



Legal and Corporate Services

AUDIT COMMITTEE

Date: Thursday 16th April, 2026
Time: 1.30 pm
Venue: Mandela Room, Town Hall

AGENDA

1. Welcome and Evacuation Procedure
In the event the fire alarm sounds attendees will be advised to evacuate the building via the nearest fire exit and assemble at the Bottle of Notes opposite MIMA.
2. Apologies for Absence
3. Declarations of Interest
4. Minutes - Audit Committee 19 February 2026 3 - 14
5. Human Resources Annual Assurance Presentation 15 - 36
6. Governance and Assurance Mapping Policy 37 - 54
7. Programme and Project Management Framework - Annual Assurance Report 55 - 60
8. Management of Strategic Risk 15 - Threats to Social Cohesion and Democratic Resilience 61 - 70
9. Procurement Overview 2024/25 71 - 82
10. Internal Audit and Counter Fraud Progress Report 83 - 108
11. Internal Audit Work Programme 2026/27 109 - 124
12. Counter Fraud Plan 2026/27 125 - 150
13. External Audit Progress Report 151 - 162
14. Work Programme (Standard Item) 163 - 164

15. Any other urgent items which in the opinion of the Chair, may be considered.

Charlotte Benjamin
Corporate Director of Legal and Corporate Services

Town Hall
Middlesbrough
Tuesday 7 April 2026

MEMBERSHIP

Councillors J Ewan (Chair), D Coupe (Vice-Chair), D Branson, I Morrish, 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 Rachael Johansson, 01642 726421, rachael_johansson@middlesbrough.gov.uk

AUDIT COMMITTEE

A meeting of the Audit Committee was held on Thursday 19 February 2026.

PRESENT: Councillors J Ewan (Chair), D Coupe (Vice-Chair), D Branson, I Morrish, M Nugent, G Wilson and L Young

ALSO IN ATTENDANCE: C Andrew (Mazars), M Kirkham (Mazars), T Backhouse (Mazars) E Lambert-Martin (Veritau)

OFFICERS: A Johnstone, J Weston, A Wilson, A Humble, R Johansson

25/22 WELCOME AND EVACUATION PROCEDURE

The Chair welcomed all present to the meeting and read out the building evacuation procedure.

25/23 DECLARATIONS OF INTEREST

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

25/24 MINUTES - AUDIT COMMITTEE - 11 DECEMBER 2025

The minutes of the Audit Committee meeting held on 11 December 2025 were submitted and approved as a correct record.

25/25 LOCAL CODE OF CORPORATE GOVERNANCE ANNUAL REVIEW REPORT

The Committee considered a report of the Corporate Director of Legal and Corporate Services, presented by the Head of Policy, Governance and Information, on the annual review of the Council’s Local Code of Corporate Governance.

The report outlined that the Code is reviewed annually to ensure continued alignment with the CIPFA/SOLACE principles of good governance. It was noted that the 2025/26 review proposed minor updates to reflect current governance arrangements and practices, with no substantive changes to the framework.

Members noted that the Code provides the overarching framework for the Council’s governance arrangements and supports transparency, accountability and effective decision-making. It was confirmed that compliance with the Code would continue to be assessed through the Annual Governance Statement.

AGREED that:

1. The revised Local Code of Corporate Governance be approved for submission to Full Council.

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2. Full Council be recommended to approve the revised Local Code of Corporate Governance.

25/26 **ANNUAL ASSURANCE REPORT ON DECISION MAKING 2025**

The Committee considered a report of the Corporate Director of Legal and Corporate Services providing an annual assurance update on the Council's decision-making processes.

The Head of Legal Services presented the report outlining the framework for decision-making within the Council, including the operation of the Constitution, Executive and Officer delegated decisions, and the procedures in place to ensure transparency, accountability and compliance with statutory requirements. It also summarised activity during the period 1 January 2025 to 1 December 2025, including Executive and Officer delegated decisions, training and awareness activity, and scrutiny arrangements.

The Committee noted that the Constitution had been updated during the year and that the decision-making activity continued to be supported by published guidance, reporting mechanisms and Member training. It was also noted that no call-in requests had been received during the reporting period.

AGREED that:

1. The information provided regarding the Council's decision-making processes was noted.

25/27 **RISK MANAGEMENT - BIENNIAL STRATEGIC RISK REGISTER REVIEW**

The Committee considered a report of the Chief Executive providing the biennial review of the Council's Strategic Risk Register and the arrangements in place to manage and monitor strategic risks.

Members were advised that the Committee's Terms of Reference provided for oversight of the Council's strategic risks and the governance arrangements in place to manage them. It was noted that the Council maintained a Strategic Risk Register which was subject to regular review and monitoring, with a rolling programme of work enabling the Committee to undertake deeper consideration of the governance arrangements in place to manage specific risks.

The report set out the current Strategic Risk Register, including details of individual risks, the raw risk score, likelihood and impact assessments, current risk score and the target risk score the Council was seeking to achieve through mitigation measures.

Members were advised that the strategic risk scheduled for detailed consideration at the meeting had been deferred as the relevant Officer was required to support a major event. The Committee was invited to identify areas from the Strategic Risk Register it may wish to consider at future meetings.

During discussion, reference was made to the risks relating to the Tees Valley Combined Authority. Members noted that improvements had been made to governance arrangements and that collaborative working arrangements had improved. It was suggested that the risk score associated with this area may reduce in the future, Officers advised that the current score remained under regular review. It was likely that the current score would not lower while the Tees Valley Combined Authority was subject to Best Value Notice.

In identifying risks which the Committee may wish to consider in greater detail at a future meeting, reference was made to Strategic Risk 17 relating to projects led by the

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Tees Valley Combined Authority (TVCA), and its Mayoral Development Corporation (MDC).

AGREED that:

1. The arrangements in place to manage the Strategic Risk Register within the Council and the progress made be noted.
2. The information provided be accepted as assurance that the governance of the Strategic Risk Register is suitable.
3. The governance arrangements in place for risks relating to the Tees Valley Combined Authority (TVCA), and its Mayoral Development Corporation (MDC), be presented to the Committee for detailed consideration at the June 2026 meeting.

25/28

BUSINESS CONTINUITY ANNUAL ASSURANCE REPORT 2025

The Committee considered a report of the Chief Executive which outlined the Council's approach to Business Continuity Management and provided an update on activity undertaken during the previous year together with planned activity for 2026.

The report outlined assurance that the Council had robust arrangements in place that ensured the continued delivery of critical services in the event of disruption, in accordance with the requirements of the Civil Contingencies Act 2004.

The Head of Chief Executive's Department introduced the report and advised that since the report had been issued, internal audit had undertaken a review of the Council's business continuity arrangements, and no issues had been identified. It was noted that the internal audit report remained in draft form.

Members were advised that a range of activities had been undertaken during the previous year to test and strengthen the Council's business continuity arrangements. This included joint training exercises between the Emergency Management Response Team and the Business Continuity team, which had tested the Council's relocation arrangements and response to potential disruption scenarios.

The Committee heard that testing had been undertaken across all Directorates to ensure key systems remained operational in the event of disruption. Officers reviewed and updated documentation across the organisation to ensure it remained aligned with best practice and reflected organisational changes. Resilience testing had also been undertaken on the Council's two data centres to ensure systems continued to function effectively and to identify potential weaknesses. Additional equipment had also been procured during the year to further strengthen resilience arrangements.

Members were informed that exercises had been undertaken with partner organisations across the Cleveland area to test coordinated responses to potential incidents. Scenario-based exercises had also been undertaken to test decision-making processes and response arrangements. The Council's Pandemic Plan had been used as a template for planning coordinated responses to major incidents.

The Committee was advised that the Council had also worked with the Regional Cyber Crime Unit to undertake further testing of ICT protocols and resilience arrangements, including testing system thresholds and ensuring arrangements met the standards expected of Category 1 responders.

Members acknowledged the work undertaken and commented that it was positive to see planning arrangements being tested against a range of potential emergency situations, including incidents affecting Council buildings such as fire or chemical release scenarios. Officers clarified that while internal scenario testing took place to

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ensure critical services could continue to operate in such circumstances, detailed scenario planning was not shared in public domain due to the sensitive nature of the information.

During the discussion, Members also noted recent incidents which tested elements of the Council's business continuity arrangements, including ICT security incidents and flooding events. It was reported that the Council's incident response processes had proven effective in responding to such situations and that learning from these events had been incorporated into ongoing resilience planning.

Members were advised that the progress made during the previous year, together with the testing and training undertaken, provided assurance that the Council's business continuity arrangements remained suitable and effective.

AGREED that:

1. The arrangements in place to manage Business Continuity and the progress made over the last year be noted.
2. The information provided be accepted as assurance that appropriate Business Continuity arrangements are in place.

25/29

PRUDENTIAL INDICATORS 2026/27 TO 2029/30 AND TREASURY MANAGEMENT ANNUAL STRATEGY REPORT 2026/27

The Committee considered a report of the Corporate Director of Finance outlining the Prudential Indicators for 2026/27 to 2029/30, the Treasury Management Strategy for 2026/27, and the Minimum Revenue Provision (MRP) Policy).

The Committee was advised that the framework had been prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA), Prudential Code and Treasury Management Code, together with requirements of the Local Government Act 2003.

Members heard that responsibility for the implementation and monitoring of treasury management arrangements was delegated to the Corporate Director of Finance, with operational delivery undertaken by the Head of Finance and Investment, in accordance with approved treasury management practices. The Audit Committee was responsible for ensuring effective scrutiny of treasury management strategy and policies.

The Committee was advised that the Council's treasury management approach prioritised security and liquidity over yield, with investments undertaken prudently and in line with counterparty criteria. Credit ratings were monitored on an ongoing basis, with investment decisions informed by treasury advisors and market intelligence.

In respect of investments, Members noted that:

- Specified investments were limited to high credit quality bodies, short-term in nature and denominated in sterling.
- A minimum of 90% of total investments must fall within the specified category.
- The maximum investment with any one counterparty was 15 million (with no limit for the UK Debt Management Office).
- Non-specified investments were limited to 10% of total investments, with a maximum of £3 million per counterparty and a maximum duration of three years.

The Committee noted that borrowing activity would be undertaken prudently, balancing cost and risk, and that the Council continued to utilise internal borrowing where appropriate.

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Members were further advised that the Minimum Revenue Provision (MRP) Policy required the Council to set aside a prudent level of revenue to repay borrowing. For 2026/27, the Council intended to apply the 2% annuity method for both supported and unsupported borrowing. It was noted that any changes to the policy would require approval by full Council.

The Committee was advised that the Treasury Management Strategy had been approved by full Council and formed part of the Medium-Term Financial Plan for the forthcoming financial year and the following four years. It was acknowledged that the framework was complex but a fundamental element of the Council's financial governance and sustainability.

Members discussed the scale of borrowing and the associated revenue implications, including the cost of servicing debt through interest and principal repayments. It was noted that borrowing supported delivery of the capital programme over several years and that the level of debt must be considered alongside the Council's ability to finance it sustainably.

The Committee heard that the treasury management activity relied on maintaining sufficient cashflow and liquidity to meet the Council's obligations, including payments to suppliers and employees, whilst managing income and borrowing requirements effectively.

Members discussed the relationship between capital investment and revenue budgets, noting that capital expenditure could not be used to fund day-to-day services and must be affordable within the Prudential Code framework. It was emphasised that prudential indicators provided assurance on affordability, sustainability and the impact of borrowing on the Council's finances.

Discussion also took place regarding:

- The level and the profile of external borrowing over the medium term, including increases in the early years of the capital programme.
- The use of capital receipts from asset sales to reduce borrowing requirements where possible.
- The affordability of future borrowing levels and the long-term financial implications.
- The level of uncertainty in later years of the Medium-Term Financial Plan.
- The importance of benchmarking against other local authorities.

Members also raised the potential for earlier engagement in the development of the capital programme and treasury strategy, noting that additional scrutiny at an earlier stage could support improved understanding and decision-making.

The Committee discussed the Council's approach to managing debt, including opportunities to manage debt, including opportunities to repay debt where appropriate, and the importance of maintaining prudent limits within the authorised borrowing limit.

In respect to governance and risk, Members were advised that appropriate arrangements were in place, supported by internal audit, and further work would continue to strengthen risk management and reporting arrangements.

AGREED that:

1. The Prudential Indicators for 2026/27 to 2029/30 be noted.
2. The Treasury Management Strategy Statement for 2026/27, including the Annual Investment Strategy, be noted.

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3. The Treasury Management Policy Statement and governance arrangements be noted.
4. The limits and criteria for specified and non-specified investments be noted.
5. The Minimum Revenue Provision (MRP) Policy for 2026/27 be noted.
6. The information provided be accepted as assurance that the Council's treasury management arrangements were prudent, sustainable and supported effective governance.

25/30

FAILURE TO PREVENT FRAUD - NEW LEGISLATION

A report from the Corporate Director of Finance was presented informing Members of the new Failure to Prevent Fraud offence introduced under the Economic Crime and Corporate Transparency Act 2023, which came into force on 1 September 2025.

The Committee was advised that the offence applies to large organisations, including local authorities, and creates potential liability where fraud is committed by an associated person for the benefit of the organisation, unless reasonable prevention procedures are in place.

Members were informed that the Council met the relevant criteria to fall within scope of the legislation and that a self-assessment had been undertaken against Home Office guidance to review existing arrangements.

The report outlines that a range of governance, risk management and internal control measures were already in place, including fraud risk assessments, policies, training and monitoring arrangements. It was noted that the likelihood of an offence occurring was considered low, however the potential financial and reputational impact would be significant.

The Committee was advised that further work was underway to strengthen arrangements, including the development of an action plan, enhancements to training and communication, and a review of controls in higher-risk areas.

Reference was made to the six key principles set out in Home Office guidance, including top-level commitment, risk assessment, proportionate procedures, due diligence, communication and training, and ongoing monitoring and review.

The Committee noted that the new requirements had been incorporated into the Council's risk management framework, with the S151 Officer identified as the lead, and that updates would be provided as the action plan progressed.

AGREED that:

1. The content of the briefing note from the Internal Auditor on the Failure to Prevent Fraud legislation be noted.
2. The arrangements in place and the ongoing actions to minimise the risk of fraud be noted.

25/31

INTERNAL AUDIT WORK PROGRAMME CONSULTATION 2026/27

The Committee received a report from the internal auditor outlining the proposed approach to developing the Internal Audit Work Programme for 2026/27 and seeking Members views on areas of priority.

Members were advised that the programme is developed in accordance with Public Sector Internal Audit Standards and is risk-based, aligning audit activity with the Council's strategic objectives, key risks and priorities.

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It was noted that the proposed approach is informed by the Council's corporate risk register, organisational objectives, financial position, and ongoing transformation activity, as well as engagement with senior management and the Audit Committee.

The Committee was informed of the opinion framework used by internal audit, which brings together the audit principles, key assurance areas, corporate risks, and Council ambitions to determine audit priorities. It was noted that this framework ensures audit coverage is focused on areas of greatest risk and importance to the Council.

Members were advised that the report represented the first stage of consultation, and that a draft Internal Audit Work Programme would be presented to the Committee for approval at its April 2026 meeting.

During discussion, Members noted the eleven key assurance areas and were invited to identify any specific areas they wished to be prioritised within the 2026/27 programme.

The Committee discussed the proposed allocation of internal audit and counter fraud days. It was noted that approximately 555 internal audit days and 250 counter fraud days were currently allocated, with an anticipated increase in counter fraud resource. It was further noted that a business case would be brought forward in due course regarding additional capacity.

Members discussed the overall capacity of the internal audit function, including the potential to increase audit days through additional staffing or partnership working arrangements across multiple councils. It was noted that capacity may need to flex in response to emerging risks during the year.

In considering priority areas, Members highlighted several areas of focus, including:

- Strategic planning and delivery of Council Plan objectives.
- IT governance and cyber security.
- Recruitment and retention, including reliance on agency staff.
- Housing regulatory compliance.
- Waste management.
- Risk management, including disaster recovery, health and safety, and flooding.
- Asset management, including repair and maintenance.

Members also noted ongoing pressures within finance, including staffing capacity, and were advised of previous audit findings relating to value for money arrangements and challenges in obtaining sufficient assurance in certain areas.

It was noted that the volume of audit work undertaken had increased compared to the previous year, including work relating to the balance sheet.

AGREED that:

1. The approach to developing the Internal Audit Work Programme for 2026/27 be noted.
2. The comments made in respect of areas for consideration within the programme be noted.

25/32

MIDDLESBROUGH COUNCIL AUDIT COMPLETION REPORT 2024/25

The Committee received the External Audit Completion Report presented by the Council's external auditors.

Members were advised that the report set out the outcome of the audit of the Statement of Accounts for the year ended 31 March 2025, including key findings, identified risks,

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control deficiencies, amendments to the accounts, audit fees, and value for money arrangements.

It was noted that the audit had been undertaken in the context of statutory backstop arrangements, and that the auditors intended to issue a disclaimed opinion due to their inability to obtain sufficient appropriate audit evidence in several areas prior to the backstop date.

The Committee was informed that the audit remained incomplete, with outstanding work in relation to elements of the financial statements, including property, plant and equipment, pensions and other balance sheet areas.

Members noted that the auditors had identified deficiencies in internal control, including weaknesses in IT controls relating to user access, privileged access and password management. It was further noted that, due to the stage reached in the audit, the findings reported may not represent a complete record of all deficiencies.

The Committee considered the summary of amendments to the financial statements processed by management, together with several unadjusted misstatements, which had been assessed as not material, individually or aggregate. Members also noted several disclosure amendments, which were reflected in the updated draft financial statements.

In response to questions, Members received clarification on the status of the audit, including what work had been completed and what remained outstanding, and the reasons why sufficient audit evidence had not been obtained in certain areas prior to the backstop date.

Members discussed the significant findings, including matters relating to capital finance arrangements and the absence of a permanent Chief Accountant during the period, and were advised that the management had taken steps to address these issues.

The Committee also sought clarification on identified misstatements, noting that these had not been adjusted within the accounts but had been reviewed by management and assessed as not material.

Members were advised that any changes arising from the completion of outstanding audit work would be reflected in an updated Letter of Representation, which would be reviewed and signed by the Chair of the Audit Committee and Corporate Director of Finance.

Discussion also took place in relation to council tax and collection performance, including the approach to bad debt provision, the need for regular review of collectability, and trends in collection rates over recent years. Members were advised that collection performance remained broadly consistent, and that the Council continued to review its approach to provisions on an ongoing basis.

Members were advised of the auditors' work on value for money arrangements, including the assessment of the Council's arrangements for financial sustainability, governance, and improving economy, efficiency and effectiveness.

It was noted that the auditors had identified significant weaknesses in arrangements, including:

- Financial sustainability, including reliance on exceptional financial support and ongoing budget pressures.
- Governance arrangements.
- Performance management and delivery against strategic priorities.

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Members were advised that recommendations for improvement had been made and would be reported within the Auditor's Annual Report. The Committee also considered the proposed audit fees, including additional work required in relation to value-for-money arrangements and the impact of backstop arrangements.

It was further reported that, as the audit remained incomplete:

- The Statement of Accounts had not been finalised.
- The Letter of Representation had not been signed.

Members considered the report and the explanations provided by the external auditors in respect of the audit findings, outstanding work, and proposed audit opinion.

AGREED that:

1. The External Audit Completion Report be noted.
2. The Statement of Accounts be approved, subject to any final amendments arising from completion of the audit.
3. The Chair of the Audit Committee and the Corporate Director of Finance be authorised to approve and sign the final letter of representation.

25/33

TEESSIDE PENSION FUND AUDIT COMPLETION REPORT 2024/25

The Committee received the Teesside Pension Fund Audit Completion Report for the year ended 31 March 2025 presented by the Council's external auditors.

Members were advised that the current position represented a substantial improvement on the previous year, when the auditors had been unable to issue an opinion. Members heard that a considerable amount of work had been undertaken during 2024/25 to address historic issues, supporting the audit process, and strengthen the overall position of the Fund.

Members were advised of the status of the audit and key matters arising from the auditors' work, including:

- Progress made in resolving historic audit issues and improving the evidential position supporting the accounts.
- Work undertaken in relation to Level 3 investments and associated valuation work.
- Asset valuations and related disclosures.
- Cash deposits and custodian reporting arrangements.
- Financial instrument disclosures.
- The review of internal control matters and issues identified in prior years.
- The remaining work required to conclude the audit.

It was noted that several matters previously identified had either been resolved or had improved significantly during the year. Members were advised that some matters remained subject to final audit procedures, final review, and any consequential amendments to the accounts or disclosures.

The Committee also noted the matters set out within the appendices to the report, including the draft management representation letter and draft audit report, together with the internal audit control conclusions identified by the auditors.

In relation to internal control matters, Members were advised of recommendations made in respect of:

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- Review arrangements supporting submission of information to the Fund actuary.
- Retention of evidence supporting Pension Fund membership information at key dates.
- Declarations of interests from Pension Fund members.

Members noted the management responses provided and the actions proposed in respect of those matters.

It was further reported that:

- The audit remained in progress.
- The Statement of Accounts had not yet been finalised.
- The Letter of Representation had not yet been signed.

Members considered the report and the explanations provided by the external auditors in respect of the audit findings, outstanding work, and proposed audit opinion.

AGREED that:

1. The external audit completion report for Teesside Pension Fund for the year ended 31 March 2025 be noted.
2. The Statement of Accounts be approved, subject to any final amendments arising from completion of the audit.
3. The Chair of the Audit Committee and the Corporate Director of Finance be authorised to approve and sign the final Letter of Representation.

25/34

MIDDLESBROUGH COUNCIL LETTER OF REPRESENTATION 2024/25

The Committee considered the draft Letter of Representation of the Corporate Director of Finance, in respect of the audit of the Council's Statement of Accounts for the year ended 31 March 2025.

Members noted that the Letter of Representation is a standard requirement of the external audit process, confirming management's responsibilities and representations in relation to financial statements.

Members noted the draft Letter of Representation, including reference to unadjusted misstatements identified during the audit, and that the document would be finalised following completion of the audit.

AGREED that:

1. The draft Letter of Representation be noted.
2. The Chair of the Audit Committee and the Corporate Director of Finance be authorised to approve and sign the final Letter of Representation.

25/35

TEESSIDE PENSION FUND LETTER OF REPRESENTATION 2024/25

The Committee considered the draft Letter of Representation of the Corporate Director of Finance, in respect of the audit of the Teesside Pension Fund Statement of Accounts for the year ended 31 March 2025.

Members were advised that the Letter of Representation was a standard requirement of the external audit process, confirming management's responsibilities and representations in relation to the financial statements, accounting records and disclosures.

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The Committee noted the content of the draft Letter of Representation, including the representations made in respect of accounting records, estimates, related party transactions, fraud and error, compliance with laws and regulations, and going concern.

It was further noted that the audit remained in progress and that the Letter of Representation would be finalised following completion of the remaining audit procedures.

AGREED that:

1. The draft Letter of Representation be noted.
2. The Chair of the Audit Committee and the Corporate Director of Finance be authorised to approve and sign the final Letter of Representation.

25/36

APPROVAL OF THE AUDITED STATEMENTS OF ACCOUNTS 2024/25

The Committee considered a report of the Corporate Director of Finance in relation to the approval of the audited Statement of Accounts for Middlesbrough Council for the year ended 31 March 2025.

Members were advised that the purpose of the report was to update the Committee on the position reached in relation to the Audited Statements of Accounts, including the outstanding matters remaining, and to seek approval of the accounts subject to completion of the remaining audit and journal adjustments.

The Committee noted that the report also sought authority for the Chair of the Audit Committee and the Corporate Director of Finance to approve and sign the final Statement of Accounts, Letter of Representation and associated audit documentation once the remaining matters had been concluded.

AGREED that:

1. The position reached in relation to the audited Statement of Accounts for 2024/25 be noted.
2. The Statement of Accounts for 2024/25 be approved, subject to completion of the remaining audit procedures, journal adjustments and any resulting non-material amendments.
3. The Chair of the Audit Committee and the Corporate Director of Finance be authorised to approve and sign the final Statement of Accounts, Letter of Representation and associated audit documentation.

25/37

AUDIT COMMITTEE WORK PROGRAMME (STANDARD ITEM)

A copy of the current work programme for the Audit Committee had been circulated for information. This was a live document that was updated after each meeting.

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

None.

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HR Annual Assurance Presentation

Audit Committee

April 2026

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Agenda Item 5

Recruitment



Recruitment advertising from January to December 2025

631 Job adverts have been placed

14,241 applications have been received

Part of
the
Recruitment Fair

Held in the Town Hall to promote additional posts authorised in the budget.

Over **100** people attended.

565 Disclosure and Barring Checks (DBS)

Checks include new starters, existing staff, Foster Carers and Volunteers

Recruitment



Participation in Careers Event at Middlesbrough College
Representatives from Legal, HR, Communications and Finance
about careers in the Council.

Working closely with Community learning we have attended
workshops for younger people supporting them to access
our jobs, understand the recruitment process and sign up for
alerts to ensure they don't miss out on roles they are looking for.

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Chief Officer Recruitment

Full recruitment and selection process took place for the following roles

- Director of Adult Social Care & Health Integration
- Executive Director Children's Services

This included Staff Panels, Stakeholder Panels, Technical Interviews, Young Peoples
Panel, LMT meet, Chief Officer Committee Interviews

Health & Wellbeing



- Occupational Flu Vaccine scheme
 - purchased **175** vaccines working in partnership with Public Health
 - 2 clinics provided at Fountains Court, made use of the first aid room. Excellent attendance with only 13 vaccines not being used

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- Counselling service has been provided to staff with a total of **229** support sessions offered between 1 April 31 January 2026. Out of these 229 sessions, 155 attended, 14 did not attend, 18 were cancelled without notice and 22 were cancelled on compassionate grounds (therefore were not charged for). Of the sessions offered, 20 sessions were CBT or EMDR. Employees were offered the service either face to face, online or via telephone with a preference for face to face as **147** of the sessions offered were face-to-face.

Wellbeing Day

In July 2025, a Healthy Living Day in Middlesbrough Town Hall which was attended by over **220** members of staff.

On the day we had:

- Interactive sensory demos
- Blood pressure checks with instant results
- Tai chi and Pilates taster sessions
- Mental health help
- Sexual health advice
- Support on menopause
- Cancer and carers information
- Financial wellbeing signposting
- Cruise bereavement
- Electric car demonstration
- Union Advice and support
- Partner services including Andy's Man Club, Every Man Can CIC, NUR fitness and Slimming World also attended to provide information on how they could support staff.



Health & Wellbeing

As part of National Heart month in February the Boro Bus attended venues at 3 different locations offering full health checks for staff including - Height, Weight, Blood Pressure, BMI, Blood Sugar

Resolution House **15** appointments

Tees Community Equipment Service **20** appointments

Town Hall **20** appointments



Celebrating Success

Staff Awards

Ceremony took place in the Town Hall hosted by the Chief Executive.

The awards were no cost to the Council as they were fully sponsored, sponsors included – CIPFA, Inner Circle Consulting, Unison and AE Yates.

There were 10 categories

200 people attended the event

Free soft drinks and a buffet were provided



Improving Communication

Monthly Wellbeing

Each month an email is circulated with significant dates for religious and cultural events as well promoting any initiatives happening that month.

HR Newsletter

A quarterly newsletter was introduced to highlight important changes, celebrate the good work that's going on and promote development opportunities.



Improving Communication

Manager Briefing Sessions

Briefings sessions for managers on everything HR were launched in April 2025
Covering a range of topics across HR and Organisation Development including

- Policy and procedure updates
- Reminders of responsibilities
- Promotion of development opportunities
- System demonstrations

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It also gives managers an opportunity to ask questions on any topic.

So far there have been **7** sessions held with **223** managers attending and great feedback received.



We have worked in partnership with Clean Slate Solutions which is a charity based in North Ormesby that works to integrate individuals with past convictions into the workforce in the Tees Valley and North Yorkshire. It was founded in 2019 and has helped over 370 individuals secure employment since then.

HR work with Clean Slate Solutions to identify suitable candidates and give priority consideration to those individuals. HR liaise with Clean Slate Solutions and the recruiting managers to determine whether a match is appropriate.

We have successfully placed **3** candidates into posts and continue to work with them.

- Neurodiversity training – 3 sessions ran in 2025 with **62** attendees. This was aimed at both staff and managers supporting understanding, awareness and support for employees who are neurodivergent.
- Menopause for Managers – 2 sessions delivered to **30** managers. This course gives a greater understanding of the effects and impact of menopause for employees.
- Unconscious bias – 4 sessions of unconscious bias have been delivered to **98** employees helping them recognised unconscious bias and how to challenge this within yourself.
- Mental Health First Aider training & Refresher delivered 2 sessions to **24** employees.
- Journal workshop – delivered to **16** employees on the benefits and support to journalling.
- Financial workshops are currently being delivered over the next 12 weeks.

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Organisational Development

Development Workshops based around our Values continue to be delivered for staff and managers.

Staff Development Workshops

13 Workshops

105 attendees

Manager Development Workshops

17 Workshops

135 attendees





Insights programme

- **Insights** is a psychometric tool based on the psychology of Carl Jung, Insights Discovery is built to help people understand themselves, understand others, and make the most of the relationships that affect them in the workplace.
- 4 members of the OD Team and 1 member of staff in Public Health are trained to deliver Insights workshops.

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Corporate OD Team
24 workshops delivered
256 staff members

Public Health
3 Workshops
45 staff members

Work Experience 2025

The work experience programme took place 7th – 11th July for **10** young people from 5 Middlesbrough Schools, placements were in Regeneration, Finance, Environment, LGS, Public Health, Adult Social Care, providing diverse work areas and opportunities

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Work Experience



Student feedback

Students felt meeting Faye (OD Support Officer) at their Schools prior to placement was really beneficial, it helped them feel supported and more confident in attending.

Page 29
Students felt they gained more knowledge about Middlesbrough Council and the diverse variety of work areas.

Students felt listened to, supported and well looked after in a way that made them feel valued, this had a positive impact on how they see themselves.

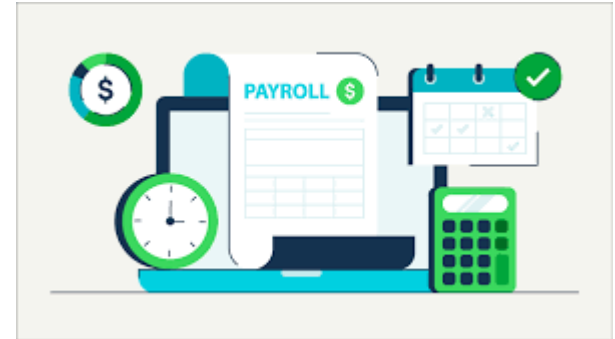
Several students expressed an interest in doing an apprenticeship here if possible.

Organisation Development

- Selected by the LGA to participate in **Digital Skills for Digital Professionals Programme, Workstream 4 - Developing skills needs analysis tool - map current and future skills needs**
- Workforce Planning project across the whole Council, work has already progressed in Children's and Adult's directorates so the plan will cover the other directorates over the next 18 months.
- Working with the Chief Executives department on how Directorate Service Plans will link into the Workforce Planning process
- Policy developed for wider work experience



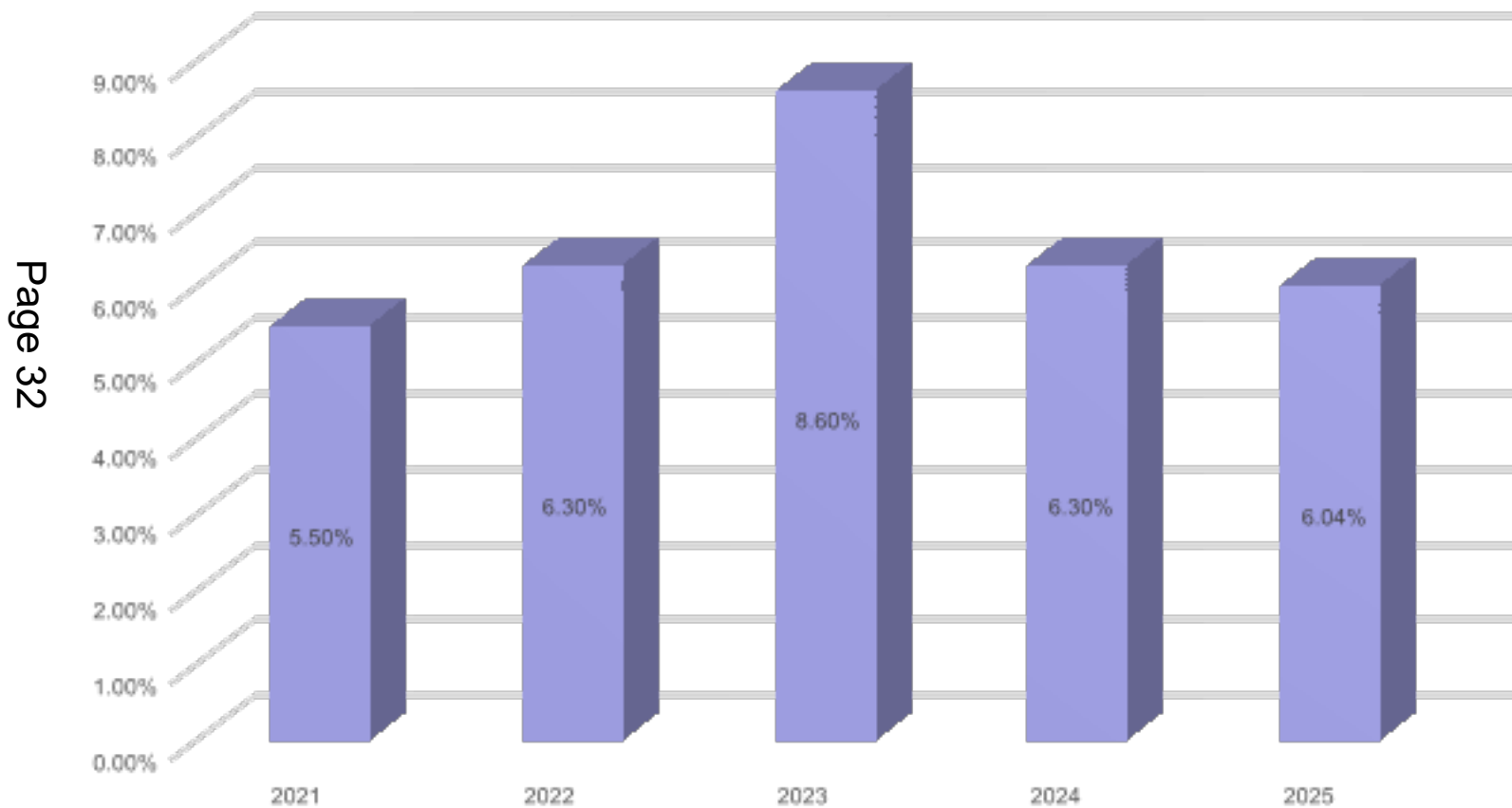
Payroll & Systems



- Pensions 3-year re-enrolment
- Change in Pensions Administrator to TWPF
This brought with it a number of challenges and changes to processes that have taken several months to work through.
- Launch of managers dashboards in People Manager
Allows managers to see data on their teams including sickness, holidays, starters, leavers and headcount information.

Absence Management

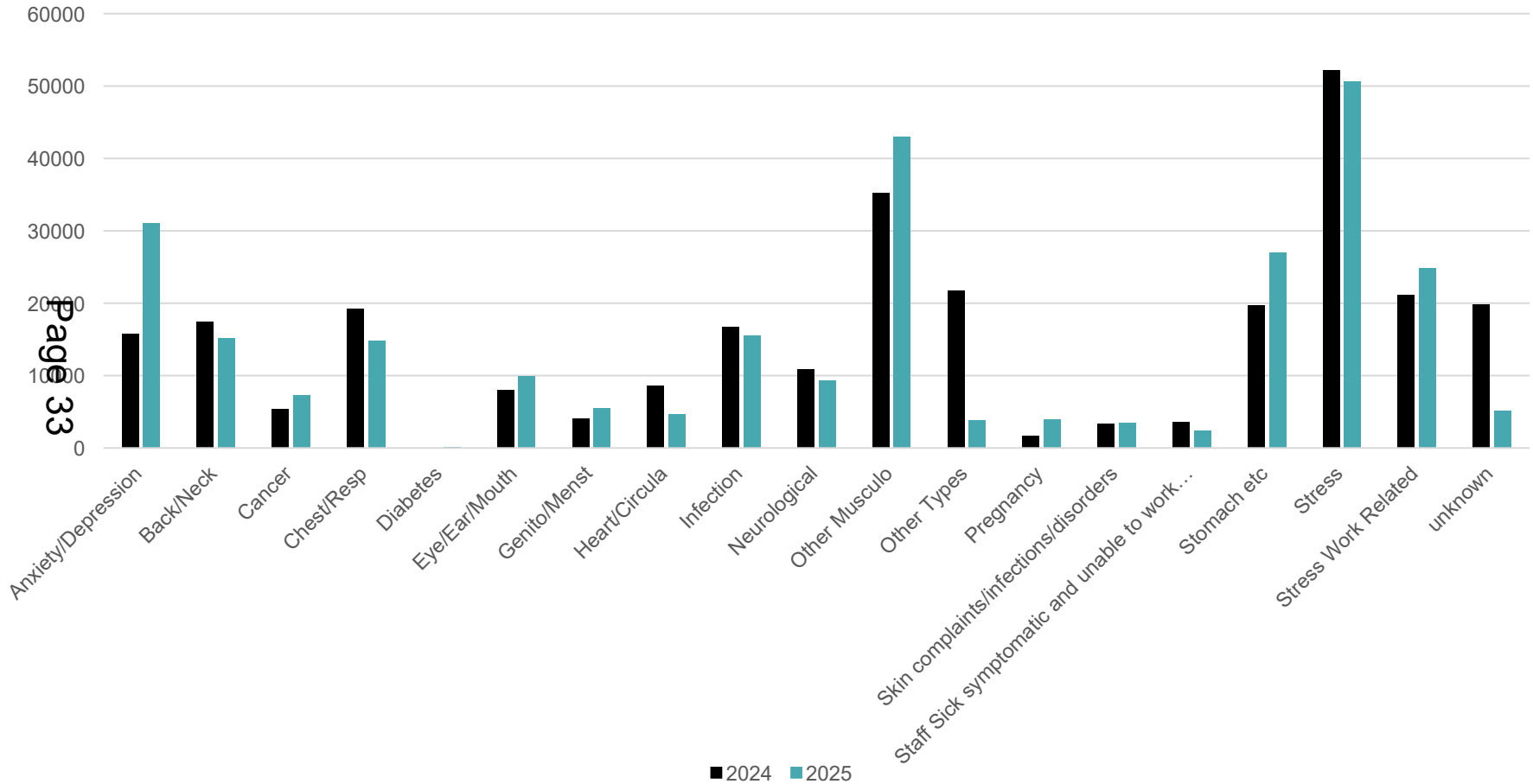
Absence Rate



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Top Absence Reasons

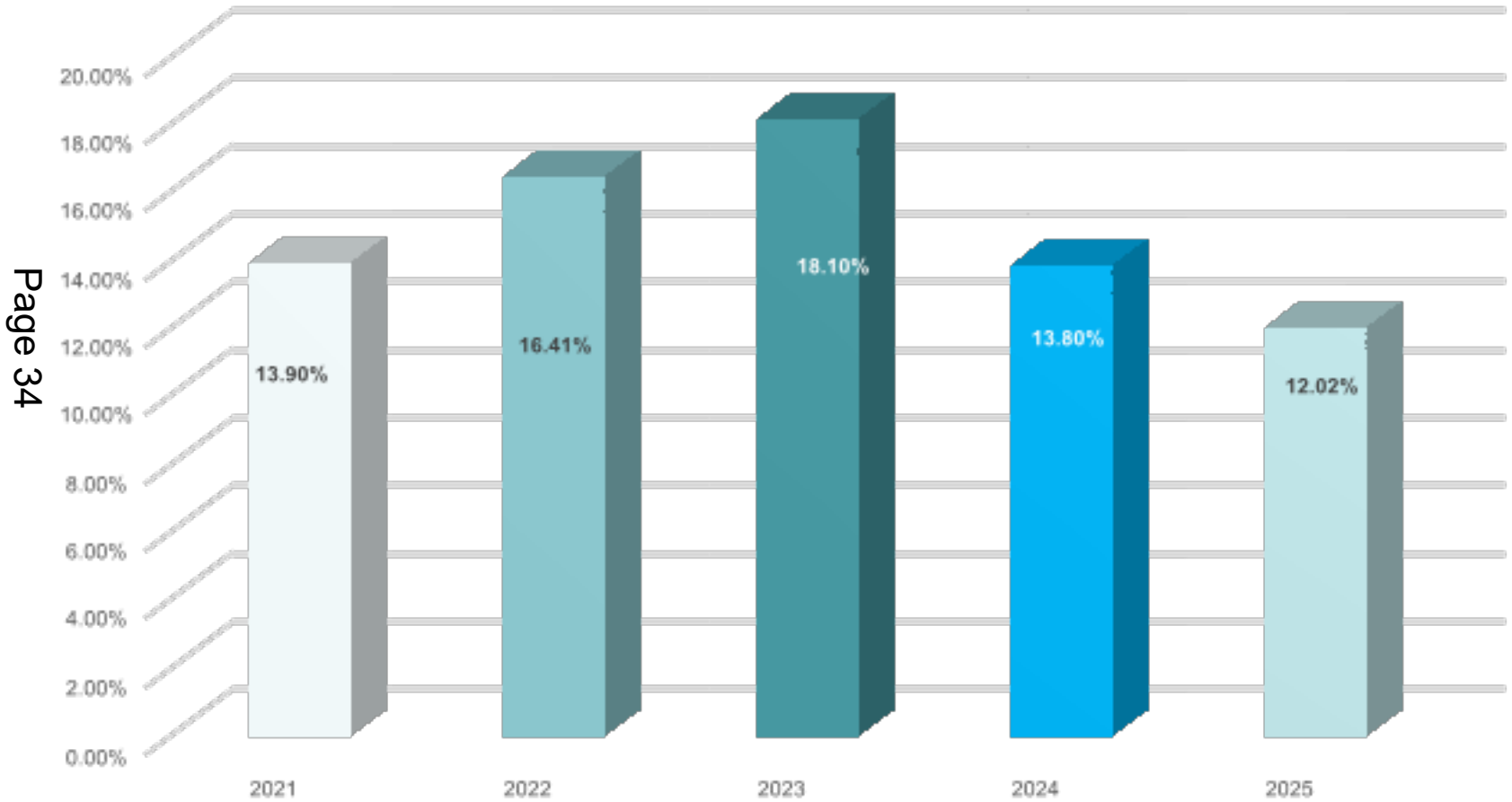
Absence Reason/Hours Lost



■ 2024 ■ 2025

Turnover by year

Turnover Rate



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Reasons for Leaving

Leaver Reason	2022	2023	2024	2025
Mutual Agreement	9	2	1	5
Compulsory Redundancy	0	1	17	3
Death in service	5	3	6	4
Employment Break	0	3	6	4
End of fixed term contract	48	40	27	12
Ill Health - no pension	4	5	2	3
Ill Health - pension release	9	16	16	14
Other dismissal	15	27	27	35
Resigjoin another local auth	55	51	43	41
Resigjoin another public body	54	34	33	23
Resign - full time education	3	7	5	7
Resign - other see P. File	20	8	29	32
Resign join private sector	77	44	60	28
Resignation - Domestic	23	36	42	47
Resignation - maternity reason	0	3	2	2
Resignation - unknown	124	113	33	16
Retirement	53	41	42	57
Retirement - Voluntary Early	6	3	8	13
Tupe transfer out	8	107	14	17
Unsatisfactory probation	7	8	12	6

Questions?

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MIDDLESBROUGH COUNCIL	
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Report of:	Chief Executive, Erik Scollay
Submitted to:	Audit Committee
Date:	16 April 2026
Title:	Governance and Assurance Mapping Policy
Report for:	Decision
Status:	Public
Council Plan priority:	Delivering Best Value

Proposed decision(s)
That the Committee: <ul style="list-style-type: none"> • APPROVES The Governance and Assurance Mapping Policy.

Executive summary
<p>This report seeks approval of the Governance and Assurance Mapping (G&AM) Policy, which establishes a structured, transparent, and evidence-based approach to assessing governance assurance across all Middlesbrough Council services.</p> <p>The policy enables the Council to:</p> <ul style="list-style-type: none"> • Map assurance levels against the Local Code of Corporate Governance. • Strengthen alignment between corporate governance pillars and assurance work. • Target internal audit resources more effectively. • Reduce duplication across governance functions. • Provide a stronger foundation for the Annual Governance Statement (AGS). <p>The implications of this decision have been considered by appropriate officers and are set out within this report.</p> <p>The implementation of this policy was recommended within the review of effectiveness of the Audit Committee that was undertaken in summer 2025.</p>

1. Purpose

1.1 The purpose of this report is to seek Audit Committee approval of the Governance and Assurance Mapping Policy and to outline its importance in strengthening the Council's governance, risk management, and assurance arrangements

2. Recommendations

2.1 That the Audit Committee

- **APPROVES** the Governance and Assurance Mapping Policy.

3. Background and relevant information

3.1 Middlesbrough Council is required to maintain a robust governance framework in line with the Local Code of Corporate Governance, Accounts and Audit Regulations 2015, and CIPFA/SOLACE guidance. The Governance and Assurance Mapping Policy directly supports compliance with these requirements.

3.2 The policy introduces a structured approach for identifying, managing, and assessing levels of assurance across all Council services. It provides a consolidated view of assurance sources, replacing the previously fragmented approach in which governance information was dispersed across multiple systems and functions.

3.3 The policy incorporates:

- A consistent assurance mapping model based on the Three Lines framework.
- Annual self-assessment by Heads of Service.
- Second Line assurance reviews by corporate governance leads.
- Targeted Internal Audit activity informed by the assurance map.

3.4 The policy supports the Annual Governance Statement, the Council Plan, and the Risk Management and Opportunities Policy by ensuring that the organisation has clear visibility of areas of strong, moderate, weak or no assurance.

3.5 This information will be used to identify areas where assurance activity is required. It will also identify where there is already significant levels of assurance to ensure resources are better deployed across the Council, reducing duplication of effort.

3.6 The Committee set out a commitment within its 2025 annual report that an assurance framework approach would be put in place which would be used to develop an assurance map. Agreement of this policy is the first step in that journey. Following agreement of the policy, work will be undertaken to implement it.

3.7 It is estimated that it will take around 12 to 18 months to fully embed the principles of the policy and populate an assurance map. Updates on the implementation and interim mapping will be reported to committee regularly during that time.

3.8 During development, the policy was shaped collaboratively by the Strategic Risk & Health and Safety Manager, the Head of the Chief Executive’s Department, Internal Audit, and corporate governance leads.

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

4.1 Option 1: Maintain current arrangements (status quo). This is not recommended because the existing assurance processes are fragmented, inconsistent, unsighted on the work of others and as such do not provide a comprehensive, auditable view of assurance levels. This reduces the Council’s ability to target audit work effectively and introduces avoidable governance risk.

4.2 Option 2: Introduce partial mapping without full integration. Rejected because partial solutions do not deliver the required visibility across all governance pillars, would not sufficiently support the AGS, and risk continuing duplication of assurance activity.

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

Topic	Impact
Financial (including Social Value)	No direct financial implications. Improved targeting of internal audit and governance work will support more efficient use of resources and reduce duplication.
Procurement	No procurement activity is created or altered by this decision.
Legal	Supports compliance with the Accounts and Audit Regulations 2015 and the Local Code of Corporate Governance.
Risk	Strengthens identification, monitoring, and assurance over governance-related risks, supporting improved risk maturity.
Human Rights, Public Sector Equality Duty and Community Cohesion	No direct impacts. The policy applies corporately and equally across all services.
Reducing poverty	No direct impacts.
Climate Change / Environmental	No direct impacts.
Children and Young People Cared for by the Authority and Care Leavers	No direct impacts.
Data Protection	The policy does not introduce new personal data processing. Relevant governance leads (including the DPO) remain responsible for assurance over data protection compliance.


Appendices

1	Governance and Assurance Mapping Policy
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Contact: Gary Welch

Email: gary_welch@middlesbrough.gov.uk

APPENDIX 1

		Corporate Governance and Assurance Policy	
Creator	Author(s)	Gary Welch - Strategic Risk and Health and Safety Manager	
	Approved by	Audit Committee	
	Department	Risk and Assurance – All Directorates	
	Service area	Governance Policy & Information	
	Head of Service	Ann-Marie Johnstone - Head of Chief Executive's Department	
	Director	Chief Executive	
Date	Created	06/10/2025	
	Submitted	17/03/2026	
	Approved	16/04/2026	
	Updating Frequency	3 Years	
Status	Version: 1		
Contributor(s)	Strategic Risk and Health and Safety Manager, Head of Chief Executive's Department, Head of Corporate Finance.		
Subject	Corporate Governance and Assurance		
Type	Policy		
	Vital Record		EIR
Coverage	Middlesbrough Council		
Language	English		
Document Control			
Version	Date	Revision History	Reviser
1.0	17/03/2026	Final agreed version	Gary Welch
Distribution List			
Version	Date	Name/Service area	Action
1.0	April 2026	Internally via Intranet	Gary Welch
Contact:		Gary_welch@middlesbrough.gov.uk	

Summary

1. This policy outlines the Council's approach to ensuring that the corporate governance arrangements currently in place for all services are robust and being adhered to. This includes recognising cyber resilience and technical control assurance as integral elements of the Council's overall governance posture. Governance and Assurance Mapping (G&AM) provides a structured approach to identifying, managing, and assessing the level of assurance available across the Council, including assurance relating to cyber security controls. It is designed to support compliance with the Local Code of Corporate Governance. Application of the policy will also support development of the Council's Annual Governance Statement.
2. This policy will implement a governance mapping process which will drive the future assurance activity of both internal audit and the specialist functions that oversee corporate governance. This will result in improved targeting of areas where assurance levels are low and reduce the likelihood of duplications in assurance activity.

Context

3. This policy supports the Council's Local Code of Corporate Governance, Annual Governance Statement (AGS) and Risk Management and Opportunities Policy. It will contribute positively to the AGS as it will enable future AGSs to assess the effectiveness of internal controls and acknowledges Digital service dependency, cyber threat landscape, and reliance on cloud/SaaS systems.

Purpose

4. This policy aims to establish a structured and transparent approach to governance and assurance across the Council, in alignment with statutory obligations in the Accounts and Audit Regulations 2015, the Local Government Act 1999, and the Global Internal Audit Standards (GIAS) in the UK public sector. It supports the ethical delivery of public services by promoting selflessness, integrity, objectivity, accountability, openness, honesty, leadership and continuous improvement.
5. The policy is designed to provide an evidential base that will support completion of the Annual Governance Statement, delivery of the Council Plan priorities, and maintain a strong system of internal control. It outlines how assurance will be sourced, how risks will be monitored, and how internal audit and other corporate governance compliance activities will be shaped by governance assurance mapping whilst also ensuring the integrity, security, and availability of information systems and data assets.

Definitions

6. The following definitions will be used within the Policy:

Term	Definition
Governance and Assurance Map (G&AM)	A map that assesses the level of assurance that a service area is compliant with the requirements of the Local Code of Corporate Governance.
Local Code of Corporate Governance	Sets out the principles, structures, and processes by which the council ensures accountability, transparency, integrity, and effective decision-making in delivering its objectives and serving the public.
Strategic Risk Areas	Risks aligned with the Council's long-term priorities (e.g. Council Plan) affecting core delivery
Corporate Risk Areas	Risks impacting internal controls, governance, and operational effectiveness
Level of Assurance	Level of confidence from internal or external sources that arrangements comply with the Local Code of Corporate Governance.
Internal Audit	Provides independent, objective assurance and advice to evaluate and improve the effectiveness of an organisation's risk management, control, and governance processes.
Integrated Assurance Framework	A structure combining governance, risk, and assurance for a holistic organisational view.
Annual Governance Statement (AGS)	A statutory report on governance and internal control effectiveness that forms part of the Council's Statement of Accounts.
Key Performance Indicators (KPIs)	Metrics used to assess internal audit performance and risk management effectiveness.
Assurance	Is the confidence, based on reliable evidence, that the Council's governance, risk management, and internal controls are effective and comply with statutory requirements and the Local Code of Corporate Governance.
Green Assurance Rating	Strong assurance.
Amber Assurance Rating	Moderate assurance with improvements.
Red Assurance Rating	Red means limited or no assurance with immediate improvements required.
Grey Assurance Rating	No assurance work completed to be able to give a judgement
Unplanned Audit Work	Audit tasks not in the original plan, triggered by emerging risks or issues.
National Fraud Initiative (NFI)	A UK-wide data matching exercise to detect and prevent public sector fraud.

Cyber Security Assurance	The process of providing confidence that cyber security controls, practices, and technologies are in place, effective, and operating as intended.
Information and Communications Technology (ICT) Controls	The safeguards, checks, and technical measures implemented within the Council's ICT environment to ensure the confidentiality, integrity, and availability of data and systems.
System Owner	The individual responsible for the overall governance, security, and performance of a specific system or application.
Digital Risk	The potential for loss, disruption, or harm arising from the Council's use of digital technologies, systems, and services.
Information Security	The discipline focused on protecting information, regardless of format from unauthorised access, disclosure, alteration, or destruction.

Scope

7. This policy applies to the following:

Group / Community	Description
Council Departments	All directorates and service areas responsible for delivering Council plan and statutory functions.
Chief Executive, Corporate Directors, Service Directors and Senior Officers	Key stakeholders involved in risk identification, assurance planning, and governance.
Internal Audit Team	Responsible for delivering the audit plan and providing independent, objective assurance.
Risk and Assurance Function	Leads the development and implementation of the Governance and Assurance Map
Audit Committee	Receives reports and monitors assurance and governance performance.
External Auditors / Inspectors	Provide independent assurance and contribute to the overall assurance framework.
ICT systems	Inclusive of infrastructure, cloud services, cyber controls, and Information Technology Service Management (ITSM) processes.

Legislative and regulatory framework

8. This policy supports compliance with the Council's Local Code of Corporate Governance, which is based on the principles set out in the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government (2016). It supports compliance with the following statutory and regulatory requirements:

- **Accounts and Audit Regulations 2015** - Requires local authorities to maintain an adequate and effective system of internal audit and to prepare an Annual Governance Statement.

- **Local Government Act 1999** - Imposes a duty of best value, requiring continuous improvement in the delivery of Council functions, including governance and risk management.
 - **Global Internal Audit Standards (UK Public Sector), 2025** - Provides mandatory standards for internal audit functions in public sector organisations, ensuring independence, objectivity, and quality assurance.
 - **CIPFA Guidance on Delivering Good Governance in Local Government** - Offers a framework for ensuring that governance arrangements are robust, transparent, and aligned with public sector values.
 - **Accounts and Audit (England) Regulations 2011, Regulation 4(3)** Requires authorities to conduct a review of the effectiveness of their governance framework.
 - **The Procurement Act 2023 and Public Contract Regulations 2015.**
9. This Governance and Assurance Policy is a key component of the Council's governance structure and supports the delivery of the Council Plan and the strategic priorities of the Mayor of Middlesbrough. It operates alongside and complements:
- **Council Plan** - The policy directly supports the delivery of strategic priorities by ensuring that risks are identified, managed, and assured in line with the Council's ambitions.
 - **Local Code of Corporate Governance** - Establishes the principles and practices of good governance across the Council.
 - **Annual Governance Statement (AGS)** - The policy contributes directly to the AGS by providing assurance on internal control and risk management.
 - **Risk Management and Opportunities Policy** - Provides the overarching framework for identifying and managing risks.
 - **Integrated Assurance Framework** - Ensures that assurance is sourced from multiple levels including service management, internal audit, and external bodies.
 - **Corporate Performance and Financial Management Policies** - The policy supports compliance with financial regulations, procurement standards, and performance monitoring.

Together, these policies form a hierarchy that ensures transparency, accountability, and continuous improvement in governance and service delivery.

Policy detail

10. This policy will be implemented through the Council's Governance and Assurance Map, which identifies key risk areas, sources of assurance, and planned audit activities. The policy guides the development of annual audit plans, risk registers, and governance assurance reporting protocols.

11. Specific Requirements

- Heads of Service must complete an annual self-assessment of their service in line with the Local Code of Corporate Governance.

- Corporate Governance leads must complete annual assessments of assurance they have in relation to each service area.
- All Council departments must maintain up-to-date risk registers aligned with strategic and operational objectives.
- The audit and work programmes of both Internal Audit and corporate governance leads will be shaped by the assurance map, with co-ordination where appropriate, respecting the remits of those roles.

12. The Council adopts the Three Lines Model as a framework for effective governance, risk management, and assurance. This model clarifies roles and responsibilities across the organisation and ensures that risk is managed consistently and transparently.

Overview

Line	Role	Function
First Line	Directorate / Operational Management	Owns and manages risks. Responsible for implementing controls and corrective actions. This line will provide a self-assessment of its compliance with the requirements of the Local Code of Corporate Governance.
Second Line	Risk Management and Compliance	Provides oversight, guidance, and support. Develops frameworks and monitors compliance. This line will provide an assessment of the level of assurance they have of compliance with the Local Code of Corporate Governance, as it relates to their discipline.
Third Line	Internal Audit	Provides independent assurance on governance, risk management, and internal controls, and assessing assurance against local code of corporate governance.

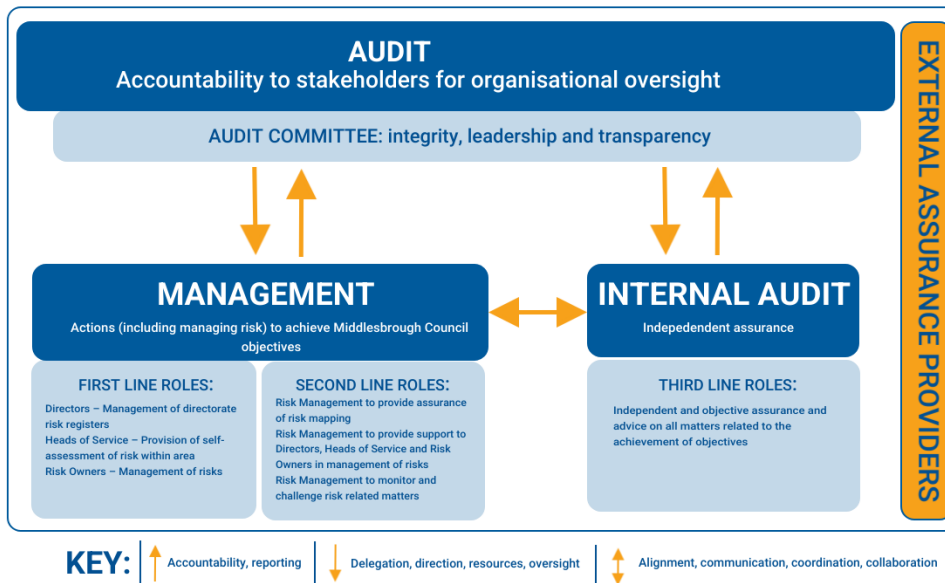
13. Moderation of Self-Assessments

Service self-assessments will be subject to review and challenge by the Risk and Health and Safety function, and relevant corporate governance leads to ensure consistency, proportionality, and objectivity.

14. Where necessary, self-assessments may be adjusted following review to reflect evidence, assurance activity, or audit findings, ensuring that assurance ratings provide a fair and accurate reflection of control effectiveness.

Implementation in Middlesbrough Council

Middlesbrough Council's Three Lines Model



First Line – Directorate / Operational Management self-assessment

- Who: Heads of Service, Service managers, team leaders, and frontline staff.
- Responsibilities:
 - Identify and manage risks within their service areas.
 - Maintain risk registers and implement controls.
 - Report issues and escalate concerns appropriately.
 - Heads of Service will complete self-assessments to provide an overview of their opinion in relation to compliance with the Local Code of Corporate Governance.
- Support: Training and guidance provided by Risk and Assurance.

Second Line – Governance and Assurance Functions

- Who: Assurance team and strategic leads for the following governance pillars:
 - Strategic Planning
 - Organisational governance
 - Financial governance
 - Risk management
 - Information governance
 - Performance management and data quality
 - Procurement and contract management
 - People management
 - Asset management
 - Programmes and project management
 - IT Governance
- Responsibilities:
 - Develop and maintain governance management frameworks and policies.

- Monitor risk exposure and control effectiveness.
- Support services with self-assessments and mitigation strategies.
- Provide an evidence-based view of assurance available for each service area.
- Support: Coordination of the Governance and Assurance Map and reporting to senior management.

Third Line – Internal Audit

- Who: Internal Audit team.
- Responsibilities:
 - Independently assess the adequacy and effectiveness of governance, risk management, and controls.
 - Deliver the annual audit plan and report findings to the Audit and Governance Committee.
 - Provide an annual assurance opinion on the council's governance, risk management and control.
 - Provide assurance for the Annual Governance Statement.

Benefits of the Model

- Clear accountability for governance and control.
- Improved coordination between assurance functions.
- Enhanced transparency and confidence in governance.
- Stronger basis for decision-making and resource allocation.
- Identification of areas of low or no assurance that can inform audit and compliance future focus.

Weaknesses in the Existing Approach

- Fragmented Assurance Sources, assurance is produced in many parts of the Council, but there is no single mechanism to bring these sources together.
 - Leads to duplication (two or more functions reviewing the same area).
 - Gaps occur where no assurance function takes ownership.
- Limited Visibility of Council Wide Assurance Levels, without a governance & assurance map, the Council cannot easily see:
 - which services have strong assurance,
 - which services have weak or no assurance,
 - where risks and controls are misaligned.This inhibits intelligent targeting of audit and assurance work.
- Inconsistent Self-Assessment and Oversight
- Assurance areas duplication of oversight while others do not have sufficient oversight.
- Self-assessments currently do not exist.
- Reliance on Annual, Not Continuous, Governance Insight
 - The AGS is retrospective and produced once a year. This means governance problems may only surface at year-end rather than being identified early for mitigation
- Siloed Work Programmes
 - Internal Audit, Risk, Information Governance, Procurement and other governance teams plan work independently, which can lead to:
 - overlapping scrutiny
 - missed emerging risks

- inefficient use of resources.
- Assurance Not Explicitly Linked to the Local Code of Corporate Governance
- Although all functions contribute to governance, there is no structured, auditable process showing how:
 - Controls, internal audit, governance leads, and risk registers collectively demonstrate compliance with each element of the Local Code of Corporate Governance.

Roles and Responsibilities

The Mayor and Executive and Elected Members	Overall responsibility for effective management, including agreeing and adherence to the Council’s governance and assurance mapping policy.
Chief Executive and Leadership Team	Lead, coordinate and champion effective management of the governance and assurance mapping policy ensuring that the Council fully complies with all legal and corporate governance requirements.
Senior Information Risk Owner (SIRO)	Responsible for the overall management of governance, information and policy within the Council, advising the Chief Executive, leadership management team and heads of service. Responsible for ensuring that the relevant specialists are present for governance mapping.
Governance and Information Manager	Manages the operational group of key officers within Complaints, Subject Access Requests (SAR) and Freedom of Information (FOI) Requests and Records Management.
Strategic Risk and Health and Safety Manager	Review and implement and corporately own the governance assurance map, completing the template for the self-assessment and ensuring all relevant heads of service submit the information provided. Responsible for reviewing and development of the governance and assurance mapping policy.
Data Protection Officer	Provide advice and guidance on data protection obligations and monitors compliance, Acts as the contact point for the ICO and data subjects and oversees DPIAs and maintains records of processing activities.
Corporate Governance leads	Corporate Governance Leads are responsible for providing second line assurance assessments within their areas of expertise, while Heads of Service retain ownership of risks and controls within their service areas.
Internal Audit	Internal Audit retains full independence and is responsible for providing objective assurance and an annual opinion on the effectiveness of governance, risk management, and internal control.
Heads of Service	Complete the self-assessment of their service area, support governance mapping by providing relevant information to the governance mapping team and ensuring that requests for information are actioned in a timely manner.

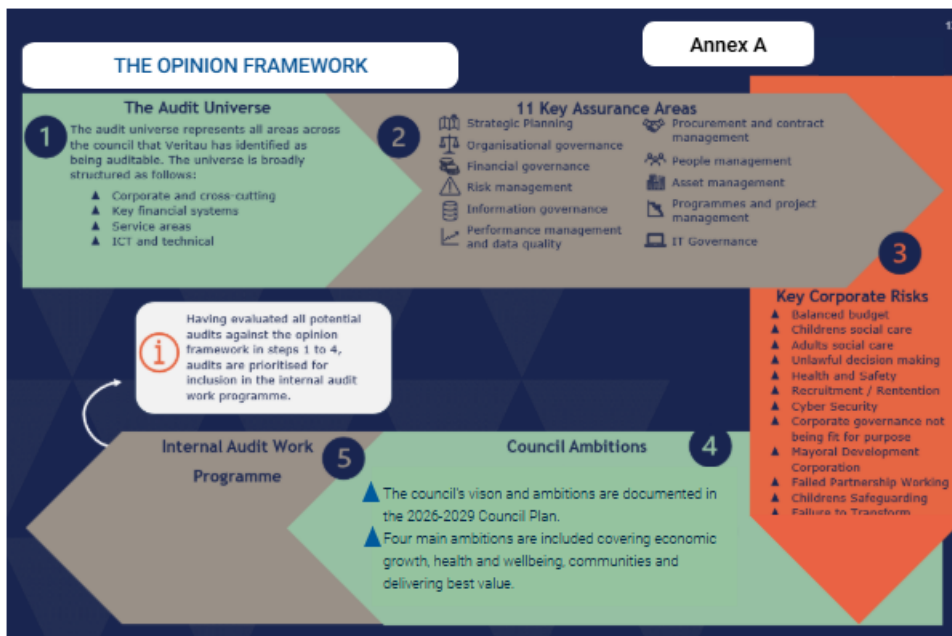
All employees	Understand the level of personal performance that is expected and deliver on this. Ensure data is entered accurately and in a timely manner.
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Supporting policies, procedures, and standards

15. This policy operates within a broader governance framework and is supported by the following key documents and standards:

- Corporate Governance Framework
- Local Code of Corporate Governance (LCoCG) - Establishes principles of good governance and underpins all Council governance arrangements.
- Risk Management Framework
 - Risk Management and Opportunities Policy - Provides the overarching approach for identifying, assessing, and managing risks across the Council.
- Financial and Performance Management
 - Financial Regulations and Contract Procedure Rules - Ensure compliance with statutory financial controls and procurement standards.
 - Performance and Financial Management Policy and Framework Sets out how performance is monitored and reported to support strategic objectives.
 - Procurement Strategy and Contract Management Framework
 - The Procurement Act 2023 – Ensures compliance with procurement law when carrying out procurement processes compliantly
 - Social Value Act 2012 – Ensure compliance with the act in relation to Social Value consideration in procurement processes.
- Information Governance
 - Data Protection Policy - Ensures compliance with UK GDPR, Data Protection Act 2018, and the Data (Use and Access) Act 2025
 - Records Management Policy - Provides standards for maintaining accurate and secure records.
 - Corporate Performance Management Framework.
 - Project and Programme Management Framework.
 - Information Governance Framework, including Data Protection, Records Management, Cyber Security, FOI and SAR procedures.
- Audit and Assurance Standards
 - Global Internal Audit Standards (UK Public Sector) - Mandatory standards for internal audit independence, objectivity, and quality assurance.
 - Accounts and Audit Regulations 2015 - Statutory requirement for internal audit and Annual Governance Statement.
- Corporate Asset Management Plan
 - The Asset Management Strategy, highlighting the strategic context and factors that will influence change and translate organisational objectives into property objectives.

- The Asset Management Policy sets out the framework of rules, culture and behaviour that will ensure the consistent management and high performance of Council property assets.
- The Asset Management Action Plan – an action plan of activities and projects that deliver Council property objectives.
- Premises Security and Access Policy.
- Lockdown Procedure.
- Fraud and Ethical Standards
 - Anti-Fraud and Corruption Policy - Sets out measures to prevent, detect, and respond to fraud.
 - Whistleblowing Policy - Provides a safe mechanism for reporting concerns about wrongdoing.
- Health and Safety
 - Corporate Health and Safety Policy - Ensures compliance with health and safety legislation and promotes a safe working environment.
 - Counter Terrorism Plan.



The Opinion Framework

16. The Council’s Opinion Framework provides a structured method for determining where assurance activity should be focused and how the annual internal audit opinion is formed. It brings together the full audit universe, key assurance areas, corporate risks, and strategic ambitions to ensure that assurance activity is targeted, proportionate, and aligned to both organisational risk and strategic priorities.

17. The framework begins with the Audit Universe, which represents all auditable areas across the Council, including corporate and crosscutting functions, key financial systems, service specific operations, and ICT and technical areas. These areas are then assessed against 11 Key Assurance Areas, which reflect the core governance disciplines required to meet the expectations of the Local Code of Corporate Governance, covering strategic planning, organisational

governance, financial and risk management, information governance, performance and data quality, procurement, asset management, people management, project and programme management, and IT governance.

18. The Opinion Framework also incorporates the Council's Key Corporate Risks, ensuring that assurance work is directly informed by major areas of strategic exposure, such as financial sustainability, safeguarding, governance effectiveness, cyber security, organisational resilience, and statutory compliance. By mapping each risk against the audit universe and assurance areas, the Council is able to identify the level of assurance available and areas where assurance is limited or absent.
19. These assessments are then considered alongside the Council's Ambitions, as set out within the Council Plan, ensuring that assurance activity supports delivery of the Council's priorities relating to economic growth, health and wellbeing, communities, and value for money.
20. Once all elements of the framework have been evaluated, potential audit areas are prioritised for inclusion in the Internal Audit Work Programme. This ensures that the annual programme is risk based, targeted, and reflective of both operational control needs and strategic objectives. The resulting audit work, along with wider governance assurance inputs, informs the Annual Governance Statement and underpins the Chief Internal Auditor's annual opinion on the effectiveness of governance, risk management, and internal control across the Council.

Information Governance Integration

21. Information Governance Assurance, including data protection, records management, information security, and data quality, is a core component of the Council's assurance framework.
22. The SIRO, Data Protection Officer, and Information Governance leads collectively provide Second Line assurance over information governance. Assurance roles are coordinated to avoid duplication and ensure that data protection, records management, cyber security, and information rights are fully represented within the Governance and Assurance Map.

Training and Support

23. Appropriate training, guidance, and support will be provided to officers involved in governance and assurance activities to ensure consistent understanding and application of this policy.
24. Targeted support will be made available to services where assurance ratings indicate weaknesses or where additional capability is required.

Monitoring and review arrangements

25. To ensure this policy remains effective and aligned with statutory and organisational requirements, the following monitoring and review processes will apply:

- Frequency of Review
 - The policy will be formally reviewed every three years or sooner if:
 - Significant changes occur in legislation, regulatory standards, or Council governance arrangements.
 - Emerging risks or audit findings indicate a need for revision.
- Responsible Roles
 - Strategic Risk and Health and Safety Manager - Leads the review process, coordinates updates, and ensures integration with the Governance and Assurance Map.
 - Head of Chief Executive's Department - Oversees compliance and approves proposed changes before submission to the Audit and Governance Committee.
 - Audit Committee - Provides oversight and endorses the revised policy for implementation.
- Monitoring and reporting
 - Annual Assurance Report.
 - Bi-Annual review by officer leads, with areas of significant concern escalated to the Audit Committee
 - Internal Audit progress report to the Audit Committee on delivery of the audit plan.
 - Annual Governance Statement (AGS) - The effectiveness of this policy will be assessed as part of the AGS process.

Evaluation

26. The effectiveness of this policy will be evaluated through a structured process to ensure continuous improvement and alignment with governance standards. The effectiveness of this policy will be assessed within the annual assurance report to committee which will include information on the following and improvements to:

- Number of areas with no assurance.
- Number of areas with low or limited assurance.
- Number of areas of concern.
- Number of substantial assurance internal audits.

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MIDDLESBROUGH COUNCIL	
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Report of:	Chief Executive, Erik Scollay
Submitted to:	Audit Committee
Date:	16 April 2026
Title:	Programme and Project Management Framework – Annual Assurance Report
Report for:	Decision
Status:	Public
Council Plan priority:	Delivering Best Value

Proposed decision(s)

That the Committee:

- **NOTES** the arrangements in place to manage programmes and projects within the Council.
- **CONSIDERS** whether the information provided has given the Committee sufficient assurance that the Council has appropriate arrangements in place in relation to programme and project management.

Executive summary

This report provides an overview of the Council's programme and project management arrangements, to demonstrate assurance that they are robust and fit for purpose and that they support the delivery of the Council's priorities and aims. It also provides an update on the following areas:

- Overview of the Council's portfolio of projects delivery performance for 2025/26
- Improvements delivered during 2025/26
- Further planned improvements for 2026/27

1. Purpose

- 1.1 The purpose of this report is to outline the Council's Programme and Project Management (PPM) approach, summarise activity in 2025/26, and set out planned developments for 2026 and beyond, providing assurance that robust PPM arrangements are in place to support delivery of the Council Plan ambitions.

2. Recommendations

- 2.1 That the Committee:

- **NOTES** the arrangements in place to manage programmes and projects within the Council.
- **CONSIDERS** whether the information provided has given the Committee sufficient assurance that the Council has appropriate arrangements in place in relation to programme and project management.

3. Background and relevant information

- 3.1. The purpose of this report is to outline the Council's Programme and Project Management (PPM) approach, summarise project performance for 2025/26, and set out planned PPM developments for 2026 and beyond, providing assurance that robust PPM arrangements are in place to support delivery of the Council Plan ambitions.
- 3.2. The PMO has responsibility for the strategic oversight of the Council's portfolio of programmes and projects that follow the corporate Programme and Project Management Framework (PPMF), which ensures a consistent approach to the governance and management of programmes and projects.
- 3.3. The PPMF is supported by a set of standardised project templates and provides clear guidance for managing programmes and projects at every stage of their lifecycle, helping to further embed the framework and methodology across the Council.
- 3.4. Compliance with the PPMF is assured through periodic project health checks, and performance is reported quarterly to the Executive within the performance outturn report.
- 3.5. The Council maintained a portfolio of corporate and transformation programmes and projects in 2025/26 to support of achievement of the Council's strategic priorities.
- 3.6. During 2025/26 projects within the Transformation Portfolio were reviewed to ensure ongoing alignment with transformation themes. Some were incorporated into the Council's overarching portfolio of corporate programmes and projects as a result, with progress against performance reported accordingly.
- 3.7. Monthly Directorate and Corporate Performance Boards were in place in 2025/26 and included monitoring the performance of progress against the delivery of all

strategic programmes and projects, Executive actions and Council Plan workplan initiatives.

Performance of programmes and projects in 2025/26

3.8. During 2025/6 there were 40 projects in the corporate portfolio at the point of reporting. Projects are categorised as either Level 1 (the most complex projects) or Level 2 (lighter-touch projects), and their performance is assessed and reported using Red, Amber, and Green (RAG) indicators that measure how well the project is delivering against expectations.

3.9. The table below shows the performance of all corporately monitored projects (corporate and transformation), at the end of February 2026, with 76% reporting as Green or Amber and on track to deliver the expected outputs and benefits but remaining below the expected 90% performance target.

Level	RAG	Target	Feb 2025/26	On target
1	Red	N/A	21% (5)	N/A
	Amber	90%	8% (2)	No
	Green		71% (17)	
2	Red	N/A	25% (4)	N/A
	Amber	90%	12% (2)	No
	Green		63% (10)	
Totals	Red	N/A	23% (9)	N/A
	Amber	90%	10% (4)	No
	Green		67% (27)	

3.10. Eight of the nine projects RAG rated Red were transformation projects with associated financial savings. Following the Council's improved financial position and change in approach, these projects are now under review and if the expected benefits can no longer be achieved the project will be formally closed as part of the closure plan for the current transformation programme, following the Executive decision to cease it on 11 March 2026.

3.11. In the event of project closures with savings attached, Directorates will be required to identify alternative savings proposals, which will be delivered either through the initiation of new projects or embedded into the forthcoming business-as-usual performance and financial management integrated arrangements.

3.12. The remaining project RAG rated Red is delayed due to a change in delivery approach but is expected to get back on track to Green by the end of March 2026.

3.13. The four projects RAG rated as Amber are in the close and review stage of the project lifecycle, with closure reports expected to be submitted in the next reporting period.

Improvements delivered during 2025/26

- 3.14 Due to capacity constraints within the Portfolio Management Office (PMO), it has not been possible to progress some of the planned improvements outlined in the last PPM Assurance Report to this committee. Action has been taken to increase the capacity of the PMO manager to deliver these improvements. These actions will be carried forward for delivery in 2026.
- 3.15 In early 2026, work was undertaken to refresh the content of the Programme and Project Management Policy of the organisation to ensure it set out an appropriate governance framework for proportionate governance of programmes and projects and reflected the cessation of the Transformation programme and the transition into Continuous Improvement.

Further improvement activity planned for 2026/27

- 3.16 On 11 March 2026, Executive approved bringing the Transformation Programme to an end in its current form and the Council will move to a model of Continuous Improvement to deliver lasting change for residents.
- 3.17 As set out above, the PMO has already refreshed the PPM policy to reflect this new direction of travel. During 2026/7 it will review any remaining legacy transformation projects and will either continue to be delivered, and progress reported through the corporate portfolio of programmes and projects or will transition to business-as-usual activity where they do not meet the threshold that requires additional governance in the form of project management. The Council is also putting in place governance that will ensure oversight of critical BAU activity within its revised performance and financial management policy, due to be considered by Executive in April 2026.
- 3.18 A refresh of the PPMF and project documentation is planned in 2026/7 to ensure alignment with the revised Programme and Project Management Policy.
- 3.19 A revised project categorisation scoring tool will be implemented. This will ensure the Council's portfolio is appropriate and manageable for an organisation of its size and to reduce the volume of BAU activity being managed as formal projects.
- 3.20 Further planned improvements carried forward, will focus on improving the standards of programme and project management delivery practice through the implementation of enhanced collaboration and training opportunities for PPM staff and a Centre of Excellence model for programme and project management, which will include:
- Establishment of cross-directorate project management champions to share best practice and propose improvements.
 - Refresh of programme and project management training materials, with a roll-out of scheduled training opportunities for Programme and Project Managers and Sponsors.

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

4.1 The Committee could decide that it does not have sufficient information to be assured about the governance of the Council's programmes and projects and request further information on this. This is not recommended as this report provides a detailed overview of the governance arrangements that are in place.

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

Topic	Impact
Financial (including procurement and Social Value)	There are no new direct financial implications arising from this report in relation to Programme and Project Management (PPM). Maintaining a robust approach to PPM governance and delivery plans, the Council is better positioned to identify and mitigate potential financial impacts. Any projects with financial savings attached that can no longer be achieved are closed and alternative savings proposals required. This is in line with good practice. Financial considerations are embedded throughout the PPM Framework, ensuring that all programmes and projects are assessed for affordability, value for money and deliverability before approval.
Legal	There are no new direct legal implications arising from this report in relation to Programme and Project Management (PPM).
Risk	There are no direct risk implications arising from this report. The PPM framework provides for the effective identification and management of programme and project risks, aligned to the Council's corporate approach to risk management.
Human Rights, Public Sector Equality Duty and Community Cohesion	There are no direct implications from this report on human rights, equality and diversity. The PPM Framework reinforces the assessment of Human Rights, Public Sector Equality Duty and Community Cohesion impacts by ensuring projects undertake an Equality Impact assessment as part of the project business case before approval.
Reducing poverty	The PPM Policy and Framework supports projects to deliver the Council Plan that has within it a commitment to ensure tackling poverty is at the heart of everything the Council does.
Climate Change / Environmental	Not applicable.
Children and Young People Cared for by the Authority and Care Leavers	There are no direct implications arising from this report in relation to Children and Young People Cared for by the Authority and Care Leavers.
Data Protection	There are no direct implications arising from this report in relation to data protection. The PPM Framework reinforces the Council's existing data protection and information governance requirements by ensuring projects undertake a Data Privacy Impact Assessment as part of the project business case.

Background papers

Body	Report title	Date
Corporate Affairs and Audit Committee	PMO Six monthly report	06/06/2019
Corporate Affairs and Audit Committee	Annual Assurance Report: Portfolio Management Office (PMO)	25/07/2019
Corporate Affairs and Audit Committee	Performance and Risk Management: Annual Assurance Report 2020	04/02/2021
Executive	Transformation: Governance Arrangements	13/03/2024

Audit Committee	Project and Programme Management Annual Assurance Report:	13/03/2025
Executive	Resetting the Council's Approach to Transformation and Delivery of the Council Plan'	30/04/2025

Contact: Joanne Chapman, Portfolio Management Office Manager and Ann-Marie Johnstone, Head of Chief Executive's Department,

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MIDDLESBROUGH COUNCIL



Report of:	Director of Environment, Community and Culture
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Submitted to:	Audit Committee
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Date:	16 April 2026
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Title:	Management of Strategic Risk 15: Threats to Social Cohesion and Democratic Resilience
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Report for:	Information
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Status:	Public
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Council Plan priority:	Safe and resilient communities
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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 Strategic Risk 15: Threats to Social Cohesion and Democratic Resilience, and
- **Considers:** whether they have received sufficient information to be assured that there are appropriate arrangements in place to manage the risk.

Executive summary

This report is for information only. It requests the Audit Committee to note the work undertaken to manage Strategic Risk 15: Threats to Social Cohesion and Democratic Resilience, and to confirm whether they are assured that appropriate arrangements are in place to manage this risk.

The report provides an overview of the civil unrest that led to the risk being introduced in September 2024 and it also sets out what is being done in relation to the internal control measures.

1. Purpose

1.1 The report is provided for information purposes, and it requests that the Audit Committee notes the work undertaken regarding the management of Strategic Risk 15: Threats to Social Cohesion and Democratic Resilience. The report is also seeking the views of Audit Committee at whether or not they are assured that appropriate arrangements are in place to manage the risk.

2. Recommendations

2.1 That the Audit Committee

- **Notes:** the work undertaken regarding the management of Strategic Risk 15: Threats to Social Cohesion and Democratic Resilience, and
- **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 Strategic Risk 15: *Threats to Social Cohesion and Democratic Resilience* was added to the Council's Strategic Risk Register following the civil unrest that occurred in Middlesbrough on 4 August 2024. The disorder, involving around 400 people and linked to misinformation circulating online, resulted in significant damage to property, including more than £300,000 of damage to Teesside University buildings and caused considerable anxiety among residents. Although no further incidents occurred, the spread of misinformation subsequently led to town-wide disruption and precautionary closures.

The risk is currently assessed as:

Impact: 5 – Major

Likelihood: 3 – Possible (21%–50%)

Overall Score: 15

Date Assessed: 4 March 2026

3.2 This represents a high but manageable exposure. While internal controls are strong and embedded, external drivers including national political volatility, misinformation, online extremism, and local social tensions mean the likelihood cannot yet be reduced further. Nevertheless, the risk has stabilised since late 2024 due to strengthened governance, improved early-warning systems, and enhanced partnership arrangements.

3.3 **Community tension monitoring undertaken.** Community tension monitoring is well established and has been enhanced through monthly multi-agency meetings involving the Council, Fire Service, and Police. Data from a wide range of sources is consolidated into a dedicated Council dashboard to identify trends and emerging issues. This approach is supported by daily Cleveland Police led briefings and strengthened hate-crime monitoring, including both monthly and quarterly partnership meetings. The monitoring framework is being expanded to schools, internal staff, and primary settings to strengthen early detection of tension indicators.

3.4 **Community engagement undertaken.** The Council have implemented a new Neighbourhood Model, and this has provided an additional mechanism for regular

engagement with Elected Members who are the conduit to the communities of Middlesbrough. Community engagement takes place via Neighbourhood Action Partnership Newsletters on several issues relating specifically to each of the 4 neighbourhoods (North, East, South and West). These newsletters are provided in a range of formats, including electronic which are e-mailed to those who have signed up to receive updates on what is happening in their area (the number of people signed up in each area are: South - 10,380, East - 8,463, West - 12,572, North - 12,396). It is also available on the Council's website and promoted on social media. Hard copies have also been posted through the door of households in each neighbourhood using grant funding to keep people up to date, remind people how to report issues and keep people engaged in the work that is taking place in their area.

Work has also been taking place via the Community Recovery Fund provided through MHCLG following the riots. This will be detailed in the spend breakdown at 3.18 later in the report. However, it includes youth outreach, community conversations, it supported the development of a Community Forum where voluntary and community sector groups came together to share good practice and concerns that they took forward to statutory organisations to develop actions/responses that were need. It also made use of a '*We Are Middlesbrough*' media and publicity campaign involving a videography of community activities and events, support for community groups that developed media skills, digital tool kit for all. It included a community radio podcast showcasing positive activities, community newsletters, and culminated in a showcase event on 4th Aug 2025 where all the community groups involved in the recovery process attended to share the work they had been doing, this included a number of schools from right across Middlesbrough.

3.5 Neighbourhood safety liaison in place. Neighbourhood Safety Officers participate in daily operational briefings and lead monthly multi-agency Crime and Anti-Social Behaviour meetings, which include Police, Fire, Registered Social Landlords, Youth Services and others. A clear escalation pathway is in place through:

- Neighbourhood briefings and strategic groups
- Strategic Crime and Anti-Social Behaviour (ASB) Meetings
- Community Safety Partnership (CSP)
- Recruited into essential posts, Community Development Officers,

Neighbourhood Link Workers and Neighbourhood Navigators.

The CSP has been reconstituted to provide stronger strategic leadership, with executive-level representation from all key partners.

3.6 Prevent operational group risk plans in place. The Prevent Operational Group remains a core control mechanism. The 2024–25 Home Office Prevent Benchmarking Assessment rated Middlesbrough as "Exceeded" in all areas. This assurance framework is now part of routine oversight, with Prevent officers maintaining ongoing scrutiny of extremist risks, disinformation, and harmful narratives.

3.7 Liaison with policing partners to verify validity of possible demonstrations.

Early liaison takes place as soon as notification is received of any demonstration and multi-agency meetings are set up at the earliest opportunity to start the response planning and engagement work. Communication is a key part of this process, and plans are put in place to ensure that key people are kept updated throughout and that relevant officers are involved as and when needed.

- 3.8 Initial credibility verification through visual audits using CCTV operations and open sources.** Community Safety and Neighbourhood staff and CCTV operatives from the Council and (where appropriate) police will verify any threatening or offensive material to ensure credibility. This will be shared with police using agreed information sharing protocols and appropriate action taken. This is then stored and recorded for monitoring and action.
- 3.9 Gatekeeping protocols with marketing and communications for potentially controversial communications.** The Home Office have provided Councils with a form to share any emerging threats relating to mis/dis or mal information. In order to make sure that we are being consistent in our approach, all of our returns will go through our Comms Team via the Head of Communications, and this will be discussed with the Head of Neighbourhoods if there is any uncertainty so that we can cross check to see if anything is already recorded on our systems.
- 3.10 Ongoing promotion of education around disinformation and building of media literacy by partners within the local authority and via social media.** The Community Safety team and the neighbourhood teams share information relating to disinformation. This is shared with schools, partner organisations, local businesses, as well as internally with council staff on the staff portal and on the staff newsletter.
- 3.11 Monthly meetings held with senior leadership.** Middlesbrough Council Chief Executive meets Monthly with the Policing District Commander and the Head of Neighbourhoods.
- 3.12 Gold and Silver recovery group meetings with senior leadership teams across the organisation and partners.** Following the riots, a Gold recovery group was established consisting of executive level officers. A term of reference was established and this group provided direction to the Silver Recovery group. Both groups had representation from multiple partners, and they were well attended. Gold group is no longer active as it is not needed, and the Silver Recovery group fulfilled its purpose as a recovery group however they still meet as the group have evolved into a productive team for doing great things together in order to improve cohesion and resilience in Middlesbrough.
- 3.13 Action plan developed by silver group to be reported to gold with escalations.** Silver group developed an action plan that was then turned into the delivery plan for the spending of the £600k grant that will be explained in more detail at point 3.18 below.
- 3.14 Community safety partnership reconstituted to provide greater strategic oversight.** The Community Safety Partnership constitution was revised and membership changed. Executive level management now attend, and decisions can now be made with discussions taking on a different strategic frame. The escalation process from Multi-Agency Neighbourhood Strategic Group, and Neighbourhood Action Partnership groups, to Active Intelligence Mapping Group, then to Community Safety Partnership Group allows a clear route for issues to be accelerated if they can't be resolved by single agency or by the efforts of others at earlier stages in the process meaning they need a more strategic approach across broader partners.

A community tension reporting process is now in place for secondary schools. The same process will be available for internal Middlesbrough Council staff, and primary schools in May 2026. Concerns are recorded and fed into the community tension monitoring process

3.15 The Minister of Housing, Communities and Local Government (MHCLG) allocated £600,000 to Middlesbrough Council via the Community Recovery Fund (CRF) which is aimed at supporting those communities impacted by the public disorder that took place between July and August 2024. MHCLG then provided £55,000 Community Capacity and Resilience Programme funding bringing the total grant received to £655,000.

The funding was spent as agreed by Executive at the meeting on 8th January 2025

<p>Develop a Community Forum bringing together all community representatives in Middlesbrough – self-sustaining Community Action Group - The group consists of key community representatives. Allocated to Council Community Development Officers and managed via Council budget: all spent by 31st March 2025</p> <p>Clear guidelines on what it could be allocated to i.e. room hire, food, tea, coffee, coms etc. Launch event. Funding to be directed under the direction of the engagement and participation group.</p>	<p>10,000</p>
<p>Voluntary and community sector opportunity to map existing assets - Establish current community offer throughout Middlesbrough, identify unmet needs and gaps in delivery. Working with the Neighbourhood Team.</p> <ul style="list-style-type: none"> • There needs to be some mapping of what is already being done by partners. • Community Asset Mapping (LA GIS) • Participation/engagement • Person to map out. <p>Allocated via grants and spend by 31st March 2025. Delivery between February 2025 and March 2026 in line with conditions of the grant</p>	<p>30,000</p>
<p>Deliver joint engagement activities and events throughout Middlesbrough via the Neighbourhood model – Voluntary and community sector to be involved in delivering activities in the community.</p> <p>This was allocated via grants and committed by 31st March 2025. Delivery will be between February 2025 and March 2026 in line with conditions of the grant</p>	<p>75,000</p>
<p>Communications – Develop a process for statutory services to use 'trusted voices' within the Voluntary and Community Sector (VCS) community to deliver regular clear joint messages to the wider community, promoting cohesion and working together narratives.</p> <p>Allocated to Head of Coms and spent by 31st March 2025</p> <p>Clear guidelines on what it was allocated for i.e. promotion, publicity, feedback, engagement.</p>	<p>20,000</p>

Funding was directed under the direction of the communications group.	
Youth related assertive outreach and centre-based activities throughout Middlesbrough. Identify key areas of concern, and individuals, engage young people in the community, develop relationships and signpost young people to existing and new youth related activities. Work 121 with those most disengaged young people and existing initiatives to maximise resources. The £205,000 was split £48,750 to each of existing providers. (3 via extension to existing contracts and one by exemption) £10,000 for small grants (all will be spent by 31 st March 2025. £55,000 Community Cohesion and Resilience Programme Grant partially funded this initiative. In line with the grant conditions, this resource was fully spent by 31 March 2025, whilst the Community Recovery Fund has been carried over.	CRF 150,000 CCRP 55,000
Council has employed Community Development focussed posts to work across all services and projects supporting LA/Police/VCS services ensuring a fully joined up approach is embedded and identify and develop sustainability community opportunities. 2 x Community Development Officers to work across the town linking in with the subgroups. Officers also to spend some time with MVDA. This funding will be committed by 31 st March 2025, and the post will be on a fixed term contract for 12 months. Delivery will be between February 2025 and March 2026 in line with conditions of the grant	80,000
Support for grassroots community groups, identify informal groups provide support and resources to develop, advertise and become constituted. Develop Social Action projects - Fund for community members to develop projects to solve problems and improve their local community. This has been allocated via the small grants process and committed by 31 st March 2025. Delivery will be between February 2025 and March 2026 in line with conditions of the grant	30,000
Fund experienced specialist facilitators in Hate rhetoric to develop and deliver Community Conversations throughout Middlesbrough, linked to riots and Community Cohesion Contract – in line with the council's procurement arrangements Delivery will be February 2025 – March 2025.	20,000
Building resilience in vulnerable communities and members to develop confidence and improve engagement in wider community activities. This has been allocated via grants to be committed by 31 st March 2025. Delivery will be between February 2025 and March 2026 in line with conditions of the grant	50,000
Educational resources Contract – in line with the council's procurement arrangements. #wearemiddlesbrough	45,000
TOTAL REVENUE GRANT	565,000

Invest in environmental equipment to improve aesthetics, related to broken window theory. This will be linked to the levelling up capital funding to maximise impact and contracts will be aligned where appropriate via the council’s procurement arrangements. Delivery will be between February 2025 and March 2026 in line with conditions of the grant.	40,000
Target Hardening reconnaissance and works to the physical environment, design out crime, increase lighting, open up areas. This will be linked to the levelling up capital funding to maximise impact and contracts will be aligned where appropriate via the council’s procurement arrangements. Delivery will be between February 2025 and March 2026 in line with conditions of the grant.	50,000
TOTAL CAPITAL GRANT	90,000
TOTAL REVENUE & CAPITAL GRANT	655,000

3.16 To manage the risk, a series of actions were identified and implemented to deliver the golden thread of community engagement. Supporting evidence has been provided by the Head of Neighbourhoods to demonstrate that these actions have been monitored, delivered, and embedded. The actions below show clear progression from one-off corrective measures to established internal control mechanisms, forming part of routine governance, partnership engagement, and operational assurance activity.

- SR-15a Promote social cohesion through dedicated local government effort, reinforcing democratic freedoms and supporting evidence-based local cohesion initiatives.
Implementation:
 - Neighbourhood Teams are fully operational across all four localities.
 - Four locality hubs are now established and actively used.
 - Strong partner engagement evidenced through consistent attendance at both strategic and operational meetings in each locality.
 - Neighbourhood Plans are developed with elected members and residents balanced between consistent borough-wide themes and tailored local needs.
 - Plans include preventive approaches for community cohesion issues and resilience-building in identified areas of risk.

Internal control transition:
Neighbourhood planning and multi-agency locality governance now operate as embedded mechanisms for monitoring and responding to cohesion-related risks.
- SR-15b Build resilience in local communities against extremist ideologies and narratives, including conspiracy theories and disinformation (PREVENT).
Implementation:
 - The PREVENT Benchmarking Assurance Outcome for 2025–26 was positive across all areas.
 - PREVENT officers achieved an “Exceeded” rating across all aspects of the framework, evidencing strong operational management and delivery.

Internal control transition:

Benchmarking outcomes and ongoing PREVENT officer oversight now form part of a routine assurance cycle, providing structured scrutiny and ongoing compliance with national standards.

- SR-15c 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.

Implementation:

- Neighbourhood Teams and locality hubs are fully in place.
- Partner engagement remains strong, evidenced by attendance at strategic and operational neighbourhood meetings.
- Co-produced neighbourhood plans with members and residents reflect both shared and locality-specific priorities.
- Bi-monthly Neighbourhood Action Partnership (NAP) meetings and newsletters are consistently delivered and positively received by elected members and partners.

Internal control transition:

Regular cycles of NAP communications and meetings now act as established governance mechanisms for neighbourhood engagement and issue escalation.

- SR-15d Develop an early tension warning system that monitors and alerts the local authority and other key local partners about growing tensions.

Implementation:

- Monthly tension-monitoring meetings take place with Police, Fire Brigade and Neighbourhood Teams.
- The system has expanded to include schools, improving early identification and management of school-based tensions.
- Work is complete on hate crime eLearning package for Middlesbrough Council Staff.
- Work is ongoing to deliver the community tension eLearning package to further strengthen staff capability in reporting and escalation.
- Further development is required to enhance data extraction and reporting functionality.

Internal control transition:

The regular multi-agency monitoring process now operates as an established early-warning mechanism, with the future eLearning module expected to enhance organisation-wide reporting controls.

- SR-15e 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).

Implementation:

- The PREVENT Benchmarking Assurance Outcome for 2025–26 confirmed strong performance against all areas, with “Exceeded” ratings across the board.

Internal control transition:

PREVENT oversight and assurance reporting now function as embedded controls, ensuring risks linked to extremist narratives are continually monitored.

- SR-15f Respond quickly and effectively to flashpoint incidents and triggers
Implementation:
 - The local authority operates a (Bronze Command Officer (BCO) system, providing rapid incident response through Local Resilience Forum (LRF) structures and internal Emergency Management Response Team (EMRT) processes.
 - The neighbourhood model adds operational resilience; for example, during recent Hemlington underground electrical fire, the team opened a community facility out of hours on two occasions with support from ward members.
 - Coordination between Neighbourhood Teams, Police, Fire Brigade and relevant partners enables effective, on-the-ground responses to community-level incidents, including out-of-hours situations.

Internal control transition:

The BCO/EMRT structures and neighbourhood-based operational response capability now operate as embedded emergency response controls.

3.17 **To seek continuous improvement, the Council has also employed BELONG to support delivery of the community cohesion strategy.**

BELONG has completed its initial scoping to support a gap analysis of required work. Early activity is already underway to address cohesion, governance, and community engagement issues. This includes:

- Focus groups and meetings with council officers, elected members, partners, and a broad range of voluntary and community sector organisations (including faith groups).
- Initial review of local strategies, reports, and data.

Alongside institutional engagement, BELONG will conduct direct engagement with residents and service users particularly young people who are often under-represented. This will test assumptions, highlight blind spots, and identify informal dynamics and trust gaps not visible through official channels. Their independent role supports open, objective insight-gathering and ensures the scoping reflects lived experience.

BELONG's work will involve several visits to Middlesbrough and will result in a short scoping report outlining detailed recommendations and next steps. This will form the basis for agreeing the next phase of work, parts of which have already begun.

Project Stages:

1. Inception & Assessment: Review of local/national data and context.
2. Engagement & Analysis: Structured engagement with residents and agencies.
3. Strategy Development & Launch: Co-producing a strategy, delivery framework, and commissioning community-focused cohesion projects.
4. Implementation & Evaluation: Ongoing support, organisational development, and impact measurement.

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)	Grant funding received from MHCLG (para 3.18) and Home Office funding for the BELONG programme (para 3.19) supports the delivery of the activities outlined within this report. All remaining associated costs are contained within existing allocations in the Medium-Term Financial Plan, and therefore no additional financial pressure is anticipated.
Legal	There are no direct legal implications arising from the management of Strategic Risk 15 to date. The actions taken fall within the Council's existing statutory powers and responsibilities, and no additional legal duties or liabilities have been created as a result of the work undertaken.
Risk	This report directly relates to the oversight and continued management of Strategic Risk 15: Threats to Social Cohesion and Democratic Resilience and sets out the actions and controls in place to mitigate this risk effectively.
Human Rights, Public Sector Equality Duty and Community Cohesion	The content of this report is directly relevant to community cohesion and the Council's duty to foster good relations between communities. The activities described contribute toward meeting the Public Sector Equality Duty by supporting inclusive engagement and strengthening the resilience of communities across the borough.
Reducing poverty	Poverty is recognised as a key factor influencing community resilience. Lower levels of financial stability can reduce a community's capacity to respond to or recover from shocks and stressors. The work described in this report supports wider efforts to strengthen community resilience in areas where poverty may exacerbate vulnerability.
Climate Change / Environmental	There are no climate-related or environmental implications arising from the proposals within this report.
Children and Young People Cared for by the Authority and Care Leavers	Strong community cohesion contributes to the safety, wellbeing and opportunities available to children and young people, including those in the Council's care. Engagement activities delivered through BELONG will involve young people directly alongside wider community involvement.
Data Protection	There are no new data protection implications arising from this report. Existing information-handling arrangements and protocols remain adequate for the activities described.

Background papers

Body	Report title	Date
Community Recovery Fund.pdf	Community Recovery Fund	08/01/2025

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MIDDLESBROUGH COUNCIL	
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Report of:	Corporate Director of Finance
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Submitted to:	Audit Committee
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Date:	2 April 2026
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Title:	Procurement Overview 2024/25
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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 Committee:

- **NOTES** the content of this report on the procurement overview for 2024/25.

Executive summary

Firstly, please accept apologies for delay in submitting this report, which should have been submitted in September 2025, this was on oversight. Please note that the report for 25/26 has been set on the forward work programme and will be coming to audit committee in September 2026.

This report provides an overview of procurement activity undertaken for the financial year 1st April 2024 to 31st March 2025.

The report includes information pertaining to:

- Procurement Activity
- Purchase Card utilisation
- Supplier Incentive Programme (SIP)
- North East Procurement Organisation (NEPO)
- Local Spend

1. Purpose

1. To provide a summary of the Council's procurement activity over the last financial year including compliance with Standing Orders, practice changes and contract awards.

2. Recommendations

2.1 That the Audit Committee

- notes the content of this report on the procurement overview for 2024/25.

3. Background and relevant information

Procurement Activity

3.1 The Council has in place the Contract Procedure Rules as part of the Council's Constitution, and these provide the governance in response of procurement practices.

3.2 The table below show the thresholds in place for the period 1st April 2024 to 31st March 2025, which all procurements are required to adhere to:

WORKS	GOODS/ SERVICES/ CONSULTANTS	LIGHT TOUCH REGIME	TENDERING PROCEDURE
Up to £10,000	Up to £10,000	Up to £10,000	Neither written quotations nor tenders need to be invited. Ensure value for money is achieved using local suppliers where possible.
£10,001 - £1,000,000	£10,001 - £213,477 (inclusive of VAT) £177,897.50 (exclusive of VAT)	£10,001 - £633,540 (inclusive of VAT) £552,950 (exclusive of VAT)	At least 3 written quotations. The quotation system must be used for quotations. Use local suppliers where possible. Tenders can be sought but this is optional.
£1,000,001 - £5,336,937 (inclusive of VAT) £4,447,447.50 (exclusive of VAT)	N/A	N/A	At least 4 tenders must be sought. The Tender advert(s) must be placed on Contracts Finder. The NEPO portal must be used.
Above £5,336,937 (inclusive of VAT) £4,447,447.50 (exclusive of VAT)	Above £213,477 (inclusive of VAT) £177,897.50 (exclusive of VAT)	Above £633,540 (inclusive of VAT) £552,950 (exclusive of VAT)	EU Procedure - OJEU Notice. At least 5 tenders must be sought, ensuring that the tender process complies with the EU Directives. The NEPO portal must be used.

3.3 During 1st April 2024 and 31st March 2025, the Procurement Team have been involved and support service areas with **267** procurement activities that equate to approximately £29 million pounds worth of contracts being awarded in the year.

3.4 This activity is broken down as follows:

➤ Quotations	-	24
➤ Tenders	-	6
➤ DPS	-	56
➤ Frameworks	-	86
➤ Exemptions	-	95

3.5 Quotations are the procurement route used for low value contracts and as they do not require open advert if offers us the flexibility to target local suppliers where available. There is no reason a quotation could not be formally advertised where it is believed to be in the best interest, however, quota allow us to direct opportunity to local suppliers.

3.6 Tenders and DPS are formal procurement processes that must adhere to the Public Contract Regulations (PCR) 2015 and the Procurement Act 2023 (w.e.f. 24.02.25) which is procurement law and prescribes the process to be followed from advert all the way through to contract award.

3.7 Direct Awards/Further Competitions via Framework Agreements are again compliant with the PCR and Procurement Act 2023 as the Framework Agreement has been formally procured and the Framework Agreement will set out processes for calling off either via Director Award or a further competition.

3.8 Exemptions allow us to direct award where the contract is below threshold, and it meets the criteria of Section 5 of the Council's Standing Orders.

3.9 There are currently over 850 contracts recorded on our contract register, which is available to the public.

3.10 The procurement team continue to gate keep spend via Business World for any order over £5k which further strengthens our understanding of Council spend. This has been further enhanced with the inclusion of tender/quote reference box which is used to help further identify on and off contract spend.

Purchasing Card utilisation

3.11 The number of active cards are **224** active cards and of those **209** are for Council staff and **15** are for maintained School staff.

3.12 The data dashboards continue to be available across all directorates to Directors and Heads of Service. The procurement team continue to provide weekly reports to the data team to ensure that service areas have the most up to date spend detail.

3.13 During 2024/25 there were 13,350 (down from previous year of 14,262) transactions which totalled £1,786,287 (again down from the previous year of £5,120,307) in spend and the directorate breakdown was:

Directorate	Spend 23/24
Adults	£153,700
Children	£734,854
ECS	£539,525
Finance	£6,262
Legal	£39,110
Public Health	£125,086
Regeneration	£187,751

3.14 The majority of spends continues to be for low value with 13,380 (96%) being under £999 and overall, the average transaction value is only £133.80. Appendix 1 shows the continued decrease in spend via the purchasing cards evidencing the impact of the work done by the council to shift spend away and back through ordering.

3.15 Rebates for the cards are paid annually each year and are based on spend activity between 1st December to 30th November, rebate received was **£17,575.08**, which is significantly lower than last year of £20,528.53.

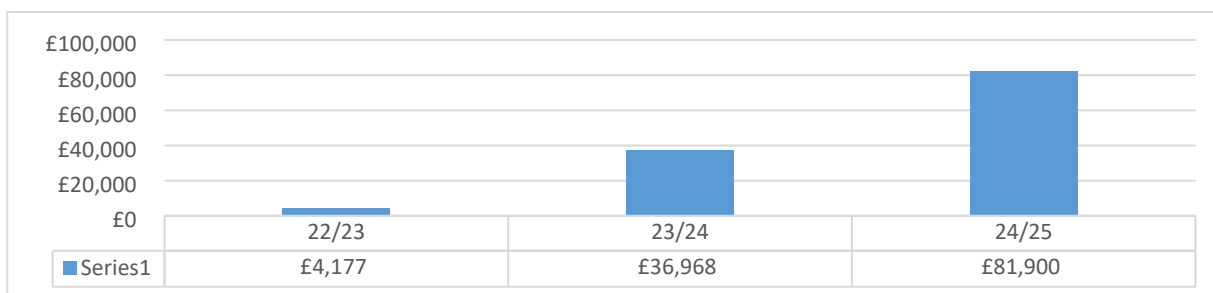
3.16 In line with the purchasing card policy staff are responsible for reviewing all spend on their card by the 28th of each month which includes providing the receipt, detail of expenditure, cost centre and GL codes. Processes are in place whereby staff who fail to follow due process on three occasions or more will have their cards removed.

3.17 Managers with staff who have cards are also responsible for monitoring spend and the team continue to share monthly reporting and management of cardholders in line with the Council's policies.

Supplier Incentive Programme (SIP)

3.18 SIP with Oxygen Finance is our early payment programme which gives suppliers the opportunity to be paid earlier than standard practice. The programme gives suppliers the option to be paid as soon as the invoice is authorised. The aim is to complete this within 10 days, normally payment term is 30 days. Suppliers pay a small pre-agreed rebate which is applied as the invoice is paid. The rebate is proportionate to the number of days the authority accelerates the payment by. The rebate is only applied if the invoice is paid earlier than 30 days.

3.19 The SIP programme has been operational since May 2022 with savings of over £123k up to 31st March 2024 being achieved.



3.20 Suppliers are onboarded to the programme via two main methods (sourcing via procurement and direct engagement with suppliers). During the tender process, suppliers can onboard all their spend with the Council, maximising their cash flow and delivering additional rebate back to the council.

3.21 We continue to target all suppliers working in partnership with Oxygen and promoting as much as possible, we want to maximise efficiencies of the programme through additional and targeted engagement.

3.22 As part of SIP, we have Free Pay which allows the Council to identify and pay early without rebate our local suppliers who we classify as being an SME (small & medium sized enterprises).

3.23 Appendix 2 is a summary of Free Pay performance in the current year and shows how the Council has paid £5.2m within 3 working days which is a really proactive approach by the Council in supporting our local suppliers.

3.24 SME suppliers do not know they are benefiting from SIP but as a Council we know how beneficial this is to the SME market in these times of financial constraints. The list of Free Pay suppliers is reviewed regularly to ensure only eligible suppliers are included.

North East Procurement Organisation (NEPO)

3.25 NEPO is an established public sector procurement organisation that works in partnership with all 12 North East Councils and the wider public sector to procure goods, services and works of high value and strategic importance. The 12 authorities collectively oversee the governance framework for NEPO.

3.26 The Specialist Commissioning & Procurement Manager represents Middlesbrough Council by attending the Collaboration North East (CNE) monthly meetings together with the other 11 North East Local Authorities Heads of Procurement, discussion centre around the business of the Procurement Organisation and the procurement requirements of the public sector.

3.27 As a full member to NEPO Middlesbrough Council pay a small member fee, the annual fee is £46,000 however in return we receive a rebate of approximately £140,000k per annum due to our use of the flexible procurement solutions available through membership of the organisation.

3.28 The benefits of being a full member of NEPO are:

- ✓ Provision of flexible procurement solutions for the local authority to utilise.
- ✓ Use of the above solutions minimise time delay for the authority in its procurement practices.
- ✓ Specialist procurement leads within NEPO have worked with sectors such as energy, fleet, construction etc to set up cost effective solutions for local authorities to utilise – utilising the collective buying power of the 12 north east authorities.
- ✓ Any concerns with large scale providers can be addressed by NEPO contract support.

3.29 In 2024//25, we continued to have about 25% of our procurements utilised a NEPO framework, without this investment we would require additional resource in the procurement team to meet the demands of the procurement activity of the local authority. Middlesbrough Council has annual conversations with NEPO to review the available frameworks and discuss opportunities for future procurement plans.

3.30 NEPO has a dedicated web page which provides suppliers and Local Authorities with all the information they need, and it can be visited by going to [NEPO](#).

3.31 NEPO manage and deliver our e-tendering portal and in October 2024 the 12 Local Authorities moved to the new OPEN system which NEPO have developed and now manage directly on behalf of the region. There have been a number of challenges in moving to a brand-new managed platform and we are continuing to work in partnership to ensure that this portal develops effectively.

3.32 For the purposes of this report the OPEN system was only operational for 5 months and due to development issues, we did not commence all procurement activity immediately and were running dual systems with the old system until 31st March 2025.

3.33 All suppliers were notified of the upcoming change by both the Local Authorities and via direct marketing from NEPO.

3.34 NEPO have continued to work on the North East Environmental, Social and Governance (ESG) model which is being developed and will deliver the North East's priorities. The Model will reduce the confusion about what social value is and how it is included in public procurement. It will move away from complex formulas and focus on what can be delivered by buyers and suppliers. As the region moves into an exciting new phase of devolution, we need to ensure that social value remains at the heart of what we do, and the Council are excited to understand how this new model can help us drive our own Social Value achievements through our procurements.

Local Spend

3.35 Middlesbrough Council has a strategic direction for ensuring spend remains local and this is monitored quarterly. The quotation process allows for more targeting of spend to local suppliers and practice linked to quotations is encouraged to ensure suppliers that are local and offer value for money are requested to quote.

3.36 We have procured Insights System via the NEPO521 Framework which provides us with full analysis all of our published spend data. This not only allow us to easily view accurate spend by category but more importantly can quickly show us our local spend achievement at the click of a button.

3.37 A summary of the percentage performance of local spend on a quarterly basis is shown below:

PERIOD	TARGET	ACHIEVED	SPEND
April – June 2024	40%	40%	£30m
July – September 2024	40%	44%	£33m
October – December 2024	40%	41%	£33m
January – March 2025	40%	40%	£29m

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

4.1 Not applicable for this report

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

Topic	Impact
Financial (including procurement and Social Value)	Within Middlesbrough Council’s constitution, the regulations pertaining to contracts are outlined within the Contract Procedure Rules. Staff are required to adhere to the contract procedures pertaining to any procurement activity, and flow charts and threshold tables were provided on the staff intranet as easy reference guides. Any activity linked to grant income is exempt from procurement processes if detailed within the grant conditions attached to the funding.
Legal	All contracts are required to be approved and signed by legal services.
Risk	Purchasing card governance has significantly increase with the introduction of data dashboards to all Directors and HOS and is updated weekly. We have seen significant reductions in spend and reliance on purchasing cards which is helping reduce the risk to the Council.
Human Rights, Public Sector Equality Duty and Community Cohesion	There are no human rights, equality or data protection issues arising as a result of the recommendations in this report.
Reducing poverty	This element may be part of procurement activity where services are commissioned to improve outcomes for residents of Middlesbrough.

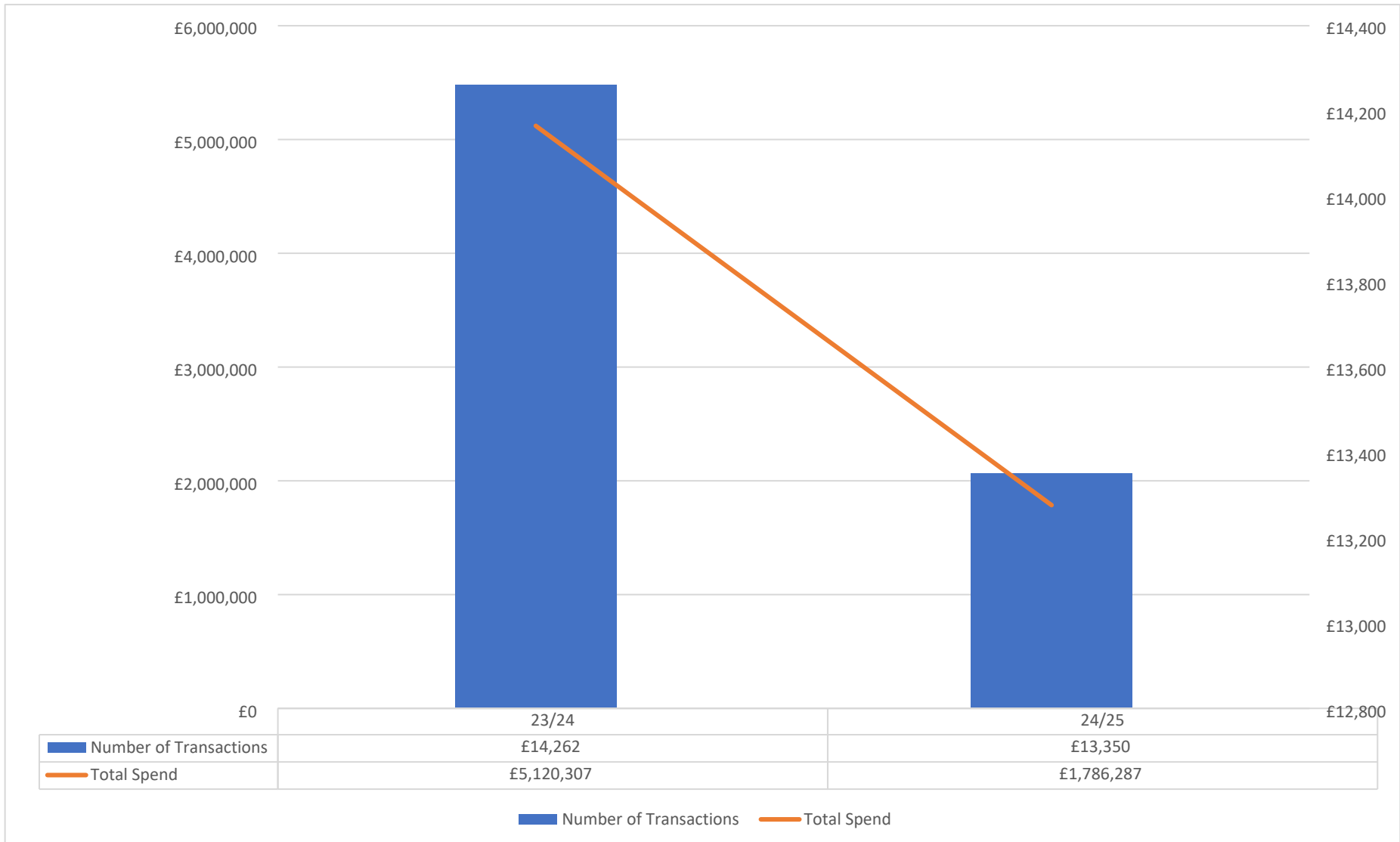
Climate Change / Environmental	This element is supported in social value work undertaken in our procurement processes.
Children and Young People Cared for by the Authority and Care Leavers	Services commissioned as part of our procurement activity does offer support for all children's services.
Data Protection	There are no data protection issues arising from this report.

Appendices

1	Purchasing Card
2	Free Pay Performance

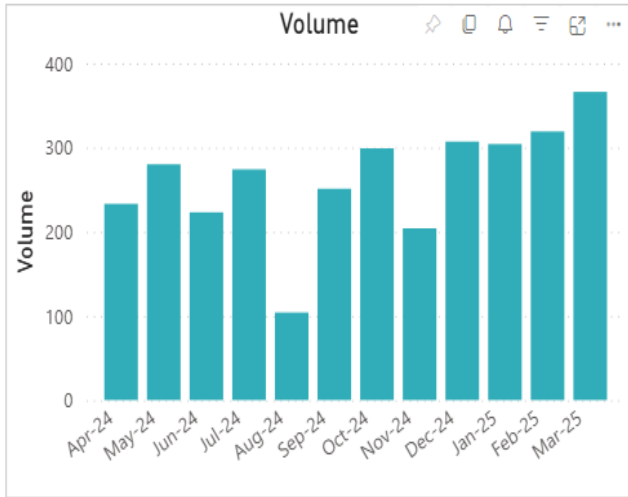
Contact: Claire Walker
Email: claire_walker@middlesbrough.gov.uk

Purchasing Comparison of Transactions and Spend



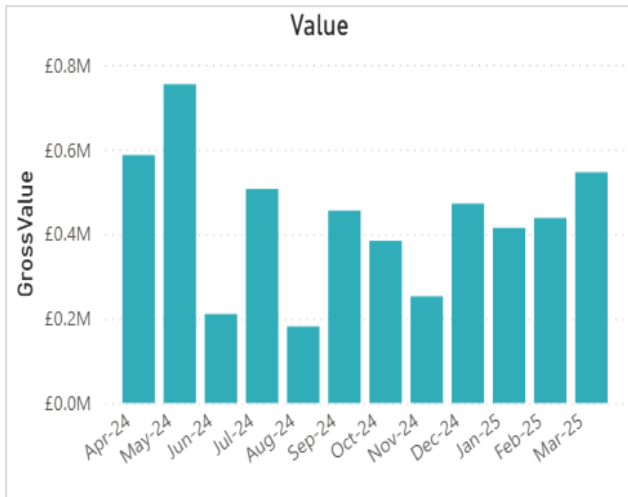
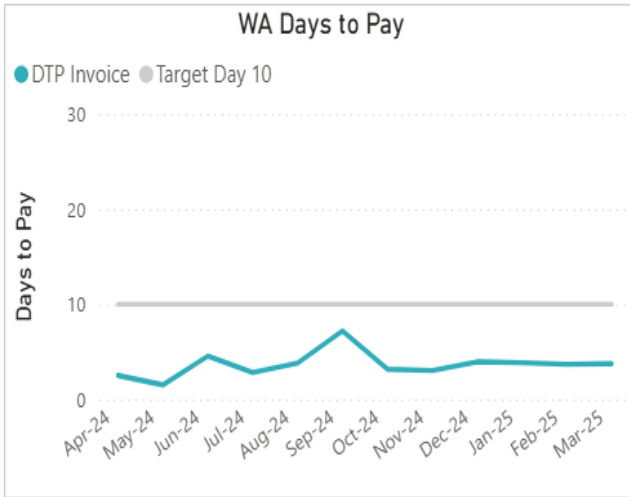
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Summary of Free Pay Performance



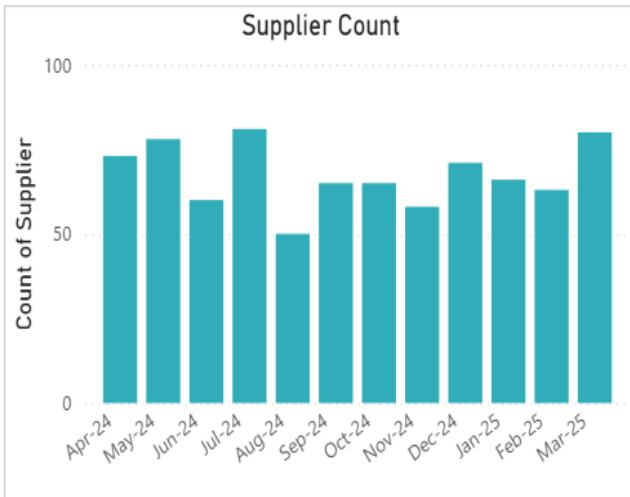
Total Volume
3164

WA Days to Pay
3.49



Total Value
£5.20M

Total Unique Supplier Count
162



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MIDDLESBROUGH COUNCIL



Report of: Head of Internal Audit, Veritau

Submitted to: Audit Committee

Date: 16 April 2026

Title: Internal Audit and Counter Fraud Progress Report

Report for: Information

Status: Public

Council Plan priority: Delivering Best Value

Proposed decision(s)

That the Committee:

- **NOTES** the update on internal audit and counter fraud work undertaken.

Executive summary

This report provides the committee with:

- 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 £81 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 April 2026
2	Counter Fraud Progress Report April 2026

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Internal Audit Progress Report 2025/26

Date: 16 April 2026

APPENDIX 1

CONTENTS

3	Background
3	Internal Audit progress
4	Follow Up
5	Annex A: Internal Audit work in 2025/26
7	Annex B: Summary of key issues from audits finalised
12	Annex C: Summary of progress on ongoing audits
15	Annex D: Audit opinions and priorities for actions
16	Annex E: 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 for 2025/26 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 March 2026.

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 undertaken by internal audit during the year.
- 8 Seven final reports and one draft report have been issued since the last report to this committee.
- 9 Ten audits are currently in progress, of which a number are nearing the final stages of fieldwork. We have started planning on two other audits.
- 10 All work being completed to support the 2025/26 opinion is included in annex A.
- 11 Following discussion with officers and ongoing evaluation of priorities, some work previously planned for quarter 4 in 2025/26 has been deferred to 2026/27. The 2026/27 audit work programme which is being presented as a separate item to the April 2026 Audit Committee, includes these areas. The prioritisation and timing of 2026/27 work is currently being assessed and discussed with officers.

- 12 Annex B provides details of the key findings arising from internal audit assignments completed, that we have not previously reported to the committee.
- 13 Annex C provides details of progress on ongoing audits that have progressed beyond the planning stage. This includes when audits were started, commentary on progress and expected timescales for completion.
- 14 Annex D lists our definitions for action priorities and overall assurance levels.

FOLLOW UP

- 15 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.
- 16 A summary of the current status of follow up activity is included at annex E.

ANNEX A: INTERNAL AUDIT WORK IN 2025/26

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 Regen	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
Anti-social behaviour management	December 2025	Reasonable Assurance
Debtors	April 2026	Substantial Assurance
Information security	April 2026	Reasonable Assurance
Savings plans delivery	April 2026	Reasonable Assurance
Middlesbrough Community Learning Service (MCLS) – subcontracting standards compliance	April 2026	No opinion given
Business continuity	April 2026	Substantial Assurance
Schools themed audit	April 2026	Reasonable Assurance
Cyber security: malware protection	April 2026	Reasonable Assurance

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
 - ▲ Bus Service Operators
 - ▲ City Region Sustainable Transport Settlements

- ▲ Supporting District Centre Improvement Grant (DCIG) processes
- ▲ Supporting counter fraud colleagues relating to whistleblowing referrals and other internal investigations
- ▲ Follow up of agreed management actions
- ▲ Provision of general support and advice, and regular liaison with officers.

Audits in progress

Audit	Status
No recourse to public funds (CS)	Draft report issued
Planning applications	Fieldwork in progress
Benefits	Fieldwork in progress
Records management	Fieldwork in progress
Creditors	Fieldwork in progress
Asset management	Fieldwork in progress
ASC financial assessments	Fieldwork in progress
Section 17 payments	Fieldwork in progress
Climate change	Fieldwork in progress
Home to school transport	Fieldwork in progress
Partnerships	Planning
Implementation of the Procurement Act	Planning

Further explanation of audit progress status

Status	Further explanation
Planning	We are working with officers to define and agree the scope and timing of the internal audit work.
Fieldwork in progress	A specification has been issued and agreed with officers which includes target dates for key work deadlines. Fieldwork has started.
Fieldwork complete	Fieldwork has been completed. Closing meetings to discuss findings are taking place and/or the audit is subject to internal quality assurance review.
Draft report issued	A report with findings has been shared with officers. Appropriately focused actions with deadlines for completion need to be provided by officers before an agreed final report can be issued.

ANNEX B: 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
Debtors	Substantial Assurance	Raising invoices and credit notes, pursuing outstanding debt, reconciling income, debt management and write off	7 January 2026	<p>Processes for raising and authorising invoices are generally working effectively. Minor issues were noted, including outdated policy guidance on minimum invoice values and unmonitored zero-sum invoices causing gaps in numbering.</p> <p>Invoices are typically raised promptly and authorised appropriately. However there is no process to monitor timeliness, and analysis of credit note data is not evidenced. Debt is aging steadily due to a focus on preventing new debt from aging.</p> <p>Monthly debtor income reconciliations were completed accurately, and reminder and write-off processes are operating as expected, with adequate documentation and oversight.</p>	<p>4 moderate findings were agreed.</p> <p>Daily and monthly reports will be introduced to monitor zero-balance invoices, ensure corrections are made, and provide oversight to managers.</p> <p>Corporate debtor guidance will be reviewed to align with current practice on small-value invoices. Monthly reporting will be implemented to strengthen monitoring. A new process will track the timeliness of invoice raising.</p> <p>Credit note monitoring has been enhanced through a quarterly report, with Finance Business Partners accountable for review and feedback to identify trends and improve controls.</p> <p>All findings are due to be completed by 30 April 2026.</p>
Information security	Reasonable Assurance	Physical checks of council premises for personal and	8 January 2026	The Council has well-established policies and procedures to	1 significant finding was agreed.

System/area	Opinion	Area reviewed	Date issued	Comments / Key issues identified	Management actions agreed
		sensitive data left unsecured and general physical security.		<p>ensure the security of information and physical assets.</p> <p>Security sweeps across three buildings showed that physical access controls were well-designed and effective.</p> <p>However, despite strong access controls, the sweeps identified multiple instances of sensitive information and physical assets being left unsecured on desks, in unlocked drawers and cupboards, and in unsecured confidential waste bins. This is not in line with Council policies.</p>	<p>Building managers and heads of service have been made aware of issues in order to take action to address weaknesses.</p> <p>By 31 March 2026, an information security inspection to be conducted by officers at Middlesbrough House, Resolution House, Fountain Count to assess compliance.</p>
Savings plans delivery	Reasonable Assurance	Assessing and setting savings proposals, actions plans to deliver, monitoring and reporting on proposals.	14 January 2026	<p>Detailed savings plans were developed by service teams and approved in February 2024.</p> <p>The quality of savings plans reviewed varied. Several included unrealistic assumptions or significant risks, contributing to non-delivery of savings. Five of the ten plans failed to achieve their targets, and in some cases alternative income-related measures were used, which may diverge from plans approved.</p> <p>Progress is monitored through Savings Tracker reports,</p>	<p>3 significant findings were agreed.</p> <p>The budget setting timeline will be reviewed to allow sufficient time for scrutiny of proposals and ensure they are realistic and achievable.</p> <p>Improvements will be made to ongoing scrutiny and reporting on savings. An approval process will be put in place for changes to savings proposals.</p> <p>All findings are due to be completed by April 2026.</p>

System/area	Opinion	Area reviewed	Date issued	Comments / Key issues identified	Management actions agreed
				management boards, and quarterly reporting to Members.	
Middlesbrough Community Learning Service (MCLS)	No opinion given	Compliance review against ESFA (Education & Skills Funding Agency) Subcontracting standards	6 February 2026	MCLS is largely compliant with the requirements of the standards, with established processes in place across all key areas. No significant risks were present. In a small number of areas control was not consistently applied or fully evidenced.	Recommendations were made regarding policies, due diligence re. subcontractors. There were no formal agreed management actions for this type of work.
Business continuity	Substantial Assurance	Policy, plans, roles and responsibilities, governance arrangements	23 February 2026	<p>The council has an approved Business Continuity (BC) policy, aligned with statutory requirements and subject to a three-year review cycle. This policy is supported by five BC plans and 47 Critical Function plans, all of which undergo bi-annual review and are securely stored across multiple platforms to ensure accessibility in emergencies.</p> <p>Key BC roles and responsibilities are clearly defined, and training has been completed by relevant officers.</p> <p>Governance arrangements are effective, with annual assurance reports submitted to the Audit Committee and regular updates</p>	No management actions.

System/area	Opinion	Area reviewed	Date issued	Comments / Key issues identified	Management actions agreed
				provided through quarterly risk management group meetings.	
Schools themed audit	Reasonable Assurance	Budget planning, approval and monitoring; management of supply teachers, purchasing card management	17 March 2026	<p>Financial monitoring is strong, with budgets regularly reviewed, scrutinised, and challenged by governors. Schools routinely assess in-year positions, forecast outturns, and key cost pressures, with multi-year forecasts supporting long-term planning and external oversight through annual submissions to the council.</p> <p>Supply teacher usage varies by school context, but all usage is justified, monitored, and proportionate, with examples of both reduced reliance and effective internal cover models.</p> <p>Purchasing card controls are generally sound, with legitimate spending and appropriate authorisation, though some weaknesses, mainly around VAT processing and segregation of duties, require further procedural strengthening.</p>	<p>1 significant and 3 moderate findings were agreed.</p> <p>All actions related to purchase cards. Schools will ensure VAT is correctly identified and applied on purchasing card transactions. Refresher training will be given to staff where required. One school will update its financial procedures to ensure purchasing cards policy aligns with the requirements of council policy. One school will review the use of purchasing cards for higher value payments. System access and review arrangements will ensure segregation of duties is in place for approving and reviewing purchasing card spend.</p> <p>All findings are due to be completed by the end of May 2026</p>
Cyber security: malware protection	Reasonable Assurance	Security patching, end point protection, web and	26 March 2026	Patch management processes are well-established and effective, with clear responsibilities, timely	2 significant and 1 moderate finding were agreed.

System/area	Opinion	Area reviewed	Date issued	Comments / Key issues identified	Management actions agreed
		email service protection		<p>deployment, and regular vulnerability scanning, supported by annual external assessments.</p> <p>Strong controls exist to secure IT assets, including encrypted devices, approved software usage, and anti-malware protection, though monitoring could be improved by removing unused devices from management systems.</p> <p>Web and email security is robust, using NCSC-approved filtering and measures to block malicious emails and spoofing. The council could further strengthen its security posture by establishing a dedicated IT security function and investing in a Security Information and Event Management (SIEM) solution for enhanced threat monitoring.</p>	<p>Officers are to review and decide whether to purchase a SIEM solution, remove IT assets not in use from Sophos system, and review the structure of the IT team and consider need for a dedicated security team.</p> <p>All findings are due to be completed by the end of September 2026</p>

ANNEX C: SUMMARY OF PROGRESS ON ONGOING AUDITS (As at 31 March 2026)

Audit	Specification issued	Scope	Details on progress	Target final report date	Target committee date
No recourse to public funds <i>Draft report issued</i>	April 2025	Policy and procedures, case management, budgetary control	Testing completed. Closing meeting held with Corporate Director. Draft report issued. Actions being agreed with management	April 2026	June 2026
Adult Social Care financial assessments <i>Fieldwork in progress</i>	Re-issued December 2025	Policies and procedures, guidance, completion of assessments, reviews.	The specification was re-issued with new timescales in December 2025. Fieldwork is in progress.	May 2026	June 2026
Planning applications <i>Fieldwork in progress</i>	September 2025	Compliance with legislation and guidance, compliance with policies and procedures.	Fieldwork started in autumn 2025 but initial progress was slow. Now progressing better with testing aiming to be completed by the end of April.	May 2026	June 2026
Benefits <i>Fieldwork in progress</i>	November 2025	Reviewing applications, payments and procedures and monitoring of overpayments and adjustments.	Fieldwork progressing and expected to be completed by the end of April.	May 2026	June 2026
Records Management <i>Fieldwork in progress</i>	February 2026	Governance over management of records, access to records, retention and disposal,	Fieldwork in progress; systems documented with testing starting in April.	May 2026	June 2026

Audit	Specification issued	Scope	Details on progress	Target final report date	Target committee date
Creditors <i>Fieldwork in progress</i>	November 2025	Authorisations, timely payments, supplier set up and changes of details, duplicate invoice controls, performance management.	Testing well progressed. Testing expected to be completed in April.	May 2026	June 2026
Asset Management <i>Fieldwork in progress</i>	March 2026	Asset strategy, long term plans to manage assets, assets sales.	Fieldwork has recently started.	June 2026	June 2026
Section 17 payments <i>Fieldwork in progress</i>	February 2026	Roles and responsibilities, plans, policies and procedures, authorisation of payments, budgetary control.	Testing strategy in place. Information requested from client to be able to start fieldwork.	May 2026	June 2026
Climate change <i>Fieldwork in progress</i>	March 2026	Governance arrangements, embedding of plans in services, strategy priorities and actions.	Fieldwork due to start in April and planned for completion second half of May 2026.	June 2026	June 2026
Home to school transport <i>Fieldwork in progress</i>	March 2026	Policy and procedures, transport referrals, emergency procedures, non-school transport.	Fieldwork has recently started.	June 2026	June 2026
Partnerships <i>Planning</i>	Will be issued April 2026	To be agreed	Opening meetings held, specification to be issued shortly.	June 2026	June 2026

Audit	Specification issued	Scope	Details on progress	Target final report date	Target committee date
Implementation of the Procurement Act <i>Planning</i>	Will be issued April 2026	To be agreed	Initial planning	June 2026	June 2026

ANNEX D: 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.

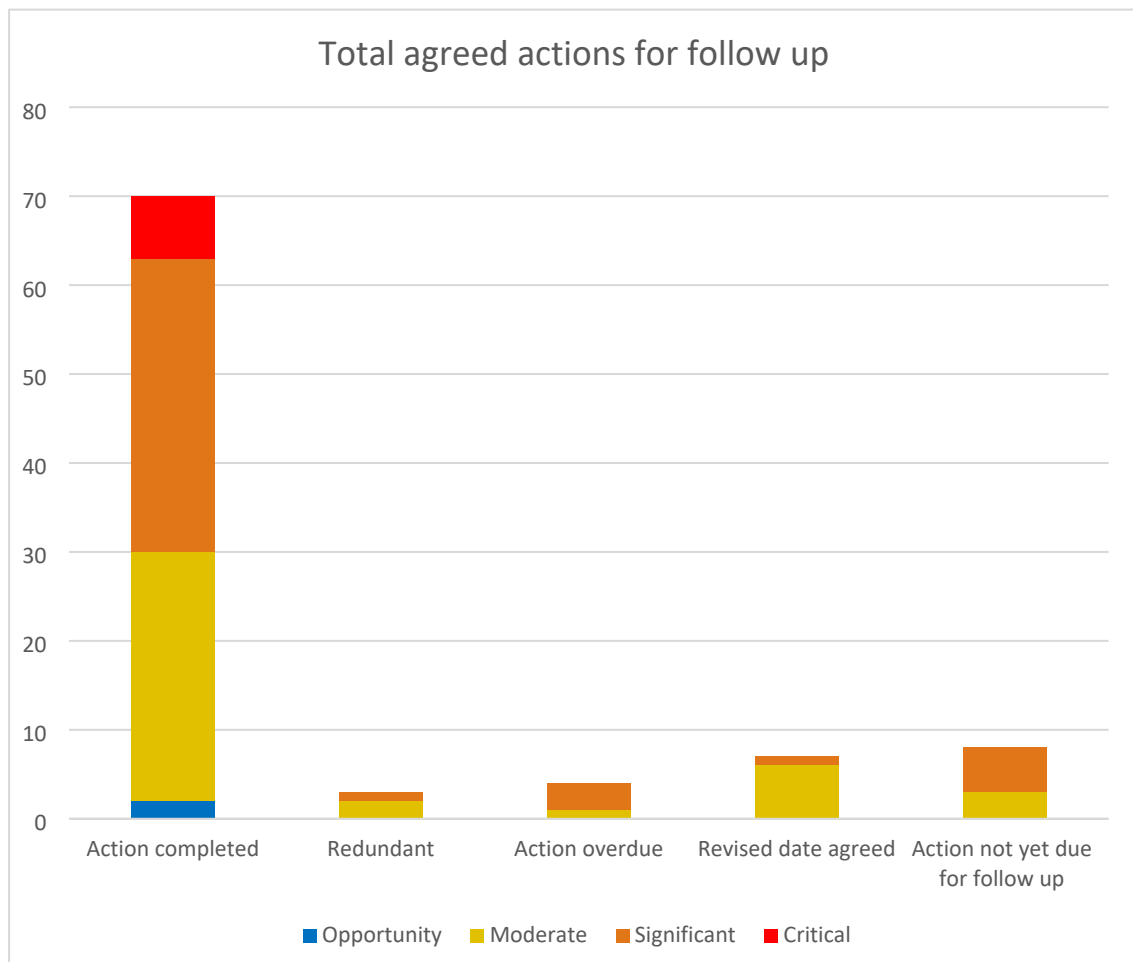
Priorities for findings

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 E: 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 March 2026 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

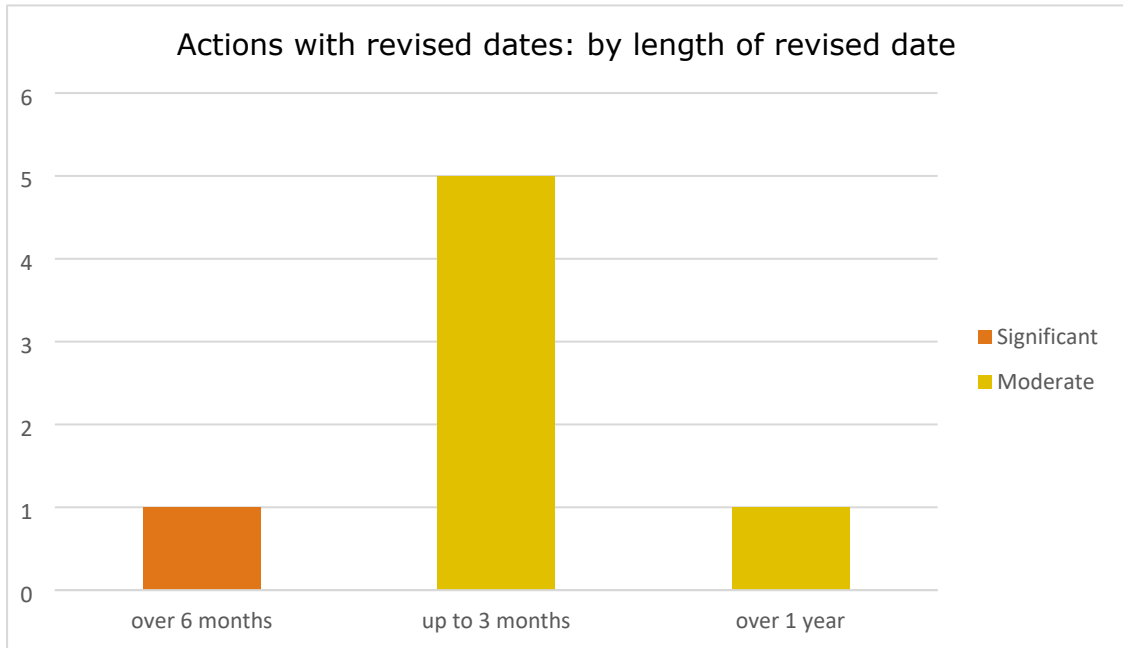


- 6 A total of 84 actions have been followed up in the last twelve months. Of these, 70 have been satisfactorily implemented (82%). Eight actions are

not yet due for follow-up as their original implementation date has not passed at the time of reporting.

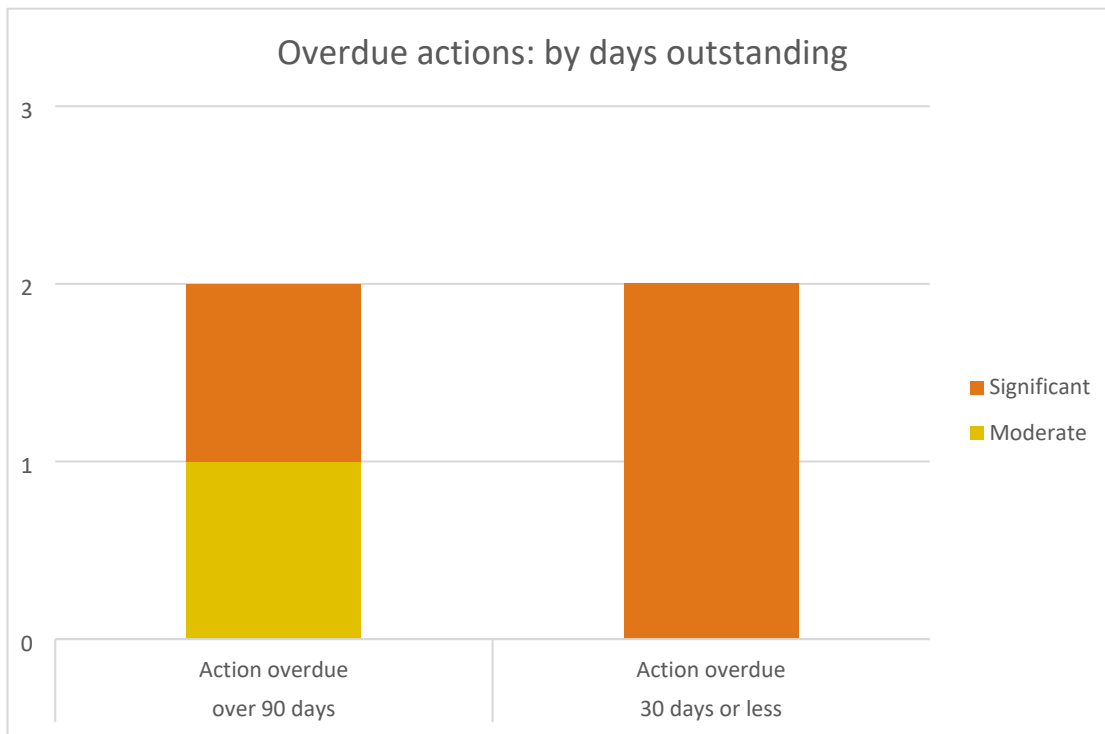
- 7 A total of seven outstanding actions have had their original implementation timescale extended. A revised implementation date has been agreed with the action owner. We agree revised dates where the delay in addressing an issue will not lead to unacceptable exposure to risk and where the delays may be unavoidable. Although lengthy or continued revision of implementation dates can increase the risk of issues occurring. Figure 2, below, shows how long dates have been extended beyond original implementation dates.

Figure 2: Length of revised dates agreed for action implementation



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

Figure 3: Length of time actions have been overdue



- 9 One significant action has been overdue for more than 90 days beyond the original due date. This action relates to an audit of burials. The relevant Director has responded and completion of this action is expected to be confirmed very shortly. The moderate action also relates to the audit of the burials service and is being followed up with officers.
- 10 The other two overdue actions relate to the anti-social behaviour management audit. These have only just become overdue and are currently being followed up with the responsible officers.

Counter Fraud Progress Report 2025/26

Date: 16 April 2026

APPENDIX 2

CONTENTS

- 3** Background
- 3** Counter Fraud Management
- 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 December, Middlesbrough Council and Veritau undertook an unannounced day of action against blue badge fraud. Increased footfall in the town during the winter months can reduce the availability of disabled bays on roads and in car parks. Misuse of blue badges can put additional pressure on disabled residents and visitors during this time. On the day 37 badges were checked by counter fraud and parking officers. One badge belonging to a deceased person was found to be misused. The case is still under investigation. The day of action was publicised by the Council³.
- 6 The counter fraud team actively works to raise employees' awareness of the different fraud risks affecting the Council. In November, during International Fraud Awareness Week, the counter fraud team highlighted the threat to councils from polygamous working. There have been several recent high-profile cases where council workers have been found to be working for multiple councils at the same time and not informing their employers. In August, a man from Gloucestershire was found guilty of fraud in relation to working four full-time roles with or for local authorities. He was found to have received £236k in salary and benefits that he was not entitled to and was sentenced to three years in jail.
- 7 On International Anti-Corruption Day in December, a new offence, Failure to Prevent Fraud, was highlighted to all employees. Introduced as part of

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

³ [Day of Action Targets Blue Badge Misuse](#), Middlesbrough Council

the Economic Crime and Corporate Transparency Act 2023, large organisations can be found to be guilty of the offence if an employee, contractor, or supplier delivering services commits a fraud offence that benefits the organisation. Raising awareness of this new legislation and the threat of fraud within the Council is a recommendation of government guidance for the new legislation.

- 8 This year bespoke training has also been provided to the following teams:
- Benefits
 - Finance (social care)
 - Procurement
 - Revenues
- 9 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, then a threat report is made so all NAFN members are aware. Recent alerts from NAFN have included details of a worker found to be working for multiple councils, someone contacting councils and pretending to be from the ICO, and fraudsters pretending to make a generous bequest, ie a grand piano, to a school in order to trick them into making payments for its delivery.

INVESTIGATIVE WORK

- 10 Between 1 April and 28 February 2026, the counter fraud team logged 142 referrals of suspected fraud. Twenty-three investigations have been completed this year and there are currently 39 cases under investigation. To date £232k of loss has been identified.
- 11 Five formal warnings have been issued in relation to misconduct around special guardianship order (children's social care), single person discounts (council tax), council tax reduction scheme (benefits) and blue badges (parking). Invoices totalling £58k have been issued in a further four investigations. Three internal investigations have been completed. Information has been provided for five debt recovery cases.
- 12 The counter fraud team supports the Council to recover losses identified as part of investigations. Counter fraud savings⁴ are tracked by monitoring repayments to the Council and calculating the value of stopping ongoing frauds. In 2025/26 £371k of counter fraud savings have been identified to date.

⁴ 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.

MIDDLESBROUGH COUNCIL	
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Report of:	Head of Internal Audit, Veritau
Submitted to:	Audit Committee
Date:	16 April 2026
Title:	Internal Audit Work Programme 2026/27
Report for:	Information
Status:	Public
Council Plan priority:	Select priority

Executive summary	
This report provides the committee with:	
<ul style="list-style-type: none">• The internal audit work programme for 2026/27	

1. Purpose

1.1 To seek Members' approval for the 2026/27 planned programme of internal audit work.

2. Recommendations

2.1 That the Audit Committee

- Approves the internal audit work programme for 2026/27.

3. Background and relevant information

3.1 The purpose of internal auditing is to strengthen an organisation's ability to create, protect, and sustain value. It provides independent, risk-based, and objective assurance, advice, and foresight to improve governance, risk management, and control processes.

3.2 The council's internal audit service must comply with Global Internal Audit Standards in the UK Public Sector (GIAS UK Public Sector), and the council's own internal audit charter.

3.3 The GIAS UK Public Sector require that the Head of Internal Audit provides an annual opinion on the adequacy and effectiveness of the council's framework of governance, risk management, and control. The basis for the opinion is the programme of work that internal audit carries out.

3.4 Veritau's work programme is required to be approved by this committee as part of its responsibility for overseeing the work of internal audit. The programme of internal audit work for 2026/27 is attached as appendix 1.

3.5 The purpose of this report is to present the internal audit work programme for 2026/27.

Internal Audit work programme

3.6 Appendix 1 sets out the proposed internal audit work for 2026/27. The planned work is based on an initial assessment of risk undertaken. The identification of risks included in the assessment has been informed in a number of ways. This includes review of the organisational risk management processes, sector-wide risk information, understanding the Council's strategies and objectives, other known risk areas (for example areas of concern highlighted by management), the results of recent audit work and other changes in Council services and systems.

3.7 The proposed areas of coverage been subject to consultation with the Audit Committee in February 2026 and senior officers, including Directorate Management Teams. The specific number of days available is to be confirmed by the s151 officer.

3.8 To meet professional aims and objectives, good practice for internal audit requires us to adopt flexible planning processes. This helps to ensure that internal audit work

undertaken during the year is adapted on an ongoing basis to reflect changing and emerging risks within the Council.

3.9 We will regularly discuss the scope and timings of work with officers and management to help ensure that we provide assurance in the right areas and at the right time. Further meetings will be held throughout the year to plan and confirm the scope and timings of audit work. We will also provide regular updates to the Audit Committee on the coverage, scope and findings of our work.

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.

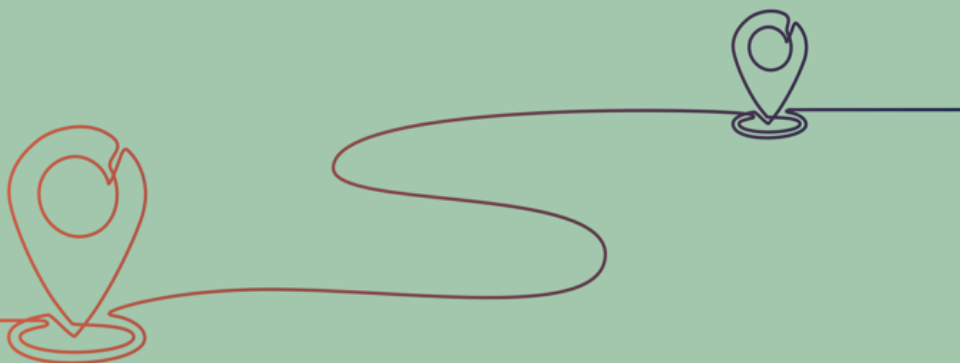
Appendices

1	Internal Audit Work Programme 2026/27
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Contact: Stuart Cutts
Email: stuart.cutts@veritau.co.uk

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Internal Audit Work Programme 2026/27



CONTENTS

- 3** Introduction
- 4** Strategic context
- 5** 2026/27 internal audit work programme
- 9** Annex A: internal audit work programme 2026/27

Introduction



- 1 This report sets out the proposed 2026/27 programme of work for internal audit, provided by Veritau, for Middlesbrough Council.
- 2 The work of internal audit is governed by the Global Internal Audit Standards in the UK Public Sector (GIAS UK Public Sector). These standards are made up of:
 - ▲ the Global Internal Audit Standards (GIAS), set by our professional body, The Institute of Internal Auditors, and
 - ▲ the Application Note: Global Internal Audit Standards in the UK Public Sector, produced by the Relevant Internal Audit Standard Setters¹.
- 3 The Application Note contains interpretations and requirements which need to be applied to the GIAS so that they form a suitable basis for internal audit practice in the UK public sector.
- 4 Internal Audit maintains organisational independence. Auditors have no operational responsibilities, and safeguards are in place to prevent any impairment to independence or objectivity. Any actual or potential threats will be reported to the Audit Committee. Veritau also operates a programme of ongoing quality assurance designed to confirm that audit work is delivered in accordance with the GIAS. The outcomes of these arrangements are reported annually to this Committee, alongside the annual audit opinion.
- 5 At the local level, the council has an internal audit charter. The charter addresses how internal audit is performed and governed, and its commitment to adhering to professional standards.
- 6 To conform to professional standards and the audit charter, the Head of Internal Audit must develop a plan based on a documented assessment of the council's strategies, objectives, and risks and on their understanding of governance, risk management, and internal control arrangements. The plan should also be informed by input from key stakeholders, such as senior management and this committee.
- 7 Internal audit work should be risk-based and dynamic, being undertaken in a way that supports achievement of organisational objectives. Accordingly, planned work should be reviewed and adjusted in response to changes to risks, priorities, operations, programmes, systems, and internal controls.
- 8 The GIAS UK Public Sector place a specific requirement on the Head of Internal Audit to prepare an overall conclusion (opinion), at the level of the organisation, about the effectiveness of governance, risk

¹ The Relevant Internal Audit Standard Setter for UK local government is CIPFA.

- management, and internal control. This must be done at least annually in support of wider governance reporting.
- 9 The basis of the Head of Internal Audit's annual opinion is the outcomes from planned audit work undertaken over the year (referred to as the 'work programme'). Our work programmes include coverage of governance, risk management, and internal control which, in turn, allows an opinion to be given.
- 10 At the February 2026 meeting of this committee, we presented our work programme consultation report. This report explained how we approach development of the work programme by considering key areas of assurance, the council's risks, and its priorities to define a body of work from which an independent and well-informed opinion can be given.

Strategic context



- 11 Middlesbrough Council's financial position improved over 2025/26 supported by the three-year settlement approved by the government in February. While this settlement has eased some of the immediate financial pressures, the council continues to face persistent demand led and inflationary pressures. Maintaining strong financial discipline and ensuring effective management of the Council's finances therefore remain essential.
- 12 Although the council's financial situation has improved, it must continue to ensure that key aspects of risk management, governance, and control are maintained. The year ahead will require the Council to balance operational pressures with wider strategic priorities, requiring sustained organisational resilience and effective oversight.
- 13 The Executive approved a refreshed Council Plan on 11 March 2026. It shifts the focus from cost-driven transformation to continuous improvement, financial sustainability, service quality and better outcomes. The Council continues to build on progress made through improvement work following previous external assurance and inspection activity, with a sustained focus on strengthening governance, leadership and organisational oversight.
- 14 Demand-led pressures remain a major challenge, especially in social care where an ageing population, greater complexity of need and difficult market conditions continue to drive costs and operational risk. In adult social care, the Council's ten-year strategy aims to build financial resilience and improve outcomes by promoting independence, embedding prevention and integrating services with health, housing and the voluntary sector. The strategy seeks to limit reliance on long-term care while ensuring residents receive safe and sustainable support.
- 15 Children's services also continue to face sustained pressure. Further budget growth is planned for 2026/27, and likely beyond, to meet rising demand and complexity, though this does not fully offset the 2025/26

overspend. With a new Corporate Director in place since October 2025 and an Ofsted inspection expected in 2026/27, the Council has developed a ten-area improvement plan to strengthen leadership, stabilise performance and support more consistent practice.

- 16 The Council also has a significant Dedicated Schools Grant (DSG) deficit. Under the recent settlement, the Government will provide grant support covering 90% of the high-needs DSG deficit, helping to stabilise the Council's position in this area.
- 17 Even as Middlesbrough is entering a period of improved financial stability, controlling expenditure and maintaining strong operational arrangements remain critical to delivering the Council's core functions and strategic priorities. Internal audit supports this by providing assurance that governance, risk management and internal control frameworks are operating effectively
- 18 To maximise the value of internal audit, it is important that we provide assurance in the right areas at the right time. We have designed the processes for developing the internal audit work programme, and refining it through the year, to do that.

2026/27 internal audit work programme



The 2026/27 indicative internal audit work programme

- 19 The proposed internal audit work programme for 2026/27 is included in annex A. The programme is made up of audit engagements which have been assessed as priorities to deliver over the next 12 months.
- 20 The overall level of service to be provided by Veritau is based on an indicative number of days, for planning purposes. The number of days available to deliver the work programme is to be confirmed by the Council's s151 officer.
- 21 The proposed areas of coverage in the 2026/27 work programme have been subject to consultation with this committee, strategic directors and their Directorate Management Teams, and with other senior officers from across the organisation.
- 22 Internal audit activity is organised into several functional programme areas. These areas are set out in table 1, on the following page.

Table 1: Work programme functional areas.

Programme area	Purpose
▲ Strategic / corporate & cross cutting	To provide assurance on areas which, by virtue of their importance to good governance and stewardship, are fundamental to the ongoing success of the council.
▲ Technical / projects	To provide assurance on those areas of a technical nature and where project management is involved. These areas are key to the council as the risks involved could detrimentally affect the delivery of services.
▲ Financial systems	To provide assurance on the key areas of financial risk. This helps provide assurance to the council that risks of loss or error are minimised.
▲ Service areas	To provide assurance on key systems and processes within individual service areas. These areas face risks which are individually significant but which could also have the potential to impact more widely on the operations or reputation of the council if they were to materialise.
▲ Other assurance work	An allocation of time to allow for continuous audit planning and information gathering, grant certifications, unexpected work, and the follow up of work we have already carried out (ensuring that agreed actions have been implemented by management).
▲ Client support, advice & liaison	Work we carry out to support the council in its functions. This includes the time spent providing support and advice, and liaising with staff.

Sufficiency of resources

- 23 The Global Internal Audit Standards and the Application Note require the Head of Internal Audit to ensure that there are sufficient financial, human, and technological resources to operate effectively (Standard 8.2, Requirement 10A). The committee must be informed where resources are considered insufficient. Adequate funding and staffing are identified as essential conditions which support the delivery of audit work and the annual opinion.
- 24 The resourcing requirements should be assessed with reference to the audit universe, risk assessment and the contribution the service is expected to make toward achieving the Council's strategic priorities (as set out in the internal audit charter).
- 25 Consideration needs to be given to the requirement for specialist skills and knowledge, for example in respect of digital assurance, cyber security and major project support. The Standards also require any resource limitations

that could impair the delivery of audit work or the annual opinion, are reported to the Board (Audit Committee) as part of its oversight role.

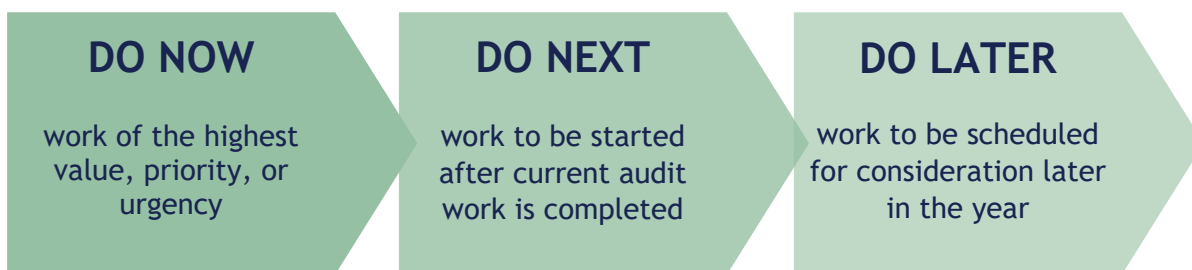
26 Our assessment on sufficiency of resources will be made once the level of service has been confirmed.

The 'do now', 'do next', 'do later' audit prioritisation system

27 Once initial internal audit priorities have been identified through the application of the opinion framework, we then overlay a second system of prioritisation. This system allows us to determine the relative priority of audits included in the indicative work programme.

28 This second prioritisation system sees audits assigned to one of three categories, as shown in figure 2, below.

Figure 2: 'do now', 'do next', 'do later' prioritisation system.



29 Decisions on which of the three categories internal audit work falls into will be based on judgement, and will be made having given consideration to the prioritisation factors in table 2, on the following page. These will result in internal audit work being considered a relatively higher or lower priority at the time of assessment.

Table 2: Internal audit prioritisation factors.

Prioritisation factors	
▲ where we have no recent audit assurance, or other sources of information	▲ where controls are changing and / or risks are increasing
▲ where we are following up previous control weaknesses	▲ where specific issues are known to have arisen
▲ areas that are of significant importance to the council, for example they reflect key objectives or high priority projects	▲ areas that provide broader assurance, for example corporate policies and frameworks
▲ areas that need to be covered to enable us to provide an annual opinion	▲ where there are time pressures or scheduling requirements, for example grant deadlines, or where work is scheduled to minimise the impact on council service areas at busy times

- 30 The above factors will be used on an ongoing basis to decide what internal audit work will be carried out, and when, during the course of the year. These decisions will be made in consultation with the council through our ongoing dialogue with senior officers. Individual pieces of work will move between the three categories, as required, based on their priority at the time of assessment.
- 31 For example, an audit scheduled for quarter three to minimise the impact on a service area may initially be classed as to 'do later' but will become 'do now' as we move into quarter three. Similarly, an audit of a council project classed as 'do now' because it represents an area of high importance may move from 'do now' to 'do next' or 'do later' if, for example, a project slips or planned work cannot be undertaken until a specific point is reached. Towards the end of the year, audits classed as 'do later' are likely to be deferred until the following year.
- 32 Some initial timescales were discussed as part of the planning meetings held with officers. We will work with officers in quarter one 2026/27 to firm up and to schedule the delivery of work, for the year.
- 33 It is important to re-emphasise two important aspects of the programme as a whole. Firstly, the audit activities included in annex A are not fixed. Work will be kept under review to ensure that audit resources are deployed to the areas of greatest risk and importance to the council. This is to ensure the audit process continues to add value.
- 34 Secondly, it will not be possible to deliver all audit activities listed in the programme. The programme has been intentionally over-planned, to build in flexibility from the outset, while also providing an indication of the priorities for work at the time of assessment. Over-planning the programme enables us to respond quickly if we need to commence work in other areas of importance to the council when risks and priorities change during the year.
- 35 The committee will be provided with information on current internal audit priorities throughout the year as part of regular progress reporting.

ANNEX A: internal audit work programme 2026/27

Programme area	Internal audit activity
Strategic / corporate & cross cutting	<ul style="list-style-type: none"> ▲ Budget management ▲ Information security ▲ Health and Safety ▲ Recruitment and retention ▲ Performance management ▲ Data quality ▲ Procurement ▲ Contract management ▲ Agency staff ▲ Complaint handling ▲ Emergency planning ▲ Management of grants
Technical / projects	<ul style="list-style-type: none"> ▲ IT: Cyber security awareness and training ▲ IT: Supplier management / third party risk ▲ IT: Disaster recovery ▲ IT: Systems review ▲ IT: Cloud management ▲ IT: AI framework ▲ Regeneration projects ▲ Programme and project management
Financial systems	<ul style="list-style-type: none"> ▲ Main accounting system

Programme area	Internal audit activity
	<ul style="list-style-type: none"> ▲ Ordering and creditors ▲ Council tax and NNDR ▲ Financial assistance schemes ▲ Payroll ▲ Teesside Pension Fund: Contributions income ▲ Teesside Pension Fund: Closedown procedures ▲ Teesside Pension Fund: Risk management
<p>Service areas</p>	<ul style="list-style-type: none"> ▲ Homelessness and temporary accommodation ▲ No recourse to public funds ▲ Continuing healthcare ▲ Reablement and independent living ▲ Direct payments (follow up) ▲ Carer support ▲ s117 mental health services ▲ Domestic abuse (follow up) ▲ Public health (focus to be confirmed) ▲ Schools themed audit (focus to be confirmed) ▲ Foster carers ▲ Residential services (CS) ▲ Children’s services commissioning (follow up) ▲ Panel / decision making processes (CS) ▲ Private fostering arrangements ▲ Virtual school

Programme area	Internal audit activity
	<ul style="list-style-type: none"> ▲ Waste management ▲ Fleet management ▲ Highways maintenance / transport infrastructure ▲ Section 106 / Community Infrastructure Levy (CIL) ▲ Middlesbrough Community Learning Service (MCLS) ▲ Enforcement (planning and building control) ▲ Housing strategy – needs assessment ▲ Property repairs and maintenance
<p>Other assurance work</p>	<ul style="list-style-type: none"> ▲ Grant certifications ▲ Follow-up of previously agreed management actions ▲ Continuous audit planning and additional assurance gathering to help support our opinion on the framework of risk management, governance and internal control ▲ Attendance at, and contribution to, governance, risk- and assurance-related working groups ▲ Ad-hoc control, governance and risk-related work requested during the year by officers
<p>Client support, advice & liaison</p>	<ul style="list-style-type: none"> ▲ Committee preparation and attendance ▲ Key stakeholder liaison ▲ Support and advice on control, governance, and risk related issues

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MIDDLESBROUGH COUNCIL	
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Report of:	Head of Internal Audit, Veritau
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Submitted to:	Audit Committee
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Date:	16 April 2026
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Title:	Counter Fraud Plan 2026/27
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Report for:	Information
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Status:	Public
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Council Plan priority:	Safe and resilient communities
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Executive summary	
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<p>This report sets out counter fraud work planned for 2026/27. It contains an updated fraud risk assessment, an assessment of counter fraud work at the Council against national counter fraud strategies, and an annual counter fraud development plan and work plan.</p>	
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1. Purpose

1.1 To provide Members with an update on planned counter fraud activity in 2026/27.

2. Recommendations

2.1 That the Audit Committee

- Notes the 2026/27 fraud risk assessment
- Notes the counter fraud development and work plans.

3. Background and relevant information

3.1 Fraud is a significant risk to the public sector. Annual losses are estimated as being as high as £81 billion in the United Kingdom. Veritau are engaged to deliver a counter fraud service for the Council. The service helps mitigate fraud risk, investigate suspected fraud, and to take appropriate action when it is detected.

3.2 The Council's fraud risk and compliance with national counter fraud strategy should be evaluated regularly. Resources allocated should be in line with the threat the Council faces. Council policies should help mitigate fraud risk and reflect current best practice. Veritau and the Council should regularly undertake developmental work to strengthen counter fraud work. All these elements are considered annually in preparing the counter fraud plan.

3.3 The 2026/27 Counter Fraud Plan is included in Appendix 1 of this report.

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.

Appendices

1	Counter Fraud Plan 2026/27
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2026/27 Counter Fraud Plan

Date: 16 April 2026

APPENDIX 1

CONTENTS

3	Background
3	National Counter Fraud Strategy
5	Fraud Risk Assessment
6	Development and Work Plans
6	Policy Framework Review
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BACKGROUND

- 1 Fraud continues to be a significant and growing risk to the public sector. Fraud offences account for 41% of all crime reported in the UK¹. The National Audit Office estimates that fraud and error cost the taxpayer between £55 and £81 billion in 2023/24 and that only a fraction was detected and recovered². These losses directly reduce councils' ability to fund essential public services and can cause reputational damage.
- 2 When fraud is committed against the public sector, money is diverted from vital public services into the hands of criminals. Local authorities must ensure that they have the right policies and procedures in place to prevent fraud. It is important to promote a strong anti-fraud culture at all levels of the organisation as well as amongst the public.
- 3 Criminals are constantly improving their techniques and using new tools to defraud local authorities and other public sector bodies. To respond effectively, councils need to monitor the fraud landscape to ensure that their counter fraud measures offer protection from these evolving threats.
- 4 This report sets out the Middlesbrough Council's approach to addressing fraud, reviews its counter fraud policy framework, updates the annual fraud risk assessment, details new and ongoing developmental activity, and sets out how counter fraud resources will be used in 2026/27.

NATIONAL COUNTER FRAUD STRATEGY

- 5 CIPFA sets out the responsibilities of Local Authority leaders to counter fraud and corruption within their organisations in its code of practice on managing the risk of fraud and corruption³. The code says that organisations should:
 - acknowledge their responsibility for countering fraud and corruption
 - identify the fraud and corruption risks
 - develop an appropriate counter fraud and corruption strategy
 - provide resources to implement the strategy
 - take action in response to cases of fraud and corruption.
- 6 Fighting Fraud and Corruption Locally (FFCL) published the most recent counter fraud and corruption strategy for local government⁴ in 2020. Over the past six years Middlesbrough Council has followed the principles set out by CIPFA and FFCL to guide and develop its response to fraud.
- 7 The strategy recommends that councils consider the effectiveness of their counter fraud framework by considering performance against the five key themes set out below.

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

³ [Code of practice on managing the risk of fraud and corruption](#), CIPFA

⁴ [A strategy for the 2020s](#), Fighting Fraud and Corruption Locally

- **Govern** – *Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation. Having a holistic approach to tackling fraud is part of good governance.*

The Council maintains a robust and regularly reviewed anti-fraud policy framework, supported by ongoing communication and reminders to staff. Counter-fraud activity is reported to both members and senior officers throughout the year. Middlesbrough Council sets clear expectations of honesty and integrity for all employees. The Council maintains an up to date whistleblowing policy. Veritau provides whistleblowing support to employees and managers, logs all referrals, operates a whistleblowing hotline, publicises the policy, and delivers training. The anti-fraud, bribery and corruption policy guide how fraud is investigated at the Council and how cases are concluded when fraud is proven to have occurred.

- **Acknowledge** – *Acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response.*

Middlesbrough Council is aware that it is regularly targeted by fraudsters across different service areas. An annual fraud risk assessment is produced and presented to members. The assessment draws on national fraud trends, intelligence from cases reported to and investigated by the counter fraud team, and the insights of senior officers who understand the risks within their service areas. Each year, targeted development activity is planned in response to the assessed risks, emerging issues, and ongoing evaluation of the Council's arrangements against recognised good practice guidance. As a result of increased workload and positive results from counter fraud activity the Council increased the level of resource for counter fraud work in 2025/26 and it has increased again for 2026/27.

- **Prevent** – *Preventing and detecting fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.*

Fraud prevention is embedded in the work of both the counter fraud and internal audit teams. When investigations highlight opportunities to strengthen controls, these findings are shared with senior officers, and follow-up checks ensure that agreed improvements are implemented. Ongoing investment in specialist training helps counter fraud officers stay current with emerging technologies and techniques. In addition, collaboration with the Communications Team supports the development of a proactive anti-fraud culture across the organisation and within the wider community the Council serves.

- **Pursue** – *Punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive local enforcement response.*

The Council takes strong action to hold offenders to account and to recover public funds lost to fraud. All allegations are investigated to

criminal standards, and prosecution is considered where appropriate, alongside a range of alternative sanctions. The Council has a constructive partnership with Cleveland Police and raises concerns with them where appropriate. The counter fraud team has built bonds with the Department for Work and Pensions (DWP) to tackle council tax reduction scheme fraud, with joint investigations often providing a more efficient and effective response to fraud affecting both agencies. The Council explores every available avenue for financial recovery, including the use of civil remedies. Counter fraud activity has resulted in £371k in savings in 2025/26 (up to the end of February), demonstrating the impact of this work.

- **Protect** – *Protecting against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community.*

Fraud affects communities across the North East and residents are as likely to be targeted as the Council is. The Council regularly issues alerts to warn residents about emerging scams and fraudulent activity. National data matching helps identify where residents may be the victims of identity theft. Regular liaison with other councils in the region can identify fraud that is occurring cross boundary.



FRAUD RISK ASSESSMENT

- 8 Fraud risks are assessed annually to identify priorities for counter fraud work. The 2026/27 fraud risk assessment, included in annex A, draws on national and regional intelligence affecting local authorities, as well as cases reported directly to the counter fraud team. Each area is assigned an inherent risk rating, reflecting the level of exposure to fraud if no controls existed, and the residual risk rating indicates the remaining risk when current controls are considered.

The results of the assessment are used to:

- develop or strengthen existing fraud prevention and detection measures
 - revise the counter fraud policy framework
 - focus future audit and counter fraud work.
- 9 By their nature, fraud risks are hard to quantify. There are no established methodologies for determining estimated losses due to fraud in most areas. The terms high, medium, and low are therefore used in the risk assessment to provide a general indication of both the likelihood and impact of fraud in each area.
- 10 The risk assessment has been carried out by Veritau, based on our understanding of fraud risks in the sector and our knowledge of controls in place within the Council to prevent, identify and deter fraud. It is used to inform priorities for counter fraud and internal audit work by Veritau. However, it is separate from the wider Council risk management framework.

- 11 The updated risk assessment factors in upcoming work by internal audit and the counter fraud team, eg introduction and revision of e-learning modules providing training on social care fraud and whistleblowing, support to the Council to prevent fraud within the new Crisis and Resilience Fund and help protecting the Council from fraud associated with the new Failure to Prevent Fraud offence.
- 12 The fraud risk assessment will be kept under review so that any significant new or emerging risks are addressed.



COUNTER FRAUD DEVELOPMENT AND WORK PLANS

- 13 The 2026/27 counter fraud development plan is attached in annex B. It sets out development activity for the counter fraud team and Middlesbrough Council for the year. Actions are organised into the five key themes set out by the FFCL counter fraud strategy for local government and any findings from the Fraud Risk Assessment.
- 14 The counter fraud work plan is attached in annex C. The plan sets out the areas of counter fraud work to be undertaken in 2026/27. The time allocation for each area is not defined because it will depend on the levels of suspected fraud reported to the counter fraud team. Reactive investigations (determined by allegations of fraud received) will however account for the largest proportion of work. Priorities for work in the remaining areas will be determined in accordance with the counter fraud development plan and fraud risk assessment. A total of 400 days has been allocated to counter fraud work in 2026/27, an increase of 150 days.



POLICY FRAMEWORK REVIEW

- 15 The Council's counter fraud policy framework is reviewed annually. The review considers counter fraud related policies (including the anti-fraud and corruption, prosecution, anti-bribery, and whistleblowing policies).
- 16 The review identified that the Council's whistleblowing policy requires updating to reflect upcoming changes to whistleblowing legislation due to the Employment Rights Act 2025 as well as a recent employment tribunal decision. No other changes or updates to policies are required currently.

ANNEX A: 2026/27 FRAUD RISK ASSESSMENT

Risk area #1	Social care fraud	Inherent risk	High	Residual risk	High
Risk description	<p>Adult social care customers complete a financial assessment with the Council to determine any financial contribution they must make towards their care. Losses can occur through deprivation or non-declaration of capital which can involve the transfer or disguise of property to avoid paying for residential or domestic care provision. Residential homes could also continue to claim for customers who are no longer in residence (eg after they pass away). In both adult and children’s social care, fraud can occur through the misuse of the Direct Payment scheme. For example, where monies allocated to meet a customer’s assessed needs are not used to procure support services. Losses in social care fraud cases can be substantial, especially if they are not detected at an early stage.</p>				
Risk controls	<p>Applications for care funding are carefully assessed to ensure that recipients meet the eligibility criteria and that any financial contribution for care by the customer is correctly calculated. A range of monitoring and verification controls are operated by the Council. This includes requiring customers in receipt of Direct Payments to have a separate bank account for managing these funds and complying with monitoring procedures to verify spending. In instances of misused Direct Payments, customers are moved to a commissioned service. The residual risk of adult and children’s social care fraud is still considered to be high. This is due to the level of spend in this area, the scale of losses, and the speed at which they can be accrued. It is also a reflection of the difficulty all councils have in detecting assets when people are determined to keep them hidden.</p>				
Priorities for internal audit / counter fraud	<p>Veritau has established relationships with senior management and officers responsible for the provision of social care; concerns of fraud are regularly reported to the counter fraud team (CFT) for investigation. The CFT delivers a rolling programme of fraud awareness to employees with responsibilities for assessment and payments. Investigation of fraud in this area provides a deterrent to those considering committing it and can assist the Council to recover losses through the court system.</p>				

Risk area #2	Creditor fraud	Inherent risk	High	Residual risk	High
Risk description	<p>Over the course of a number of years attempts to commit fraud against the creditor payment systems of public and private sector organisations has increased in terms of volume and sophistication. The mandatory publication of payment data makes councils particularly vulnerable to attack. Attacks are often the work of organised criminal groups who operate from abroad. Individual losses due to fraud can be extremely large (in excess of £1 million). The likelihood of recovery is low once a fraud has been successfully committed. The most common issue is mandate fraud (payment diversion fraud) where fraudsters impersonate legitimate suppliers and attempt to divert payments by requesting changes in bank details. Other types of fraud include whaling, where senior members of the Council are targeted and impersonated in order to obtain fraudulent payments. There have been increased instances nationally and regionally of hackers gaining direct access to email accounts of suppliers and using these to attempt to commit mandate fraud. These attempts can be much more difficult to detect and prevent.</p>				
Risk controls	<p>The Council has strong controls in place to identify fraudulent attempts to divert payments from genuine suppliers and to validate any requests to change supplier details. Segregation of duties exist between the ordering, invoicing and payments processes. The residual risk of creditor fraud is still considered to be high due to potentially high levels of loss and the frequency of attacks. Organisations' reliance on its own employees, and those of its suppliers, to follow processes, and the inevitable element of human error, are factors in many successful mandate fraud attacks.</p>				
Priorities for internal audit / counter fraud	<p>Veritau regularly provide support and advice to finance officers responsible for the payment of suppliers. The IA work programme includes audits of key financial systems and processes. This includes ordering and creditor payment processes, eg segregation of duties and controls to prevent mandate fraud. IA also undertake duplicate payment checks on a regular basis. The CFT delivers fraud awareness training to relevant officers. Increased awareness provides a greater chance to stop fraudulent attempts before losses occur. All instances of attempted creditor related fraud are reported to the CFT who then report to relevant agencies, such as the National Cyber Security Centre, as well as directly to the email provider from which false emails originated. The CFT regularly shares intelligence alerts relating to attempted fraud occurring</p>				

nationally with relevant council officers to help prevent losses. As part of any investigation of attempted fraud in this area, the CFT will advise on improvements to help strengthen controls.

Risk area #3	Cybercrime	Inherent risk	High	Residual risk	High
Risk description	<p>Cybercrime is a continually evolving area where criminals refine their techniques in order to overcome controls, obtain unauthorised access and information, and frustrate systems. In 2025, the government reported that approximately 612,000 UK business and 61,000 charities identified cyber breaches or attacks over a 12 month period. The potential for cybercrime is heightened by the availability of online tools and AI-driven attacks. As cybercrime can be perpetrated remotely, attacks can come from within the UK or overseas. Some cybercrime is motivated by profit, however some is designed purely to disrupt services. Types of cybercrime experienced by local authorities include ransomware, phishing, whaling, hacking, and denial of service attacks. Attacks can lead to loss of funds or systems access/data which could impact service delivery. There have been several high-profile cyber-attacks on public and private sector organisations in recent years. Attacks stemming from the hacking of software or ICT service providers have become more prevalent. These are known as supply chain attacks and are used by hackers to target the end users of the software created by the organisations targeted.</p>				
Risk controls	<p>The Council employs highly skilled ICT employees whose expertise is used to help mitigate the threat of cybercrime. The ICT department has processes to review threat levels and controls (eg password requirements for employees) on a routine basis. It carries out weekly automated vulnerability scanning, as well as annual penetration testing performed by an accredited third-party organisation. The ICT department also uses filters to block communications from known fraudulent servers and will encourage employees to raise concerns about any communications they do receive that may be part of an attempt to circumvent cybersecurity controls. Despite strong controls being in place, cybercrime remains a high residual risk for the Council. The potential for cybercrime is heightened by the availability of online tools. Council systems could be exposed by yet unknown weaknesses in software. Suppliers of software or IT services could also be compromised which might allow criminals access to council systems believed to be secure. The residual risk</p>				

	of cybercrime remains high due to the constantly evolving methods employed by fraudsters which requires regular review of controls.
Priorities for internal audit / counter fraud	Cybersecurity is an ongoing priority for IA work and is overseen and delivered by CISA (Certified Information System Auditor) accredited auditors. Planned audits in 2026/27 cover disaster recovery, third party risk, and cloud management. Raising awareness with employees can be crucial in helping to prevent successful cyberattacks. The CFT work with ICT to support activities that raise awareness amongst employees. A campaign to mark cybersecurity awareness month is undertaken annually.

Risk area #4	Council tax and business rate frauds	Inherent risk	High	Residual risk	Medium
Risk description	Council tax discount fraud is a common occurrence. CIFAS conducted a survey in 2022 in which 10% of UK adults said they knew someone who had recently committed single person discount fraud. In addition, 8% of people thought falsely claiming a single person discount was a reasonable thing to do. Individual cases of fraud in this area are of relatively low value but cumulatively can represent a large loss to the Council. Business rates fraud can also involve falsely claiming discounts that a business is not entitled to, eg small business rate relief. Reports of business rate fraud are less prevalent than council tax fraud but can lead to higher losses in individual cases.				
Risk controls	The Council employs a number of methods to help ensure only valid applications are accepted. This includes requiring relevant information be provided on application forms, and visits to properties are undertaken where needed, to verify information. The Council routinely takes part in the National Fraud Initiative (NFI). The exercise allows councils to cross check for potential instances of fraud in multiple locations (eg multiple claims for single person discount by one individual). The CFT provide a deterrent to fraud in this area through the investigation of potential offences which can, in serious cases, lead to prosecution.				

Priorities for internal audit / counter fraud	The CFT delivers fraud awareness training to employees in the revenues team about frauds affecting Council Tax and Business Rates. IA routinely review the administration of Council Tax and Business Rates as one of the Council's key financial systems.
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Risk area #5	Council tax reduction fraud	Inherent risk	High	Residual risk	Medium
Risk description	Council Tax Reduction (CTR) is a council funded reduction in liability for Council Tax. It is resourced through council funds. Fraud and error in this area is of relatively low value on a case-by-case basis but cumulatively fraud in this area could amount to a substantial loss. CTR fraud can involve applicants failing to declare their total assets or income. Those receiving support are also required to notify relevant authorities when they have a change in circumstances that may affect their entitlement to support. Most CTR claims are linked to state benefits (eg Universal Credit) which are administered by the Department for Work and Pensions (DWP).				
Risk controls	The Council undertakes eligibility checks on those who apply for support. Officers manage the assessment of new and ongoing claims for CTR to identify potential issues. The Council will routinely take part in the National Fraud Initiative (NFI) which highlights potentially fraudulent claims. The DWP use data from HMRC on claimants' incomes which is then passed through to council systems. This mitigates the risk of claimants not updating the Council with income details. There are established lines of communication with the DWP where claims for support are linked to externally funded benefits. The Council jointly works with the DWP to investigate fraud that affects both organisations, this can help achieve better results for the Council where state benefits are involved. The CFT provide a deterrent to fraud in this area through the investigation of potential fraud which can, in serious cases, lead to prosecution.				
Priorities for internal audit / counter fraud	The CFT will continue to raise awareness of fraud with teams involved in processing claims for CTR and highlight reporting lines for suspected fraud. CFT will also seek opportunities to raise awareness with the public about the mechanisms for reporting fraud. If fraud cannot be addressed by the Council directly it will be reported to the DWP. CFT will continue to promote joint working with the DWP.				

Risk area #6	Procurement fraud	Inherent risk	High	Residual risk	Medium
Risk description	<p>Procurement fraud, by its nature, is difficult to detect but can result in large scale loss of public funds over long periods of time. Businesses that collude to stifle competition and fix or inflate prices are referred to as a cartel. The Competition and Markets Authority (CMA) estimates that having a cartel within a supply chain can raise prices by 30% or more. Procurement fraud can also take the form of mischarging, undertaking substandard work, and diverting goods or services. In 2020 CIPFA reported losses of £1.5m for local authorities, due to procurement fraud. It found that 8% of fraud detected in this area involved 'insider fraud'.</p>				
Risk controls	<p>The Council has established Contract Procedure Rules. The rules are reviewed regularly and ensure the requirement for a competitive process (where required) through an e-tender system. A team of procurement professionals provide guidance and advice to ensure procurement processes are carried out correctly. The Middlesbrough Manager Framework includes contract management expectations for managers. The Contract Procedure Rules also set out the requirements for declarations of interest to be made. Contract monitoring helps to detect and deter potential fraud.</p>				
Priorities for internal audit / counter fraud	<p>Continued vigilance by relevant employees is key to identifying and tackling procurement fraud. IA and the CFT monitor and share guidance on fraud detection issued by the Competition and Markets Authority and other relevant bodies. IA have a planned audit within Procurement in 2026/27.</p>				

Risk area #7	Theft of assets	Inherent risk	High	Residual risk	Medium
Risk description	The theft of assets can cause financial loss and reputational damage. It can also negatively impact on employee morale and disrupt the delivery of services. The Council own a large amount of portable, desirable physical assets such as ICT equipment, vehicles, and tools that are at higher risk of theft.				
Risk controls	Specific registers of physical assets (eg capital items, property, and ICT equipment) are maintained. The Council operates CCTV systems covering key premises and locations where high value items are stored. Entrances to council buildings are regulated and controlled via different access methods. The Council's whistleblowing arrangements provide an outlet for reporting concerns of theft.				
Priorities for internal audit / counter fraud	Thefts are reported to the police and Veritau. Instances of theft are investigated by CFT where appropriate.				

Risk area #8	Internal fraud	Inherent risk	Medium	Residual risk	Medium
Risk description	Fraud committed by employees is a risk to all organisations. Internal fraud within councils occurs infrequently and usually results in low levels of loss. However, if fraud or corruption occurred at a senior level there is the potential for a greater level of financial loss and reputational damage to the Council. There are a range of potential employee frauds including theft, corruption, falsifying timesheets and expense claims, abusing flexitime or annual leave systems, undertaking alternative work while sick, or working for a third party on council time. Some employees have access to equipment and material that may be misused for private purposes. Payroll related fraud can involve the setting up of 'ghost' employees to obtain salary payments. A new criminal offence came into force in 2025, Failure to Prevent Fraud, which holds large				

	organisations like the Council accountable for fraud committed by employees, contractors, suppliers that is designed to benefit it.
Risk controls	The Council has up to date whistleblowing, counter fraud policies, and anti-bribery policies. Campaigns are held annually to promote the policies and to remind staff how to report any concerns. Veritau provide e-learning training on whistleblowing to council employees and managers. The Council has checks and balances in place to prevent individual members of staff being able to circumvent financial controls, eg deviation reports are produced and checked for expense claims that can highlight potential issues with claims, segregation of duties are applied in council processes. Management controls are also in place surrounding flexitime, annual leave and sickness absence.
Priorities for internal audit / counter fraud	Veritau regularly liaises with senior management on internal fraud issues. Where internal fraud arises, IA and the CFT will review the circumstances to determine if there are underlying control weaknesses that can be addressed. CFT provide training to HR officers on internal fraud and whistleblowing issues. CFT investigate any suspicions of fraud or corruption. Serious cases of fraud will be reported to the police. In some instances, it may be necessary to report individuals to their professional bodies. CFT support any disciplinary action taken by the Council relating to internal fraud issues.

Risk area #9	Recruitment fraud	Inherent risk	Medium	Residual risk	Medium
Risk description	Recruitment fraud can affect all organisations. Applicants can provide false or misleading information to gain employment such as bogus employment history and qualifications or providing false identification documents to demonstrate the right to work in the UK. There is danger for the Council if recruitment fraud leads to the wrong people occupying positions of trust and responsibility or not having the appropriate professional accreditation for their post. Polygamous working is an emerging fraud risk; this occurs when an employee, usually in a temporary position, works for several different organisations at the same time. There have been growing numbers of cases identified in the UK and a number of prosecutions have been publicised.				

Risk controls	The Council has controls in place to mitigate the risk of fraud in this area. DBS checks are undertaken where necessary. Additional checks are made on applications for roles involving children and vulnerable adults. References are taken from previous employers and there are processes to ensure qualifications provided are genuine. The National Fraud Initiative undertakes payroll data matches to help identify employees who are working for multiple organisations at the same time.
Priorities for internal audit / counter fraud	Where there is a suspicion that someone has provided false information to gain employment, the CFT will be consulted on possible criminal action in tandem with any disciplinary action that may be taken. Applicants making false claims about their right to work in the UK or holding professional accreditations will be reported to the relevant agency or professional body, where appropriate. The CFT routinely share details of identities found to be used in polygamous working with HR to prevent and detect potential issues.

Risk area #10	Treasury management	Inherent risk	Medium	Residual risk	Low
Risk description	Treasury Management involves the management and safeguarding of the Council's cash flow, its banking, and money market and capital market transactions. The impact of fraud in this area could be significant.				
Risk controls	Treasury Management systems are subject to a range of internal controls, legislation, and codes of practice which protect Council funds. Only pre-approved employees can undertake transactions in this area and they work within pre-set limits.				
Priorities for internal audit / counter fraud	IA conduct periodic work in this area to ensure controls are strong and fit for purpose.				

Risk area #11	Grant schemes	Inherent risk	Medium	Residual risk	Low
Risk description	<p>The Council takes on the responsibility for disbursing government funded grant schemes to local residents, businesses, and other organisations. Fraud in this area can include applicants supplying incorrect information to obtain grant payments or grant funded works (for example where grant funds are paid to a third-party supplier). Suppliers undertaking work may overcharge or not complete work to agreed standards. The Council can become liable for recovery of any incorrectly paid government funding. This can create a loss to the Council and may affect access to future grant schemes.</p>				
Risk controls	<p>The Council will complete any required fraud management plan which will consider fraud risks, and mechanisms for preventing and detecting fraud. When awarding payments or agreeing works, the Council (or their contractor) will complete checks to confirm applicants' eligibility.</p>				
Priorities for internal audit / counter fraud	<p>The CFT and IA support the development of fraud management plans, and associated controls, where required. CFT will undertake investigation in cases of suspected fraud. IA regularly undertake certification work on grant funded schemes. A new scheme, the Crisis and Resilience Fund, will be introduced in April 2026. Veritau will support the Council to prevent fraud against the scheme and protect funds meant for vulnerable people.</p>				
Risk area #12	Blue badge fraud	Inherent risk	Low	Residual risk	Low
Risk description	<p>Blue Badge fraud carries low financial risk to the authority but can affect the quality of life for disabled residents and visitors. There is a risk of reputational damage to the Council if abuse of this scheme is not addressed. Other low level parking fraud is relatively common, for example, misuse of residential permits to avoid commercial parking charges.</p>				

Risk controls	Measures are in place to control the issuing of blue badges, to ensure that only eligible applicants receive badges. The Council participates in the National Fraud Initiative which flags badges issued to deceased users, and badge holders who have obtained a blue badge from more than one authority, enabling their recovery to prevent misuse.
Priorities for internal audit / counter fraud	The CFT undertake periodic proactive days of action with the Council's enforcement team. This helps raise awareness and act as a deterrent to blue badge misuse. Warnings will be issued to people who misuse parking permits and blue badges. Serious cases will be considered for prosecution.

ANNEX B: COUNTER FRAUD DEVELOPMENT PLAN

Veritau is responsible for maintaining, reviewing, and strengthening counter fraud arrangements at the Council. An annual review of priorities for the future development of counter fraud arrangements is therefore undertaken. Actions to be taken over the next year are set out below.

In addition to the specific areas set out in the table below, ongoing activity will continue in other areas that contribute to the Council's arrangements for countering the risk of fraud, including:

- a rolling programme of fraud awareness training for officers based on priorities identified through the fraud risk assessment and any other emerging issues
- regular reporting of internal audit and counter fraud activity to the Audit Committee.

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Ref	Action Required	Theme	Target Date	Responsibility	Notes / Further Action Required
1	Update the Council's whistleblowing policy	Governing	May 2026	Veritau / Human Resources	The Council's whistleblowing policy will be revised to reflect changes in the law. E-learning material will also be updated to reflect this.
2	Review and maintain the Council's fraud risk assessment	Acknowledging	Ongoing	Veritau	Ensure the Council is made aware of new threats and respond to emerging risk like polygamous working and the new Failure to Prevent Fraud offence.
3	Increase levels of counter fraud work undertaken in 2026/27.	Acknowledging	Ongoing	Veritau	Manage the increase in resource for counter fraud work (150 days) to obtain good outcomes for the Council.
4	Raising awareness of adult social care fraud amongst employees	Preventing	Ongoing	Veritau	In 2026/27 Veritau will introduce an e-learning module on adult social care and make it available to employees working in the area.

Ref	Action Required	Theme	Target Date	Responsibility	Notes / Further Action Required
5	Support service areas in collation and submission of data for the 2026/27 National Fraud Initiative	Pursuing	November 2026	Veritau / Council Departments	Veritau will receive data from a range of council departments, cleanse data to meet NFI specifications, and securely upload it. Privacy notices will also be reviewed to ensure compliance with data sharing regulations.
6	Support the Council to introduce the new Crisis and Resilience Fund	Protect	Ongoing	Veritau	Helping prevent fraud in this new scheme will protect funds meant to support the public in times of crisis.
7	Continue active engagement with neighbouring bodies and local authorities.	Protect	Ongoing	Veritau	Fraud can occur across council boundaries. CFT are active members of regional professional networks in Yorkshire and the North East. These forums bring together fraud officers, internal auditors, and housing associations. Identifying opportunities to share information and joint working can help to detect and deter fraud.

ANNEX C: COUNTER FRAUD WORK PLAN

A total of 400 days has been allocated to counter fraud work in 2026/27, an increase of 150 days. A large proportion of this work will comprise reactive investigations which are determined by referrals received from officers and the public about suspected fraud. Other work will be undertaken in accordance with priorities determined by the Fraud Risk Assessment and Counter Fraud Development Plan.

A high-level summary of the areas for counter fraud work is shown in the table below.

Area	Scope
Counter Fraud General	Monitoring changes to regulations and guidance, reviewing counter fraud risks, and support to the Council with maintenance of the counter fraud framework. Updates on significant fraud trends and counter fraud activities will be provided to the Audit Committee during the year.
Proactive Work	This includes: <ul style="list-style-type: none"> • raising awareness of counter fraud issues and procedures for reporting suspected fraud - for example through training and provision of updates on fraud related issues • targeted proactive counter fraud work - for example through local and regional data matching exercises • support and advice on cases which may be appropriate for investigation and advice on measures to deter and prevent fraud.
Reactive Investigations	Investigation of suspected fraud affecting the Council. This includes feedback on any changes needed to procedures to prevent fraud reoccurring.
National Fraud Initiative	Coordinating the submission of data and investigation of matches produced by the National Fraud Initiative (NFI).

Area	Scope
Fraud Liaison	Joint Work with the Department for Work and Pensions where appropriate and provide data to support housing benefit investigations. Liaise with neighbouring local authorities to address cross boundary fraud.

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Audit Progress Report

Middlesbrough Council and Teesside Pension Fund –Year ending 31 March 2026

March 2026

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Audit progress

Purpose of this report

This report updates the Audit Committee on the progress made in delivering our external audit responsibilities for Middlesbrough Council and Teesside Pension Fund.

- Section 1 outlines the current audit status and highlights the key areas under review as part of our ongoing risk assessment.
- Section 2 provides updates on developments during the current year, along with forthcoming accounting and other relevant issues.

Audit for the year ended 31 March 2025

We issued a disclaimed opinion on the Council accounts and a qualified opinion on the Pension Fund accounts on 3 March 2026. For the Council, we were unable to obtain sufficient audit evidence over opening balances which was deemed to be a pervasive matter for our audit opinion. For the Pension Fund, we were unable to obtain sufficient audit evidence over note 13, leases where the Pension Fund is the lessor.

We have not issued our certificate for 2024/25 as we have not yet received confirmation from the National Audit Office that no further work will be required by us to support their whole of government accounts audit.

Audit for the year ended 31 March 2026

We will carry out our formal planning of the 2025/26 in the period March to April 2026. We will hold meetings with officers to discuss the outcome of the 2024/25 audits and the planned timing of work for 2025/26.

We intend to bring our audit plans for the Council and Pension Fund to the meeting of the Audit Committee in June 2026.

We will agree a timetable for our work with your teams using the national backstop timetable for the 2025/26 year (as set out below).

2025/26 key event	Date
Draft accounts	30 June 2026
Audited accounts	31 January 2027

We plan to implement a new data ingestion tool for our 2025/26 audits. The tool standardises and simplifies the previous way that we obtain ledger data. It is an industry standard tool. We will be meeting with officers 2026 to discuss how we will deploy the tool.

Audit update

Timetable

The backstop date for 2025/26 is 31 January 2027. We will agree a timetable with the finance team to complete audit fieldwork and report our findings to the Audit Committee ahead of the backstop date.

Planning and Risk assessment

March - April 2026

Planning visit and updating our understanding of the Council

Initial opinion and value for money risk assessments

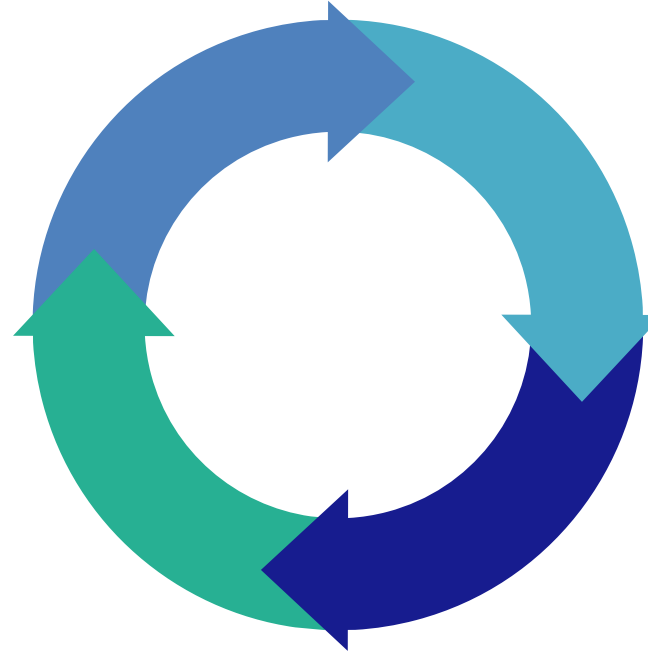
Considering proposed accounting treatments and accounting policies

Developing the audit strategy and planning the audit work to be performed

Agreeing timetable and deadlines

Risk assessment analytical procedures

Determination of materiality



Interim

April 2026

Documenting systems and controls

Performing walkthroughs

Substantive testing of transactions M1-M10 where resources permit

Discussions with the Council's property valuation expert

Testing of IT general controls

Reassessment of audit plan and revision if necessary

Fieldwork

September - December 2026

Receiving and reviewing draft financial statements

Delivering our audit strategy starting with significant risks and high-risk areas including detailed testing of transactions, account balances and disclosures

Value for money work

Communicating progress and issues

Completion

January 2027

Final review and disclosure checklist of financial statements

Final Partner review

Agreeing content of letter of representation

Reporting to the Audit Committee

Reviewing subsequent events

Signing the independent auditor's report

02

National Publications

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National publications

	Publication/update	Key points
National Audit Office (NAO)		
1	NAO Report: Using data analytics to tackle fraud and error	The NAO has published its report which examines how well-placed government is to seize the opportunity offered by old and new data analytics technologies to tackle fraud and error. For information only.
2	NAO report: Improving local areas through developer funding	The NAO has published its report Improving local areas through developer funding which is a return to this topic since its 2019 report now that the current government has chosen not to implement a previously proposed mandatory infrastructure levy which would have largely replaced the current system. For information only.
3	Publication of Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06	The C&AG has approved and published the Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06. For information only.
4	NAO report: Home to school transport	The NAO has published its report 'Home to school transport' which looks at spending on, and delivery of, home to school transport by local authorities in England. For information only.
5	NAO Good practice Guide – Financial management in government: reporting for decision making	The NAO has produced this good practice guide for finance leaders in government departments and other public bodies. For information only.
6	NAO report: Managing children's residential care	The NAO has published its report Managing children's residential care which assesses the Department for Education's (DfE) response to challenges faced by local authorities in placing looked-after children in cost-effective, high-quality residential care in England. For information only.
7	NAO publication: Implementation of climate-related reporting in central government annual reports	The NAO has published its report 'Implementation of climate-related reporting in central government annual reports' which examined the progress central government has made implementing Task Force on Climate-related Financial Disclosures (TCFD) reporting. For information only.
8	NAO Audit insights: Good practice in annual reporting	The NAO has published its report Good practice in annual reporting which showcases leading examples of good practice for annual reporting from different sectors. For information only.
9	NAO report: Unlocking land for housing	The NAO has published its report Unlocking land for housing which assesses whether the Ministry for Housing, Communities & Local Government's (MHCLG) programmes to increase the supply of suitable land for housing development are effectively supporting the government's ambitions to build the right homes in the right places. For information only.

National publications and technical updates

NAO

1. NAO Report: Governance and decision-making on mega-projects

The NAO has published a report which examines how well-placed government is to seize the opportunity offered by old and new data analytics technologies to tackle fraud and error. The report sets out:

- case studies of how the private sector and government are already using data analytics to tackle fraud and error; and
- lessons from these case studies, and the NAO's discussions with those involved in implementing them, about the strategic challenges

Link: <https://www.nao.org.uk/reports/using-data-analytics-to-tackle-fraud-and-error/>

2. NAO report: Improving local areas through developer funding

The NAO has published its report Improving local areas through developer funding which is a return to this topic since its 2019 report now that the current government has chosen not to implement a previously proposed mandatory infrastructure levy which would have largely replaced the current system.

This report assesses whether the MHCLG is overseeing an effective and efficient system of developer contributions that delivers the intended benefits.

The report is made up of the following parts:

- part One sets out how the system works and MHCLG's oversight of it;
- part Two examines challenges within the system; and
- part Three assesses MHCLG's actions to make the system more effective at delivering the intended benefits.

Link: [Improving local areas through developer funding - NAO report](#)

2025

National publications and technical updates

3. Publication of Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06: Special considerations for rebuilding assurance for specified balances following backstop-related disclaimed audit opinions

The C&AG has approved and published Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06.

This LARRIG, endorsed by the FRC, sets out guidance to auditors 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.

Link: [LARRIG 06](#)

4. NAO report: Home to school transport

The NAO has published its report 'Home to school transport' which looks at spending on, and delivery of, home to school transport by local authorities in England. The report builds on the NAO's 2024 report 'Support for children and young people with special educational needs' and the 2025 report 'Local government financial sustainability' which noted the increase in home to school transport costs. In 2023-24, local authorities spent £2.32 billion transporting an estimated 520,000 children and young people to school or college.

The report concludes that for the children and young people who rely on it to get them to school and college each day, local-authority-provided transport is an invaluable service. Without it, many may struggle to access or continue with their education. When first introduced, it was predominantly a service for children in rural areas. Following changes in legislation, the number of children and young people assessed as having special educational needs increased, with implications for home to school transport.

Link: [Home to school transport - NAO report](#)

5. NAO Good practice Guide – Financial management in government: reporting for decision making

The NAO has produced this good practice guide for finance leaders in government departments and other public bodies. It sets out insights and good practice on how information can be reported to make better financial management decisions.

Link: [Financial management in government: reporting for decision-making - NAO insight](#)

National publications and technical updates

6. NAO report: Managing children's residential care

The NAO has published its report Managing children's residential care which assesses the Department for Education's (DfE) response to challenges faced by local authorities in placing looked-after children in cost-effective, high-quality residential care in England. The report:

- describes the characteristics of looked-after children, and how the current residential care system works in terms of costs and outcomes;
- examines the underlying reasons behind increasing residential care costs; and
- assesses DfE's understanding, approach and response to supporting local authorities to meet their statutory duty to house looked-after children.

The report concludes that the cost of supporting looked-after children in residential care almost doubled between 2019-20 and 2023-24, to £3.1 billion. And, with these vulnerable children not always receiving the support they need, the residential care system is not delivering value for money. A shortage of places for some looked-after children, particularly those with more complex needs, has driven cost increases.

The demand for places, along with a largely private provider-led market has led to local authorities competing for places and providers charging higher fees. The estimated annual spend per child in a children's home has increased from an average of £239,800 in 2019-20 to £318,400 in 2023-24 in real terms – and more children are living in residential care settings that are not best suited to their needs.

DfE recognises the scale of the challenge and has started to respond. Alongside investing in preventative care and fostering to reduce residential care demand, it is progressing legislation to improve financial oversight of private providers and encouraging local authorities to collectively commission places. These measures are taking time to implement with, for example, draft legislation introduced in December 2024.

To ensure these changes deliver a residential care system that works, DfE needs to improve its understanding of the system, set out what it wants the market to look like and support local authorities to make effective decisions.

[Managing-childrens-residential-care](#)

7. NAO publication: Implementation of climate-related reporting in central government annual reports

The NAO has published its report 'Implementation of climate-related reporting in central government annual reports' which examined the progress central government has made implementing Task Force on Climate-related Financial Disclosures (TCFD) reporting. The scope of the review includes an early look at the potential value it might have, and risks to its efficiency and effectiveness. This report draws out learning from the early phases of implementation, with a view to informing the phases to come. This report sets out:

- climate-related reporting in the UK;
- progress so far implementing TCFD-aligned reporting in central government; and
- the experience of central government bodies preparing TCFD-aligned reporting.

[Implementation-of-climate-related-reporting-in-central-government-annual-reports](#)

National publications and technical updates

8. NAO Audit insights: Good practice in annual reporting

The NAO has published its report Good practice in annual reporting which showcases leading examples of good practice for annual reporting from different sectors.

In addition, organisations in the public sector may find the guide that the NAO shares with bodies it audits helpful which sets out how reporting and auditing requirements have changed over recent years, and practical actions that organisations can take to support transparent, timely, and clear annual reporting.

[Good practice in annual reporting](#)

8. NAO report: Unlocking land for housing

The NAO has published its report Unlocking land for housing which assesses whether the Ministry for Housing, Communities & Local Government's (MHCLG) programmes to increase the supply of suitable land for housing development are effectively supporting the government's ambitions to build the right homes in the right places. These programmes include activities such as capacity support, funding for infrastructure, land assembly, or viability gap funding; they are aimed at 'unlocking' sites. The report examines whether MHCLG:

- has unlocked land to deliver the right homes in the right places;
- is learning and innovating to improve the productivity of its land unlocking programmes; and
- alongside Homes England, is putting in place an approach to unlock the right land in the right places to support future housing target.

The report concludes that since 2016-17, MHCLG has allocated £10.5 billion of funding to unlock land for housing, through a variety of programmes that utilise different funding types, including grants, loans and equity investments. MHCLG expects that this funding will have been spent on unlocking land by March 2034. This land will provide the capacity for building 713,000 homes, with homes expected to be built on this land for decades to come.

MHCLG monitors the status of unlocking land activity for the projects it helps fund, it also knows how many homes have been built by housing developers on the land it has helped to unlock across the majority of its funds. However, it did not set out to track how many homes have been built on land unlocked by the Home Building Funds and the Brownfield, Infrastructure and Land Fund but is now working with Homes England to do so on these funds.

To be able to fully demonstrate value for money on these programmes, MHCLG needs to continue to monitor housebuilding over the long term and should consider what further measures it can take to embed monitoring of housebuilding across all its programmes.

MHCLG and Homes England have ongoing evaluations and have drawn on an understanding of what works in their existing programmes to evolve their intervention strategies. Efforts include implementing ongoing engagement instead of set bidding periods, maintaining continuous pipelines of projects, and offering a more flexible mix of funding options. It has also revised its assessment criteria to better account for non-monetisable benefits to facilitate more investment in areas of lower land values.

MHCLG aims to establish the new National Housing Delivery Fund to bring together all the funding for unlocking land and set up a housing bank, as a subsidiary of Homes England, from 1 April 2026. To be able to demonstrate value for money and be successful, MHCLG will need to swiftly build on the work it has started and set out its long-term ambitions, provide clarity about its investment priorities to the market and decision-makers in local authorities, and to have a clear articulation and management of risk.

[Unlocking land for housing](#)

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Theme	Report	Authors	16/04/26	25/06/26	01/10/26	29/10/26	17/12/26	25/02/27	29/04/27	first meeting 27/28
Governance, Risk and control	Health and Safety Annual Assurance report	A Johnstone		x						
Governance, Risk and control	Complaints Annual Assurance Report	A Johnstone		x						
Governance, Risk and control	Risk Annual Assurance Report - expanded to include an overview on progress made in addressing risks	A Johnstone		x						
Governance, Risk and control	Mid-year Risk Update - expanded to include an overview on progress made in addressing risks	A Johnstone		x						
Governance, Risk and control	Senior Information Risk Owner (SIRO) annual report	A Johnstone		x						
Governance, Risk and control	Overview of Risks within the Strategic Risk Register – rolling programme from LMT leads	Various / A Johnstone	x	x	x	x	x	x	x	
Governance, Risk and control	Annual Assurance Report on Partnership Governance	A Johnstone				x				
Governance, Risk and control	Annual Review on Financial Procedure Rules Compliance	J Weston		x					x	
Governance, Risk and control	Annual Assurance Report on Decision Making	C Benjamin / A Wilson					x			
Governance, Risk and control	Annual Assurance Report on Business Continuity	A Johnstone					x			
Governance, Risk and control	Local Code of Corporate Governance	A Johnstone					x			
Governance, Risk and control	Annual Assurance Report - Human Resources	N Finnegan	x						x	
Governance, Risk and control	Performance Management Assurance Report	A Johnstone	x						x	
Governance, Risk and control	Programme and Project Management Framework Assurance Report	A Johnstone	x						x	
Governance, Risk and control	Outcome of the Review of Internal Audit Services	A Humble		x					x	
Governance, Risk and control	Annual Assurance Report on the Governance Around Revenue and Capital Budgets and the Effectiveness of Budget Monitoring Processes	A Humble		x						
Governance, Risk and control	Annual Assurance Report on Actions Taken to Reduce the Likelihood of Fraud	J Weston		x					x	
Governance, Risk and control	Annual Review of the effectiveness of Internal Audit Service	A Humble							x	
Governance, Risk and control	Corporate Governance Assurance Policy, Framework and Implementation Plan	A Johnstone	x							TBC
Governance, Risk and control	Independent Members Benchmarking Exercise	J Weston		x						
Governance, Risk and control	Training Programme for Audit Committee Members (June) and then progress reports as necessary	J Weston / A Johnstone		x	x	x	x	x	x	
Financial and governance reporting	Prudential Indicators and Treasury Management Mid-Year Review	J Weston				x				
Financial and governance reporting	Final Statement of Accounts	J Weston				x				
Financial and governance reporting	Treasury Management Report	J Weston				x				
Financial and governance reporting	Letter of Representation on the Accounts from the Corporate Director of Finance	J Weston				x				
Internal Audit	Head of Internal Audit Annual Report and Counter Fraud Annual Report - future years format to be amended to include information on analysis of resources available to deliver the work and their sufficiency	S Cutts		x						
Financial and governance reporting	Draft Statement of Accounts including AGS	J Weston / A Johnstone		x						
Internal Audit	Veritau Internal Audit Work Programme for the coming financial year	S Cutts	x						x	
Internal Audit	Veritau Counter Fraud Plan for the coming financial year	J Dodsworth	x						x	
Financial and governance reporting	Annual Review of Financial Procedure Rules Compliance	J Weston		x					x	
Financial and governance reporting	Update to Committee on Comparative Reserves Performance	J Weston		x					x	
Financial and governance reporting	Annual Procurement Report	C Walker	x		x				x	
Financial and governance reporting	Annual Review on Financial Procedure Rules Compliance	J Weston		x					x	
Financial and governance reporting	Update to Committee on Comparative Reserves Performance	J Weston		x					x	
Financial and governance reporting	Outcome of Benchmarking Approach to Independent Persons Report	J Weston		x					x	
Internal Audit	Internal Audit future Year Consultation Report	S Cutts						x		
Internal Audit	Internal Audit and Counter Fraud progress reports	S Cutts	x			x			x	
External Audit	Audit Strategy Memorandum for the Council	Cath Andrew (Forvis Mazars)		x						
External Audit	Audit Strategy Memorandum for Teesside Pension Fund	Thomas Backhouse (Forvis Mazars)		x						
External Audit	Progress report – Forvis Mazars	Cath Andrew (Forvis Mazars)	x		x			x	x	
External Audit	Pension Fund Audit Progress Report – Forvis Mazars	Thomas Backhouse (Forvis Mazars)	x		x			x	x	
External Audit	Forvis Mazars Auditors Annual Report	Cath Andrew (Forvis Mazars)				x				
External Audit	Forvis Mazars – Audit Completion Report (backstop is end Jan - may need special)	Cath Andrew (Forvis Mazars)				x				
External Audit	Audit Completion report for the Pension Fund (deadline end of Jan - May need a special)	Thomas Backhouse (Forvis Mazars)				x				
Accountability	Annual review of the Committee's Effectiveness	A Johnstone		x						
Accountability	Draft Annual Report of the Committee	A Johnstone				x				
Misc	Audit Committee Work programme	A Johnstone	x	x	x	x	x	x	x	
Misc	Ad hoc attendance and reporting as necessary by LMT members to set out reasons why significant audit actions have not been delivered	Various	x	x	x	x	x	x	x	
Committee ask from 11 December 2025 meeting	If not addressed, committee require an update from the Chief Officer who has not ensured information is supplied to auditors to enable them to complete an audit on no recourse to public funds audit.	TBC - Stuart Cutts to advise								
Financial and governance reporting	Update on prevention of fraud arrangements	J Weston			x					

Deadline for final audited accounts is 30 January 2027 for 2025/6 accounts
 Deadline for final audited accounts is 30 November 2027 for 2026/7 accounts

The meeting in diaries at the moment will likely be too early and may need a special meeting booked in or the February date moved

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