway.	March 2025	December 2025
No Recourse to Public Funds (CS)	Fieldwork is nearly complete.	April 2025	December 2025
Home to school transport	Planning underway; opening meeting in early September.	September 2025	March 2026
Section 17 payments	Initial planning underway. Agreed start date end of September.	September 2025	March 2026
Planning applications	Initial planning underway.	September 2025	March 2026
Category 2 (do next)			
Foster carers	Initial planning underway.	Q3 2025/26	July 2026
Commissioning (CS) (follow-up)	Initial planning underway.	Q3 2025/26	July 2026
Climate change	Initial planning underway.	Q3 2025/26	July 2026
Category 3 (do later)			

Audit / Activity	Rationale / Comments on progress	Actual / Expected start	Expected reporting ¹
Direct payments (follow-up)	Planned for Q4.	Q4 2025/26	July 2026
Schools themed audit (2026)	Planned for Q4. Theme to be agreed.	Q4 2025/26	July 2026
No Recourse to Public Funds (ASC)	Planned for Q4. This will follow-on from the work within CS.	Q4 2025/26	July 2026
Housing development	Deferred to Q4 at request of service as new Housing Development manager is in post.	Q4 2025/26	July 2026
TCES	This audit is currently not planned to commence in 2025/26, but we will consider the priority of this during the year.		
Appointeeships	This audit is currently not planned to commence in 2025/26, but we will consider the priority of this during the year.		
ASC budget management	This audit is currently not planned to commence in 2025/26, but we will consider the priority of this during the year. We are currently reviewing savings plans within ASC.		
Reablement	This audit is currently not planned to commence in 2025/26, but we will consider the priority of this during the year.		
Demand management (CS)	This audit is currently not planned to commence in 2025/26, but we will consider the priority of this during the year. We are currently reviewing savings plans within CS.		

Audit / Activity	Rationale / Comments on progress	Actual / Expected start	Expected reporting ¹
Inclusion strategy	This audit is currently not planned to commence in 2025/26, but we will consider the priority of this during the year.		
SEN	This audit is currently not planned to commence in 2025/26, but we will consider the priority of this during the year.		
Waste management	This audit is currently not planned to commence in 2025/26, but we will consider the priority of this during the year. We will review and consider the implications of the Tees Valley-wide waste project.		
Licensing	This audit is currently not planned to commence in 2025/26, but we will consider the priority of this during the year.		
S106 / CIL	This audit is currently not planned to commence in 2025/26, but we will consider the priority of this during the year.		
Towns Fund and regeneration projects	This audit is currently not planned to commence in 2025/26, but we will consider the priority of this during the year. We have conducted some recent audits in this area.		

ANNEX C: SUMMARY OF KEY ISSUES FROM AUDITS FINALISED SINCE THE LAST REPORT TO THE COMMITTEE

System/area	Opinion	Area reviewed	Date issued	Comments / Key issues identified	Management actions agreed
VAT Accounting	Substantial Assurance	Roles and responsibilities, reconciliations, journals, charging of VAT, partial exemption arrangements.	22 July 2025	No significant issues were identified.	None
Homelessness	Reasonable Assurance	Management of demand, policies and procedures, monitoring of expenditure.	11 th September 2025	<p>There are no formal procedural or guidance documents.</p> <p>Temporary accommodation is not always authorised correctly.</p> <p>There is no homelessness strategy.</p>	<p>Procedures and guidance documents will be developed.</p> <p>The scheme of delegation will be reviewed and clarified.</p> <p>A strategy will be approved and published.</p>

ANNEX D: SUMMARY OF PROGRESS ON ONGOING AUDITS

Audit	Specification issued	Scope	Details on progress	Target final report date	Target committee date
Anti-social behaviour management <i>Fieldwork complete</i>	19 th November 2024	Policies and procedure, performance monitoring, data analysis, risk management.	Fieldwork was originally due to commence on 9 th December 2024, however this was delayed due to unavailability of key officers and in order to complete the procurement cards audit. We re-commenced fieldwork in April 2025. Fieldwork is largely complete, but some outstanding queries remain with the service.	30 th September 2025	December 2025
ASC financial assessments <i>Fieldwork ongoing</i>	19 th March 2025	Policies and procedures, guidance, completion of assessments, reviews.	The start of fieldwork was delayed due to a combination of officer availability, and then prioritisation of other work. We have now agreed to start fieldwork in September 2025.	30 th November 2025	December 2025
Schools themed audit – budget management <i>Fieldwork ongoing</i>	26 th March 2025	Financial monitoring arrangements, budgeting, use of supply teachers, purchasing cards.	Fieldwork took place during the summer term and some final queries will be resolved in September when the schools return.	30 th September 2025	December 2025

No recourse to public funds (CS) <i>Fieldwork ongoing</i>	16 th April 2025	Procedures, management of cases, accessing and approving funds, transition to adult's services.	Fieldwork commenced in May 2025 and is largely complete. We have one outstanding query that is to be resolved.	30 th September 2025	December 2025
Debtors <i>Fieldwork ongoing</i>	6 th June 2025	Raising of invoices and credit notes, pursuing debt, reconciliation of income, debt management and write-off.	Fieldwork is ongoing and expected to be completed during September.	31 st October 2025	December 2025
Savings plans and delivery <i>Fieldwork complete</i>	1 st July 2025	Assessment of savings proposals, action plans, monitoring.	Fieldwork commenced in July 2025 and is now complete.	30 th September 2025	December 2025

ANNEX E: AUDIT OPINIONS AND PRIORITIES FOR ACTIONS

Audit opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit. Our overall audit opinion is based on four grades of opinion, as set out below.

Opinion	Assessment of internal control
Substantial assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

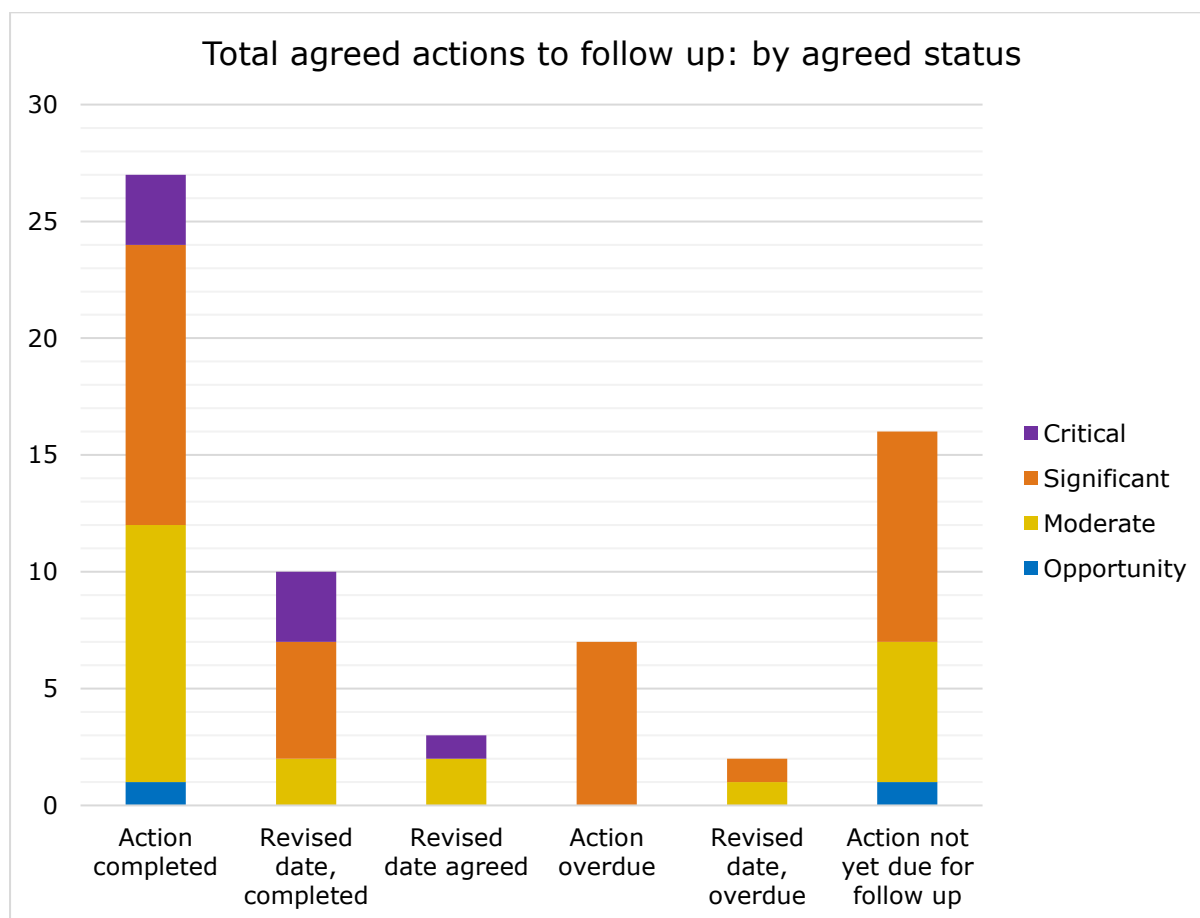
Priorities for findings

Critical	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Significant	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Moderate	The system objectives are not exposed to significant risk, but the issue merits attention by management.
Opportunity	There is an opportunity for improvement in efficiency or outcomes, but the system objectives are not exposed to risk.

ANNEX F: FOLLOW UP OF AGREED AUDIT ACTIONS

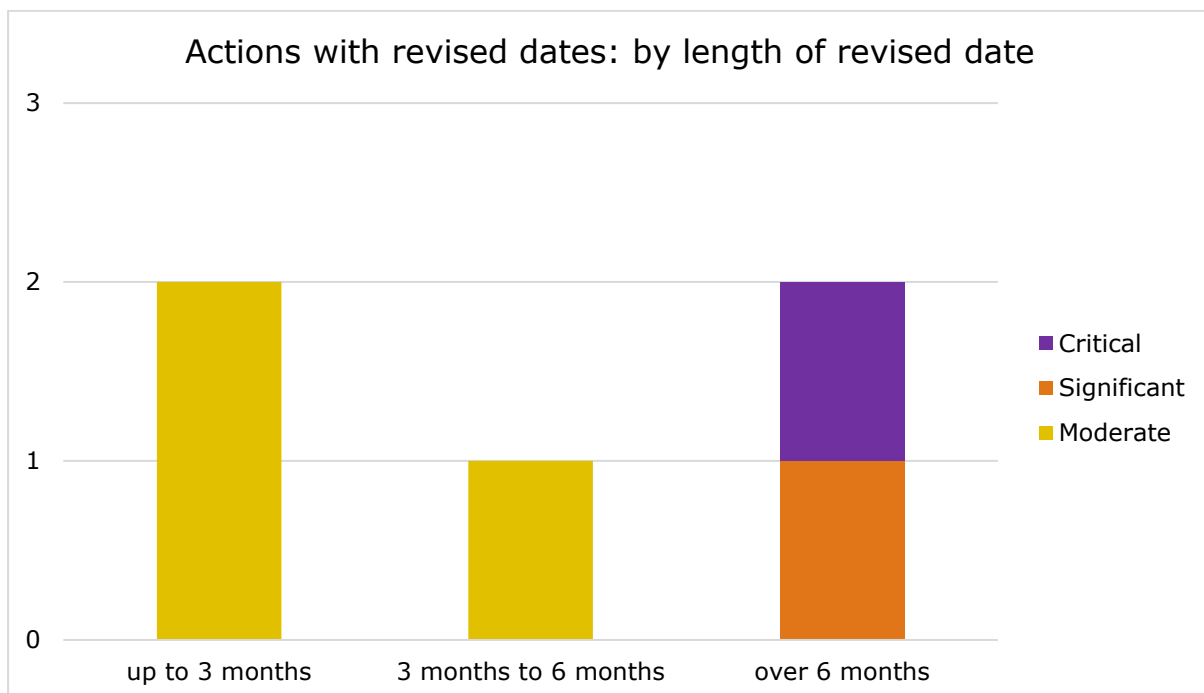
- 1 Follow-up work is carried out through a combination of notifications via the Council's Pentana system, questionnaires completed by responsible managers, risk assessment, and by further detailed review by the auditors where necessary.
- 2 Where responsible officers have not taken the action they agreed to, issues are escalated to more senior officers. Ultimately, they may be referred to the Audit Committee in accordance with the follow-up and escalation procedure.
- 3 In figure 1, below, the status of agreed actions from follow-up activity undertaken between 1 April 2025 – 31 August 2025 is shown.
- 4 For clarity, the figure shows the results of follow up activity for this period, regardless of when actions were originally due (that is, it includes actions which were due prior to 1 April 2025 but which are still being followed up).
- 5 For completeness, it also shows actions which have been agreed in finalised audits, but which have not yet fallen due and so have not been followed up.

Figure 1: Total agreed actions by current status



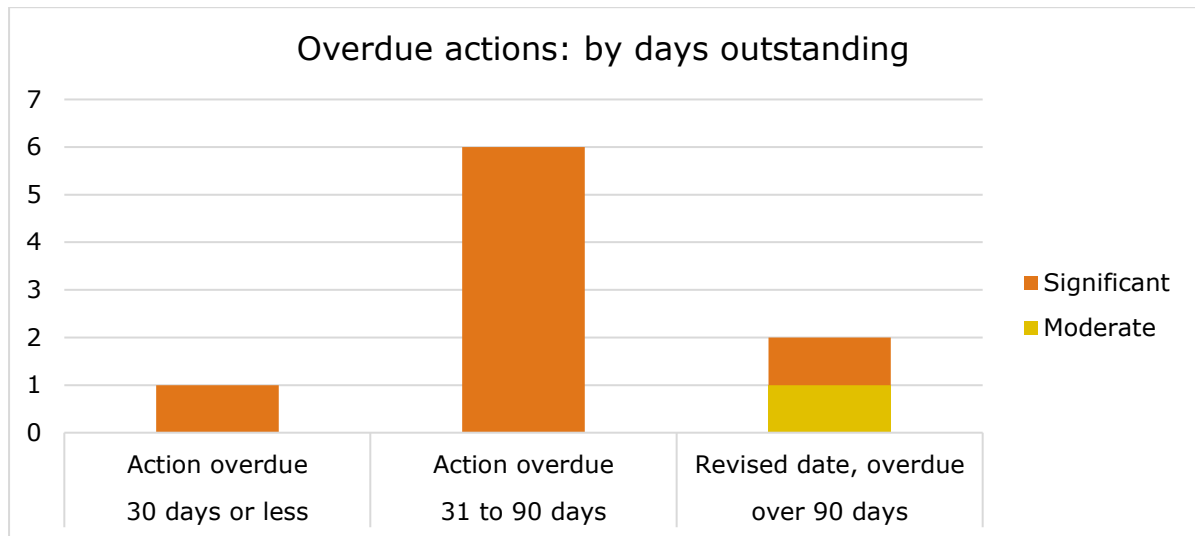
- 6 A total of 49 actions have been followed up so far this year. Of these, 37 have been satisfactorily implemented. 15 actions are not yet due for follow-up as their original implementation date has not passed at the time of reporting.
- 7 A total of 5 actions had their original implementation timescale extended, with revised implementation dates being agreed with the action owner. We agree revised dates where the delay in addressing an issue will not lead to unacceptable exposure to risk and where the delays may be unavoidable.
- 8 However, the committee should be aware that lengthy or continued revised dates do inevitably lead to a degree of risk exposure to the council.
- 9 Figure 2, below, shows how long dates have been revised from the original implementation date.

Figure 2: Length of revised dates agreed for action implementation



- 10 At the time of reporting, nine actions are overdue. This is shown in figure 3, below.

Figure 3: Length of time actions have been overdue



- 11 One significant action has been overdue for more than 90 days beyond the original due date. This action relates to an audit of burials, and the relevant officer (Director – ECS) attended the July meeting of this committee to discuss progress made in implementing the action. The action was originally due on 30th June 2023 and required Bereavement Services to complete a strategy for the service. The service has advised us that the strategy will be completed in September 2025 and will then require Executive approval before it is finalised.
- 12 The other eight overdue actions relate to 5 audits: procurement, payroll, purchasing cards, domestic abuse, and commercial property income. These actions are currently being followed up with the responsible officers.

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Counter Fraud Progress Report 2025/26

Date: 25 September 2025

APPENDIX 2

CONTENTS

- 3** Background
- 3** Counter Fraud Management
- 4** Multi-Agency Work
- 4** Investigative Work



BACKGROUND

- 1 Fraud is a significant risk to the public sector. Fraud is the most common offence in the UK, accounting for 41% of all crime¹. The National Audit Office estimates that fraud and error cost the taxpayer between £55 and £81 billion in 2023/24 and only a fraction of this was detected². Financial loss due to fraud can reduce a council's ability to support public services and cause reputational damage.
- 2 Veritau provides a corporate fraud service to Middlesbrough Council which aims to prevent, detect and deter fraud and related criminality. We use qualified criminal investigators to support departments with fraud prevention, proactively identify issues through data matching exercises, and investigate suspected fraud. To deter fraud, offenders face a range of outcomes, including prosecution in the most serious cases.
- 3 The counter fraud team also plans and takes part in counter fraud campaigns (eg the National Fraud Initiative), undertakes fraud awareness activities with staff and the public, and maintains and updates the Council's counter fraud framework and associated policies.
- 4 The purpose of this report is to update the Audit Committee on counter fraud activity in 2025/26.



COUNTER FRAUD MANAGEMENT

- 5 In May the Council participated in a National Day of Action against Blue Badge fraud alongside other councils across the country. The exercise involved making checks on all blue badges displayed in the town to determine if they were being properly used by legitimate badge holders. The counter fraud and parking enforcement teams worked together to check 42 badges on the day which resulted in one investigation into potential misuse being instigated.
- 6 Veritau helps to promote whistleblowing at the Council. Working with officers in Human Resources, Veritau helps to ensure that all whistleblowing concerns are identified, logged, and appropriately addressed. Every year we work with the communications team to raise awareness of whistleblowing procedures with employees. The latest campaign took place in June as part of World Whistleblowers' Day.
- 7 Veritau is an active participant in regional and national counter fraud groups. In May, the team represented the Council at a liaison meeting between councils, the Public Sector Fraud Authority (PSFA), and Tom Hayhoe, the recently appointed Covid Counter-Fraud Commissioner. In

¹ [Progress combatting fraud \(Forty-Third Report of Session 2022-23\)](#), Public Accounts Committee, House of Commons

² [An overview of the impact of fraud and error on public funds](#), National Audit Office

June, Veritau attended the North East Fraud Investigator group to discuss regional and national fraud trends.

- 8 Veritau shares alerts on fraud threats identified by partners in the counter fraud community, including the National Anti-Fraud Network (NAFN). When Veritau identifies threats that could affect other local authorities a threat report is made so all NAFN members are aware. Recent alerts from NAFN have included fraudulent cheques being used to make payments to councils, details of a person who was found committing career polygamy fraud by working for multiple authorities at the same time, and a report of a successful mandate fraud where a NAFN member was tricked into making a £230k payment to fraudsters.



MULTI-AGENCY WORK

- 9 The National Fraud Initiative (NFI) is a large-scale data matching exercise that involves all councils and other public sector bodies in the UK. The work of the NFI is overseen by the Public Sector Fraud Authority (PSFA) and the exercise runs every two years. The counter fraud team ensures that the Council meets government datamatching requirements and best practice. Data from council departments was gathered and securely sent to the PSFA in October 2024 for matching. The team is currently working on the matches returned from the NFI, based on this data.
- 10 In August, it was announced that the National Fraud Initiative will reintroduce matching related to adult social care payments. Veritau will work with the Council to collect and submit data and review the results for indications of potential fraud.



INVESTIGATIVE WORK

- 11 Between 1 April and 31 August 2025, the counter fraud team have logged 31 referrals of suspected fraud. Five investigations have been completed this year and there are currently 33 cases under investigation.
- 12 A married couple were both issued formal warnings for falsely claiming single person discounts over two periods which spanned 9 years in total. They avoided paying £3,250 in council tax. Following the investigation the losses were repaid in full to the Council.
- 13 In May 2025 the Council was repaid over £300k in unpaid business rates and legal costs resulting from an attempt by a business to evade its liabilities. Working alongside council officers, officers from the counter fraud team gathered important evidence and testified in court in support of the Council's case.

- 14 The counter fraud team supports the Council to recover losses identified as part of investigations. Counter fraud savings³ are tracked by monitoring repayments to the Council and calculating the value of stopping ongoing frauds. In 2025/26 £333k of counter fraud savings have been made to date.

³ Counter fraud savings consist of money recovered during the course of the year (debts may have been calculated in previous years as well as the current financial year) and 12 months of savings where an ongoing fraud has been stopped through the work of the counter fraud team.

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MIDDLESBROUGH COUNCIL

Report of:	Interim Director of Education and Partnerships, Caroline Cannon
Submitted to:	Audit Committee
Date:	25 September 2025
Title:	Management of the Dedicated Schools Grant Risk Within the Strategic Risk Register
Report for:	Information
Status:	Public
Council Plan priority:	Delivering Best Value

Proposed decision(s)

The report is provided for information purposes.

It is requested that the Audit Committee:

- Notes the work undertaken regarding the management of the High Needs element of the Dedicated Schools Grant [DSG] and the current position regarding the statutory override and cumulative DSG deficit.
- Considers whether they have received sufficient information to be assured that there are appropriate arrangements in place to manage the risk.

Executive summary

The report is provided for information purposes and seeks to inform the Audit Committee regarding the management of the Dedicated Schools Grant risk within the Strategic Risk Register.

It outlines the role of the Dedicated Schools Grant with specific reference to the High Needs budget which is used to fund provision for children and young people aged 0-25 with special educational needs.

It provides information regarding the statutory override which is currently in place, and what this means in terms of risk management, with reference to current service demand pressures and the financial impact of this. This includes data regarding some of the demand drivers and projected forecasts.

The report also details the findings of the Delivering Better Value programme along with a high needs review and the actions taken as part of this project to address demand pressures and mitigate additional costs. Reference is also made in the report to the ongoing transformation and improvement work to slow the growth rate in high needs spend and improve the financial position of the High Needs budget.

1. Purpose

1.1 To provide information to the Audit Committee regarding the management of the Dedicated Schools Grant risk within the Strategic Risk Register.

2. Recommendations

2.1 That the Audit Committee

- Notes the work undertaken regarding the management of the High Needs element of the Dedicated Schools Grant [DSG] and the current position regarding the statutory override and cumulative DSG deficit.
- Considers whether they have received sufficient information to be assured that there are appropriate arrangements in place to manage the risk.

3. Background and relevant information

3.1 The Dedicated Schools Grant [DSG] is a national formula-driven, ring-fenced grant which is provided to local authorities from Government to fund education for schools, early years and high needs. The DSG cannot be used for purposes other than those specified in the Conditions of Grant and Regulations.

3.2 The Local Authority is responsible for using the high needs element of the DSG to fund provision for children and young people with special educational needs and disabilities (SEND) from their early years to age 25, enabling both local authorities and institutions to meet their statutory duties under the Children and Families Act 2014. High Needs Funding is also intended to support good quality Alternative Provision for pre-16 pupils who, because of exclusion, illness, or other reasons, cannot receive their education in mainstream or special schools.

3.3 The DSG High Needs budget [HNB] funds independent school placements, special school places, places in alternative provision, places in mainstream school resources bases, commissioned services and funding for pupils in mainstream schools. The Local Authority is also responsible for using the high needs funding to provide 'top up' funding to mainstream schools to deliver provision which is greater than what would ordinarily be available in a mainstream school.

3.4 The total value of the High Needs budget for Middlesbrough in 2025/26 is circa £33m post recoupment.

3.5 Within the DSG, the early years and schools block carry a very small surplus as a contingency to support placement and capacity demands. However, for several years, Middlesbrough Council High Needs block of the Dedicated Schools Grant budget has been running at a deficit outturn. As a result of this, there is an overall cumulative deficit for the DSG of £22.213m at 31 March 2025 and a forecast further in-year deficit for 2025/26 of £9m.

3.6 At present, there is a statutory override in place which was due to end in March 2026, but which has recently been extended until 31 March 2028 to tie in with the transition to a reformed Special Education Needs and Disabilities (SEND) system, details of which will be set out in a White Paper in the autumn.

3.7 Under the statutory override (currently until 31st March 2028) the DSG deficit is required to be kept in a separate reserve and cannot be funded by using the Council's General Fund resources and therefore does not directly affect either the Council's revenue outturn or the balance sheet. There are however investment opportunities foregone due to the cashflow implications of funding the DSG deficit from the Council's revenue resources.

3.8 The risk to the Local Authority is if the statutory override ceases, is that the current £22.213m cumulative deficit will need to be added to Council accounts, along with ongoing in year financial pressures over the next three financial years. This is currently expected to total circa £55m. This would eradicate the Council's general reserves and would present a critical risk to the Council's overall financial viability should the override be withdrawn. Should this happen, a Section 114 notice would likely need to be issued as the Council would be unable to set a balanced budget and have a precarious reserves position to function.

3.9 The risk relating to the removal of the statutory override, along with the risk of significant increase in pressure on the high needs budget are both included in the Strategic Risk Register.

3.10 The driving factors in the increased high needs expenditure are:

- Rising numbers of children with special educational needs. There are around 4000 children with special educational needs at SEN Support level in Middlesbrough. This represents around 15.52% of the overall school age population.
- Increasing numbers of children with an Education Health and Care Plan [EHCP]. There are just over 2000 children with an EHCP in Middlesbrough. This represents around 7.76% of children within the school age population. Between 2020 and 2024, the number of children with an EHCP in Middlesbrough increased by 59%.
- High levels of permanent exclusion; Middlesbrough is above national and regional averages for the rate of permanent exclusion. There are approximately 300 children who require provision to be made for them as a result of exclusion.
- As a result of the above demand, special schools and alternative provisions in the town continue to operate above capacity

3.11 The local authority has statutory obligations to children with an Education, Health and Care Plans along with those children who have been permanently excluded from school which it cannot renege on.

3.12 The picture regarding high needs funding pressures is not unique to Middlesbrough and the challenges are part of the national picture for special educational needs.

- 3.13 A National Audit Office report published in October 2024 highlighted the demand increases on high needs budgets nationally and the financial impact of this on public spending and The Chartered Institute of Public Finance and Accountancy (CIPFA) estimate that almost half of all Councils responsible for children and young people with SEND would need to issue Section 114 notices either in the immediate or medium term should the override cease.
- 3.14 Since 2021, Middlesbrough Council has been delivering on a SEND & Disability Strategy and an accompanying Inclusion Strategy which has aimed to strengthen leadership and governance for SEND, along with improved systems and processes to support an effective SEND system. During this period, local partnerships have been strengthened and there are now additional specialist resources within the local authority to respond to needs effectively. Examples of this include a strong Educational Psychology service along with a 0-25 Inclusion and Outreach Team.
- 3.15 As part of these strategies, a sufficiency plan has also been implemented using the High Needs Capital Provision Allocation funding, provided to the Local Authority by the Department for Education, to build new schools and extend existing provisions across the town to increase capacity. This has culminated in the introduction of over 250 new school places since 2021 along with two successful free school bids.
- 3.16 In 2023, to acknowledge the growing pressures outlined above, Middlesbrough Council received a £1.045m grant from the Department for Education for the roll out of the Delivering Better Value [DBV] programme.
- 3.17 The data and analysis behind the DBV grant application was undertaken by Newton Europe and CIPFA on behalf of the Department for Education.
- 3.18 The aim of the work, which was underpinned by a robust delivery plan, was to provide grant funding between 2023 and 2025 to support Middlesbrough to begin to implement sustainable change and consider transformation and improvement priorities that would address demand pressures, slow the growth rate in high needs spend and improve the financial position of the high needs budget.
- 3.19 The DBV analysis identified that:
- HNB expenditure has grown by 39% since 2019/20.
 - Key areas of overspend and continuing pressures in the HNB include the high costs related to the number of children and young people required to be placed in high cost out of area independent non-maintained special schools, the costs related to the increasing number of children requiring Alternative Provision as a result of high exclusion and suspension rates in Middlesbrough and the increasing number of children and young people requiring special school placements.
 - Expenditure in special schools and independent non-maintained special schools forecast to account for 72% of total expenditure by 2028.
 - Relative to other LAs, the level of mainstream spend in Middlesbrough is notably low. Increased financial support for mainstream schools is a necessary element of a strong inclusive system.

- 3.20 If no mitigating action is taken, the DBV analysis estimated that the overspend in high needs budget was forecasted to be as high as £76.5m by 31st March 2028.
- 3.21 The action plan for the Delivering Better Value programme focussed on a number of key opportunity areas. The first of these opportunity areas was to increase capacity for mainstream inclusion.
- 3.22 As part of this work, 29 SEND & Inclusion clinics were undertaken by LA staff with school leaders in mainstream schools across Middlesbrough. The focus of these clinics was to explore how funding for SEND was being utilised and better understand what the strategic planning in terms of staff and school resources looked like in each school. This work identified areas which were fed into the SEND workforce development plan and ongoing commissioning priorities.
- 3.23 Alongside this, the LA appointed a Family Liaison Officer to support communication with families. This work has included the development of promotional material to provide improved information, advice and guidance for families along with events and coffee mornings to encourage networking. A new parent carer forum has also been established to support coproduction with families at a strategic level.
- 3.24 The second opportunity area that was identified in the DBV programme was Transitions across the 0-25 age range and specifically Year 6 to 7 transitions.
- 3.25 The work on transitions was delivered through a working group with schools and settings, and culminated in the publication of a good practice guidance for transition which was launched at a Transition conference for schools in Spring 2025. There is now a set of common principles for standardising transition which have been developed for the local area.
- 3.26 The third opportunity area in the DBV programme was around workforce development. This work has included a range of workshops, conferences, training sessions and resources being delivered to stakeholders across the 0-25 SEND system.
- 3.27 Five full day development sessions were held for 60 school SEND Coordinators which include expert and lived experience speakers to deliver bespoke content aimed at addressing Middlesbrough's specific challenges.
- 3.28 A partner organisation, Whole Education, who exist to support capacity for self-assessment, knowledge exchanges and good practice sharing were commissioned to provide a professional development programme for schools. This was backed up by national SEND experts and coordinated via Tees Valley Education multi-academy trust who partnered with the LA to lead these activities along with refreshing local network groups to support the work.
- 3.29 Finally, to support a systematic approach to SEND in Middlesbrough, a brand-new ranges and thresholds document has been developed in partnership with schools. This work has seen 13 early adopter schools, led by a small group of senior school leaders, review their approach to a common framework for early intervention and identification

of SEND needs to support the development of a brand-new local area graduated approach – The Middlesbrough SEND Ranges and Thresholds. The launch of this town wide is due to take place in September 2025.

3.30 There were also some additional smaller projects undertaken under the DBV project umbrella. This include:

- Work with health colleagues to identify health contributions where relevant,
- On-going reviews of Education, Health, and Care Plans (EHCPs), prioritising children in out of area independent specialist placements
- A review of our multi-agency decision making processes for Education, Health and Care Plans
- On going work with school to prioritise the reintegration of excluded pupils into mainstream school where possible
- Continued early intervention and prevention work with schools to reduce exclusions,
- Review of maintained schools' reserves and updated policy regarding the use of those reserves

3.31 The Delivering Better Value Grant finished in March 2025, with an extension to Summer 2025 due to carry over funds.

3.32 There have been some quantitative and qualitative impact measures as a result of the work undertaken to date:

- There is reducing reliance on out of area independent specialist placements as local provision is developed – data for Middlesbrough from a recent SEN2 publication shows positive performance against national and regional averages as more children receive their specialist education in area.
- The growth in the number of referrals for statutory assessment of Education, Health and Care Need is slowing
- Investment in workforce development is supporting a strengthened graduated response with participating staff reporting increased confidence and a better develop skill set to meet the needs of children locally.
- Permanent exclusion rates have plateaued with a slight reduction in the number of children being permanently excluded
- There have been less school days lost to suspension
- An increasing number of children who have been permanently excluded from school are being reintegrated back into mainstream provision.
- There is now more assessment provision locally, with increasing numbers of children accessing these early intervention pathways

3.33 The latest mitigated analysis does show improvement with a revised forecast deficit of circa £55m by 2028. However, despite the improved longer-term forecast, the in-year position remains as one of deficit and the level of cumulative deficit remains unsustainable within the context of the existing and anticipated future budget envelope.

3.34 This is because despite work to improve early intervention and prevention via the Delivering Better Value grant, the numbers of children with special educational needs continues to grow and exclusions rates remain significantly higher than national

averages. The impact of the transformation and improvement work is still in its infancy, with likely long term financial impact being seen between 3-5 years after implementation or over the lifetime of a child's journey through education.

- 3.35 It is also important to note, that the above must be viewed in the context of anticipated national reforms, which are due to be announced by the Department for Education in Autumn 2025 to address the significant challenges in the system.
- 3.36 It is essential that the LA continues to take an approach aimed at improvement, transformation and cost mitigation to make further progress towards a model of delivery which mitigates additional spend. The risk of not doing this is that the deficit will continue to grow with an expectation that if the current override ends, then the position of either or both revenue and balance sheet implications, will transfer to the Council for financial year by 31st March 2028.
- 3.37 In parallel to the DBV programme, the Local Authority has also explored other avenues for income to offset high needs budget spend.
- 3.38 There is a recoupment policy in place to seek contributions from schools towards early intervention and prevention provision. The value of recoupment income is circa £1m based on 2024-25 figures.
- 3.39 In addition, local authorities also retain the ability to transfer up to 0.5% of funding out of the Schools Block into the High Needs Block, with the agreement of the Schools Management Forum. In the 2024/25 and 2025/26 financial years, Middlesbrough Schools Management Forum agreed for 0.5% funding from the Schools Block of the Dedicated Schools Grant (DSG) to be transferred the High Needs Block. This was in acknowledgement of the demand and expenditure pressures outlined above, along with a collective agreement that the funds be used to deliver additional early intervention and prevention provision. The value of this is circa £0.750m based on 2025/26 figures.
- 3.40 As part of the supplementary work for the DBV programme, a high needs review also took place between Sep 2024 and Feb 2025.
- 3.41 The review supported and triangulated with the ongoing work related to DBV corroborating the key challenges related to high needs funding in Middlesbrough, the ongoing pressures in the High Needs Block (HNB) and some of the cost avoidance measures that should be put into place to work towards financial sustainability.
- 3.42 Following this review, and with the support of Schools' Management Forum, the Local Authority is working in partnership with schools and settings to implement a new resource allocation system. This new system will streamline funding distribution, incentivise inclusion in mainstream and support early intervention and prevention. This project will be delivered by July 2027 and is being supported via flexible use of capital receipts.

- 3.43 A High Needs Strategic Group and a High Needs working group are in place to deliver this project with regular performance reports being shared with Schools Management Forum who will provide governance and oversight for the project delivery.
- 3.44 The work to implement the new resource allocation system also forms part of the Children's Services Transformation Plan.
- 3.45 Alongside the introduction of the new resource allocation system, staff from the Local Authority Inclusion and Specialist Support Service continue to deliver on strategic improvement priorities intended to slow growth in demand and mitigate further high needs expenditure. These include work with schools to reduce exclusions, strengthening the local area graduated response and increasing local provision for children with complex needs to support more children to be educated in their local communities which avoids the need for expensive, independent, out of area placements.
- 3.46 The Local Authority has also recently been awarded a grant through the Association of Directors of Children's Services Regional Improvement and Innovation Alliance which will be used to continue to fund SEND workforce development activity.
- 3.47 A new SEND & Inclusion Strategy is under development to be launched in January 2026 which will outline this next phase of delivery, and will be aligned to national reforms.
- 3.48 There is a multi-agency strategic SEND & Inclusion Board in place to provide governance and oversight to the delivery of this work within the service. This group meets 6 weekly and is chaired by the Director of Education and Partnerships.

4. Other potential alternative(s) and why these have not been recommended

- 4.1 The paper is for information only, and a decision is not being sought on the topic at this time.

5. Impact(s) of the recommended decision(s)

Topic	Impact
Financial (including procurement and Social Value)	The report details the DSG financial position in Middlesbrough, the statutory override and possible future implications of any changes to the statutory override, and how we account for the DSG deficit.
Legal	n/a
Risk	Strategic Risk - SR16 - Removal of the statutory override preventing the Designated School Grant (DSG) deficit from being met from general fund resources.

	Directorate Risk - 09-021 Significant increase in pressure on the High Needs Budget
Human Rights, Public Sector Equality Duty and Community Cohesion	n/a
Reducing poverty	n/a
Climate Change / Environmental	n/a
Children and Young People Cared for by the Authority and Care Leavers	n/a
Data Protection	n/a

Appendices

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2	
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Background papers

Body	Report title	Date

Contact: Emma Cowley, Head of Inclusion, Assessment and Review
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Audit Committee Work Programme 25/26***Proposed additional reporting to address the new ToR in bold and italics***

Committee date	Report title / subject	Lead / author
30 July	Completion of the Self assessment of Audit Committee effectiveness	Andrew Humble / Barry Scarr
JULY	This audit programme	A Johnstone
	Health and Safety Annual Assurance report	A Johnstone
	Audit Strategy Memorandum for the Council	Cath Andrew (Mazars)
	Audit Strategy Memorandum for Teesside Pension Fund	Thomas Backhouse (Mazars)
	Head of Internal Audit annual report and counter fraud annual report <i>future years format to be amended to include information on analysis of resources available to deliver the work and their sufficiency</i>	P Jeffrey
	2024/5 Draft Statement of accounts including AGS	J Weston / A Johnstone
25 SEPTEMBER	Complaints annual assurance report 2024/5	A Johnstone
	Draft Annual Report of the Committee	A Johnstone
	Risk annual assurance report <i>expanded to include an overview on progress made in addressing risks</i>	A Johnstone
	SIRO annual report	A Johnstone
	Progress report – Forvis Mazars	Cath Andrew (Mazars)
	Pension Fund Audit Progress Report – Forvis Mazars	T Backhouse
	Internal Audit and Counter Fraud progress reports	P Jeffrey
	Presentation on the management of the DSG risk within the Strategic Risk Register	C Cannon and A Humble

11 DECEMBER	Overview of Risks within the Strategic Risk Register – rolling programme from LMT leads	TBD
	Forvis Mazars Auditors Annual Report 2023/24	Cath Andrew (Forvis Mazars)
	Annual Assurance Report on Partnership Governance	A Johnstone
	Treasury Management Mid-Year Review 2025/6	J Weston
	26/27 Internal Audit Consultation Report	P Jeffrey
	Internal Audit and Counter Fraud Progress Reports	P Jeffrey
	Annual review on financial procedure rules compliance	J Weston
	Update to committee on comparative reserves performance	A Humble and J Weston
	Outcome of benchmarking approach to Independent persons report	J Weston
19 FEBRUARY	Annual Assurance Report on Decision Making	C Benjamin / A Wilson
	Annual Assurance Report on Business Continuity	A Johnstone
	Local Code of Corporate Governance	A Johnstone
	Annual Assurance Report HR	N Finnegan
	Annual Procurement Report 24/25	C Walker
	Forvis Mazars – Audit Completion Report 2024/25	C Andrew
	24/25 Audit Completion report for the Pension Fund	Thomas Backhouse
	Mid-year Risk Update expanded to include an overview on progress made in addressing risks	A Johnstone
	Final Statement of Accounts 2024/25	J Weston
	Treasury Management report	J Weston
	Veritau internal audit work programme 2026/27	P Jeffrey
	Veritau counter fraud plan 2026/27	
	Letter of Representation on the Accounts from the Director of Finance	J Weston
	Overview of Risks within the Strategic Risk Register – rolling programme from LMT leads	TBD
16 APRIL	Performance Management	C Benjamin
	PPMF assurance report	G Cooper

	Internal Audit and Counter Fraud Progress Report	P Jeffrey
	Progress Report – Forvis Mazars	Cath Andrew (Forvis Mazars)
	Pension Fund Progress report	Thomas Backhouse
	Future FWP for 2026/27	A Johnstone
	Overview of Risks within the Strategic Risk Register – rolling programme from LMT leads	TBD
	The outcome of the review of internal audit services	A Humble
	Annual assurance report on actions taken to reduce the likelihood of fraud	J Weston

Additional item required but meeting to be determined:

- **Annual assurance report on the governance around revenue and capital budgets and the effectiveness of budget monitoring processes from 2026/27 aligning with the increase in capacity being brought forward in the Finance service over 2025/26.**

In addition:

- **pre meeting sessions with internal and external audit to be established for the December 2025 meeting onwards**
- **Build into the FWP the 2026 annual review of effectiveness and the 2026 Annual Committee report**
- **Build in an annual review of the effectiveness of internal audit from 2027 onwards.**
- **Formal report seeking committee views on PSAA consultation on future fees to seek views on whether committee are assured they will receive Value for Money**
- **Joint assurance report from External and Internal Audit setting out how they ensure a combined, joined up approach to auditing governance.**

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