



Auditor's Annual Report for Wyre Borough Council

Year-ended 31 March 2025

12 February 2026

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Our audit report is made solely to the members of Wyre Borough Council (the 'Council'), as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Council, as a body, those matters we are required to state to them in an auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the members of the Council, as a body, for our audit work, for our auditor's report, for this Auditor's Annual Report, or for the opinions we have formed.

External auditors do not act as a substitute for the Council's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

01

Executive Summary



Executive Summary



Purpose of the Auditor’s Annual Report

This Auditor’s Annual Report provides a summary of the findings and key issues arising from our 2024-25 audit of Wyre Borough Council (the ‘Council’). This report has been prepared in line with the requirements set out in the Code of Audit Practice published by the National Audit Office (the ‘Code of Audit Practice’) and is required to be published by the Council alongside the annual report and accounts. This Auditor’s Annual Report supersedes the version dated 11 November 2025, because we have now concluded on our work in relation to the financial statements.

Our responsibilities

The statutory responsibilities and powers of appointed auditors are set out in the Local Audit and Accountability Act 2014 (the Act). Our responsibilities under the Act, the Code of Audit Practice and International Standards on Auditing (UK) (‘ISAs (UK)’) include the following:



Financial Statements - To provide an opinion as to whether the financial statements give a true and fair view of the financial position of the Council and of its income and expenditure during the year and have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2024/25 (‘the CIPFA Code’).



Other information (such as the narrative report) - To consider, whether based on our audit work, the other information in the Statement of Accounts is materially misstated or inconsistent with the financial statements or our audit knowledge of the Council.



Value for money - To report if we have identified any significant weaknesses in the arrangements that have been made by the Council to secure economy, efficiency and effectiveness in its use of resources. We are also required to provide a summary of our findings in the commentary in this report.



Other powers - We may exercise other powers we have under the Act. These include issuing a Public Interest Report, issuing statutory recommendations, issuing an Advisory Notice, applying for a judicial review, or applying to the courts to have an item of expenditure declared unlawful.

In addition to the above, we respond to any valid objections received from electors.

Findings

We have set out below a summary of the conclusions that we provided in respect of our responsibilities.

Financial statements and other information	<p>We will issue a disclaimer of opinion on the Council’s financial statements on 27 February 2026. This is because we have been unable to obtain sufficient appropriate audit evidence over a number of areas of the financial statements as we have been unable to perform the procedures that we consider necessary to form our opinion on the financial statements ahead of the Backstop Date. Further details are set out on page 7.</p> <p>We have provided further details of the key risks we identified and our response on pages 8-11.</p>
Value for money	<p>We identified no significant weaknesses in respect of the arrangements the Council has put in place to secure economy, efficiency, and effectiveness in the use of its resources. Further details are set out on page 13.</p>
Whole of Government Accounts	<p>We are required to perform procedures and report to the National Audit Office in respect of the Council’s consolidation return to HM Treasury in order to prepare the Whole of Government Accounts.</p> <p>As the National Audit Office has not yet informed us that we are not required to perform any further procedures, we are unable to confirm that we have concluded our work in this area.</p>
Other powers	<p>See overleaf.</p>

Executive Summary



There are several actions we can take as part of our wider powers under the Act:

Public interest reports

We may issue a Public Interest Report if we believe there are matters that should be brought to the attention of the public.

If we issue a Public Interest Report, the Council is required to consider it and to bring it to the attention of the public.

We have not issued a Public Interest Report this year.

Judicial review/Declaration by the courts

We may apply to the courts for a judicial review in relation to an action the Council is taking. We may also apply to the courts for a declaration that an item of expenditure the Council has incurred is unlawful.

We have not applied to the courts.

Recommendations

We can make recommendations to the Council. These fall into two categories:

1. We can make a statutory recommendation under Schedule 7 of the Act. If we do this, Council must consider the matter at a general meeting and notify us of the action it intends to take (if any). We also send a copy of this recommendation to the relevant Secretary of State.
2. We can also make other recommendations. If we do this, the Council does not need to take any action, however should the Council provide us with a response, we will include it within this report.

We made no recommendations under Schedule 7 of the Act.

Please see our Year End Report to the Audit and Standards Committee for other recommendations raised.

Advisory notice

We may issue an advisory notice if we believe that the Council has, or is about to, incur an unlawful item of expenditure or has, or is about to, take a course of action which may result in a significant loss or deficiency.

If we issue an advisory notice, the Council is required to stop the course of action for 21 days, consider the notice at a general meeting, and then notify us of the action it intends to take and why.

We have not issued an advisory notice this year

In addition to these powers, we can make performance improvement observations to make helpful suggestions to the Council. Where we raise observations, we report these to management and the Audit and Standards Committee. The Council is not required to take any action to these however it is good practice to do so and we have included any responses that the Council has given us.

02

Audit of the financial statements



Audit of the financial statements



Our responsibility is to conduct an audit of the financial statements in accordance with the Local Audit and Accountability Act 2014, Code of Audit Practice and ISAs (UK) and to issue an auditor's report.

However, due to the significance of the matters described below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Council's financial statements.

We have fulfilled our ethical responsibilities under, and are independent of the council in accordance with, UK ethical requirements including the FRC Ethical Standard.

Our disclaimer of opinion on the Council's financial statements

We will issue a disclaimer of opinion on the Council's financial statements on 27 February 2026. We therefore do not express an opinion on the financial statements. The reason for our disclaimer of opinion is as follows:

[This is still being finalised with our Department of Professional Practice – Accounting and Reporting team. We will provide a verbal update to the Committee].

Further information on our audit of the Council's financial statements is set out overleaf.

Audit of the financial statements: Council



The table below summarises the key financial statement audit risks that we identified as part of our risk assessment and how we responded to these through our audit.

Valuation of land and buildings

The risk that the carrying amount of revalued Land and Buildings differs materially from the fair value

Our procedures

We have performed the following procedures designed to specifically address the significant risk associated with the valuation:

- We critically assessed the independence, objectivity and expertise of Aspin & Company, the valuers used in developing the valuation of the Council's properties at 31 March 2025;
- We inspected the instructions issued to the valuers to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code;
- We evaluated the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;
- We challenged the appropriateness of the valuation of land and buildings; including any material movements from the previous revaluations. We challenged key assumptions within the valuation as part of our judgement;
- We agreed the calculations performed of the movements in value of land and buildings and verified that these have been accurately accounted for in line with the requirements of the CIPFA Code; and
- Disclosures: We considered the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

We were not able to complete the following procedures:

- We compared the accuracy of the data provided to the valuers for the development of the valuation to underlying information.

Our findings

We were unable to complete the procedures we considered necessary to obtain sufficient appropriate audit evidence in relation to this area.

Audit of the financial statements: Council



The table below summarises the key financial statement audit risks that we identified as part of our risk assessment and how we responded to these through our audit.

Valuation of investment property

The risk that the carrying amount of revalued investment property differs materially from the fair value

Our procedures

We have performed the following procedures designed to specifically address the significant risk associated with the valuation:

- We critically assessed the independence, objectivity and expertise of Aspin & Company, the valuers used in developing the valuation of the Council's investment property at 31 March 2025;
- We inspected the instructions issued to the valuers to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code;
- We compared the accuracy of the data provided to the valuers for the development of the valuation to underlying information;
- We evaluated the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;
- We challenged the appropriateness of the valuation; including any material movements from the previous revaluations. We challenge key assumptions within the valuation as part of our judgement;
- We agreed the calculations performed of the movements and verify that these have been accurately accounted for in line with the requirements of the CIPFA Code;
- We utilised our own valuation specialists to review the valuation report prepared by the Council's valuers to confirm the appropriateness of the methodology utilised; and
- Disclosures: We considered the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

Our findings

While we are disclaiming our audit opinion on the Council, we are still required to identify our audit findings based on the work performed. We have identified the following audit findings:

We completed the procedures as described and we did not identify any material misstatements relating to this area.

Audit of the financial statements: Council



The table below summarises the key financial statement audit risks that we identified as part of our risk assessment and how we responded to these through our audit.

Management override of controls

Fraud risk related to unpredictable way management override of controls may occur

Our procedures

Our audit methodology incorporates the risk of management override as a default significant risk. We have performed the following procedures over the significant risk:

- Assessed accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.
- Evaluated the selection and application of accounting policies.
- In line with our methodology, evaluated the design and implementation of controls over journal entries and post closing adjustments.
- Assessed the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
- Assessed the business rationale and the appropriateness of the accounting for significant transactions that are outside the Council's normal course of business or are otherwise unusual.
- We analysed all journals through the year using data and analytics and focus our testing on those with a higher risk.

Our findings

While we are disclaiming our audit opinion on the Council, we are still required to identify our audit findings based on the work performed. We have identified the following audit findings:

We completed the procedures as described and we did not identify any material misstatements relating to this area.

Audit of the financial statements: Council



The table below summarises the key financial statement audit risks that we identified as part of our risk assessment and how we responded to these through our audit.

Valuation of post retirement benefit obligations

The risk that an inappropriate amount is estimated and recorded for the defined benefit obligation

Our procedures

We have performed the following procedures :

- Understood the processes the Council have in place to set the assumptions used in the valuation;
- Evaluated the competency, objectivity of the actuaries to confirm their qualifications and the basis for their calculations;
- Performed inquiries of the accounting actuaries to assess the methodology and key assumptions made, including actual figures where estimates have been used by the actuaries, such as the rate of return on pension fund assets;
- Agreed the data provided by the audited entity to the Scheme Administrator for use within the calculation of the scheme valuation;
- Evaluated the design and implementation of controls in place for the Council to determine the appropriateness of the assumptions used by the actuaries in valuing the liability;
- Challenged, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data;
- Confirmed that the accounting treatment and entries applied by the Group are in line with IFRS and the CIPFA Code of Practice;
- Considered the adequacy of the Council's disclosures in respect of the sensitivity of the liability to these assumptions; and
- Assessed the IFRIC 14 calculation performed by the actuary and recognised by the Council.

Our findings

While we are disclaiming our audit opinion on the Council, we are still required to identify our audit findings based on the work performed. We have identified the following audit findings:

We completed the procedures as described and we did not identify any material misstatements relating to this area.

03

Value for Money

Value for Money



Introduction

We are required to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources or ‘value for money’. We consider whether there are sufficient arrangements in place for the Council for the following criteria, as defined by the Code of Audit Practice:



Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services.



Governance: How the Council ensures that it makes informed decisions and properly manages its risks.



Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services

We do not act as a substitute for the Council’s own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. We are also not required to consider whether all aspects of the Council’s arrangements are operating effectively, or whether the Council has achieved value for money during the year.

Approach

We undertake risk assessment procedures in order to assess whether there are any risks that value for money is not being achieved. This is prepared by considering the findings from other regulators and auditors, records from the organisation and performing procedures to assess the design of key systems at the organisation that give assurance over value for money.

Where a significant risk is identified we perform further procedures in order to consider whether there are significant weaknesses in the processes in place to achieve value for money.

We are required to report a summary of the work undertaken and the conclusions reached against each of the aforementioned reporting criteria in this Auditor’s Annual Report. We do this as part of our commentary on VFM arrangements over the following pages.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Council.

Summary of findings

Our work in relation to value for money is complete.

	Financial sustainability	Governance	Improving economy, efficiency and effectiveness
Commentary page reference	15	18	21
Identified risks of significant weakness?	x No	x No	x No
Actual significant weakness identified?	x No	x No	x No
2023-24 Findings	No significant risks identified	No significant risks identified	No significant risks identified
Direction of travel	↔	↔	↔

Value for Money

National context

We use issues affecting Councils nationally to set the scene for our work. We assess if the issues below apply to this Council.

Local Government Reorganisation

The Government has announced proposals to restructure local government throughout England. County and District councils (and, in some cases, existing Unitary authorities) will be abolished and replaced with new, larger Unitary authorities, which will (in many cases) work together with peers in a regional or sub-regional Combined Authority. Authorities which are unaffected by these proposals may still see changes in local police and fire authorities and in the Councils they already work in collaboration with.

Restructuring has, in some cases, resulted in differing views on how services should be provided in their regions – with little consensus on how previously separate organisations will be knitted together. Councils will need to ensure that investment decisions are in the long-term interest of their regions, and that appropriate governance is in place to support decision making.

Financial performance

Over recent years, Councils have been expected to do more with less. Central government grants have been reduced, and the nature of central government support has become more uncertain in timing and amount. This has caused Councils to cut services and change the way that services are delivered in order to remain financially viable.

The Government has issued a multi-year settlement in December 2025, covering the period 2026/27 to 2028/29 and implemented their Fair Funding 2.0 approach, giving councils greater certainty and ability to make longer-term investment decisions. For some authorities this presents a significant funding opportunity, whereas for others this reinforces existing financial sustainability concerns and creates new financial planning uncertainties.

Local context

- Wyre Borough Council serves an area on the coast of Lancashire with a population of around 117,000 residents. Key towns served by the Council are Poulton-le-Fylde, Cleveleys, Fleetwood, Garstang, Preesall and Thornton.
- Expenditure in relation to services increased from (£54m) in 2023-24 to (£57m) in 2024-25, and overall expenditure increased from (£56m) in 2023-24 to (£58m) in 2024-25. Income in relation to services increased from £35m in 2023-24 to £36m in 2024-25, and overall income increased from £69m in 2023-24 to £74m in 2024-25. Surplus on the provision of services increased from £13m in 2023-24 to £16m in 2024-25.
- The General Fund balance decreased from £17m in 2023-24 to £4m in 2024-25, however this reflects a reorganisation of how earmarked reserves are utilised. Earmarked reserves have increased from £20m in 2023-24 to £37m 2024-25, as such there are no concerns regarding the reduction in the General Fund balance.
- The Council undertook a Local Government Association (LGA) Corporate Peer Challenge (CPC) review in June 2024, which was subsequently followed up in May 2025. The results of the review were positive, with progress being made on a number of the recommendations, of which there were nine.
- The Council is in the midst of a four-year (2024-28) transformation programme. This includes the introduction of the Director of Transformation and Change from April 2024 onwards, as one of the four Corporate Directors providing support to the Chief Executive.
- Local Government Reorganisation (LGR) will impact how councils are structured and what services they deliver. Lancashire predominantly has a two-tier system of local government at present and is made up of 15 councils which includes one county council, two unitary councils, and 12 district councils. The 15 councils in Lancashire have worked together to submit five different proposals to Government and a statutory consultation is currently underway.
- The Head of Internal Audit Opinion for 2024/25 was that “*reasonable assurances can be given on the overall adequacy and effectiveness of the council’s governance, risk management, and control processes (i.e. the system of internal control)*”. This means that ‘generally’ there is a sound system of internal control, governance and risk management and that controls are in place and are generally being applied consistently. Whilst some issues, non-compliance or scope for improvement were identified recommendations have been made and if implemented will improve the control environment”.

Financial Sustainability



How the Council plans and manages its resources to ensure it can continue to deliver its services.

We have considered the following in our work:

- The processes for setting the 2024/25 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2024/25 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2024/25 and the workforce and operational plans;
- The process for assessing risks to financial sustainability;
- Processes in place for managing identified financial sustainability risks; and;
- Performance for the year to date against the financial plan.

Budget setting and challenge of budget assumptions

There are several methods by which the Council ensures the process for setting the budget is both achievable and based on realistic assumptions. The Council involves key stakeholders in the budget setting process such as budget holders. Finance business partners are linked to service lines and meet with the budget holders within that service line to review and revise their budget requirements. Assistant Directors/Service Managers are also involved in this process and budgets are scrutinised through quarterly meetings with the finance business partner for each service line. The Assistant Directors/Service Managers and budget holders take responsibility and ownership of their budgets and are asked to identify savings opportunities, growth cases and capital bids and any other changes to budgets that they require, with support from the Finance team.

A performance improvement observation (PIO) was raised in the Final Audit Plan, for meetings between budget holders and their linked finance business partners, as part of the budget setting process, to be logged/recorded and actions coming out of these meeting tracked to ensure completed. Please note the finding of a PIO did not indicate the presence of a VfM significant risk or significant weakness.

Key issues, budget assumptions and proposals are presented and discussed at Cabinet meetings. Emerging cost pressures are identified through, amongst other processes, the budget monitoring by the finance business partners in conjunction with budget holders and Assistant Directors/Service Managers.

The draft budget is presented to the Cabinet in February which provides an opportunity for budget assumptions to be challenged, ensuring sufficient scrutiny of the budget prior to approval. The final budget is signed off at a meeting of the full Council in March. We have been able to evidence appropriate challenge of the budget through review of the Full Council meeting minutes.

Identification and delivery of efficiency savings

The Council has a Transformation Strategy which includes a key objective of 'Deliver high quality, value for money services that meet the needs of our customers' and a transformation objective of 'Identify and deliver efficiencies and cost reductions which we can re-invested into frontline services'.

However, there is not currently an efficiency programme in place which states a target as a percentage of the previous year's expenditure and sets out the efficiency schemes by which the efficiency savings will be achieved.

There is reporting on efficiencies to Cabinet, through the 'Revenue Budget, Council Tax and Capital Programme paper', and efficiencies achieved in year are set out in the narrative in the Statement of Accounts.

The lack of a formal efficiency programme was raised as a PIO in 2023/24. Whilst still relevant for 2024/25, this was been superseded by a new PIO raised in the Final Audit Plan. Please note the finding of a PIO does not indicate the presence of a VfM significant risk or a significant weakness, and no VfM significant risk in relation to financial sustainability was identified in 2023/24.

Financial Sustainability (cont.)



How the Council plans and manages its resources to ensure it can continue to deliver its services.

We have considered the following in our work:

- The processes for setting the 2024/25 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2024/25 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2024/25 and the workforce and operational plans;
- The process for assessing risks to financial sustainability;
- Processes in place for managing identified financial sustainability risks; and;
- Performance for the year to date against the financial plan.

The service directorates work together to create, review and approve the budget. Any requirements relating to, for example, workforce requirements will be flagged and incorporated during this process, ensuring consistency between the budget and workforce and operational plans. Operational plans such as the capital programme are also approved as part of the overall budget. Review of the minutes and papers of meetings at which other operational plans were presented, such as the Council Plan to Council, demonstrates consideration of the budget and workforce implications. Our review of the plans, including the Transformation Strategy, has not identified any key changes such as capital investments, staffing changes or service redesign that have not been incorporated into the budget.

Identification and management of financial sustainability risks

A finance focused risk register forms part of the Medium-Term Financial Plan (MTFP) update to Cabinet, which includes various risks relevant to financial sustainability. The financial risks presented are assigned a score for likelihood, level of impact and overall risk level. The assigned controls to mitigate the risks are also presented within the risk register. Through our review of minutes of the Cabinet, there exists the opportunity to appropriately challenge the risks and associated actions around financial sustainability risks.

Performance against budget

The Council has processes in place to ensure that financial performance is monitored against budget, providing the opportunity for actions to be identified where adverse variances occur. Financial performance is reported to budget holders who are sent budget monitoring reports each month and then engaged through a meeting with their finance business partner. The information presented in these reports contains appropriate level of detail to enable budget holders to discharge their responsibilities.

Finance business partners meet with budget holders regularly (monthly/quarterly) to discuss budgets and spend in detail. These meetings provide the opportunity for thorough scrutiny of the financial position, and queries and for challenges to be raised and referred to budget holders as appropriate. Any significant variances are reported in the Revenue and Capital Budget Monitoring Report presented Cabinet quarterly.

A PIO was raised in the Final Audit Plan, for meetings between budget holders and their linked finance business partners, as part of the budget setting process, to be logged/recorded and actions coming out of these meeting tracked to ensure completed. An additional PIO has not been raised, however, those actions would be equally beneficial for budget monitoring meetings.

Performance against budget is monitored at Cabinet level, through the Revenue and Capital Budget Monitoring Report which is presented quarterly. The Review of the Medium-Term Financial Strategy paper received by Cabinet is another example of performance monitoring.

Financial Sustainability (cont.)



How the Council plans and manages its resources to ensure it can continue to deliver its services.

We have considered the following in our work:

- The processes for setting the 2024/25 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2024/25 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2024/25 and the workforce and operational plans;
- The process for assessing risks to financial sustainability;
- Processes in place for managing identified financial sustainability risks; and;
- Performance for the year to date against the financial plan.

Consistency of financial and operational planning

The Council planned a (£695k) deficit in 2024/25 as per the approved budget of £16,663k, with the use of the General Fund reserves to meet the budget gap, later revised to (£553k) when the final settlement figures were published. This was revised to a forecast budget gap of (£2,244k) largely owing to revenue slippage carried forward at year end, as per the November 2024 MTFP update based on an updated budget figure of £19,271k. This was reversed with no drawdown of General Fund reserves required due to an outturn position of £19,283k as at year end and 'Increased Spending/Reduced Income' of (£844k) and 'Reduced Spending/Increased Income' of £3,350k.

Although the Council have sufficient reserves to prevent the use of them leading to a financial sustainability risk, this further demonstrates the emerging need for a formal efficiency programme.

The Council's plan is monitored quarterly by the CMT, the Overview and Scrutiny Committee, and Cabinet, with reports and accompanying Key Performance Indicators (KPIs) sent and scrutinised.

As with many local authorities, the Council has seen pressures around central funding alongside increased demand for services and the impact of inflation. As a result, an increased use of General Fund is required to bridge the budget gap in the coming years. However, the Council has a good track record of delivering the savings required in recent periods, and there are no concerns during 2024/25 regarding the financial sustainability of the Council.

Conclusion

Based on the procedures performed, we have not identified any significant weaknesses in relation to the Council's arrangements to maintain financial sustainability.

Key financial and performance metrics:	2024-25 (£'000)	2023-24 (£'000)
Outturn position – surplus/(deficit)	16,003	12,888
Usable reserves	42,857	39,265
Year-end cash position	20,557	19,297



How the Council ensures that it makes informed decisions and properly manages its risks.

We have considered the following in our work:

- Processes for the identification, monitoring and management of risk;
- The design of the governance structures in place at the Council;
- Controls in place to prevent and detect fraud;
- The review and approval of the 2024/25 financial plan by the Council, including how financial risks were communicated;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Council ensures decisions receive appropriate scrutiny.

Identification, monitoring and management of risk

The Risk Management Policy explains the Council's approach to risk management and the framework that will operate to minimise risk but enable continuous improvement throughout the organisation, as well as clarifying roles and responsibilities for managing risk. To enable effective identification of risks, the Risk Management Policy includes a checklist of common drivers of risk. The risk appetite, as set out in the Risk Management Policy, is high level and based upon risk score.

The Council's risk appetite not being explicitly defined within the risk management policy was raised as a performance improvement observation (PIO) in 2023/24. While still relevant for 2024/25, this was superseded by a new PIO raised in the Final Audit Plan, which combines the various risk related PIOs. Please note the finding of a PIO does not indicate the presence of a VfM significant risk or a significant weakness, and no VfM significant risk in relation to governance was identified in 2023/24.

Once the risk influencers on the Council's objectives are identified, risks can be determined. Risks are categorised into strategic, operational and project. Assistant Directors/Service Managers are requested by the Assistant Director of Governance and Legal to complete a six-monthly operational risk register review. Officers also have a duty to report emerging risks as and when they are identified. Additionally, there are also annual operational risk workshops with each directorate to go through current risks, review the risks scores, controls and actions plans, and consider any new risks that may be on the horizon for the area. However, the operational risk registers, except for the Information and Communication Technology (ICT) risk register, are not reviewed by the Audit and Standards Committee, as indicated is the case in the Risk Management Policy.

A PIO was raised in the Final Audit Plan, for operating risk registers to be presented to the Audit and Standards Committee.

Strategic Risks are considered by the CMT through Annual Strategic Risk workshops and the results of these workshops are reported to the Audit and Standards Committee through the Internal Audit Annual Report. However, we do not deem the detail of the strategic risk register that is presented as part of this report to be sufficient. For example, the following are not stated for each risk - a target risk level, controls already in place, and actions to be put in place to reduce the risk level. However, review of minutes of meetings of the Audit and Standards Committee demonstrates that members are challenging the strategic risks.

A PIO was raised in the Final Audit Plan, for the level of detail in the strategic risk register presented to the Audit and Standards Committee to be expanded and for this to be a recurring agenda item.

In addition, the lack of minutes taken at the workshops was raised as a PIO in 2023/24. While still relevant for 2024/25, this has been superseded by a new PIO which was in the Final Audit Plan, which combines the various risk related PIOs.

Governance (cont.)

How the Council ensures that it makes informed decisions and properly manages its risks.

We have considered the following in our work:

- Processes for the identification, monitoring and management of risk;
- The design of the governance structures in place at the Council;
- Controls in place to prevent and detect fraud;
- The review and approval of the 2024/25 financial plan by the Council, including how financial risks were communicated;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Council ensures decisions receive appropriate scrutiny.

We have not identified any instances in which the strategic risk register was presented to Cabinet for challenge and discussion. Councillors have access to the registers via the Councillors' Portal. However, we note that the Cabinet does receive a finance focused risk register as part of the MTFP update.

A performance improvement observation (PIO) was raised in the Final Audit Plan for the strategic risk register to be presented to the Cabinet, and for this to be a recurring agenda item.

Design of the governance structures in place at the Council

The governance structure is appropriate to enable informed decisions to be made and performance to be scrutinised. The Council operates under the executive model of decision-making, with a Leader and a Cabinet making-up the Executive. The Full Council approves the council's overall budget, policy framework and delegates authority to specific committees to take decisions on its behalf. A Schedule of Executive Decisions details all public and private key decisions and who are the designated decision makers e.g. Portfolio Holders, Cabinet.

There was a restructure of the Senior Leadership Team (SLT) during 2024/25, to better align its structure with the Council's priorities and ensure efficient service delivery. This restructure included the addition of a new role of Director of Transformation and Change.

Anti-fraud controls

There are various controls in place to prevent and detect fraud, including a range of monthly reconciliation and transaction controls. These internal controls are subject to internal audit reviews.

The controls are supported by a range of policies including Anti-fraud, Corruption and Bribery, Anti-Money Laundering (AML), Officer Gifts and Hospitality, Conflicts of Interest and Whistleblowing. These policies were found to be appropriate and in line with the Code of Practice on Managing the Risk of Fraud and Corruption, and subject to review by the Audit and Standards Committee.

The Council has financial regulations and financial procedure rules in place. A tender waiver register is maintained to record instances where exemptions were sought to tender/procurement rules. Decisions were found to be appropriately reviewed and approved by Portfolio Holders.



Governance (cont.)



How the Council ensures that it makes informed decisions and properly manages its risks.

We have considered the following in our work:

- Processes for the identification, monitoring and management of risk;
- The design of the governance structures in place at the Council;
- Controls in place to prevent and detect fraud;
- The review and approval of the 2024/25 financial plan by the Council, including how financial risks were communicated;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Council ensures decisions receive appropriate scrutiny.

Review and approval of the financial plan and communication of financial risks

As per the 'Responsibility for Executive Function' section of the Financial Regulations, the Cabinet is to review the budget and make a recommendation to the Full Council whether to approve. As per article 3 of the constitution, the Full Council is to approve the budget. This process was followed with the budget for 2024/25 signed off at a meeting of the Full Council in March 2024.

The Cabinet receives a finance focused risk register as part of the MTFP update which includes a financial sustainability risk.

Monitoring compliance with laws and regulations

The CMT is responsible for monitoring compliance with laws and regulations. The method by which compliance with laws and regulations is monitored has been assessed with no significant risk in relation to governance identified. The audit team found that the Council's Constitution covers various articles that need to be followed, and that individual policies reference those laws applicable to them. The internal audit programme provides an additional opportunity for the monitoring of compliance.

Officer compliance with expected standards of behaviour

The Council has a Code of Conduct which defines standards of behaviour for members of staff, and policies dealing with Whistleblowing and Conflicts of Interest.

Scrutiny of decisions

The Financial Regulations detail the financial responsibilities of the Council - they are designed to ensure that the Council's financial transactions are carried out in accordance with the law and government policy. The Financial Regulations set out the financial limits that various committees and personnel can approve. For example, only the Cabinet can approve transactions above £100k. Within the Constitution there are documents which set out decision making responsibilities for executive and non-executive functions. Review of the Financial Regulations and the Constitution, has determined that there is an appropriate escalation framework for making key decisions. This escalation framework is based on financial limits and allows for decisions that are significant for non-financial reasons to be escalated to the Cabinet, as necessary.

The content that is required to be included in business cases and equivalent documents for key decisions demonstrates evidence of consideration of financial matters, any legal implications, and any climate related matters.

Conclusion

Based on the procedures performed we have not identified any significant weaknesses in the Council's governance arrangements.

Improving economy, efficiency and effectiveness



How the Council uses information about its costs and performance to improve the way it manages and delivers its services

We have considered the following in our work:

- The processes in place for assessing the level of value for money being achieved and where there are opportunities for these to be improved;
- The development of efficiency plans and how the implementation of these is monitored;
- How the performance of services is monitored and actions identified in response to areas of poor performance;
- How the Council has engaged with partners in development of the organisation and system wide plans and arrangements;
- The engagement with wider partnerships and how the performance of those partnerships is monitored and reported; and
- The monitoring of outsourced services to verify that they are delivering expected standards.

Monitoring of costs and benchmarking

Costs are monitored against budgets as part of regular budget monitoring. Examples include the Revenue and Capital Budget Monitoring Report which is presented to the Cabinet on a quarterly basis. This provides an opportunity for cost performance to be monitored, and the commentary on variances allows for areas for improvement to be discussed.

The Council has indicated that owing to Council capacity, the benchmarking exercises from previous years have not been undertaken during 2024/25. In previous years external benchmarking was used by the Overview and Scrutiny committee to help them identify areas for further work, exploration and task groups. In previous years, deep dives were also periodically conducted of specific areas to understand where money was being spent, identify areas for cost reduction and if there were opportunities being missed or that the Council are not aware of, and optimise overall financial performance. A benchmarking report of expenditure compared to other councils had also previously been presented to the Cabinet.

A Transformation Strategy was presented to the Cabinet in November 2024 before a Transformation Programme and the Transformation Strategy was presented to the Overview and Scrutiny Committee in February 2025. The Transformation Strategy includes a key objective of 'Deliver high quality, value for money services that meet the needs of our customers' and a transformation objective of 'Identify and deliver efficiencies and cost reductions which we can re-invest into frontline services'. During 2024/25 there was no efficiency programme in place which set a savings target as a percentage of the previous year's expenditure, and the efficiency schemes by which the target will be achieved. However, we acknowledge that as part of the 2024/25 budget an efficiency programme document was presented which set out anticipated efficiencies of £143,300.

The lack of a formal efficiency programme was raised as a performance improvement observation (PIO) in 2023/24. While still relevant for 2024/25, this has been superseded by a new PIO which was raised in the Final Audit Plan. Please note the finding of a PIO does not indicate the presence of a VfM significant risk or a significant weakness, and no VfM significant risk in relation to improving economy, efficiency and effectiveness was identified in 2023/24.

Monitoring of performance

The monitoring of financial performance is done through Revenue and Capital Budget Monitoring reports presented to Cabinet quarterly. These reports contain sufficient detail to allow informed decision making.

Improving economy, efficiency and effectiveness (cont.)



How the Council uses information about its costs and performance to improve the way it manages and delivers its services

We have considered the following in our work:

- The processes in place for assessing the level of value for money being achieved and where there are opportunities for these to be improved;
- The development of efficiency plans and how the implementation of these is monitored;
- How the performance of services is monitored and actions identified in response to areas of poor performance;
- How the Council has engaged with partners in development of the organisation and system wide plans and arrangements;
- The engagement with wider partnerships and how the performance of those partnerships is monitored and reported; and
- The monitoring of outsourced services to verify that they are delivering expected standards.

Additionally, the Council has indicated that the CMT meet regularly to discuss financial performance, and that there are monthly/quarterly meetings held between the Financial Business Partners and budget holders that provide another opportunity to identify shortfalls in financial performance and identify actions to be taken in response. Assistant Directors/Service Managers are also involved in this process and budgets are scrutinised through quarterly meetings with the finance business partner for each service line.

For non-financial performance, The Council's Plan is monitored quarterly by the CMT, Cabinet and Overview and Scrutiny Committee with reports and accompanying KPIs sent and scrutinised through performance statements. These quarterly performance statements report the Council's performance against each of the priorities within the Council Plan and details the progress against each of the key projects for each priority through the use of a colour coding grading system.

The Council also engages in the Local Government Association (LGA) Corporate Peer Challenge process on a five-year cycle, most recently in June 2024.

Engagement with stakeholders and local partners

The Council participates in and contributes to wider groups such as the Blackpool, Fylde and Wyre Economic Prosperity Board, which aims to shape and drive economic development across the Fylde Coast. Other examples include membership of the District Councils' Network (DCN), the Wyre Community Safety Partnership (CSP), and membership on the board of Lancashire's Police and Crime Commissioner (PCC), and Cleveleys Together which works with local business leaders, Lancashire County Council, Cleveleys Coastal Community Team, Lancaster University and Blackpool and Fylde College on improving the economic growth and prosperity of the area. In 2024/25 the Council won an Innovation Award under the Partner Excellence Award category for its multi-agency partnership work on Wyre Moving More, working with Lancashire County Council, UCLAN, Lancashire and South Cumbria Integrated Care Board, Active Lancashire, Wyre and Fylde School Sports Partnership, local Primary Care Networks, Fleetwood Town Community Trust and Fylde Coast YMCA

Partnership working is monitored at a Directorate level with performance, where relevant, reported to those charged with governance (TCWG) via Executive Reports presented by Portfolio Holders to Full Council, through quarterly Council Plan Monitoring reports to Cabinet and other committees, and specific reports such as the annual scrutiny review of Wyre Community Safety Partnership presented to the Overview and Scrutiny Committee.

Improving economy, efficiency and effectiveness (cont.)



How the Council uses information about its costs and performance to improve the way it manages and delivers its services

We have considered the following in our work:

- The processes in place for assessing the level of value for money being achieved and where there are opportunities for these to be improved;
- The development of efficiency plans and how the implementation of these is monitored;
- How the performance of services is monitored and actions identified in response to areas of poor performance;
- How the Council has engaged with partners in development of the organisation and system wide plans and arrangements;
- The engagement with wider partnerships and how the performance of those partnerships is monitored and reported; and
- The monitoring of outsourced services to verify that they are delivering expected standards.

Outsourced services

Waste Collection services are outsourced to Veolia, and Leisure Centre management is outsourced to YMCA. Discussions with the Council have identified that there have been no significant financial loss or failure to deliver efficiencies or performance improvements as expected from outsourcing arrangements. Subcontractor performance/relationships are monitored through contract review meetings. Should issues arise, these would be reported to those TCWG via Executive Reports presented by Portfolio Holders to Full Council.

Conclusion

Based on the procedures performed, we have not identified any significant weaknesses in the Council's improving economy, efficiency and effectiveness arrangements.



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