

# Public Document Pack

## Lancashire Combined Fire Authority Audit Committee

**Thursday, 26 March 2026 in Main Conference Room, Service Headquarters, Fulwood commencing at 10.00 am.**

If you have any queries regarding the agenda papers or require any further information, please initially contact Lynsey Barr on telephone number Preston (01772) 866908 and she will be pleased to assist.

## Agenda

### Part 1 (open to press and public)

#### **Chairman's Announcement – Openness of Local Government Bodies Regulations 2014**

Any persons present at the meeting may photograph, film or record the proceedings, during the public part of the agenda. Any member of the press and public who objects to being photographed, filmed or recorded should let it be known to the Chairman who will then instruct that those persons are not photographed, filmed or recorded.

1. **Apologies for Absence**
2. **Disclosure of Pecuniary and Non-Pecuniary Interests**

Members are asked to consider any pecuniary and non-pecuniary interests they may have to disclose to the meeting in relation to matters under consideration on the agenda.

3. **Minutes of the Previous Meeting (Pages 1 - 8)**

#### **Items for Decision:**

4. **External Audit - Auditors Plan 2025-26 (Pages 9 - 40)**
5. **Internal Audit Plan 2026-27 (Pages 41 - 50)**

#### **Items for Noting:**

6. **External Audit - Progress with External Audit Recommendations (Pages 51 - 56)**
7. **Internal Audit Monitoring Report Quarter 4 (Pages 57 - 64)**
8. **Risk Management (Pages 65 - 84)**



**Lancashire Combined Fire Authority  
Audit Committee**

**Thursday, 11 December 2025, at 10.30 am in the Main Conference Room,  
Service Headquarters, Fulwood.**

**Minutes**

<b>Present:</b>	
<b>Councillors</b>	
J Ash	
P Buckley	
M Clifford (Chair)	
J Hugo (Vice-Chair)	
L Hutchinson	

<b>Officers</b>
S Brown, Director of Corporate Services (LFRS) A Latham, Deputy Head of Finance (LFRS) D Howell, Legal Services & Standards Manager & Deputy Monitoring Officer (LFRS) S Hunter, Member Services Manager (LFRS)
<b>In attendance</b>
L Luddington, External Audit, Grant Thornton C Wallace, External Audit, Grant Thornton Colclough, External Audit, Grant Thornton L Rix, Internal Audit, Lancashire County Council K Wilkie, Fire Brigades Union

15-25/26	<b>Apologies for Absence</b>
	Apologies were received from County Councillors S Asghar and R Walsh.
16-25/26	<b>Disclosure of Pecuniary and Non-Pecuniary Interests</b>
	None received.
17-25/26	<b>Minutes of the Previous Meeting</b>
	<b>Resolved:</b> - That the Minutes of the last meeting held on 16 July 2025 be confirmed as a correct record and signed by the Chair.
18-25/26	<b>Statement of Accounts</b>

The Director of Corporate Services (DoCS) gave thanks to the External Auditors, Internal Auditors, and the Finance Team for all their work on the process of the Statement of Accounts.

The report presented the Statement of Accounts for the financial year ended 31 March 2025 which included the Authority's 25% share of the North West Fire Control (NWFC) accounts. Its purpose was to give electors, local taxpayers, Fire Authority Member, employees, and other interested parties clear information about the Fire Authority's finances.

The Committee considered the Statement of Accounts as presented.

The aim was to provide information on:

- The cost of providing Fire Authority services in the financial year 2024/25.
- How these services were paid for.
- What assets the Fire Authority owned at the end of the financial year.
- What was owed, to and by, the Fire Authority at the end of the financial year.

The narrative report provided a guide to the most important matters which were included in the Statement of Accounts. The Statement of Accounts had been prepared in accordance with the Accounts and Audit Regulations 2015 as amended by the Accounts and Audit (Amendment) Regulations 2021 and the Code of Practice on Local Authority Accounting in the United Kingdom.

The Statement of Accounts contained: -

**Statement on Annual Governance Arrangements** – Set out the Authority's responsibilities regarding the system of internal control on corporate governance.

**Independent Auditor's Report to Members of Lancashire Combined Fire Authority** – The Auditor's report to the CFA on the accounts for 2024/25, which were set out in the agenda pack.

**Statement of Responsibilities for the Statement of Accounts** – Set out the responsibilities of the Authority and the Treasurer regarding the statement of accounts.

**Comprehensive Income & Expenditure Statement** – The Statement showed the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Fire Authority raised taxation to cover expenditure in accordance with regulations; this could be different from the accounting cost. The taxation position was shown in the Movement in Reserves Statement.

**Movement in Reserves Statement** – This statement showed the movement in year on the different reserves held by the Fire Authority analysed between usable and other reserves. The surplus or deficit on the Provision of Services line showed the true economic cost of providing the Fire Authority's services, more details of which were shown in the Comprehensive Income and Expenditure Statement.

**Balance Sheet** – This showed information on the financial position of the Fire Authority as at the 31 March 2025, which included the level of balances and reserves at the Fire Authority's disposal, its long-term indebtedness and the value of the assets held by the Fire Authority.

**Cash Flow Statement** – This showed the cash and cash equivalent movements in and out of the Fire Authority due to transactions with third parties for revenue and capital purposes.

**Fire Fighters Pension Fund Account and Net Assets Statement** – This presented the financial position of the fire fighters pension fund account, which showed whether the Authority owed, or was owed, money by the Government in order to balance the account, together with details of its net assets.

Members noted that the net revenue position showed an underspend of £735,000.

The chart on page 25 of the agenda pack illustrated that employee costs accounted for the majority of the expenditure and approximately half of the income came from Council Tax.

It was stated on Page 26 of the agenda pack that the Authority's general fund balance at the start of the year was £5.66m. Following a review of reserves during the year and the transfer of the underspend the reserve balance at the end of the year was £6.56m. The Reconciliation table in the report summarised the key adjustments with adjustments for Capital Purposes and the net change for Pension Adjustments.

The DoCS explained a material change to be made within the Reserves statement with the Capital Funding Reserve to be moved into the Earmarked Reserves.

The Authority also held an additional £10.68m of earmarked revenue reserves and £18.33m of capital reserves and receipts. The Capital reserves and receipts were fully utilised within the medium-term financial strategy. Over half of the earmarked reserves related to the Authority's two Private Finance Initiative (PFI) schemes, whereby monies were set aside in the early years of the scheme to meet future costs, thus easing the impact of inflationary pressures.

Page 27 of the agenda pack explained that the Authority's Total net liabilities had reduced from £503.0m to £435.2m mainly because of the change in actuarial assumptions of the uniformed firefighters pension scheme. The reduction in the liability was £60m and £50m of this was due to a gain due to changes in financial assumptions; essentially reflecting increasing assumptions about inflation and interest rates compared to the previous year. The net liability reflected the Authority's compliance with International Accounting Standards and in particular the requirement to show the full pensions liability in the accounts. Whilst the liability on the Local Government Pension Scheme was funded the Fire-fighters Pension Scheme was unfunded, there are no assets from which future liabilities would be paid, and hence the Authority's overall Fire-fighters pension liability of (£588m) was extremely large. If this liability was excluded the Authority's Total Net Assets would be £153m.

	<p>Long-term assets had increased slightly in value to £130m from £128m, reflecting the investment in the services asset base and the impact of revaluations.</p> <p>In terms of future financial plans, the financial sustainability of the Authority was addressed in February 2025 as part of setting the Budget and Medium-Term Financial Strategy for 2025/26. Given economic uncertainty, the potential impact of the Fair Funding Review and potential changes to local retention of Business rates, it was extremely difficult to anticipate what funding would look like beyond the existing settlement, hence for the purpose of medium-term financial strategy it had been assumed that the funding would increase broadly in line with inflation. It was on that basis that the Service had set a balanced budget in future years, allowing for council tax increases in line with forecast inflation.</p> <p>The Chair echoed the sentiments of the DoCS in thanking the Finance Team and internal and external Auditors for all their hard work on behalf of the Audit Committee.</p> <p>In response to a question from County Councillor P Buckley in relation to the pension liabilities to date in this financial year, the DoCS's explained that this was not something that the service monitored and an annual assessment was completed by Government Actuary's Department (GAD) each year with consideration given to a number of variants including the economy and changes in life expectancy. County Councillor P Buckley asked a further question in relation to what levels for concern where, the DoCS's explained that this was considered by the national scheme when contribution rates were set, with all fire authorities in the same position.</p> <p>The Chair suggested that all members of the Audit Committee would benefit from some training to ensure they were able to provide an appropriate level of scrutiny. This was unanimously agreed by the committee members and the DoCS agreed that opportunities could be explored.</p> <p><b>Resolved:</b> - That the Committee: -</p> <ul style="list-style-type: none"> <li>i) approved the Statement of Accounts and authorised the Audit Committee Chair and the Director of Corporate Services to sign them; and</li> <li>ii) approved any non-material amendments post Committee.</li> </ul>
19-25/26	<p><b>External Audit - Letter of Representation</b></p>
	<p>As part of the year-end process, the Authority was required to sign a letter of representation. This letter confirmed that the Authority had disclosed all relevant information in its accounts for the year in question and that all issues which should have been brought to the attention of the auditors had been.</p> <p>It was confirmed that the wording of point 13 of the letter contained within the agenda pack would be amended from 'there are no prior period errors to bring to your attention' to outline that the prior periods adjustments included in the notes were complete.</p> <p><b>Resolved:</b> - That the Audit Committee authorised the signing of the letter by the</p>

	Chair of the Committee.
20-25/26	<b>External Audit - Audit Findings Report</b>
	<p>Under the Statutory Code of Audit Practice for Local Government bodies, the Authority's external auditors, Grant Thornton, were required to issue a report to those charged with governance that summarised the conclusions from their audit work.</p> <p>The External Audit Team thanked the Finance Team for their support during the Audit.</p> <p>The external auditor had completed the majority of work required under the Code but could not formally conclude the audit and issue the audit certificate until confirmation from the National Audit Office the audit of the Whole of Government Accounts was complete for the year ended 31 March 2025 had been received. The auditors had stated that they were satisfied that this work did not have a material effect on the financial statements for the year ended 31 March 2025.</p> <p>It was noted that a new audit risk of 'Implementation of IFRS 16' has been added as shown on page 123 of the agenda pack. Additionally, two low level management recommendations had been identified on page 143 of the agenda pack relating to asset lives and the fixed asset register.</p> <p>The Chair asked a question in relation to the management recommendation in relation to asset lives, Curtis Wallace, external audit, explained that two vehicles were identified as being outside of the upper limit for the life of vehicles, however this had been justified, and external audit were satisfied that this was reasonable.</p> <p><b>Resolved:</b> - That the Committee noted and endorsed the updated Audit Findings Report.</p>
21-25/26	<b>Internal Audit Monitoring Report</b>
	<p>The Internal Auditors produced a summary of progress against the annual plan for each Audit Committee meeting, setting out progress to date and any significant findings. The report for the period 01 April 2025 to 28 November 2025 was presented by Laura Rix, Senior Auditor.</p> <p>To date, 32 days had been spent this financial year on completion of the 2025/26 plan, equating to 46% of the total planned audit activity of 70 days. The table in the report showed the current status of all audit work.</p> <p>Members were informed that work had now commenced on VAT and Procurement.</p> <p>In response to a question from County Councillor L Hutchinson in relation to the outstanding audit reviews, Laura Rix confirmed that VAT and Procurement should be completed by January 2026 and Treasury Management should commence in February/ March 2026.</p>

	<p>In response to a question from the Chair in relation to the section on other components of the audit plan showing as ongoing, Laura Rix confirmed that the team were always working on these aspects but the wording could be amended if required.</p> <p>In response to a further question from the Chair in relation to the internal audit progress being at 46%, Laura Rix confirmed that work was on track to be completed with quarters 3 and 4 often the busiest. She explained that since the report had been published a further 10 days work had been completed.</p> <p><b>Resolved:</b> - That the Committee noted the report.</p>
22-25/26	<b>Risk Management</b>
	<p>The Director of Corporate Services presented the report to Members.</p> <p>Lancashire Fire and Rescue Service (LFRS) continued to strengthen its approach to organisational risk, aligning policy and practice with ISO 31000:2018 and National Fire Chief's Council (NFCC) sector guidance. Risk management remained embedded within quarterly Executive Board and Corporate Performance Board discussions, enabling ongoing scrutiny, targeted mitigation, and informed decision-making. The updated Corporate Risk Matrix and summary register included at Appendix A of the agenda pack reflected a stable overall risk position, with movements driven predominantly by organisational change, external environment, and developments in national fire sector context.</p> <p>During this period, an internal audit of the Service's risk management framework was completed, providing a reasonable level of assurance with no high-priority recommendations. Three recommendations were agreed, focusing on enhancing training, improving consistency in action setting and review, and standardising risk reporting. Work was underway to address these areas, with implementation planned by April 2026 as part of the wider maturity trajectory.</p> <p>Members noted that the top three risks identified in the risk register were:</p> <ul style="list-style-type: none"> <li>• Loss of Funding (including the Fair Funding Review)</li> <li>• Retention and Recruitment of On-Call Staff</li> <li>• Mobilising System Replacement</li> </ul> <p>It was noted that the description for item 12b was missing from the table, the DoCS's confirmed that he would confirm the details of this and circulate to the committees members.</p> <p>In response to a question from County Councillor P Buckley in relation to the risk of local government reorganisation, the DoCS confirmed that this had been discussed by the Executive Board Team and was not deemed as a corporate risk for the service at present but would continue to be monitored.</p> <p><b>Resolved:</b> - That the Committee: -</p> <ul style="list-style-type: none"> <li>i) Endorsed LFRS's risk management arrangements: and</li> <li>ii) Noted the latest position reflected in the Corporate Risk Matrix and</li> </ul>

	Register.
23-25/26	<b>External Auditors Annual Report</b>
	<p>Under the National Audit Office Code of Audit Practice, the external auditors were required to consider whether the Service had in place, proper arrangements to secure economy, efficiency, and effectiveness in its use of resources.</p> <p>The audit was substantially complete, and the auditors expected to issue an unqualified audit opinion following the Audit Committee meeting.</p> <p>The review of value for money arrangement covered the 3 areas of: i) financial sustainability; ii) governance and iii) improving economy, efficiency, and effectiveness.</p> <p>The were two improvement recommendations raised in 2024/25, they were;</p> <ol style="list-style-type: none"> <li>1. The Authority and Audit Committee should liaise with the Internal Audit provider to agree the level of detail it requires to gain assurance that Internal Audit Recommendations are implemented in accordance with agreed actions. It is recommended that this includes details of the Internal Audit recommendation, managements' response and progress with implementation; including timelines for completion and confirmation of those actions that have been completed and those which are overdue. Any revisions or extensions should be approved detailing any ongoing risk exposure to the Authority.</li> <li>2. The Authority should take action to review policies and procedures where this is identified as being overdue. Following review, policies and procedures should be approved by the Authority or appropriate Committee, even where no changes have been made.</li> </ol> <p>Although LFRS had received it's His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) results outside of the audit period, it was noted that LFRS was judged to be "outstanding" in six areas and "good" in all others.</p> <p><b>Resolved:</b> - That the Committee noted the management comments and endorsed the content of the report as presented.</p>
24-25/26	<b>Date of Next Meeting</b>
	<p>The next meeting of the Committee would be held on <b>26 March 2026</b> at 10:00 hours in the Main Conference Room at Lancashire Fire and Rescue Service Headquarters, Fulwood.</p> <p>Further meeting dates were noted for 30 June 2026 and agreed for 01 October 2026.</p> <p>County Councillor P Buckley asked if future meeting dates for 2027 could be published, it was confirmed that the 2027 meeting dates for all committees were in</p>

	the process of being agreed and would be published as soon as they were confirmed.
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**M Nolan**  
**Clerk to CFA**

**LFRS HQ**  
**Fulwood**

**Lancashire Combined Fire Authority  
Audit Committee**

Meeting to be held on 26 March 2026

**External Audit – Audit Plan 2025/26**

(Appendix 1 refers)

Contact for further information:

Steven Brown - Director of Corporate Services – Telephone Number 01772 866804

**Executive Summary**

The attached report sets out the proposed external audit plan for 2025/26.

**Decision Required**

The Committee are asked to agree the external audit plan for 2025/26.

**Information**

The external auditors are required to produce an annual audit plan, setting out areas it intends to review during the year. The plan is attached as Appendix 1 and will be presented by the External Audit - Engagement Lead.

**Financial Implications**

The proposed audit fee is £105,938.

**Legal Implications**

None

**Business Risk Implications**

The external audit plan is formulated taking account of the risks faced by the Authority, and as such is designed to ensure that the external auditors review how the Authority is managing these risks.

**Environmental Impact**

None

**Equality and Diversity Implications**

None

## **Human Resource Implications**

None

## **Local Government (Access to Information) Act 1985**

### **List of background papers**

N/a

Appendix A: External Audit Plan

# The Audit Plan for Lancashire Combined Fire Authority

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Year ending 31 March 2026

10 March 2026



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# Introduction and headlines



## Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Lancashire Combined Fire Authority ('the Authority') for those charged with governance.

## Respective responsibilities

The National Audit Office ('the NAO') has issued the Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Lancashire Combined Fire Authority. We draw your attention to these documents.

## Scope of our Audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Authority's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit committee); and we consider whether there are sufficient arrangements in place at the Authority for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that arrangements are in place to use resources efficiently to maximise the outcomes that can be achieved as defined by the Code of Audit Practice.

The audit of the financial statements does not relieve management or the Audit Committee of your responsibilities. It is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Authority is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Authority and is risk based.

# Introduction and headlines (continued)

## Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of control
- Valuation of Land and Buildings
- Valuation of the pension fund net liability

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

## Materiality

We have determined planning materiality to be £2.163m (PY 2.112m) for the Authority, which equates to 2.5% of your prior year gross operating costs for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance.

Clearly trivial has been set at £0.108m (PY £0.105m).

## Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has not identified any significant weakness areas or related risks, requiring separate attention. We will continue to monitor and update our risk assessment and responses until we issue our Auditor's Annual Report.

## Audit logistics

Our interim visit will take place between February and April and our final visit will take place between July and November. Our key deliverables are this Audit Plan, our Audit Findings Report, our Auditor's Report and Auditor's Annual Report.

Our proposed fee for the audit is £105,938 (PY: £106,053) for the Authority, subject to the Authority delivering a good set of financial statements and working papers, no significant changes in scope to the Audit, management being responsive to audit requests and providing sufficient appropriate audit evidence when requested.

We have complied with the Financial Reporting Authority's Ethical Standard (revised 2024) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

# Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk	Audit team's assessment	Planned audit procedures
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.</p>	<p>We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• review accounting estimates, judgements and decisions made by management;</li> <li>• review unusual significant transactions;</li> <li>• make enquiries of finance staff regarding their knowledge of potential instances of management override of controls;</li> <li>• evaluate the design effectiveness of management controls over journals;</li> <li>• analyse the journals listing and determine the criteria for selecting high risk unusual journals and those falling into certain criteria determined by the audit team; and</li> <li>• test a sample of journals recorded during the year and after the draft accounts stage for appropriateness and corroboration.</li> </ul>

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“In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK).” (ISA (UK) 315).

In making the review of unusual significant transactions “the auditor shall treat identified significant related party transactions outside the entity’s normal course of business as giving rise to significant risks.” (ISA (UK) 550).

# Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>The revenue cycle includes fraudulent transactions</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue</p>	<p>We have completed a risk assessment of all revenue streams for the Authority. In doing so, we have rebutted the presumed fraud risk relating to the improper recognition of revenue across all revenue categories. This assessment reflects the low inherent risk of fraud, given the characteristics of the Authority's revenue transactions and the immateriality of certain income streams, both individually and in aggregate.</p> <p>Our rebuttal is based on the following factors:</p> <ul style="list-style-type: none"> <li>• there is little incentive for management to manipulate revenue recognition;</li> <li>• opportunities to inappropriately recognise revenue are limited due to the nature of the Authority's income;</li> <li>• a significant proportion of revenue is derived from government grants, which are subject to defined conditions and recognition criteria;</li> <li>• and the ethical culture and governance frameworks within local authorities, including Lancashire Combined Fire Authority, strongly discourage all forms of fraud.</li> </ul> <p>On this basis, we do not consider revenue recognition to represent a significant audit risk for Lancashire Combined Fire Authority. We will, however, continue to review material revenue transactions throughout the audit to ensure that our rebuttal of the presumed risk remains appropriate.</p>	<p>As we do not determine this to be a significant risk for the Authority, we will not be undertaking any specific work in this area other than carrying out our standard audit procedure.</p> <p>We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.</p> <p>We will:</p> <ul style="list-style-type: none"> <li>• review and test, on a sample basis, revenue transactions, ensuring that it remains appropriate to rebut the presumed risk of revenue recognition; and</li> <li>• design and carry out appropriate audit procedures to ascertain the recognition of income is in the correct accounting period using cut-off testing.</li> </ul>



Management should expect engagement teams to challenge them in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. Management should also expect to provide engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

# Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>The expenditure cycle includes fraudulent transactions</p> <p>Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.</p>	<p>We have completed a risk assessment of all expenditure streams for the Authority. We have considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams and concluded that there is not a significant risk. This is due to the low fraud risk in the underlying nature of the transaction, or immaterial nature of the expenditure streams both individually and collectively.</p> <p>We will, however, continue to review material expenditure transactions throughout the audit to ensure that our rebuttal of the presumed risk remains appropriate.</p>	<p>As we do not determine this to be a significant risk for the Authority, we will not be undertaking any specific work in this area other than carrying out our standard audit procedure.</p> <p>We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.</p> <p>We will:</p> <ul style="list-style-type: none"> <li>• evaluate the Authority's accounting policy for recognition of expenditure for appropriateness and compliance with the Code;</li> <li>• agree on a sample basis relevant expenditure and year end creditors and accruals to invoices or other supporting evidence; and</li> <li>• carry out sample-based testing of invoices received and payments made in the periods immediately before and after 31 March 2026, to assess whether expenditure has been recognised in the correct accounting period and reflects the amounts billed by suppliers.</li> </ul>

Table continues overleaf

# Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
Valuation of Land and Buildings	<p>The valuation of land and buildings represents a significant estimate in the financial statements due to the size of the assets involved, the complexity of the underlying valuation methodology, and the sensitivity of the valuation to changes in key assumptions. As a result, we have identified this as a significant risk for the audit.</p> <p>The Authority undertakes a rolling five-year revaluation programme for its land and buildings. The carrying value of these assets is material (approximately £116.426m in the prior period), and the valuation is inherently judgemental, relying on professional valuation expertise and a range of assumptions that can significantly affect the reported figures.</p> <p>The Code for 2025/26 now requires indexation in the intervening years between revaluations. The Authority will be adopting this for the first time and applying indexation to property plant and equipment.</p> <p>Given the magnitude of the assets and the level of estimation uncertainty, we have identified the valuation of land and buildings, particularly revaluations and impairments, as a significant risk of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• document our understanding of management's processes and controls for determining the valuation estimate;</li> <li>• evaluate the competence, capabilities and objectivity of management's expert (the valuer);</li> <li>• evaluate the valuation methodology, including the basis on which the valuations have been performed and the information and assumptions used by the valuer;</li> <li>• assess the reasonableness of key assumptions applied in forming the valuation estimate, considering sensitivity to changes in those assumptions;</li> <li>• review the valuation report to identify assets with significant or unusual movements or changes in valuation approach, and perform substantive testing on these assets to assess the appropriateness of the valuations;</li> <li>• evaluate the consistency of financial statement disclosures against the valuation report;</li> <li>• evaluate the appropriateness of key indices used by the Authority and check the basis of accounting entries; and</li> <li>• test the accounting entries arising from the valuation; and</li> <li>• test a sample of asset revaluations performed during the year to confirm they have been correctly recorded within the Authority's asset register, revaluation reserve, and the Comprehensive Income and Expenditure Statement.</li> </ul>

# Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
Valuation of the pension fund net liability	<p>The valuation of the pension fund net liability represents a significant estimate within the financial statements. This arises due to the size of the liability, the complexity of the underlying actuarial calculations, and the sensitivity of the valuation to changes in key assumptions. Accordingly, we have identified this area as a significant risk for the audit.</p> <p>As of 31 March 2025, the Authority reported a pension fund net liability of approximately £558.430m, comprising unfunded defined benefit obligations of £588.346m under the Firefighters' Pension Scheme and £0.084m under the Local Government Pension Scheme. This balance reflects the application of a £32m asset ceiling under IFRIC 14, which limits the extent to which an IAS 19 surplus can be recognised on the balance sheet and determines whether additional liabilities are required in respect of onerous funding commitments. The valuation is inherently judgemental and highly sensitive to changes in key actuarial assumptions, including discount rates, inflation, mortality, and salary growth.</p> <p>Given the magnitude of the figures involved and the estimation uncertainty, we have identified the valuation of the Authority's pension fund net liability as a significant risk of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• update our understanding management's process and controls;</li> <li>• assess the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation;</li> <li>• evaluate the consistency of the disclosure with the actuarial report;</li> <li>• evaluate the reasonableness of the assumptions used to form the estimate;</li> <li>• obtain assurances from the pension fund auditor on the underlying data shared by the fund to the actuary which has been used in the calculation of this estimate;</li> <li>• review the IFRIC 14 assessment carried out by the actuary and evaluate the reasonableness of the assumptions used as part of the assessment;</li> <li>• obtain assurances from the auditor of Lancashire County Pension Fund as to the controls surrounding the validity and accuracy of membership data, contributions data and benefits data sent to the actuary by the LGPS pension fund and the fund assets valuation in the pension fund financial statements. This relates to the local government pension fund liability only; and</li> <li>• perform appropriate data checks in respect of Firefighters' membership data and test the accuracy and validity of movements since the most recent triennial valuation, where material changes were identified.</li> </ul>

# Other matters

## Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Authority.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
  - giving electors the opportunity to raise questions about your financial statements, consider and decide upon any objections received in relation to the financial statements;
  - issuing a report in the public interest or written recommendations to the Authority under section 24 of the Local Audit and Accountability Act 2014 (the Act);

- application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act; and
- issuing an advisory notice under section 29 of the Act.
- We certify completion of our audit.

## Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

# Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

## Description

### Determination

We have determined planning materiality (financial statement materiality for the planning stage of the audit) based on professional judgement in the context of our knowledge of the Authority, including consideration of factors such as stakeholder expectations, sector developments, financial stability and reporting requirements for the financial statements

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### Other factors

An item does not necessarily have to be large to be considered to have a material effect on the financial statements

### Reassessment of materiality

Our assessment of materiality is kept under review throughout the audit process

## Planned audit procedures

We determine planning materiality in order to:

- establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements
- assist in establishing the scope of our audit engagement and audit tests
- determine sample sizes and
- assist in evaluating the effect of known and likely misstatements in the financial statements.

An item may be considered to be material by nature when it relates to instances where greater precision is required.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

# Our approach to materiality (continued)

Description	Amount (£)	Qualitative factors considered
Materiality for the Authority financial statements	£2,163,500	This equates to 2.5% of the Authority's prior year gross operating expenditure. This reflect that the Authority operates in a generally stable, regulated environment, although in recent years government policies have reduced the funding available, and this has increased the financial pressures. The audit of the prior year financial statements did not identify any significant deficiencies in the control environment. There has been no change in key stakeholders, and no other sensitivities have been identified that would require materiality to be reduced.
Performance Materiality	£1,622,625	This equates to 75% of Materiality.
Materiality for senior officer remuneration	£54,088	This equates to 2.5% of materiality and reflects higher stakeholder interest in these sensitive disclosures.

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Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

# Progress against prior year audit recommendations

We identified the following issues in our 2024/25 audit of the Authority's financial statements, which resulted in two recommendations being reported in our 2024/25 Audit Findings Report. We are pleased to report that management have implemented all of our recommendations.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
Addressed – to be confirmed during our testing stage	As part of our testing of the useful economic lives assigned to assets, we noted that two assets were allocated asset lives upon being brought into use that fall outside the Authority's approved accounting policy.	<p><b>Management response</b></p> <p>The useful economic lives of assets have been reviewed in 2025/26 and policy amended to reflect.</p> <p><b>Auditor Comment</b></p> <p>To be followed up during the 2025/26 audit.</p>
	We recommended that the Authority review the process for assigning useful economic lives to ensure compliance with the approved accounting policy and investigate the specific instances identified and make any necessary adjustments.	<p><b>Management response</b></p> <p>The useful economic lives of assets have been reviewed in 2025/26 and policy amended to reflect.</p> <p>Going forward any asset reaching £nil net book value will be reviewed by the asset owner for extended life consideration. Where the life of an asset is extended, the net book value of the asset will be recalculated on a cost basis and depreciation will be calculated over the revised expected life.</p> <p><b>Auditor Comment</b></p> <p>To be followed up during the 2025/26 audit.</p>
Addressed – to be confirmed during our testing stage	<p>During our testing of assets recorded on the fixed asset register with a net book value of £nil, we identified a number of vehicles and items of equipment that, although fully depreciated, remain in operational use. These assets continue to provide economic benefit to the Authority despite being carried at a £nil value. We have recommended that the Authority:</p> <ul style="list-style-type: none"> <li>• review its accounting policy for the useful economic lives of vehicles and equipment to ensure it reflects the full expected period of use;</li> <li>• consider whether adjustments to useful lives are appropriate for similar asset categories going forward; and</li> <li>• review and update the fixed asset register to remove assets that are no longer in existence or no longer operational.</li> </ul>	<p><b>Management response</b></p> <p>The useful economic lives of assets have been reviewed in 2025/26 and policy amended to reflect.</p> <p>Going forward any asset reaching £nil net book value will be reviewed by the asset owner for extended life consideration. Where the life of an asset is extended, the net book value of the asset will be recalculated on a cost basis and depreciation will be calculated over the revised expected life.</p> <p><b>Auditor Comment</b></p> <p>To be followed up during the 2025/26 audit.</p>

# IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audits and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our audit will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach. We will perform the indicated level of assessment:

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IT application	Audit area	Planned level IT audit assessment
Oracle Fusion	Financial reporting	Detailed ITGC assessment (design effectiveness only) to be performed at Lancashire County Council

# Value for Money Arrangements

## Approach to Value for Money work for the period ended 31 March 2026

The National Audit Office updated its Code of Audit Practice in November 2024. The Code expects auditors to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report a commentary each year under the specific reporting criteria and where significant weaknesses in arrangements are identified. The new Code requires auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. This new deadline requirement was introduced from November 2025. The three specified reporting criteria are set out below:

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### Financial sustainability

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



### Governance

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



### Improving economy, efficiency and effectiveness

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



We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our AAR. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. Any significant weaknesses identified will be reflected in our AAR and included within our audit opinion.

# Risks of significant VFM weaknesses

As part of our initial planning work, we considered whether there were any risks of significant weakness in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources where we needed to perform additional procedures. The risks we have identified are detailed on the table overleaf along with the further work we will perform. We will continue to review the Authority's arrangements and report any further risks of significant weaknesses we identify to those charged with governance. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the table below.

## Potential types of recommendations

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### Statutory recommendation

Written recommendations to the Authority under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the Authority to discuss and respond publicly to the report.



### Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Authority. We have defined these recommendations as 'key recommendations'.



### Improvement recommendation

Auditors may also include areas for improvement or to keep in view even if they do not identify any underlying significant weaknesses in arrangements. These recommendations set out actions for consideration which are not a result of identifying significant weaknesses in arrangements, but which if not addressed could increase the risk of a significant weakness in future periods.

# Risks of significant weakness in VFM arrangements

## Initial Risk assessment of the Authority's VFM arrangements

The Code of Audit Practice 2024 (the Code) sets out that the auditor's work is likely to fall into three broad areas: planning; additional risk-based procedures and evaluation; and reporting. We undertake initial planning work to inform this Audit Plan and the assumptions used to derive our fee. Consideration of prior year significant weaknesses and known areas of risk is a key part of the risk assessment for 2025/26. We will continue to evaluate risks of significant weakness and if further risks are identified, we will report these to those charged with governance. We set out our reported assessment below:

Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
Financial sustainability	G No significant weaknesses in arrangements identified and no improvement recommendation made.	No risks of significant weakness identified	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code.

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendation(s) made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

# Risks of significant weakness in VFM arrangements

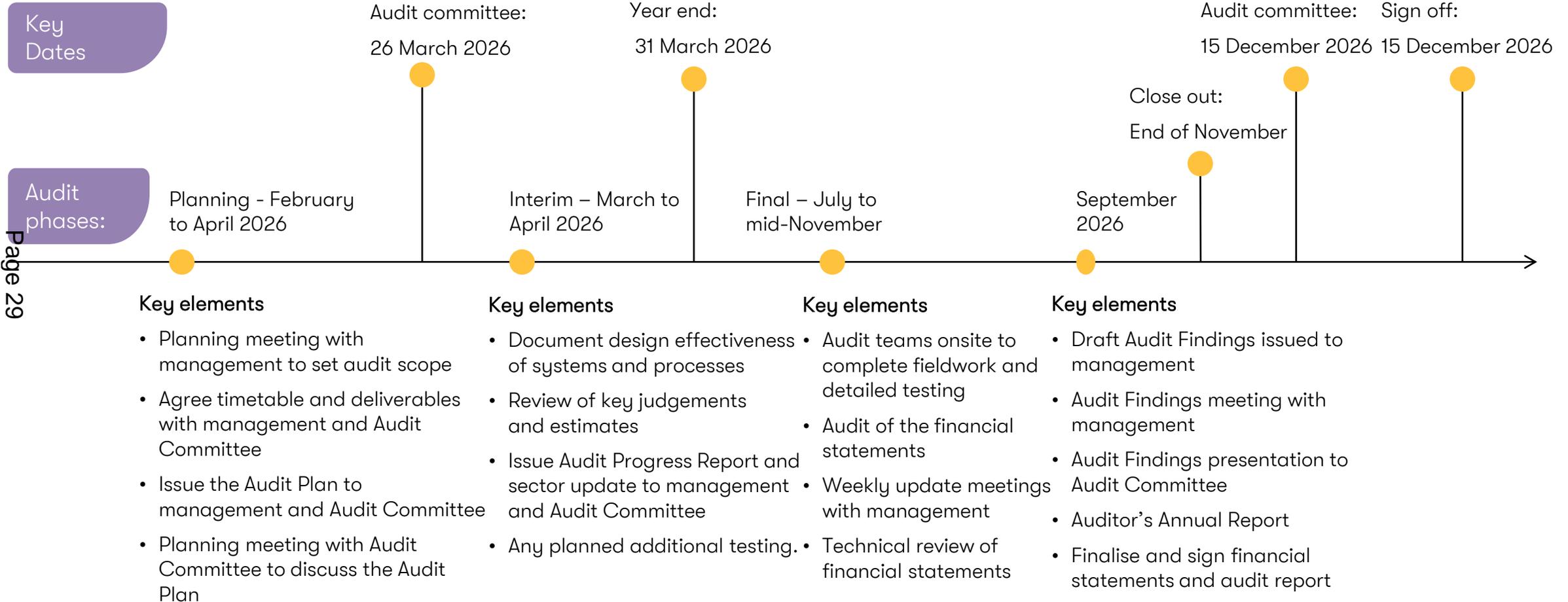
## (continued)

Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
Governance Page 28	<b>A</b> No significant weaknesses in arrangements identified; two improvement recommendations retained in relation to Internal Audit Progress reporting and updating policies.	No risks of significant weakness identified	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code and follow up improvement recommendations made in 2024/25.
Improving economy, efficiency and effectiveness	<b>G</b> No significant weaknesses in arrangements identified and no improvement recommendation made.	No risks of significant weakness identified	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code.

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendation(s) made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

# Logistics

## The audit timeline



# Our team and communications

## Grant Thornton core team

### Liz A Luddington

Engagement Lead/Key Audit Partner

- Key contact for senior management and Audit Committee
- Overall quality assurance

### Curtis Wallace

Audit Manager

- Audit planning
- Resource management
- Performance management reporting

### Ryan Colclough

In-charge

- On-site audit team management
- Day-to-day point of contact
- Audit fieldwork

Pool of local government sector specialists and other technical specialists (e.g. IT audit, tax, VAT)

	Service delivery	Audit reporting	Audit progress	Technical support
<b>Formal communications</b>	<ul style="list-style-type: none"> <li>• Annual client service review</li> </ul>	<ul style="list-style-type: none"> <li>• The Audit Plan</li> <li>• The Audit Findings</li> <li>• Auditor's Annual Report</li> <li>• Progress and Sector Update Reports</li> </ul>	<ul style="list-style-type: none"> <li>• Audit planning meetings</li> <li>• Audit clearance meetings</li> <li>• Communication of issues log</li> </ul>	<ul style="list-style-type: none"> <li>• Technical updates</li> </ul>
<b>Informal communications</b>	<ul style="list-style-type: none"> <li>• Open channel for discussion</li> </ul>		<ul style="list-style-type: none"> <li>• Communication of audit issues as they arise</li> </ul>	<ul style="list-style-type: none"> <li>• Notification of up-coming issues</li> </ul>

# Our fee estimate

## Our fee estimate

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the Authority will:

- prepare good quality sets of accounts, supported by comprehensive and well-presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant estimates made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.

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## Previous year

In 2024/25, the scale fee set by PSAA was £103,053. The actual fee charged for the audit was £106,053, which included additional fees relating to work undertaken on IFRS 16, identified as an “other risk” in 2024/25 due to the first-time adoption of the new accounting standard.

We do not consider IFRS 16 to represent an “other risk” for the 2025/26 audit, as the standard has now been implemented and is no longer new to the Authority’s financial reporting arrangements.

Company	Audit Fee for 2024/25 (£)	Proposed fee for 2025/26 (£)
Lancashire Combined Fire Authority – PSAA Scale Fee	103,053	105,938
Other – IFRS 16	3,000	Nil
<b>Total (Exc. VAT)</b>	<b>106,053</b>	<b>105,938</b>

# Our fee estimate (continued)

## Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2024\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

## PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2022 PSAA awarded a contract of audits for the Authority to begin with effect from 2023/24. The scale fee set out in the PSAA contract for the 2025/26 audit is £105,938.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor's annual report for the previous Audit Year or opinion issued (but not before 1 December 2025)
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here [Fee Variations Overview – PSAA](#)

## Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

# Independence considerations (continued)

As part of our assessment of our independence at planning we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Authority that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Authority.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Authority as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Authority.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Authority's board, senior management or staff (that would exceed the threshold set in the Ethical Standard).

We confirm that there are no significant facts or matters that impact on our independence at planning as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Authority's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

# Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

# Communication of audit matters with those charged with governance (Continued)

## Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Our communication plan	Audit Plan	Audit Findings
Views about the qualitative aspects of the Authority accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

# Financial reporting changes

## Changes to the CIPFA Code of practice on local authority accounting for 2025/26

The main change is a revaluation expedient for property, plant and equipment. From 1 April 2025, revaluations are required once every five years or on a five year rolling basis with indexation in intervening years. This is a substantial change to the accounting for non current asset, that may require engagement with valuers, changes to underlying systems, asset records and accounting treatment.

## New or revised accounting standards that are expected to be adopted by the CIPFA Code in future years.

### Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity

The International Accounting Standards Board (IASB) issued amendments to IFRS 9 and IFRS 7 to improve the reporting of nature-dependent electricity contracts, such as power purchase agreements (PPAs). These contracts, which secure electricity from sources like wind and solar power, can vary due to uncontrollable factors like weather. The amendments clarify the 'own-use' requirements, permit hedge accounting for these contracts, and introduce new disclosure requirements to help users of the accounts understand their impact on an entity's financial performance and cash flows. The amendments are expected to be adopted by the CIPFA Code for [2026/27](#).

## Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities (including settling financial liabilities using an electronic payment system), adds guidance on the solely payment of principal and interest (SPPI) criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the CIPFA Code for [2026/27](#).

## IFRS 18 Presentation and Disclosure in the Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements. All entities reporting under IFRS Accounting Standards will be impacted.

The new standard will impact the structure and presentation of the comprehensive income and expenditure statement as well as introduce specific disclosure requirements. Some of the key changes are:

- introducing new defined categories for the presentation of income and expenses
- introducing specified totals and subtotals, for example the mandatory inclusion of 'Operating profit or loss' subtotal
- disclosure of management defined performance measures
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

IFRS 18 will be effective in the UK from 1 January 2027 and so could impact the CIPFA Code from [2027/28](#).

# Appendix

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# Letter regarding 2025-26 audit timelines

10 March 2026

Dear AC Chair

Copied to: S151 Officers

## Proposals for the annual accounts and external audit timeframes from 2026 onwards

Ahead of us starting our work on your 2025-26 Accounts, we wanted to send you a letter to set out our plans for your audit timelines over the course of the next two years and what we will need from you as an Authority as part of these plans.

As I am sure you are aware, on 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

- For years ended 31 March 2025 by 27 February 2026
- For years ended 31 March 2026 by 31 January 2027
- For years ended 31 March 2027 by 30 November 2027.

The statutory instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

As you know, Lancashire Combined Fire Authority has always received a full, unqualified 'clean' audit opinion prior to any backstop dates. Whilst this places the Authority in a good place compared to a number of local authorities who are dealing with backstopped, disclaimed opinions, the audit has been completed in the November / December period in recent years. It will be important that the Authority works together with us to bring forward completion of the audit.

To be able to achieve the targets for the next two financial years, as a firm we are looking to put things in place to enable us to achieve the end of November 2027 deadline. In order to help make this achievable, we are going to undertake a 'dry run' of finishing our work on the 2025-26 Accounts by the end of November 2026. On this basis, we would like you to assist with this process by firstly setting an Audit Committee date in advance of the end of November 2026 (if not currently in place), to enable us to sign off our opinion by that date. We would note that the NAO has already set a requirement that our Value for Money (VfM) work is completed by 30 November each year which has been set to align with the upcoming 30 November accounts deadline.

One area which we see as crucial to supporting a November completion date is to make increased use of our planning and interim audit work. We are seeking to perform an enhanced interim audit involving early, advanced sample testing on a number of areas by the end of April 2026. We will be liaising with the finance team to support audit testing of transactions in the first nine to ten months of the financial year. This should reduce the level of detailed transactional testing from the year-end audit work in the Summer and Autumn.

# Letter regarding 2025-26 audit timelines (cont.)

We are aiming to start our work on your accounts from the end of June 2026, following receipt of the Authority's draft accounts. We are committed to working closely with finance colleagues from the commencement of our audit and throughout, with weekly meetings expected to take place to monitor progress and achievement against key milestones, through to November's Audit Committee.

This plan should allow us as a firm to deliver all of our 2025-26 Local Government audits by the end of November 2026, which will then put us in a strong position ahead of the backstop formally moving to the end of November 2027. We appreciate this will require a change on how both sides will need to work to make this a reality, but we are committed to making this happen.

We will undertake early engagement with your finance team to clearly set out our expectations and what is needed to make a success of these plans. MHCLG have asked us as a firm to report by 31 July 2026, on a case by case basis, our assessment of the Authority's ability to both maintain and where necessary rebuild assurance. Having a clear and agreed project plan to complete all financial statements and VFM work by 30 November 2026 is a key part of this assurance.

If you have any queries or questions, then do not hesitate to let us know.

Yours sincerely

***Elizabeth Luddington***

Elizabeth Luddington, Key Audit Partner

Key Audit Partner & Engagement Lead for Lancashire Combined Fire Authority



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**Lancashire Combined Fire Authority**  
**Audit Committee**

Meeting to be held on 26 March 2026

**Internal Audit Plan 2025/26**

(Appendix 1 refers)

Contact for further information – (Steven Brown - Director of Corporate Services)  
Tel: 01772 866(804)

**Executive Summary**

Appendix 1 sets out the proposed Internal Audit Plan for 2026/27.

**Recommendation(s)**

The Committee is asked to agree the Internal Audit Plan for 2026/27.

**Information**

The Internal Audit service is provided by Lancashire County Council. They are required to produce an Annual Audit Plan, setting out areas they intend to review during the year. A proposed plan is attached as Appendix 1, and will be presented by the Internal Audit Manager. The plan utilises a total of 70 days which is consistent with previous years.

**Business risk**

Effective Internal Audit is a key element of our Governance arrangements.

**Sustainability or Environmental Impact**

None.

**Equality and Diversity Implications**

None.

**Data Protection (GDPR)**

Will the proposal(s) involve the processing of personal data? N

**HR implications**

None

**Financial implications**

The proposed audit fee for 2025/26 is £29,783.

**Legal implications**

None.

**Local Government (Access to Information) Act 1985****List of background papers**

Paper: N/A

Date: N/A

Contact: N/A

Reason for inclusion in Part 2 if appropriate: Insert Exemption Clause

**Lancashire Combined Fire Authority  
Internal Audit Service  
Internal Audit Plan: 2026/27**

### 1 Introduction

- 1.1 Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
- 1.2 Responsibility for maintaining and reviewing the system of internal control and for implementing a system of governance and risk management rests with the Combined Fire Authority. However, the process by which the Annual Governance Statement is produced includes obtaining assurances on the effectiveness of key controls and Internal Audit provides one of the key sources of such assurance.

### 2 Aims of Internal Audit

- 2.1 The primary aims of Internal Audit include:
- **Enhancing Governance:** Strengthening the effectiveness of governance processes.
  - **Risk Management:** Evaluating and improving the effectiveness of risk management processes.
  - **Control Processes:** Assessing and enhancing the effectiveness of control processes.
  - **Objective Assurance:** Providing independent and objective assurance to the board and management.
  - **Advisory Services:** Offering advice and insights to improve organisational operations and decision-making.

### 3 Development of the Annual Plan

- 3.1 The annual plan was developed in compliance with the new Global Internal Audit Standards, which came into effect for UK Local Government on 1st April 2024. These standards guide the worldwide professional practice of Internal Auditing and serve as a basis for evaluating and elevating the quality of Internal Audit. These standards require that Internal Audit be delivered and developed in accordance with the Internal Audit charter. The charter is currently being reviewed to reflect the new audit standards. Developing an annual plan is crucial for several reasons, including:
- **Strategic Alignment:** It ensures that the Internal Audit activities are aligned with the organisation's strategic objectives and priorities. This alignment helps in focusing audit efforts on areas that are most critical to the organisation's success.
  - **Risk Management:** An annual plan is developed based on a comprehensive risk assessment. This approach ensures that Internal Audit addresses the most significant risks facing the organisation, thereby enhancing risk management processes.
  - **Resource Allocation:** It helps in the efficient allocation of Internal Audit resources. By planning ahead, the Internal Audit team can ensure that they have the necessary skills, tools, and time to effectively carry out their audits.
  - **Compliance and Standards:** Developing an annual plan ensures compliance with professional standards, such as those set by the Institute of Internal Auditors (IIA). These standards require a risk-based approach to planning, which helps in maintaining the quality and effectiveness of Internal Audit.
  - **Stakeholder Expectations:** It ensures that Internal Audit meets the expectations of key stakeholders, including the committee, senior management, and other relevant parties. By involving stakeholders in the planning process, Internal Audit can address their concerns and provide valuable insights.

- 3.2 By developing an annual plan, Internal Audit can systematically and effectively contribute to the governance, risk management, and control processes of the Lancashire Fire and Rescue Service, ultimately supporting the achievement of their organisational objectives.

### 4 Requirements for an Annual Audit plan

- 4.1 When developing an annual audit plan, the Global Internal Audit Standards require:
- **Risk-Based Approach:** The Internal Audit plan must be based on an assessment of the organisation's strategies, objectives, and risks. This assessment must be informed by the Chief Audit Executive's (CAE) understanding of the organisation's governance, risk management, and control processes.
  - **Alignment with Corporate Priorities:** The Internal Audit plan must support the strategic objectives and success of the organisation and align with the expectations of the board, senior management, and other key stakeholders.
  - **Integrated Assurance:** The Internal Audit plan should integrate assurance activities to ensure comprehensive coverage of the organisation's risk landscape.

### 5 Purpose of the plan

- 5.1 The Internal Audit annual plan is a critical tool for ensuring that Internal Audit effectively supports the organisation's objectives. By adhering to the new Global Internal Audit Standards, the plan ensures a risk-based, strategically aligned approach that enhances governance, risk management, and control processes. Internal Audit focus should be proportionate and appropriately aligned.
- 5.2 The plan will remain fluid and subject to ongoing review and amendment, in consultation with senior management within the Lancashire Fire and Rescue Service, to ensure it continues to reflect the organisation's needs and risks. Any significant amendments to the plan will be reported to the Audit Committee.

### 6 Delivery of the plan

- 6.1 The planning and scheduling of audit activities will be coordinated with management. The detailed scoping of each audit will also be discussed and agreed to ensure that all relevant areas are covered comprehensively. The results of all audits will be communicated to the relevant management levels upon completion. Our audit team will provide an assessment and assurance level regarding the effectiveness and adequacy of the control framework in the audited area, based on our findings.
- 6.2 We will continue to support management by offering prioritised recommendations aimed at enhancing governance, risk management, and internal control frameworks. These recommendations, if implemented, will improve overall effectiveness and efficiency. They will be documented in an action plan and categorised into those that enhance governance and control, and those that improve efficiency and effectiveness.
- 6.3 Throughout the year, we will engage with senior management to provide updates on audit performance, significant findings, and to address any issues that may impact current and future audit plans.
- 6.4 We will also continue to explore and implement opportunities to enhance service delivery through the use of technology and remote information capture. This approach will help maximise the efficiency of audit resources and minimise the impact of audit activities on operational staff.

### 7 Degrees of assurance

- 7.1 For 2026/27 we will categorise our assurance levels using one of the following four definitions: Please note that we have changed "moderate assurance" to "reasonable"

assurance" following feedback from clients. These assurance opinions are the most commonly used options in the industry.

<p><b>Substantial assurance:</b> the framework of control is adequately designed and/ or effectively operated overall.</p>
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<p><b>Reasonable:</b> the framework of control is adequately designed and/ or effectively operated overall, but some action is required to enhance aspects of it and/ or ensure that it is effectively operated throughout.</p>
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<p><b>Limited assurance:</b> there are some significant weaknesses in the design and/ or operation of the framework of control that put the achievement of its objectives at risk.</p>
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<p><b>No assurance:</b> there are some fundamental weaknesses in the design and/ or operation of the framework of control that could result in failure to achieve its objectives.</p>
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## **8 Deployment of audit resources and fees**

- 8.1 The content and outline scope of each audit within the proposed plan, as well as an estimate of the number of audit days considered appropriate, is provided in the table below. The plan amounts to a total resource of 70 audit days. To ensure that the fees charged reflect the resource costs incurred the auditor and manager will be charged at different rates. The daily rate for auditors will be £418 and audit managers £495.
- 8.2 The total approximate overall cost for the 2026/27 plan will be £30,531.

Short title	Outline audit scope	Link to corporate priorities	Audit Days
<b>Governance and business effectiveness</b>			
Governance	Review the Terms of Reference and minutes for the committees and discuss with the chair and the deputy their understanding of their roles and responsibilities to ensure the governance is appropriate and effective.	Financial Sustainability – Delivering Value for Money	5
<b>Service delivery and support</b>			
Health and Wellbeing	Review how established health and wellbeing arrangements are such as existing policies, training, wellbeing initiatives, and performance monitoring are operating in practice,	People – Valuing and Developing the Workforce	12
Contaminants	Review the effectiveness of the controls for managing contaminants, including policies, PPE and decontamination procedures, and oversight arrangements, checking that the approach to emerging risks like PPE contamination and firefighter cancers is robust, consistently followed, and aligned with current guidance.	People – Valuing and Developing the Workforce	12
<b>Business Processes</b>			
Accounts Payable	The audit will consider whether there are adequate and effective controls in place to ensure: <ul style="list-style-type: none"> <li>• Compliance with financial regulations and the scheme of delegation.</li> </ul>	Financial Sustainability – Delivering Value for Money	9

	<ul style="list-style-type: none"> <li>Processes employed for the ordering, receipting and payment of goods and services are appropriate and efficient.</li> <li>Inaccurate, illegitimate, or duplicate orders/ invoices are not processed and paid.</li> </ul>		
Accounts Receivables	<p>The audit will consider whether there are adequate and effective controls in place to ensure:</p> <ul style="list-style-type: none"> <li>Invoices are raised on a timely basis for all goods and services provided.</li> <li>Invoices are cancelled or written off appropriately.</li> <li>Income is correctly accounted for.</li> <li>Debtors are actively managed so as to reduce the level of bad debts and loss of income.</li> </ul>	Financial Sustainability – Delivering Value for Money	9
General Ledger	<p>The audit will consider whether there are adequate and effective controls in place to ensure:</p> <ul style="list-style-type: none"> <li>Access to the accounting systems is appropriately managed and controlled.</li> <li>There are no unauthorised changes to the accounting records.</li> <li>Financial data is complete, timely and accurate.</li> <li>Misappropriations or errors are detected.</li> </ul>	Financial Sustainability – Delivering Value for Money	6
<b><i>Other aspects of the audit plan</i></b>			
Follow up audits	<p>These reviews will comprise a self-assessment by management of the progress made in implementing agreed actions, and selective test checking of controls and review of documentary evidence.</p>		8

**Lancashire Combined Fire Authority - Internal Audit Plan 2026/27**

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<b>Audit programme management activity</b>	<ul style="list-style-type: none"> <li>• Liaison with external audit.</li> <li>• Attendance at meetings and liaison.</li> <li>• Central reporting (annual and periodic progress); and</li> <li>• General management of the contract.</li> </ul>		7
<b>National Fraud Initiative</b>	Support to Lancashire Combined Fire Authority as required with the testing of data matches identified.		2
<b>Plan Total</b>			<b>70</b>

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**Lancashire Combined Fire Authority  
Audit Committee**

Meeting to be held on 26 March 2026

**Progress With Recommendations in the Auditor's Annual Report 31  
March 2025**

(Appendix 1 refers)

Contact for further information:

Steven Brown - Director of Corporate Services – Telephone Number 01772 826804

**Executive Summary**

The attached report provides the committee with an update on progress made against the two audit recommendations in the 2024/25 Auditor's Annual Report.

**Decision Required**

The Committee are asked to note the progress made.

**Information**

Under the National Audit Office Code of Audit Practice, the external auditors were required to consider whether the Service had in place, proper arrangements to secure economy, efficiency, and effectiveness in its use of resources.

The Audit Committee receive the Auditor's Annual Report Year ending 31 March 2025 on 11 December 2025. This report brings together a summary of all the work the auditors have undertaken for Lancashire Combined Fire Authority during 2024/25 as the appointed external auditor. The core element of the report is the commentary on the value for money (VfM) arrangements.

Their report includes an assessment of three criteria: Financial Sustainability, Governance and Improving economy, efficiency and effectiveness. No significant weaknesses or improvement recommendations were made in relation to Financial Sustainability or Improving economy, efficiency and effectiveness, and two improvement recommendations were made in relation to Governance. These recommendations are set out in Appendix 1, including the agreed management action and progress to date.

**Financial Implications**

None.

**Legal Implications**

None

## **Business Risk Implications**

The external audit plan is formulated taking account of the risks faced by the Authority, and as such is designed to ensure that the external auditors review how the Authority is managing these risks.

## **Environmental Impact**

None

## **Equality and Diversity Implications**

None

## **Human Resource Implications**

None

## **Local Government (Access to Information) Act 1985**

### **List of background papers**

N/a

Appendix 1: Progress with Recommendations

## Progress with Recommendations

Recommendation	Management Action	Progress
<p>The Authority and Audit Committee should liaise with the Internal Audit provider to agree the level of detail it requires to gain assurance that Internal Audit Recommendations are implemented in accordance with agreed actions. It is recommended that this includes details of the Internal Audit recommendation, managements' response and progress with implementation; including timelines for completion and confirmation of those actions that have been completed and those which are overdue. Any revisions or extensions should be approved detailing any ongoing risk exposure to the Authority.</p>	<p>Noted, the Director of Corporate Services will report back to the Audit Committee on the proposed information provided in future reports.</p> <p>Responsible Officer: Director of Corporate Services</p> <p>Due Date: 2026</p>	<p>Full Internal Audit reports will be shared with Committee Members when the agendas are circulated for the reports that are summarised in the monitoring reports. Also follow up work for 2025/26 will be reported to Audit Committee as part of the annual report for 2025/26. Moving forward follow up work will be included in the regular monitoring reports.</p>
<p>The Authority should take action to review policies and procedures where this is identified as being overdue. Following review, policies and procedures should be approved by the Authority or appropriate Committee, even where no changes have been made.</p> <p><i>The following items were identified in the audit report as requiring to be updated:</i></p>	<p>Noted, the Director of Corporate Services will report back to the Audit Committee on the timetable to update outstanding policies and procedures.</p> <p>Responsible Officer: Director of Corporate Services</p> <p>Due Date: 2026</p>	<p>The Service is progressing a comprehensive review of the Combined Fire Authority's Constitution, incorporating the Scheme of Delegation, Standing Orders and associated governance documents, led by the Monitoring Officer. Initial drafting work has been completed, and a Constitution Working Group has been established by the CFA to support member engagement</p>

<ul style="list-style-type: none"> <li>- <i>Financial Regulations (2018)</i></li> <li>- <i>Scheme of Delegation (2018)</i></li> <li>- <i>Gifts and Hospitality Protocol (Officers) (2018)</i></li> <li>- <i>Constitutional, Procedural and Contractual Standing Orders (2021)</i></li> <li>- <i>Compliments &amp; Complaints Policy (2021)</i></li> </ul>		<p>in the review process. Executive Board input will be built in at appropriate stages. While an early aspiration was to present a final version to the CFA in April 2026, this was acknowledged as potentially ambitious; a revised timetable will be confirmed following completion of the Working Group’s considerations, with the intention of bringing the final Constitution to the CFA for approval at the earliest feasible meeting.</p> <p>Progress and timeline to update the items identified in the audit report:</p> <ul style="list-style-type: none"> <li>- Financial Regulations: Incorporated into the review of the Constitution above.</li> <li>- Scheme of Delegation: Incorporated into the review of the Constitution above</li> <li>- Gifts and Hospitality Protocol (Officers): Updated on 20/4/24 and due to be updated in early 2027.</li> <li>- Constitutional, Procedural and Contractual Standing Orders: The constitution update has been set out above. The Contract Standing Orders update was approved by the Audit Committee in July 2025.</li> <li>- Compliments &amp; Complaints Policy: The Executive Board will be asked</li> </ul>
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		to approve the updated Policy in March 2026.
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**Lancashire Combined Fire Authority**  
**Audit Committee**

Meeting to be held on 26 March 2026

**Internal Audit Monitoring Report**

(Appendix A)

Contact for further information – Steven Brown - Director of Corporate Services  
Tel: 01772 866804

**Executive Summary**

The attached report sets out the current position in respect of the internal audit plan for 2025/26.

**Recommendation(s)**

The Committee is asked to note the report.

**Information**

The internal auditors produce a summary of progress against the annual plan for each Audit Committee meeting, setting out progress to date and any significant findings. The report is attached as Appendix A and will be presented by the Head of Internal Audit.

**Business risk**

Effective Internal Audit is a key element of our Governance arrangements.

**Sustainability or Environmental Impact**

None.

**Equality and Diversity Implications**

None.

**Data Protection (GDPR)**

Will the proposal(s) involve the processing of personal data? N

**HR implications**

None

**Financial implications**

None.

**Legal implications**

None.

## **Local Government (Access to Information) Act 1985**

### **List of background papers**

Paper: N/A

Date: N/A

Contact: N/A

Appendix A: Internal Audit Service monitoring report: period ended 28 November 2025

**Lancashire Combined Fire Authority**

**Internal Audit Service monitoring report: period ended  
11 March 2026**

**1 Purpose of this report**

1.1 The Internal Audit Plan for 2025/26 was approved by the Audit Committee in March 2025. This report details the progress to date in undertaking the agreed coverage.

**2 Internal audit work undertaken**

2.1 To date, 60 of the 70 days have been spent this financial year on completion of the 2025/26 plan which equates to 86%. The table in section 3 below provides a summary of the assignments that comprise the 2025/26 audit plan.

***Use of this report***

2.2 This report has been prepared solely for the use of Lancashire Combined Fire Authority, and it would therefore not be appropriate for it or extracts from it to be made available to third parties other than the external auditors. We accept no responsibility to any third party who may receive this report, in whole or in part, for any reliance that they may place on it and, in particular, we expect the external auditors to determine for themselves the extent to which they choose to utilise our work.

**3 Progress**

Audit review	Audit days			Status	Assurance Opinion
	Planned	Actual	Variation		
<b><i>Governance and business effectiveness</i></b>					
Overall governance, risk management and control arrangements	3	0	3	Not started	
<b><i>Service delivery and support</i></b>					
Risk Management	12	15	(3)	Final Report	● Reasonable October 2025
Business Continuity	10	14	(4)	Final Report	● Substantial November 2025
<b><i>Business processes</i></b>					
VAT	8	9	(1)	Draft Report	N/A

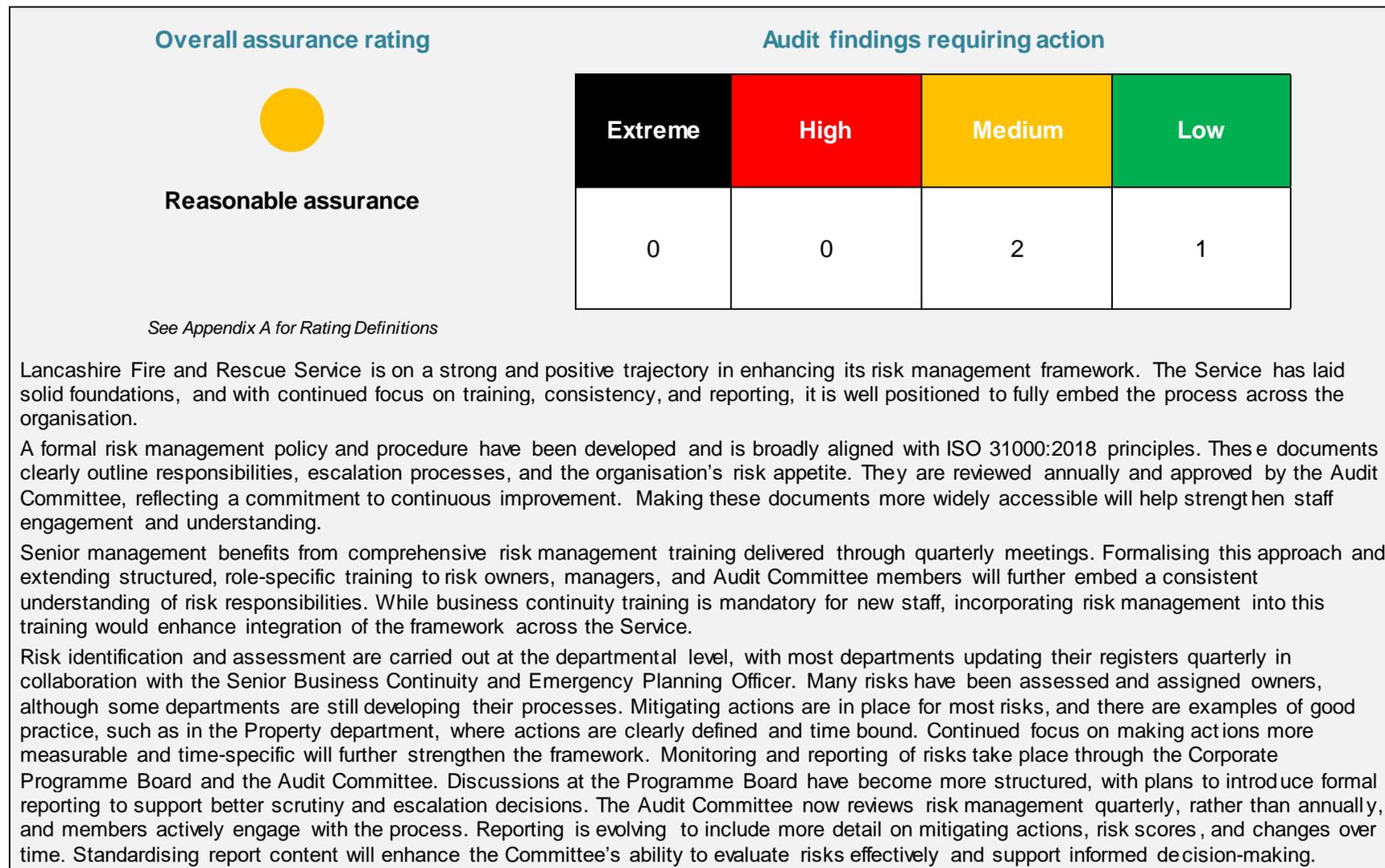
Treasury Management	10	5	5	Testing	N/A
Procurement	12	13	(1)	Draft Report	N/A
<b><i>Follow up audit activity</i></b>					
Cyber Security-Governance	2	0	2	Not started	N/A
Learning from National Incidents	2	0	2	Not started	N/A
<b><i>Other components of the audit plan</i></b>					
Management activity	10	4	6		
National Fraud Initiative	1	0	1		
<b>Total</b>	<b>70</b>	<b>60</b>	<b>10</b>		

#### 4 Extracts from finalised Audit Reports

4.1 Extracts of assurance summaries are on the page below for:

- Risk Management
- Business Continuity

**Risk Management – final report issued 22 November 2025**



**Business Continuity – final report issued 25 November 2025**

<p><b>Overall assurance rating</b></p>  <p><b>Substantial assurance</b></p> <p><i>See Appendix A for Rating Definitions</i></p>	<p><b>Audit findings requiring action</b></p>			
	<b>Extreme</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
	0	0	0	1

Lancashire Fire and Rescue Service (LFRS) has implemented a robust Business Continuity Management System (BCMS), underpinned by a comprehensive Policy and Standard Operating Procedure. These documents clearly articulate the aims, objectives, and operational framework of business continuity management and are aligned with key standards and legislation. Staff responsibilities are clearly defined across all levels, whilst accessibility of documentation is ensured through multiple platforms. Training is embedded into induction for all staff and supplemented by targeted, in-depth courses for those with specific business continuity responsibilities. Oversight is maintained through structured governance, with the Deputy Chief Fire Officer accountable for policy implementation, and regular scrutiny by the Corporate Programme Board and Planning Committee, where updates and improvements are actively discussed and documented.

The service employs a structured approach to business continuity planning, comprising strategic, tactical, operational, and station-level plans informed by business impact analyses. Communication plans support internal and external messaging during disruptions. All plans are reviewed annually, managed via SharePoint, are current, accessible and supported by communication protocols and secure backups. However, a minor issue was noted relating to inconsistencies in grab bag contents such as missing registers and contact lists, though this documentation is also accessible electronically and offline through other means. Utilities continuity is supported by contracts and contingency measures, though formal service level agreements are not possible due to infrastructure and fire services being discounted from priority supply for electricity. Upcoming procurement will include business continuity clauses to enhance resilience.

A robust business continuity testing programme is maintained, including real-time and tabletop exercises. All plans are tested annually, with activations tracked and lessons learned documented. Strategic and tactical debriefs are coordinated by the Response and Emergency Planning Team with documented recommendations and assigned responsibilities. Recommendations raised during structured debriefs are entered into the Assurance Management System for ongoing tracking and monitoring by the Organisational Assurance Group, whilst more detailed oversight will be maintained by the Business Continuity Management Group going forward. Benchmarking is supported through active participation in regional and national forums, enabling shared learning and planning for emerging risks such as cyber threats and power outages. These measures reinforce the Authority's commitment to resilience and continuous improvement.

## Audit assurance levels and residual risks

## Appendix 1

Note that our assurance may address the adequacy of the control framework's design, the effectiveness of the controls in operation, or both. The wording below addresses all of these options, and we will refer in our reports to the assurance applicable to the scope of the work we have undertaken.

- **Substantial assurance:** the framework of control is adequately designed and/ or effectively operated overall.
- **Reasonable assurance:** the framework of control is adequately designed and/ or effectively operated overall, but some action is required to enhance aspects of it and/ or ensure that it is effectively operated throughout.
- **Limited assurance:** there are some significant weaknesses in the design and/ or operation of the framework of control that put the achievement of its objectives at risk.
- **No assurance:** there are some fundamental weaknesses in the design and/ or operation of the framework of control that could result in failure to achieve its objectives.

### Classification of residual risks requiring management action

All actions agreed with management are stated in terms of the residual risk they are designed to mitigate.

- **Extreme residual risk:** critical and urgent in that failure to address the risk could lead to one or more of the following: catastrophic loss of the LRFS services, loss of life, significant environmental damage or significant financial loss, with related national press coverage and substantial damage to the LRFS reputation. *Remedial action must be taken immediately.*
- **High residual risk:** critical in that failure to address the issue or progress the work would lead to one or more of the following: failure to achieve organisational objectives, significant disruption to the LRFS business or to users of its services, significant financial loss, inefficient use of resources, failure to comply with law or regulations, or damage to the LRFS reputation. *Remedial action must be taken urgently.*
- **Medium residual risk:** failure to address the issue or progress the work could impact on operational objectives and should be of concern to senior management. *Prompt specific action should be taken.*
- **Low residual risk:** matters that individually have no major impact on achieving the service's objectives, but when combined with others could give cause for concern. *Specific remedial action is desirable.*

## Lancashire Combined Fire Authority

### Audit Committee

Meeting to be held on 26 March 2026

### Risk Management

Appendix A - Risk Matrix

Contact for further information – Esma Alicehajic, Senior Business Continuity and Emergency Planning Officer

Tel: 01772 866 6874

#### Executive Summary

Lancashire Fire and Rescue Service (LFRS) continues to strengthen its approach to organisational risk, aligning policy and practice with International Organisation for Standardization (ISO) 31000:2018 and National Fire Chiefs Council (NFCC) sector guidance. Risk management remains embedded within quarterly Executive Board and Corporate Performance Board discussions, enabling ongoing scrutiny, targeted mitigation, and informed decision-making.

The Corporate Risk Register reflects a stable overall position, with some movement during the reporting period. Notably, the loss of funding risk (2a) has reduced following increased funding certainty and is no longer within the priority reduction zone. As a result, retention and recruitment of on-call staff and the replacement of the existing mobilising system remain the most significant areas of organisational exposure.

The Service continues to monitor internal, national, and geopolitical developments that may impact risk exposure or service delivery, with any material changes incorporated into the Corporate Risk Register through established processes.

#### Recommendation(s)

The Audit Committee is requested to:

- Endorse the Service's current risk management arrangements, and
- Note the latest position reflected in the Corporate Risk Matrix and Register.

#### Overview

The Audit Committee provides independent assurance on the adequacy of the Service's risk management, internal control environment, and governance arrangements. Risk management remains a core component of organisational resilience, ensuring Lancashire Fire and Rescue Service (LFRS) can anticipate, prevent, or respond effectively to events that may impact operational delivery, strategic objectives, financial sustainability, or reputation.

The Service continues to operate a tiered model for risk identification and escalation, with departmental risk registers informing discussion at Corporate Programme Board

and Executive Board. Risks demonstrating wider organisational implications or thresholds beyond local tolerance are escalated to the Corporate Risk Register.

### Current Risk Profile

There has been some movement in the risk landscape. Following the three-year funding settlement the funding risk has reduced and leaves two risks that continue to represent the most significant areas of exposure for the organisation: retention and recruitment of on-call staff, and the replacement of the existing mobilising system. These risks remain elevated due to the influence of long-term external factors and wider sector pressures, rather than deterioration in internal conditions. The following changes in the Corporate Risks since the December meeting are set out below:

#### Increased Risks

Risk	Description
1a – Loss of staff due to industrial action	A rise in likelihood, driven by a more uncertain national industrial relations environment. External factors such as evolving employment legislation, future pay award pressures, and emerging national narratives around fire service resourcing increase the probability of dispute activity.
11j – Failing pager messages	An increase in this risk reflects a temporary rise in likelihood during the transition to new mobilisation ways of working, including greater reliance on pagers following local changes. While mitigations are in place (including app-based fallback, North West Fire Control (NWFC) escalation processes, targeted connectivity improvements, and structured testing), early-stage reliability concerns increase the chance of delayed or missed alerts.

#### Decreased Risks

Risk	Description
11b – Complete removal of Day Crew Plus (DCP) duty system	The decrease in this risk reflects a reduction in impact, linked to improved stability and embedding of current duty system arrangements following the Emergency Cover Review (ECR) changes. While the risk remains relevant due to the potential for future challenge, the operational and organisational consequences of removal are now assessed as less severe than previously, given greater clarity on alternative staffing models, increased organisational

Risk	Description
	readiness, and improved understanding of workforce and service delivery implications
12a - Major lack of effective Management of personal data	The decrease in this risk reflects a reduction in likelihood following strengthening of information governance controls. Improvements including dedicated data protection capacity, clearer ownership, increased training and awareness, and more routine oversight have reduced the probability of a significant data management failure.
2a – Loss of funding	This risk has reduced from red to amber due to a decrease in likelihood following greater funding certainty provided through the recent three-year Spending Review settlement, completion of the Fair Funding Review and Business Rates Reset. While the outcome confirms real-terms reductions and a defined savings requirement within the agreed Medium Term Financial Strategy (MTFS), the provision of a multi-year settlement significantly reduces short-term volatility and uncertainty. The Service now has clearer financial parameters within which to plan, including an agreed savings profile and balanced MTFS, enabling structured mitigation and forward planning.

Although not currently reflected in the Corporate Risk Register, the ongoing conflict in the Middle East is being monitored as an emerging risk given its potential to indirectly influence several existing corporate risks. Recent geopolitical developments have already contributed to market volatility and supply-chain uncertainty, with national commentators noting potential impacts on inflation, global markets and economic stability, alongside increased security concerns, and wider public-sector pressures. These factors may elevate our exposure in areas such as cost inflation, business continuity, procurement, fuel availability, and broader organisational resilience. We continue to horizon-scan these developments through established risk management processes, and any material change in risk likelihood or impact will be assessed and incorporated into the Corporate Risk Register in line with LFRS' risk management procedure.

More broadly, the risk landscape continues to be influenced by national themes including sector culture, professional standards, regulatory scrutiny, and public expectation. While these factors have not resulted in scoring changes this period, they remain relevant contextual considerations when interpreting overall exposure.

Overall, the risk landscape remains consistent and well-controlled, with targeted adjustments reflecting operational change, sector context, and maturing mitigation rather than new or escalating threats.

### **Progress Against Internal Audit Recommendations**

Following the internal audit of the Service's risk management framework, which provided a reasonable level of assurance, work is ongoing to address the three agreed areas of development: training, risk register consistency, and reporting.

Progress to date has focused on identifying the most effective and proportionate approach to risk management training for risk owners and members, alongside improving consistency in action setting, review, and reporting across risk registers. This includes alignment with emerging national approaches within the fire sector to support standardisation and continued maturity.

Implementation remains on track, with delivery of these improvements forming part of the Service's wider risk maturity trajectory towards April 2026. As part of the next review cycle, the Service will also look to further align its approach with HM Treasury's Orange Book: Management of Risk – Principles and Concepts, ensuring continued alignment with recognised best practice.

### **Business risk**

Failure to maintain an effective risk management system could result in significant operational, financial, legal, and reputational impacts, and undermine the Service's ability to meet statutory duties and strategic objectives.

### **Sustainability or Environmental Impact**

There are no identified impacts on sustainability or the environment.

### **Equality and Diversity Implications**

There are no identified implications on equality and diversity.

### **General Data Protection Regulation (GDPR)**

Will the proposal(s) involve the processing of personal data? N

### **Human Resource (HR) implications**

Improved consistency, governance, and reporting will support managers in managing risks proactively, reducing the likelihood of impact on personnel and improving decision-making confidence.

### **Financial implications**

The risk management system supports financial planning, value-for-money assessments, and cost-benefit considerations linked to mitigation and acceptance of risk.

## **Legal implications**

Well-governed risk management ensures compliance with the Civil Contingencies Act (2004) and strengthens organisational assurance in relation to scrutiny and accountability frameworks.

## **Local Government (Access to Information) Act 1985**

### **List of background papers**

Paper:

Date:

Contact:

Appendix A: Corporate Risk Matrix and Summary Register

Corporate Risk Matrix and Summary Register

Page 70

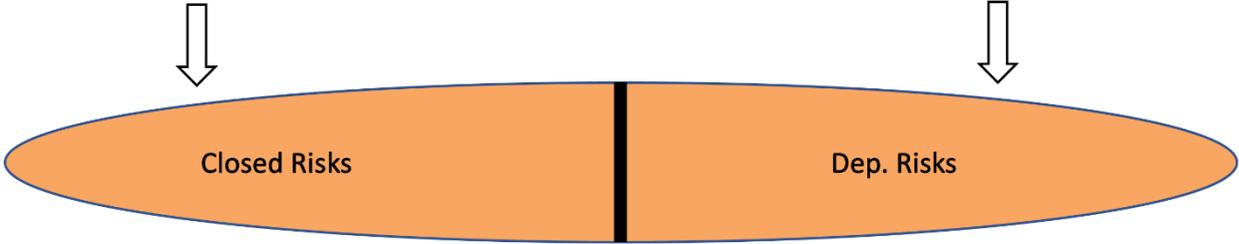
Impact		1	2	3	4	5
Likelihood		Minor	Noticable	Significant	Critical	Catastrophic
5	Certain/ Almost certain			11f		
4	Very likely		2d	11i		11g
3	Likely			4b, 2b, 5, 9a, 11c, 2c	1a, 4a	
2	Unlikely		8b, 3b	1b, 10a, 10b, 11b, 1d, 12a, 3a, 3c, 3d, 12b, 11j, 6a	2a	
1	Rare/Very Unlikely			1c	11a	

**KEY**

- New Risk
- Existing Risk
- Priority Reduction
- Tolerance (ongoing reduction)
- Within Appetite (monitor)

- 11b** – Complete removal of DCP
- 12a** – Personal data management
- 2a** – Loss of funding
- 1a** – Industrial Action
- 11j** – Failing Pager Messages

**11f** – Retention and recruitment of on-call staff  
**11g** – Mobilising System Replacement



Risk ID	Sub Risk ID	Risk Cause	Triggers	Actions
1		<b>Loss or lack of staff due to...</b>	A widespread event or situation that leads to a significant loss of workforce ability to undertake normal business	<ol style="list-style-type: none"> <li>1) Continue monitoring of the Unions' position on current and future potential disputes</li> <li>2) Changes in operational response models and monitoring of the Unions' position, including the upcoming Service Review</li> <li>3) Develop options paper in relation to consideration of the employment of a resilience workforce</li> <li>4) Continue to review, update and test Business Continuity Plan(s) (BCP) relating to Industrial Action (IA) in line with testing schedule or upon increased likelihood</li> <li>5) Continue reviewing and updating costing of IA operations in line with current economic situation</li> <li>6) Exercise and test resilience model</li> <li>7) Consider financial implication of resilience model aligned to MTFS</li> <li>8) Complete and follow up any recommendations that come from the National Resilience (NR) IA survey</li> </ol>
	1a	Industrial Action	A local or national dispute with a major or multiple unions leading to staff undertaking partial performance or withdrawal of labour	<ol style="list-style-type: none"> <li>1) Continue monitoring of the Unions' position on current and future potential disputes</li> <li>2) Changes in operational response models and monitoring of the Unions' position, including the upcoming Service Review</li> <li>3) Develop options paper in relation to consideration of the employment of a resilience workforce</li> <li>4) Continue to review, update and test BCPs relating to IA in line with testing schedule or upon increased likelihood</li> <li>5) Continue reviewing and updating costing of IA operations in line with current economic situation</li> <li>6) Exercise and test resilience model</li> <li>7) Consider financial implication of resilience model aligned to MTFS</li> </ol>

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				8) Complete and follow up any recommendations that come from the NR IA survey
	1b	Inability to recruit or retain key staff	Decline in available workforce due to a number of factors a. long term illnesses b. high level of retirement c. Service cannot offer competitive salary d. poor levels of recruitment due to social, or financial pressures and capacity of current workforce to undertake promotion processes e. perception of service and culture discouraging applications f. ineffective recruitment programme	1) Continue to monitor through Workforce Planning arrangements 2) Raise any shortfalls through Group Managers Meeting or Executive Board as applicable 3) Evaluate the success of recruitment sources 4) Financial pressures to be considered as part of workforce planning
	1c	Inability to provide sufficient staff in leadership roles	a. The ECR, delivered in 2024, resulted in an increase in the number of supervisory roles available b. The historical retirement profile has resulted in a large number of promotions over the years resulting in a reduced pool of staff available for promotion.	1) The Service continues to offer leadership development to supervisory and middle managers 2) Advertise leadership vacancies externally
	1d	Pandemic/ill-health epidemic	An ill-health epidemic or pandemic reducing ability of staff to attend or access to workplace, either due to their own illness, to prevent or reduce transmission and to care for dependants	1) Continuation of updating relevant plans and Health and Safety (H&S) information in line with newest developments and research 2) Explore the possibility of developing an early warning trigger mechanism from HR to inform Response and Emergency Planning (REP) action/monitoring on potential increases sickness and absences, by end of quarter 4 3) Combine learnings from COVID, Pegasus, and LFRS BC Senior Management Team (SMT) exercise, tracked

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				through LFRS Assurance Management System (AMS), by end of quarter 4
<b>2</b>		<b>Financial Pressures</b>	Insufficient funding or unbudgeted cost pressures that financial sustainability and ability to maintain critical functions	
	2a	Loss of funding	a. Government reduction of grant monies affecting income b. Change in Fair Funding Formula or Business Rates Retention impacting on LFRS share of funding c. Change in local or national economic circumstances resulting in reductions in Council Tax or Business Rates	1) Continue lobbying Government through local Members and Member(s) of Parliament (MP) 2) Responding to consultations
	2b	Overspending and future financial pressures on MTFS due to increase in costs of goods and services and pay	a. Unexpected event that leads to rise in costs for goods and services and pay e.g. Fuel costs due to Ukraine war, Global recession b. higher than budgeted pay award	1) Regular monitoring and updating MTFS assumptions
	2c	Future financial pressures on MTFS due to changes in legislation	a. Changes in building regulations resulting in higher costs than in our MTFS assumptions i.e. BREEM regulations b. New environmental targets resulting in increased costs in the future i.e. Net zero targets	1) Continue to monitor potential impact, incorporating in our draft MTFS 2) Continue to regularly review any potential changes. 3) Review of outcomes of the spending review, funding consultations, and Autumn budget
	2d	Emerging risk associated with grey book pensions and overspending due to increase in costs and administrations associated with changes to pensions	a. Unexpected changes to the pension schemes due to court rulings.	1) Follow government guidance and legislative changes in relation to individual cases 2) Record rationale for decision making 3) Provide regular updates to Pension Board and Resources Committee

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3		<b>Loss of Utilities</b>	An event or situation, malicious or non-malicious, that causes a partial or total loss of a utilities services	
	3a	Telecommunications	Severe weather, Space weather, failure of equipment due to fault or malicious attack on national or local telecoms infrastructure at LFRS and/or North West Fire Control (NWFC). This could also be due to loss or withdrawal of contracts from suppliers.	<ol style="list-style-type: none"> <li>1) Participating in NWFC Business Continuity (BC) group to address the communication backups</li> <li>2) Operation Exercise Blackout recommendations implementation</li> <li>3) Establishing a Basic Connect license for LFRS</li> </ol>
	3b (i)	Power outage - Generally	Severe weather, space weather, failure of equipment due to fault or malicious attack on national or local power infrastructure or supply chains. Local or national demand is above capacity leading to Rota load disconnections etc.	<ol style="list-style-type: none"> <li>1) Drafting of a power outage Tactical BCP informed by outcome of Business Continuity Management Group (BCMG) workshops - by Quarter 1 (Q1)/26-27</li> <li>2) Conduct a cost benefit analysis of strategically locating the mobile generators across Lancashire - by Q1 - 26/27</li> <li>3) Produce an appendices to Station BCP for guidance in relation to use of generators - Q1-26/27</li> </ol>
	3b (ii)	Power outage - Service Headquarters (SHQ)	Severe weather, space weather, failure of equipment due to fault or malicious attack on national or local power infrastructure or supply chains. Local or national demand is above capacity leading to Rota load disconnections etc.	<ol style="list-style-type: none"> <li>1) ICT to review condition and provide report of Uninterruptible Power Supply (UPS) to main server room- Q1- 26/27</li> <li>2) Property to review / discuss any recommended works/ actions by the generator contractor - Q1- 26/27</li> </ol>
	3b (iii)	Power outage - Leadership & Development Centre (LDC)	Severe weather, space weather, failure of equipment due to fault or malicious attack on national or local power infrastructure or supply chains. Local or national demand is above capacity leading to Rota load disconnections etc.	<ol style="list-style-type: none"> <li>1) Isolation of Photovoltaic (PV) panels on H54 - requires further investigation to resolve back feed to the generator issues</li> <li>2) Electrical infrastructure upgrades and resilience to be part of project scope for the development of the site</li> <li>3) Implementation of the recommendations from the LDC remedial power outage Incident 2024. (under review)</li> </ol>

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	3c	Water	Large scale failure of water company equipment due to fault or malicious attack on national or local processing and pumping infrastructure or supply chains, or failure of private company.	1) Conduct a gap analysis on water outage on a county-wide scale, including bottled drinking water, firefighting water, and hygiene requirements 2) Consider service delivery and training requirements to reduce water needs as required 3) Investigate multiagency reciprocal agreements
	3d	Fuel	Failure of equipment due to fault, incident, industrial action, or malicious attack on national or local infrastructure or supply chains. Geopolitical issues affecting access to fuel from international sources. Public behaviour (panic buying as a result of any of above scenarios)	1) Maintain a minimum level of fuel (75%) in bulk storage 2) Light vehicle review - diversification of fleet - through operational demands on station relating to different activities requiring a variety of vehicle types from a standard saloon to a 4x4 and alternative powered vehicles, by end of Quarter 4 (Q4) 3) Analyse third party power supply into stations report for the next step into introducing electrification and implement recommendations, by end of Q4
4		<b>Loss of Information and Communications Technology (ICT)</b>	Partial or total loss of physical or electronic/virtual ICT systems due to a fault, accidental damage, or malicious attack.	
	4a	Cyber Security	Partial or total loss of electronic/virtual ICT systems due to a malicious attack.	1) A Cyber Security Strategy approved by Exec board that includes things like additional managed services to assist with monitoring the environment, Investment in next generation perimeter defences such as next generation Firewalls and changed to working practice, such as enforcing more secure password and multi factor authentication 2) Aligning with the National Cyber Security Centre best practice security framework and will continue to do so as that develops 3) Incident Response Retainer, having a specialist company on call for potential incidents 4) Introduction on a Managed Detection and Response (MDR) solution

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				5) Investment into the LRF and resiliency forum 6) Dedicated Cyber Security Role
	4b	Failure of key ICT systems	Partial or total loss of physical or electronic/virtual ICT systems due to a fault, accidental damage, or malicious attack	1) Identify pathway to Azure migrate for data, storage & infrastructure 2) Exploit cloud-based security controls and increase secure score across subscriptions 3) Monthly data backups to offline storage with airgap 4) Re-Architecture of elements of the network with our new Firewall Refresh increasing resiliency and security. 5) further investment to migrate virtual on-premises systems to cloud based services, which should include Citrix and VMware
5		<b>Death or Serious injury of...</b>	An incident that causes the death or serious injury of a person either in or interacting with the Service	
	5a	A member of staff or contractor during work activities	An incident in the workplace related to general duties e.g. a member of staff involved in Road Traffic Collision (RTC) whilst undertaking duties, slips trips and falls	1) In March 2024, the Health and Safety and Environmental Management Systems underwent an independent audit as part of our ISO 45001 and ISO 14001 certification process. No non-conformances were identified with one opportunity for improvement suggested by the auditor
	5b	A member of staff during operational activities	An incident enroute to, on an incident ground or in operational training scenario e.g. falling debris	1) In March 2024, the Health and Safety and Environmental Management Systems underwent an independent audit as part of our ISO 45001 and ISO 14001 certification process. No non-conformances were identified with one opportunity for improvement suggested by the auditor
	5c	A member of the public due to Service activities	An incident or situation that leads to the death or serious injury of a member of the public. During operational response, training activities or any other public interaction, or incident on Service premises	1) In March 2024, the Health and Safety and Environmental Management Systems underwent an independent audit as part of our ISO 45001 and ISO 14001 certification process. No non-conformances were identified with one opportunity for improvement suggested by the auditor

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			OR Failure to appropriately assess, inform or safeguard the public from hazards and risks associated with fires	
	5d	Death of member of staff, visitor, or contractor due to on service premises	An incident or situation on service premises or estate that leads to death or serious injury. Failure to provide appropriate risk assessment, first aid provision/ training, damaged or faulty equipment or buildings/structures	1) In March 2024, the Health and Safety and Environmental Management Systems underwent an independent audit as part of our ISO 45001 and ISO 14001 certification process. No non-conformances were identified with one opportunity for improvement suggested by the auditor
	5e	Failure to identify and implement learning from past events.	Failure to properly investigate and implement actions following recommendations, from a near miss, death, or serious injury to mitigate risk for the future	1) In March 2024, the Health and Safety and Environmental Management Systems underwent an independent audit as part of our ISO 45001 and ISO 14001 certification process. No non-conformances were identified with one opportunity for improvement suggested by the auditor
6		<b>Change in national legislation requiring additional workloads to assess implement and embed.</b>	Change in national legislation requiring additional workloads, this might be due to a significant event requiring learning, new government initiatives or change in political landscape	
	6a	Changes to Emergency Response Driver Training	Change in Fire Standard for Emergency Response Driver Training requiring additional workloads in training	1) The increase in course duration for Emergency Response Driver Training is likely to come in to force once section 19 of the road safety act changes. However, the duration for the new legislation is still unknown. therefore, be partially offset by the trainer to student ratio being changed 2) A review of driver trainer contracts is currently underway, by end of Q4 3) Monitor the impact over time to ensure that new entrants are able to undertake the relevant training and therefore are able to drive appliances, by end of Q4. 4) Options scoped to further supplement and support the

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				driving school to meet the identified deficiencies, by end of Q4 5) Keep abreast of discussions and Home Office around legislation changes. Latest intel is that proposed changes do not seem to be imminent. NFCC are pushing back
<b>8</b>		<b>Loss of Service Premises</b>	An event or situation, malicious or non-malicious, that causes a partial or total loss of a fire service asset	
	8b	Control room	Severe weather, physical or technical attack or failure, general damage to building, denial of access (e.g. Protests/ IA), failure of contracts with third party supplier (e.g. joint/co-located premises)	1) Involvement in NWFC governance structures to assure operations and BC arrangements 2) Involvement in NWFC BC arrangements and exercises 3) Active participation on NWFC BC Management Group Meetings 4) Monitor the upcoming testing of NWFC to secondary location and learnings
<b>9</b>		<b>Failure to maximise opportunities</b>	An event or situation that could provide an opportunity to improve the Service, which if not utilised could have a negative impact on the Service's progress	
	9a	Technological advances	Failure to maximise the opportunities that technological advances present due to a lack of capacity within the ICT & Digital Technology (DT) department, and an inability of staff to keep pace with new developments that are implemented	1) Initiate and mature Community Developer concept 2) Continue to skill-up, train and educate users 3) Re-assigned key resource to progress a strategic technology workstream 4) Planned review of Digital, Data and Technology (DDaT) resource and structure to align & optimise resource, provide progression routes with succession planning and remove single points of failure 5) Executive Board will consider some investment into DDaT resource following the above exercise if provided with compelling evidence of risk reduction
<b>10</b>		<b>Failure to manage incidents or staff</b>	An incident or situation that results in loss of public or staff confidence due to	

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		<b>conduct effectively, including inadequate handling of complaints or disciplinary processes, leading to loss of public confidence or reputational damage.</b>	employee conduct (in the workplace, personal life, or on social media), non-compliance with Service policies, the Core Code of Ethics, or Equality, Diversity and Inclusion (EDI) principles; compounded by negative media coverage or the Service's mismanagement of the response.	
	10a	Failure to provide appropriate communications on events, situations or incidents that could lead to a loss of public confidence in LFRS	An event or situation relating to, loss of public or staff confidence due to Employee conduct at work, in personal life and on social media, failure to adhere to service policy/core code of ethics/ EDI and related negative press, or Sector events.	<ul style="list-style-type: none"> <li>1) Social media sessions to be delivered jointly with HR to address corporate and personal use</li> <li>2) E-learning module on use of social media to be created for all staff</li> </ul>
	10b	Failure to implement appropriate people processes in response to staff misconduct or complaints.	Allegations or evidence of staff misconduct (e.g., bullying, harassment, discrimination). Failure to act in line with Service Values, Core Code of Ethics, Staff Code of Conduct, or service policy. Delays or inconsistencies in investigations or decision making. Lack of transparency or perceived fairness in internal procedures	<ul style="list-style-type: none"> <li>1) Continue delivering training for all line managers on investigative best practices</li> <li>2) Continue to strengthen and embed the quality assurance process for misconduct cases</li> <li>3) Address adequate capacity/resource in HR or management which could delay case progress, by Q4 2026/27</li> <li>4) Strengthening the professional standards function with the introduction of a dedicated Group Manager to support investigation processes</li> </ul>
<b>11</b>		<b>Operational</b>	An event or situation that could impact on LFRS ability to respond effectively and efficiently.	
	11a	Rapid external fire spread in high rise premises	An event or situation relating to lack of prevention, protection and operational response leading to a major incident.	<ul style="list-style-type: none"> <li>1) Ongoing built environment awareness training for operation and community safety staff</li> <li>2) High rise exercises involving staff from LFRS to be</li> </ul>

Risk ID	Sub Risk ID	Risk Cause	Triggers	Actions
				<p>continued</p> <p>3) On going regulatory activity to ensure remediation of flammable external wall systems and other areas of non-compliance</p> <p>4) Implementation of activities identified through the Extra-Ordinary Operational Assurance Group (OAG) focusing on Grenfell Tower Phase 2</p> <p>5) Implement actions arising the Hong Kong fire which identified external coverings that may lead to accelerated fire spread</p>
	11b	Complete removal of Day Crewing Plus (DCP)	A challenge from a Union to current local agreement.	<p>1) Ongoing engagement with staff and Trade Unions</p> <p>2) Assess the impact of reverting some stations to DCP</p>
	11c	Lack of required skills of operational staff	A situation where operational staff do not possess the required skill to operate safely at an incident	<p>1) Monitor effectiveness of Operational Assurance Performance Report in disseminating information</p> <p>2) Operational Assurance Officers to be mobilised to provide additional assurance at incidents that meet specific criteria, broadly when the risk to Firefighters is increased. For example, this includes operational discretion and critical incidents</p> <p>3) LDC continue to work closely with Service Delivery to ensure attendance on Safety Critical mandatory training, monthly performance reports are sent to Head of Service Delivery (HoSD)</p> <p>4) LDC trainers are skill graded to ensure they operate consistently in terms of identifying training needs.</p> <p>5) Review of the internal quality assurance policy and inclusion of Station based assurance activity by qualified personnel in relation to training, by end of Q4</p>
	11f	Retention, development, and recruitment of On Call staff	The failure to recruit and retain on-call staff caused by lack of on-call recruiting strategies, not being perceived as a desirable employer, not being competitive in pay rates, not	<p>1) Continuous programme of improvement to identify and make proposals across On Call (OC) aimed at improving recruitment, development and retention</p> <p>2) Enhanced coordination between OCSO Team Leader (TL), HR, and Corporate comms on recruitment targeting</p>

Risk ID	Sub Risk ID	Risk Cause	Triggers	Actions
			<p>providing enough flexibility to on-call staff with work arrangements.</p>	<p>3) Wholetime Have a Go events to showcase OC role at targeted stations  4) Changes to development requirements, circa 50% reduction in evidence requirements  5) Look forward, plans for OC SM to review/develop;  • Turn in / out arrangements  • Maintenance of skills (level of demand)  • Employer engagement  6) Moving On Call to the Page One pagers to remove geographical limitations to aid with recruitment catchment and allow for increased turn in times.  7) Pay as you go proposals being developed to enable more flexible contracts.  8) 365 recruitment and Area Hubs implemented.  9) Development of an On Call Service Order for signposting to the Service guidance.  10) Promote the hybrid working model  11) Look to expand green book hybrid working  12) Continue to implement the actions from the On Call academic study:  The On Call Recruitment, Diversity and Skills software has been rolled out to improve On Call availability and performance - build on the training and development of OC Unit managers and SDMs with a development day.  13) Implement three person crewing proposals.  14) On Call remuneration further to National Joint Council (NJC) On Call Pay Review - now out for consultation. Consider expansion of this workstream to resolve issues around Time Off In Lieu (TOIL).  15) Review the On Call Support Officer (OCSO) Function and redistribution of workstreams to deliver he outcomes in an efficient way, by end of Q4/ 25-26</p>

Risk ID	Sub Risk ID	Risk Cause	Triggers	Actions
	11g	Replacement of the existing mobilising system as current solution comes to end of life	The failure to recruit and retain on-call staff caused by lack of on-call recruiting strategies, not being perceived as a desirable employer, not being competitive in pay rates, not providing enough flexibility to on-call staff with work arrangements.	<ol style="list-style-type: none"> <li>1) Establishing the feasibility and cost of contract extension from current mobilising system supplier, pending legal advice and extension options which are being developed. By Q1 26/27 assurance will be gained on cost and timescales</li> <li>2) Identifying options and contingencies for the delivery of the new mobilising system</li> <li>3) Identify sources of additional budget</li> <li>4) Continuation of director level engagement</li> <li>5) Regular reporting via project board</li> <li>6) Capture lessons learned</li> <li>7) Ensure Project Team maintain engagement with supplier</li> </ol>
	11i	Unauthorised access, criminal damage or theft from stations, vehicles, or operational equipment, including during periods when staff may be present on site.	A spate of break-ins nationally targeting fire stations or vehicles, including when crew are present or nearby.	<ol style="list-style-type: none"> <li>1) Review and update station security risk assessments for all premises</li> <li>2) Prioritise investment in physical security enhancements at vulnerable or remote stations (e.g. lighting, Closed-Circuit Television (CCTV), alarms)</li> <li>3) Explore procurement of equipment with tracking/remote-disable features</li> <li>4) Issue refreshed guidance on securing vehicles and equipment during and outside of operational hours</li> <li>5) Capture and share lessons learned from recent incidents and near misses</li> <li>6) Strengthen local police engagement for enhanced patrols, crime trend awareness, and response planning</li> <li>7) Agree a policy for accessing CCTV systems</li> </ol>
	11j	Failing Pager messages	The failure of the Critico solution to notify on-call fire fighters of an incident.	<ol style="list-style-type: none"> <li>1) Critico to rectify coverage issues</li> <li>2) Critico to provide a detailed report outlining their change control procedures to ensure full scrutiny and governance rules are in place</li> <li>3) LFRS to change testing time from 18:00 to a more</li> </ol>

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				suitable time 4) Increase LFRS testing after any Critco changes
12		<b>General</b>	An event or situation that could impact on LFRS	
	12a	Major lack of effective Management of personal data	A situation or event caused by the lack of effective information management in LFRS	1) Procedure for ensuring appropriate retention of HR records.

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