Please ask for: Matt Berry
Email: mattberry@cannockchasedc.gov.uk

15 September 2026

Dear Councillor,

Audit & Governance Committee

6:00pm, Wednesday 23 September 2026

Esperance Room, Civic Centre, Cannock

You are invited to attend this meeting for consideration of the matters itemised in the following Agenda.

Yours sincerely,

T. Clegg
Chief Executive

To: Councillors

Branson, R. (Chair)
Cecil, M. (Vice-Chair)

Gaye, D. Sheppard, M.
Hill, J. Sutherland, M.

Agenda

Part 1

1. **Apologies**

2. **Declarations of Interests of Members**

   To declare any interests in accordance with the Code of Conduct and any possible contraventions under Section 106 of the Local Government Finance Act 1992.

3. **Minutes**

   To approve the Minutes of the previous meeting held on 30 June 2026 (enclosed).

4. **Cannock Chase Council External Audit Plan – Year Ended 31 March 2026**

   Report of the External Auditors (Item 4.1 – 4.38).

5. **Cannock Chase Council Build-back Plan**

   Report of the External Auditors (Item 5.1 – 5.22).

6. **Internal Audit Update – August 2026**

   Report of the Chief Internal Auditor & Risk Manager (Item 6.1 – 6.11).

7. **Governance Improvement Plan – Progress Report for Quarter 1 2026/27**

   Report of the Head of Business Support and Assurance (Item 7.1 – 7.13).

8. **Updated Strategic Risk Register**

   Report of the Head of Business Support and Assurance (Item 8.1 – 8.21).

Cannock Chase Council

Minutes of the Meeting of the

Audit and Governance Committee

Held on Tuesday 30 June 2026 at 6:00pm

In the Esperance Room, Civic Centre, Cannock

Part 1

Present:
Councillors

Branson, R. (Chair)
Cecil, M. (Vice-Chair)

Deakin, S. (Substitute)
Gaye, D.
Hill, J.
Sutherland, M.

1. Apologies

Apologies for absence were noted for Councillor M. Sheppard.

Councillor S. Deakin was in attendance as substitute for Councillor Sheppard.

2. Declarations of Interests of Members in Contracts and Other Matters and Restriction on Voting by Members

None received.

3. Minutes

Resolved:

That the Minutes of the meeting held on 11 March 2026 be approved.

4. Auditor's Annual Report – Year Ended 31 March 2025

Consideration was given to the report of the External Auditors (Item 4.1 – 4.53).

The Head of Business Support and Assurance submitted apologies on behalf of the external auditors, advising that they were unable attend today's meeting owing to other work commitments.

The Head of Business Support and Assurance then drew Members attention to page 4 of the external auditor's report, advising they had not been able to complete their report because of an ongoing issue with the statement of accounts, with work taking place in the background to resolve this. They had however been to provide an updated value for money (vfm) opinion for 2024/25, the position being that considerable progress had been made compared to the previous two years. All previous statutory recommendations had been removed, as well as concerns around the Housing service. This left three significant weaknesses concerning the Council's governance arrangements for 2024/25.

Members then raised the following comments/queries in respect of the report:

1. What were the three significant weaknesses?

   The Head of Business Support and Assurance advised that these were set out on pages 11 and 12 of the external auditor's report. The items on page 11 were being worked on and the item on page 12 had been resolved. A few other minor recommendations had also been put forward by the external auditors (report pages 49 and 50) which had been picked up and acknowledged in the governance improvement plan.

2. Report page 10 showed a positive position for the Council with the previously raised significant weaknesses being removed for 2024/25.

   The Head of Business Support and Assurance agreed, noting that the external auditors had recognised the steady progress being made by the Council.

Resolved:

That the reported of the External Auditors be noted.

5. Governance Improvement Plan – Progress Report for 2025-26

Consideration was given to the report of the Head of Business Support and Assurance (Item 5.1 – 5.20).

The Head of Business Support and Assurance advised that this report was a follow-on from the previous agenda item and that so far, 16 actions in the improvement plan had been completed, with all others either being behind schedule or no longer applicable. Progress had improved in the previous quarter compared to quarters 2 and 3 of 2025/26. Just shy of 60% of the original improvement plan had been achieved to date and updated version was included in the final agenda item for this meeting.

Resolved:

That the progress made in the delivery of the Governance Improvement Plan at the end of 2025-26 be noted.

6. Updated Strategic Risk Register

Consideration was given to the report of the Head of Business Support and Assurance (Item 6.1 – 6.39).

The Chief Internal Auditor & Risk Manager advised that the report set out the position of the Council's strategic risk register (SRR) as at 1 April 2026 compared to 31 December 2025. Action plans were in place to manage all the identified risks, but it would take a while to reduce to risks scores owing to the level of work involved. It was expected that the target score for the financial sustainability risk would remain at 12 mainly due to external factors impacting on the Council's financial position. Whilst relevant officers were working to address the risks this was not currently having a major impact on the overall risk scores, but it was considered that this was because of the nature of some of the risks and some elements being outside of the Council's control.

Members then raised the following comments/queries in respect of the report:

1. The SRR showed significant stagnation on most red risks. Apart from the leisure services transfer, what measurable progress had been made in reducing risk exposure over the last 12 months?

The Chief Internal Auditor & Risk Manager advised that there had been very little change in the risk exposure and reiterated his earlier point about the action plans. There was also uncertainty about whether some of the risks could be reduced to the desired level because of difficult working environments for a lot of the areas identified. External factors also meant that some risks were scoring higher than would like and limited staffing resource was also impacting delivery.

2. When would departmental and directorate risk registers be fully operational with a clear, consistent escalation process to the SRR?

   The Chief Internal Auditor & Risk Manager advised that a plan was being worked on to get these in place, but as there was no central resource available to do this work, reliance was being placed on individual services to pull the information together. The SRR had only been relaunched last year with an ambitious programme moving away from twice-yearly reporting to a fully embedded risk management process with departmental and area level risk registers in place.

   The Head of Business Support and Assurance further advised that work plans for each service area had been discussed with leadership team earlier in the day, and once they were completed, the intention would be to focus risks around what could impact delivery of them and feed these up into leadership team to be reflected in the SRR. This would take some time to get done as leadership team would need to do this work alongside their existing duties.

3. The governance improvement plan showed only partial completion. What were the top three actions that must be delivered before local government reorganisation (LGR), and what were the firm deadlines?

   The Head of Business Support and Assurance advised she would need to respond to this separately as the improvement plan had only just been reviewed.

Resolved:

That the Strategic Risk Register and the progress made in identification and management of the strategic risks be noted.

7. Internal Audit Annual Report 2025-26

Consideration was given to the report of the Chief Internal Auditor & Risk Manager (Item 7.1 – 7.27).

The Chief Internal Auditor & Risk Manager advised the following in respect of the report:

- The annual report set out the work of the Internal Audit service for 2025/26, including the background to the service, the mandate for internal audit and the self-assessment review of the service against the new public sector audit standards.
- The last external review of the service was undertaken in 2022, with the next one due to take place in 2027.
- Only a short action plan had been developed this time as the new standards had only just been adopted. As such, the plan would be reviewed again at the end of the year.
- Paragraph 2.16 of the annual report set out that the service could only provide a limited assurance rating of the Council's governance arrangements. This conclusion was based on several recurring factors as set out in paragraph 3.10 and the assurance ratings given throughout the year as referenced in paragraph 3.5 and detailed in appendix 1 of the annual report.

- Several follow-up audits had also been undertaken during the year (all listed in appendix 2 of the annual report), some of which had seen progress made, but for many this was not the case, even where additional follow-ups had been done. Paragraph 3.6 set out an overview of the number of recommendations subject to follow-up audits during the year, and the progress made in completing those actions or otherwise. Some aspects of the work may not get done with LGR on the horizon as it may not be practical for managers to put specific actions or changes in place.

Members then raised the following comments/queries in respect of the report:

1. Was there a timeframe on getting the follow-up audits completed?

   The Chief External Auditor & Risk Manager advised that this varied from audit to audit, but an implementation date was always set when agreeing the recommendations with managers. The timescale could be 6 to 12 months, but this could take longer for recommendations that required significant pieces of work being competed.

2. Given the information set out in paragraphs 3.9 and 3.10 and with LGR being a key issue going forward, were there any specific issues for the committee to keep an eye on?

   The Chief Internal Auditor & Risk Manager advised that the areas listed in paragraph 3.9 were mainly minor issues for the relevant service areas to deal with. The issues listed in paragraph 3.10 were for the committee to keep an eye on as these were more fundamental matters and had also been picked up in the risk register and improvement plan. Poor project management was a recurring theme- the Council did not have a dedicated project team in place to provide support, so it tended to be for managers to do this themselves, unless it was for significant projects such as the town centre regeneration and external support bought in.

   The Head of Business Support and Assurance further advised that the committee may wish to keep an eye on the follow-up audits given the lack of progress being made. Relevant heads of service could be asked to provide updates or attend future meetings of the committee. The committee could also send a message to leadership team that it would be keeping an eye on these and so ask for attendance in future.

   The Chair requested that updates be provided for the follow-up audits still listed as limited assurance and those which had had third and fourth follow-up audits done.

3. The bullet point in paragraph 3.10 regarding procurement processes not always being followed correctly and an overreliance on the use of waivers was a cause for concern.

   The Head of Business Support and Assurance advised that this issue had been picked up by the external auditors, and so going forward, waivers would be reported to the Responsible Council Scrutiny Committee. The concern was mainly around waivers being used perhaps more often than would like.

   The Chief Internal Auditor & Risk Manager also advised that the issue was not just the use of waivers for contracts but also the end of contracts being reached and not put out to re-tender. This raised concerns as it meant the process was not being followed as it should, so it was important to make sure this was being done.

4. In paragraph 3.3, what was meant by the Disabled Facilities Grants (DFGs) spending sign-off for Staffordshire County Council (SCC)?

   The Chief Internal Auditor & Risk Manager advised that SCC received grant funding from central government to pay for DFGs works to properties. Once received by SCC, they then distribute the money onwards to the borough and district councils in the county. SCC have to show how to money was spent each year and so the district councils have to do an audit each year and certify to SCC that the correct processes have been followed. The finance team also have to provide a separate certification of the actual spend of the DFGs for the year. In addition to the annual high-level grant certification Internal Audit do carry out a full review o the Disabled Facilities Grant arrangements and provide an assurance opinion this last took place a couple of years ago.

5. How is LGR affecting the Council's ability to address the remaining significant weaknesses and maintain financial resilience in the short-term?

   The Chief Internal Auditor & Risk Manager advised that it was hard to judge at this stage as some areas won't really be affected and so can achieve quick fixes, other areas won't however have the time or resources to address them.

   The Head of Business Support and Assurance further advised that back-office services had been mostly impacted so far, particularly herself and the Deputy Chief Executive-Resources as they had worked on the LGR submission document. A wider pool of officers was now involved but these were still predominantly back-office. If the Government decide in the next couple of weeks to progress with LGR then the whole Council would be impacted. Decisions were already being taken with this in mind around the value in taking some things forward or otherwise. Money had been set aside to form a small project team to take this work forward but it would probably be insufficient enough to prevent impact on wider services.

Resolved:

That the Internal Audit Annual Report 2025-26 and the annual conclusion contained within it be noted.

8. Code of Governance and Annual Governance Statement

Consideration was given to the report of the Head of Business Support and Assurance (Item 8.1 – 8.29).

The Head of Business Support and Assurance advised the following in respect of the report:

- The code had been updated to reflect revised guidance issued last year by Cipfa and Solace. The updated version of the code was set out in report appendix 1 along with a copy of the updated governance framework.
- There were 7 principles that supported the code of governance. The previous version of the Council's own code had 6 principles listed (with two being combined into once principle) but the updated version had been amended to reflect the original 7 principles as set out in the guidance.
- The main changes related to the annual review of the code and the preparation of the Annual Governance Statement (AGS). The updated guidance and changes came about because of the number of councils around the country issuing section 114 notices and such issues not being reflected in their own governance processes.

- Alongside production of the updated code, a self-assessment had been undertaken on the effectiveness of the Council's governance framework using information from the Internal Audit annual report, SRR and other governance documents and checked against the new guidance to see if all relevant areas were covered.
- Input had been received from leadership team as part of preparing the updated AGS.
- The AGS was in a new format with an executive summary at the start, as well as setting out the opinion on the Council's governance arrangements, which was considered to be limited and matched with the limited assurance conclusion given in the Internal Audit annual report. This reflected that there were a couple of gaps in the framework and some aspects not working as would want to. It also provided a backward look on 2025/26 and set out the key issues to be addressed in 2026/27.
- A lot of work had been done to update existing policies and governance documents, and the challenge now was to roll out those out to staff and delivery necessary training. The culture of learning, best practice and improvement also had to be factored in as it was there in part but no formal approach in place.
- The updated governance improvement plan was detailed at the end of the report and not all recommendations actions would be taken forward owing to the position with LGR and where they would not expose the Council to significant amounts of risks (such as the action regarding a data quality policy).

Members then raised the following comments/queries in respect of the report:

1. The updated code was a very comprehensive document. Did it require any refinement or was it fairly sound?

   The Head of Business Support and Assurance advised that a couple of items had been added into the improvement plan, one of which was round service improvements, but it was considered there were no glaring holes in the updated code.

2. The AGS and improvement plan all flowed nicely-was anything else missing from either document?

   The Head of Business Support and Assurance advised that quite a robust review had been done of the AGS and the improvement plan was considered to be comprehensive. If it was felt that something could not be done or was not worthwhile being done, then this had been reflected in the improvement plan to be transparent about why certain actions would not be taken forward.

3. Peer reviews were also interesting to do but was it too late now for the Council to look at having one done?

   The Head of Business Support and Assurance advised that the Council was technically overdue having a LGA peer review, but there was a wider acceptance in the sector that there would be little point in having any at the moment owing to LGR. As such, hence why there was a need to look at other ways of doing reviews internally. Services did also undertaken benchmarking with other councils and relevant sector organisations.

4. Was the new code going to be rolled out to staff and had the trade unions been consulted as part of it being produced?

   The Head of Business Support and Assurance confirmed that the trade unions had been consulted. The new code would be rolled out to all staff, and the chief executive was currently providing updates on it at in-person staff briefings. Additionally, a new online learning and development platform was aimed to launch later on this year.

5. There was an issue of timing with bringing the AGS to the committee for approval given that the committee included new members, so could this be looked at for the future?

   The Head of Business Support and Assurance advised that this had been looked at previously but would be awkward to do. There would be a further AGS for the committee to approve next year, but it was unclear at this stage what would happen the year after with LGR. It was accepted this was a difficult position for new members, but the committee did include existing members who could provide reassurances.

Resolved:

That:

(A) Council, at its meeting to be held on 8 July 2026, be recommended to approve the Code of Governance as set out in report appendix 1.

(B) The Annual Governance Statement for 2025/26 as set out in report appendix 2, and the Governance Improvement Plan as set out in report annex 2, be approved.

Meeting closed 6:56pm.

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Chair

Item No. 4.1

Cannock Chase District Council

External Audit Plan

Year ended 31 March 2026

September 2026

Your key team members

Laura Hinsley
Key Audit Partner
Laura.Hinsley@azets.co.uk

Manpreet Kaur
Manager
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Shahzaib Ali
In-Charge Auditor
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Contents

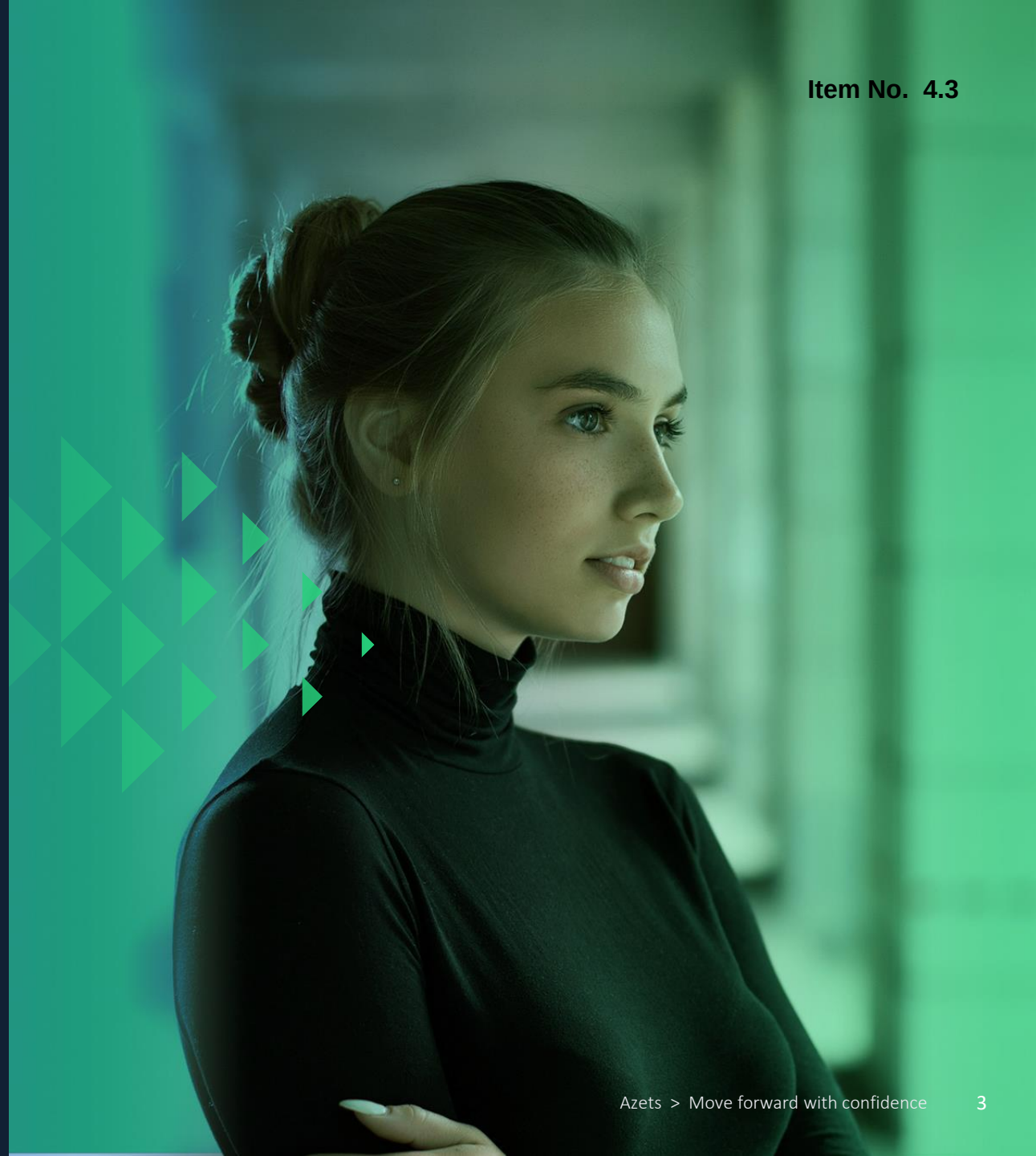
Adding value through the audit

All of our clients demand of us a positive contribution to meeting their ever-changing business needs. Our aim is to add value to the Council through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way, we aim to help the Council promote improved standards of governance, better management and decision making and more effective use of resources.

Management responsibility

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements, as a whole, are free from material misstatement, whether caused by fraud or error.

Introduction and audit scope



Introduction and audit scope

This audit plan highlights the key elements of our proposed audit strategy and provides an overview of the planned scope and timing of the statutory external audit of Cannock Chase District Council ('the Council') for the year ended 31 March 2026 for those charged with governance (the Audit and Governance Committee)

Scope of our audit

The Code of Audit Practice 2024 ('the Code') summarises the responsibilities of auditors and what is expected from the audited body. The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for:

- Financial statements: forming and expressing an opinion on the Council's financial statements, which have been prepared by management with the oversight of those charged with governance; and
- Value for money: considering whether there are sufficient arrangements in place at the Council for securing economy, efficiency and effectiveness in its use of resources (our value for money work).

Value for money relates to assessing whether arrangements are in place to use resources efficiently in order to maximise the outcomes that can be achieved as defined by the Code of Audit Practice.

We will conduct our audit in accordance with International Standards on Auditing (ISAs) (UK), the Local Audit and Accountability Act 2014 (the 'Act') and the National Audit Office Code of Audit Practice 2024. The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Act.

The audit of the financial statements does not relieve management or the Audit Committee of their responsibilities. It is the responsibility of the Council 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 consider how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council's business and is risk-based.

We will conduct our audit in accordance with International Standards on Auditing (ISAs) (UK), the Local Audit and Accountability Act 2014 (the 'Act') and the National Audit Office Code of Audit Practice 2024. The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Act.

This audit plan has been prepared for the sole use of those charged with governance and management and should not be relied upon by third parties. No responsibility is assumed by Azets Audit Services to third parties.

Introduction and audit scope

Rebuilding assurance following prior year disclaimed audit opinions

The backlog of sign off of local government financial statements has been recognised as a national issue by Government, and a number of steps have now been taken with the objective of addressing this position and rebuilding assurance over previously disclaimed periods:

- On 30 September 2024, Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" came into force. This legislation imposed annual statutory backstop dates up to and including the 2027/28 year of account for the publication by the Council of its audited financial statements. For 2025/26, the statutory backstop date is 31 January 2027.
- On 10 September 2024, the National Audit Office issues the first of six Local Audit Reset and Recovery Implementation Guidance (LARRIG) notes which provide support and guidance for auditors on the approach to rebuilding assurance following disclaimed audit opinions.

The Code of Audit Practice 2024 specifies that auditors are required to issue their auditor's report before the statutory backstop dates set out in legislation, even if planned audit procedures are not fully complete, so that local government bodies can comply with the statutory reporting deadline. Where audit work is not complete, this will give rise to a disclaimer of opinion.

For Cannock Chase District Council, this has now led to the issue of disclaimed audit opinions on the 2021/22 and 2022/23 financial statements by the predecessor auditors, and on the 2023/24 and 2024/25 financial statements by Azets.

We have been working closely with the Council since our appointment as auditors for the 2023/24 financial year to develop a plan for rebuilding assurance in line with LARRIG guidance and so move away from a disclaimed audit opinion. We started to implement this plan during our 2024/25 financial statements audit. The section on "Building back assurance" sets out a high-level summary of our planned approach and procedures for the 2025/26 audit.

Our detailed Build-back Plan, including total estimated fees for the recovery process is presented alongside this Audit Plan.

Introduction and audit scope

Our respective responsibilities

Management responsibilities

Your responsibilities include:

- Preparing financial statements which give a true and fair view, in accordance with the applicable financial reporting framework and relevant legislation;
- Preparing and publishing, along with the financial statements, an annual governance statement and narrative report;
- Maintaining proper accounting records and preparing working papers to an acceptable professional standard that support your financial statements and related disclosures;
- Establishing and maintaining a sound system of internal control;
- Maintaining standards of conduct for the prevention and detection of fraud and other irregularities;
- Maintaining strong corporate governance arrangements and a financial position that is soundly based;
- Establishing and maintaining an effective internal audit function;
- Ensuring the proper financial stewardship of public funds, complying with relevant legislation and establishing effective arrangements for governance, propriety and regularity.

Auditor responsibilities

Our primary responsibility is to form and express an independent opinion on the Council's financial statements, stating whether they provide a true and fair view and have been prepared properly in accordance with applicable law and the CIPFA Code of Practice on Local Authority Accounting in the UK (the 'CIPFA Code). We are also required to:

- Report on whether the other information included in the Statement of Accounts (including the Narrative Report and Annual Governance Statement) is consistent with the financial statements;
- Report by exception if the disclosures in the Annual Governance Statement are incomplete or if the Annual Governance Statement is misleading or inconsistent with our knowledge acquired during the audit;
- Report by exception any significant weaknesses identified in arrangements for securing value for money and a summary of associated recommendations;
- Report by exception on the use of our other statutory powers and duties; and
- Certify completion of our audit.

We will issue our Audit Completion Report and an Auditors Annual Report to the Audit and Governance Committee] setting out the findings from our work. The audit does not relieve management or the Audit and Governance Committee of your responsibilities, including those in relation to the preparation of the financial statements.

Statutory powers

Under the Act we have a broad range of reporting responsibilities and powers that are unique to local authorities in the United Kingdom. These include:

- Reporting matters in the public interest;
- Making written recommendations to the Council;
- Making an application to the court for a declaration that an item of account is contrary to law;
- Issuing an advisory notice;
- Making an application for judicial review; and
- Giving electors the opportunity to raise questions about your financial statements and considering and deciding upon any objections received in relation to the financial statements.

Audit approach

Audit approach

General approach

Our objective when performing an audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement and to issue an auditor's report that includes our auditor's opinion.

As part of our risk-based audit approach, we will:

- Perform risk assessment procedures including updating our understanding of the Council, including its environment, the financial reporting framework and its system of internal control;
- Review the design and implementation of key internal controls;
- Identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement level and the assertion level for classes of transaction, account balances and disclosures;
- Design and perform audit procedures responsive to those risks, to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion; and
- Exercise professional judgment and maintain professional scepticism throughout the audit recognising that circumstances may exist that cause the financial statements to be materially misstated.

We would ordinarily undertake a variety of audit procedures designed to provide us with sufficient evidence to give us reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. However, as your prior years' financial statements have been disclaimed, we will this year undertake specific procedures to build back assurance in accordance with LARRIG06 and in line with our overarching build back plan.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We include an explanation in the auditor's report of the extent to which the audit was capable of detecting irregularities, including fraud and respective responsibilities for prevention and detection of fraud.

Accounting systems and internal controls

The purpose of an audit is to express an opinion on the financial statements. We will follow a substantive testing approach to gain audit assurance rather than relying on tests of controls. As part of our work, we consider certain internal controls relevant to the preparation of the financial statements such that we are able to design appropriate audit procedures. However, this work does not cover all internal controls and is not designed for the purpose of expressing an opinion on the effectiveness of internal controls. If, as part of our consideration of internal controls, we identify significant deficiencies in controls, we will report these to you in writing.

Audit approach

Other key areas

Going concern: management responsibility

Management is required to make and document an assessment of whether the Council is a going concern when preparing the financial statements. The review period should cover at least 12 months from the date of approval of the financial statements. Management are also required to make balanced, proportionate and clear disclosures about going concern within the financial statements where material uncertainties exist in order to give a true and fair view.

Related party transactions

ISA 550 requires that the audit process starts with the audited body providing a list of related parties to the auditor, including any entities under common control.
During our initial audit planning you have informed us of the individuals and entities that you consider to be related parties. Please advise us of any changes as and when they arise.

Going concern: auditor responsibility

Under ISA (UK) 570, we are required to consider the appropriateness of management's use of the going concern assumption in the preparation of the financial statements and consider whether there are material uncertainties about the Council's ability to continue as a going concern that need to be disclosed in the financial statements.
In assessing going concern, we will consider the guidance published in the CIPFA/LASAAC Code of Practice 2025/26 (CIPFA Code) and Practice Note 10 (PN10), which focuses on the anticipated future provision of services in the public sector rather than the future existence of the entity itself.

Use of experts

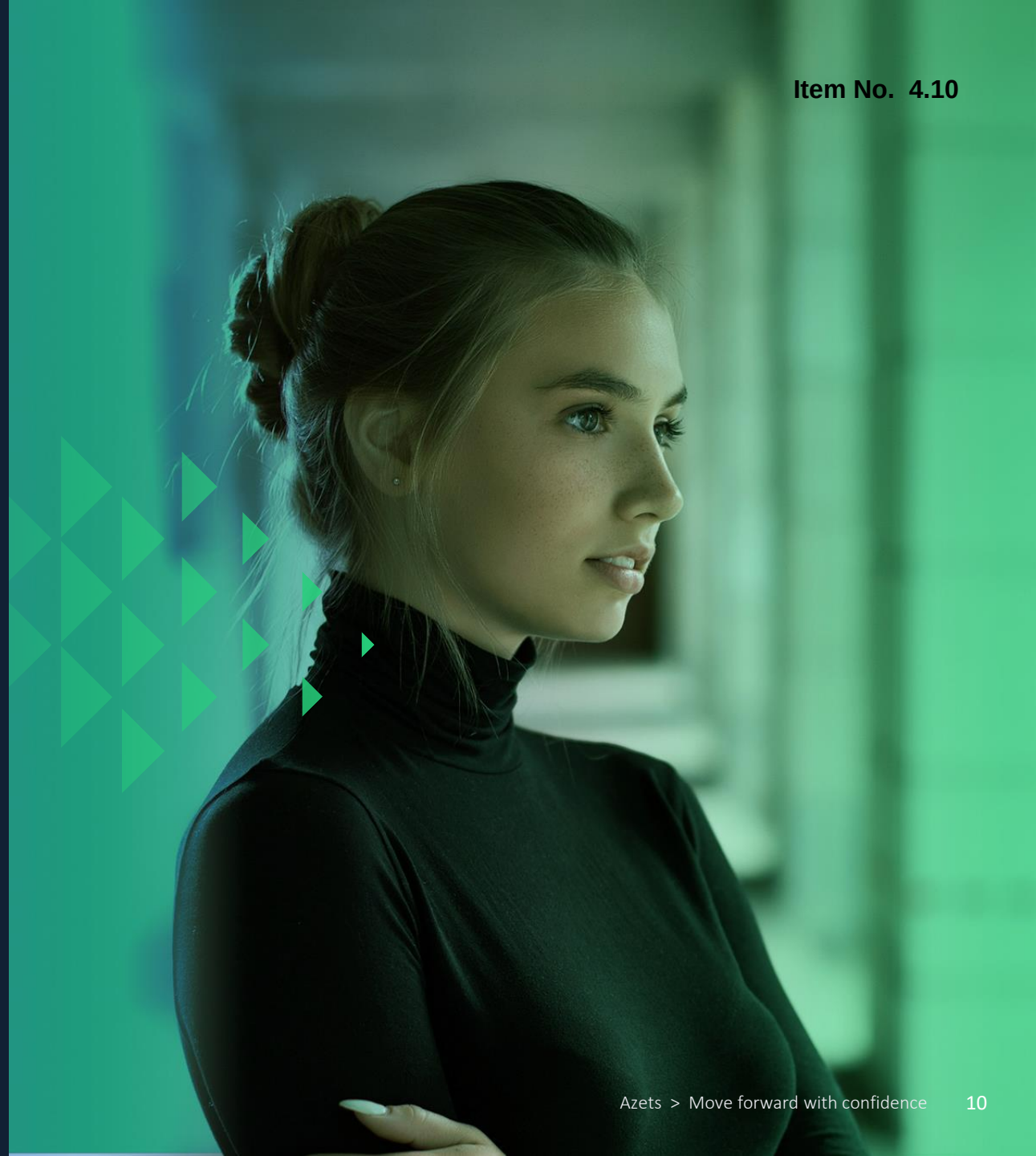
We will use audit specialists to assist us in our audit work in the following areas:

- The audit of actuarial assumptions used in the calculation of the defined benefit pension liability/asset; and
- The audit of property valuations, should the need arise during the audit.

Additional procedures required by the National Audit Office

The National Audit Office (the 'NAO') issues group audit instructions which set out additional group audit requirements. We expect the procedures for this year to be similar to previous years.
The NAO audit team for the WGA request us to undertake specific audit procedures in order to provide them with additional assurance over the amounts recorded in the Council's WGA schedules. The extent of these procedures will depend on whether the Council has been selected by the NAO as a sampled component for 2025/26. As at the date of this report, the draft instructions have not yet been issued by the NAO, and the NAO has not yet confirmed which entities will be sampled components. We will comply with the instructions and to report to the NAO in accordance with their requirements once instructions have been issued.

Audit timeline



Audit Timeline

The following timeline indicates the key milestones of the audit.

December 2025 to February 2026 → March to April 2026 → 31 March 2026 → September to December 2026 → January 2027 → January 2027 → By 31 January 2027

Planning	Interim	Period end: 31st March	Final accounts	Audit Committee	Completion	Sign off
▸ Identify changes in your business environment ▸ Determine materiality ▸ Scope the audit ▸ Risk assessment ▸ Planning meetings with management ▸ Planning requirements checklist to management ▸ Issue Audit Plan	▸ Document control design and effectiveness ▸ Discuss Audit Plan with Audit & Governance Committee	▸ Management to produce accounts for audit by statutory deadline of 30 June 2026	▸ Regular updates with management ▸ Completion of all audit testing ▸ Review of Narrative Report and Annual Governance Statement ▸ Undertake procedures on significant risk areas ▸ Report observations on other risk areas, management judgements ▸ Draft Audit Completion Report ▸ Close-out meeting with management	▸ Discuss audit findings with Audit & Governance Committee ▸ Issue draft Audit Completion (ISA260) report	▸ Subsequent events procedures ▸ Management representation letter ▸ Receive IAS19 assurance letter from pension fund auditor ▸ Sign financial statements ▸ Issue Auditor's Annual Report	▸ Sign Audit Report ▸ Issue delayed Audit Certificate

Materiality

Materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements

Judgments about materiality are made in the light of surrounding circumstances and are affected by our perception of the financial information needs of users of the financial statements, and by the size or nature of a misstatement, or a combination of both.

Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report to those charged with governance and management any uncorrected misstatements of lower value errors to the extent that our audit identifies these.

Under ISA (UK) 260 we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA (UK) 260 defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

An omission or misstatement is regarded as material if it would reasonably influence the users of the financial statements. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the Council and the needs of the users. When planning, we make professional judgements about the size of misstatements which we consider to be material, based on our knowledge of the Council, considering factors such as financial stability, expectations of readers and stakeholders, sector developments and financial reporting requirements. In determining materiality, we consider the level of misstatement that could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Our determination of materiality:

- Informs the scope of our audit and audit procedures
- Informs the sample sizes required for substantive testing
- Informs our consideration in evaluation the effect of actual and projected misstatements in the financial statements

Materiality is revised as our audit progresses, should we become aware of any information that would have caused us to determine a different amount had we known about it during our planning.

We also consider whether any specific items of account require a separate, lower materiality. We have determined that no specific materiality levels needed to be set for this audit.

Materiality

The table below highlights the levels of materiality determined at the planning stage of the audit

	Council £000	Explanation
Overall materiality for the financial statements	£1,317	This is 1.8% of gross revenue expenditure based on the published prior year financial statements. This is a common measure for calculating materiality for councils as the primary interest of users of the Council's financial statements is in the cost of providing services, how the Council manages its spending and where the Council has expended its income during the year.
Performance materiality	£856	Performance materiality has been set at 65% of overall materiality. This is based on the internal control environment of the Council and reflects our risk assessed knowledge of the potential for errors occurring. It is intended to reduce, to an acceptably low level, the probability that cumulative undetected and uncorrected misstatements exceed materiality for the financial statements as a whole.
Trivial threshold	£65.5	This is set at 5% of the overall materiality calculation. Individual errors above this threshold are communicated to those charged with governance.

Clearly trivial: matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria;
Material: an omission or misstatement that would reasonably influence the users of the financial statements.

Significant and other risks of material misstatement

Significant risks of material misstatement

Significant risks are risks that require special audit consideration

Significant risks are defined as risks that require special audit consideration and include risks of material misstatement that are close to the upper range of inherent risk due to their nature and a combination of the likelihood and potential magnitude of misstatement, or are required to be treated as significant risks due to requirements of auditing standards.

The table below summarises the significant risks. Detail behind each risk and the work proposed is set out on the subsequent pages.

Significant risk	Financial Statement / Assertion Level Risk	Fraud risk?	Inherent risk of material misstatement
Management override of controls	Financial Statement Level	Yes	Very high
Prior year opinion on the financial statements	Financial Statement Level	No	Very high
Presumption of fraud in revenue recognition	Assertion Level	Rebutted	Low
Presumption of fraud in expenditure recognition	Assertion level	Rebutted	Low
Valuation of land and buildings, council dwellings and investment properties	Assertion Level	No	High
Valuation of the defined benefit pension fund net liability / asset (IAS19)	Assertion Level	No	High
Implementation of IFRS16	Assertion Level	No	High

Significant risks of material misstatement

Significant risks at the financial statement level

The table below summarises significant risks of material misstatement at the financial statement level. These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Significant risk	Audit approach
Management override of controls Auditing Standards require auditors to treat management override of controls as a significant risk on all audits. This is because management is in a unique position to perpetrate fraud by manipulating accounting records and overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Specific areas of potential risk including manual journals, management estimates and judgements and one-off transactions outside the ordinary course of the business. **Risk of material misstatement:** Very high	Procedures we will perform to mitigate risks of material misstatement in this area will include: • Documenting our understanding of the journals posting process and evaluating the design effectiveness and implementation of management controls over journals; • Analysing the journals listing and determining the criteria for selecting high risk and/or unusual journals; • Testing high risk and/or unusual journals posted during the year and after the draft accounts stage back to supporting documentation for appropriateness, corroboration and to ensure approval has been undertaken in line with the Council's journals policy; • Gaining an understanding of the key accounting estimates and critical judgements made by management. We will also challenge assumptions and consider for reasonableness and indicators of bias which could result in material misstatement due to fraud; and • Evaluating the rationale for any changes in accounting policies, estimate or significant unusual transactions.

Significant risks of material misstatement

Significant risk	Audit approach
Prior year opinion on the financial statements As a result of the backstop implemented on 27 February 2026, we issued a disclaimed audit opinion on the Council's 2024/25 financial statements. Disclaimed audit opinions have also been provided on the council's accounts for the 2021/22, 2022/23 and 2023/24 years. As a result of prior year disclaimed audit opinion: • There is limited assurance available over the Council's opening balances, including those balances which involve higher levels of management judgement and more complex estimation techniques (e.g defined benefit pension valuations, land and building, council dwelling and investment property valuations, amongst others); and • Significant transactions, accounting treatment and management judgements will not have been subject to audits for one or more years. This may include management judgements and accounting treatment in respect of significant transactions which came into effect during the qualified or disclaimed periods. The absence of prior year assurance raises a significant risk of material misstatement at the financial statement level that may require additional audit procedures. **Inherent risk of material misstatement:** • **Prior year opinion on the financial statements**: Very high	Procedures we will perform to mitigate risks of material misstatement in this area will include: • Considering the findings and outcomes of prior year audits and their impact on the 2025/26 audit; • Considering the impact on our audit of qualified or disclaimed audit opinions, particularly regarding opening balances and 'unaudited' transactions and management judgements made in the previous years which continue into 2025/26; • Perform a risk assessment in line with the LARRIG 06 guidance; • Determine an approach to rebuilding assurance in line with the LARRIG 06 guidance; and • Considering the impact of any changes in Code requirements for financial reporting in previous and current audit years.

Significant risks of material misstatement

Significant risks at the assertion level for classes of transaction, account balances and disclosures

The following tables summarise significant risks of material misstatement at the assertion level for classes of transaction, account balances and disclosures

Significant risk	Audit approach
Fraud in revenue recognition Material misstatement due to fraudulent financial reporting relating to revenue recognition is a rebuttable presumed risk in ISA (UK) 240. Having considered the nature of the revenue streams at the Council, we consider that the risk of fraud in revenue recognition can be rebutted due to the following: • There is little incentive to manipulate revenue recognition; • Opportunities to manipulate revenue recognition are very limited; • The culture and ethical frameworks of local authorities mean that all forms of fraud are seen as unacceptable Therefore, we do not consider this to be a significant risk for the Council.	We do not consider this to be a significant risk for the Council and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.

Significant risks of material misstatement

Significant risk	Audit approach
Fraud in expenditure recognition Due to the presumption that there are risks of fraud in expenditure recognition, we are required to evaluate which types of expenditure, expenditure transactions or assertions give rise to such risks. We have considered Practice Note 10, which comments that for certain public bodies, the risk of manipulating expenditure could exceed the risk of manipulating revenue. We have therefore considered the risk of fraud in expenditure at the Council for all expenditure streams and concluded that there is not a significant risk. This is due to the low fraud risk in the nature of the underlying nature of the transactions, the high predictability of certain expenditure streams, such as payroll or interest, or the immaterial nature of the expenditure streams both individually and collectively. Our consideration of expenditure streams also included capital expenditure and similarly concluded that there is not a significant risk. Capital expenditure transactions are likely to be larger and subject to more scrutiny, reducing the risk of improper recognition.	We do not consider this to be a significant risk for the Council and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.

Significant risks of material misstatement

Significant risk	Audit approach
Valuation of land and buildings, council dwellings & investment properties (key accounting estimate) Revaluation of operational land and buildings should be performed in line with the revised revaluation requirements for 2025/26 onwards set out in the CIPFA Code. The council carries out a rolling programme of asset valuations that ensures that all property, plant and equipment that is required to be measured at current value is revalued at least every 5 years. Housing stock is valued on an ''Existing Use – Social Housing'' basis, to ensure compliance with the requirements set out in the 2025/26 CIPFA Code. Management engaged the services of a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS) to undertake any valuations required as of 31 March 2026. The valuations involve a wide range of assumptions and source data and are therefore sensitive to changes in market conditions. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external expert valuers and the methods, assumptions and source data underlying the fair value estimates. This represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of operational land and buildings as a significant risk. We will further pinpoint this risk to specific assets, or asset types, on receipt of the draft financial statements and the year-end updated asset valuations, to those assets where the valuation movement falls outside of our expectations, there are significant changes to any of the key assumptions or the year-end valuation is considered material. **Inherent risk of material misstatement:** • Land and buildings, council dwellings and investment properties (valuation): High	Procedures we will perform to mitigate risks of material misstatement in this area will include: • Evaluating management processes, controls and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work; • Evaluating the competence, capabilities and objectivity of the valuation expert; • Considering the basis on which the valuations are carried out and challenging the key assumptions applied; • Evaluating the reasonableness of the valuation movements for assets revalued during the year, with reference to market data; • For unusual or unexpected valuation movements, testing the information used by the valuer to ensure it is complete and consistent with our understanding; • Ensuring revaluations made during the year have been input correctly to the fixed asset register and the accounting treatment within the financial statements is correct; • Evaluating the assumptions made by management for any assets not revalued during the year and how management are satisfied that these are not materially misstated; and • Engaging our own valuations expert, where necessary, to assess any judgemental assumptions used that underpin the final valuations.

Significant risks of material misstatement

Significant risk	Audit approach
Valuation of the defined benefit pension net liability / asset – IAS19 (key accounting estimate) The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions. An actuarial estimate of the net defined benefit pension liability/asset is calculated on an annual basis under IAS 19 'Employee Benefits', and on a triennial funding basis, by an independent firm of actuaries with specialist knowledge and experience. The triennial estimates are based on the most up to date membership data held by the pension fund and a roll forward approach is used in intervening years, as permitted by the CIPFA Code. The calculations involve a number of key assumptions, such as discount rates and inflation and local factors such as mortality rates and expected pay rises. The estimates are highly sensitive to changes in these assumptions and the calculation of any asset ceiling when determining the value of a pension asset (where relevant). ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external experts (the actuary) and the methods, assumptions and source data underlying the estimates. This represents a key accounting estimate made by management within the financial statements due to the size of the gross asset and liability values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of the net pension liability/asset as a significant risk. **Inherent risk of material misstatement:** • Pension fund net liability / asset (valuation): High	Procedures we will perform to mitigate risks of material misstatement in this area will include: • Evaluating managements processes for the calculation of the estimate, the instructions issued to management's expert (the actuary) and the scope of their work; • Evaluating the competence, capabilities and objectivity of the actuary; • Assessing the controls in place to ensure that the data provided to the actuary by the Council and their pension fund was accurate and complete; • Evaluating the methods, assumptions and source data used by the actuary in their valuations, with the support of an auditors' expert; • Testing the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • If the pension fund is in surplus, ensuring that any asset recorded in the financial statements, and any additional liabilities for secondary contributions have been accounted for correctly in line with the requirements of IFRIC 14; • Obtaining assurances from the pension fund auditor as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements; and • Ensuring pension valuation movements for the year and related disclosures have been correctly reflected in the financial statements.

Significant risks of material misstatement

Significant risk	Audit approach
Implementation of IFRS 16 IFRS 16 was adopted and implemented by local government bodies under the Code of Audit Practice from 1 April 2024. Under IFRS 16 a lessee is required to recognise a right of use asset and associated lease liability in its Balance Sheet. This will result in significant changes to the accounting for leased assets and the associated disclosures within the financial statements for the year ended 31 March 2025 onwards. The 2024/25 Code has also changed the accounting treatment for indexation linked payments in liabilities for service concession arrangements. Local authorities must remeasure if there is a change in future lease payments resulting from a change in an index / rate used to determine those payments and ensure that the financial statements accurately reflect the impact of the revised IFRS 16 accounting arrangements. We have therefore identified the implementation of IFRS16 as a significant risk, with the relevant assertions being completeness and completeness of the liability – i.e. the risk that the Council may not have identified all leases which fall within the scope of IFSR16 as part of the implementation of the new accounting standard and the valuation of the liability may be misstated. We were unable to complete testing for this significant risk area for 2024/25, and as such IFRS 16 remains a significant risk area for 2025/26. **Inherent risk of material misstatement:** • Right of use assets and corresponding liabilities (completeness, valuation): High	Procedures performed to mitigate risks of material misstatement in this area will include: • Perform a walkthrough of the council's systems and processes to capture the data required to account for right of use lease assets and associated liability in accordance with IFRS 16; • Review the council's accounting policies for the year ended 31 March 2025 to reflect the requirements of the new accounting standard; • Assess the valuation and completeness of the right of use assets and associates lease liabilities, and the related disclosures within the financial statements; and • Evaluate whether RoU assets and lease liabilities have been appropriately remeasured in line with the requirements of IFRS 16 as set out in the CIPFA Code.

IT Audit strategy

IT Audit strategy

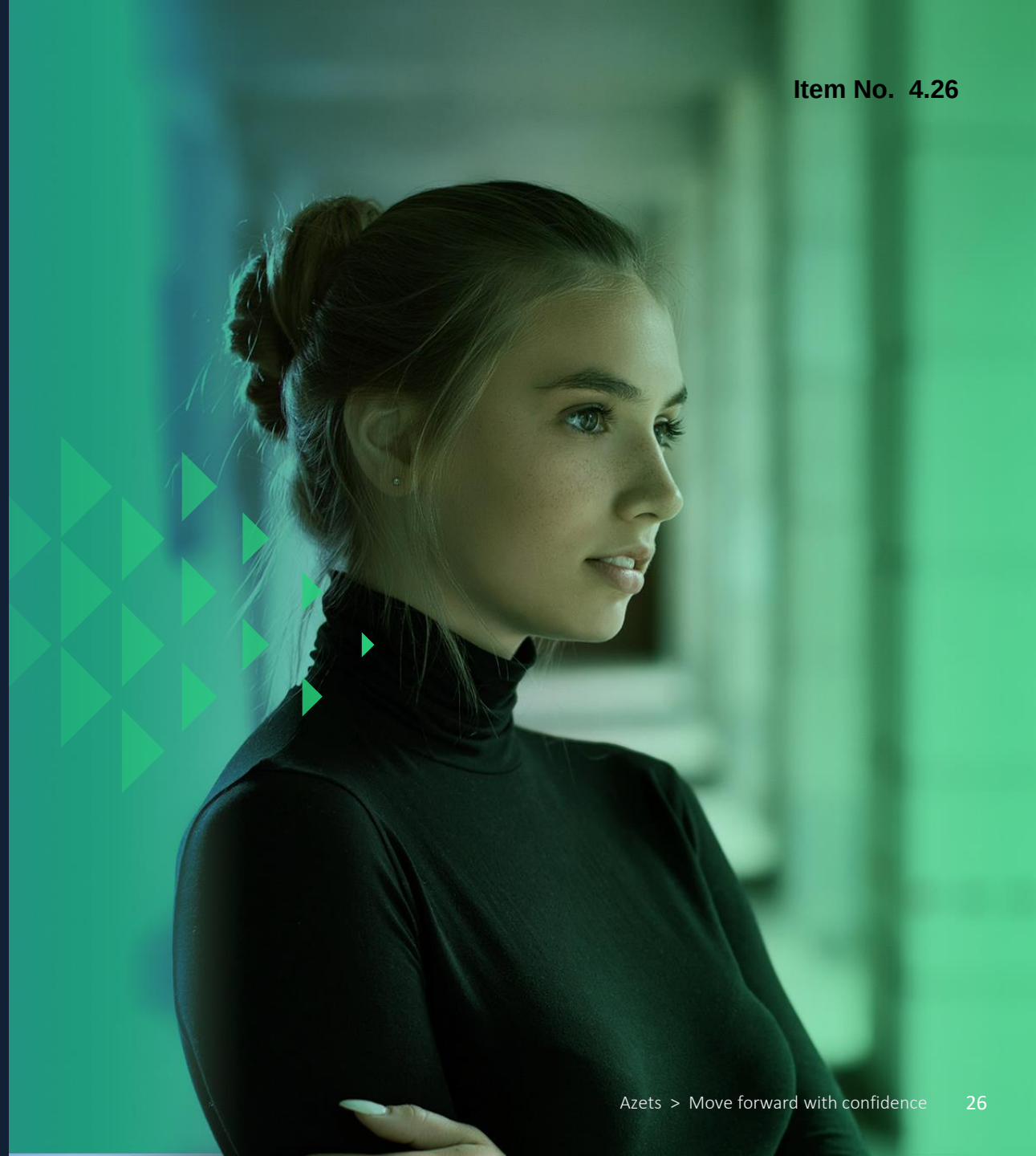
In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audit and assess the relevant IT general controls (ITGCs) in 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:

IT Application	Audit area	Planned level of IT audit assessment
General ledger - Civica Financials	Financial reporting, expenditure, payables, income, receivables, journals	ITGC assessment (design and implementation effectiveness only)
Active Directory	Network access and authorisation	ITGC assessment (design and implementation effectiveness only)

Value for money



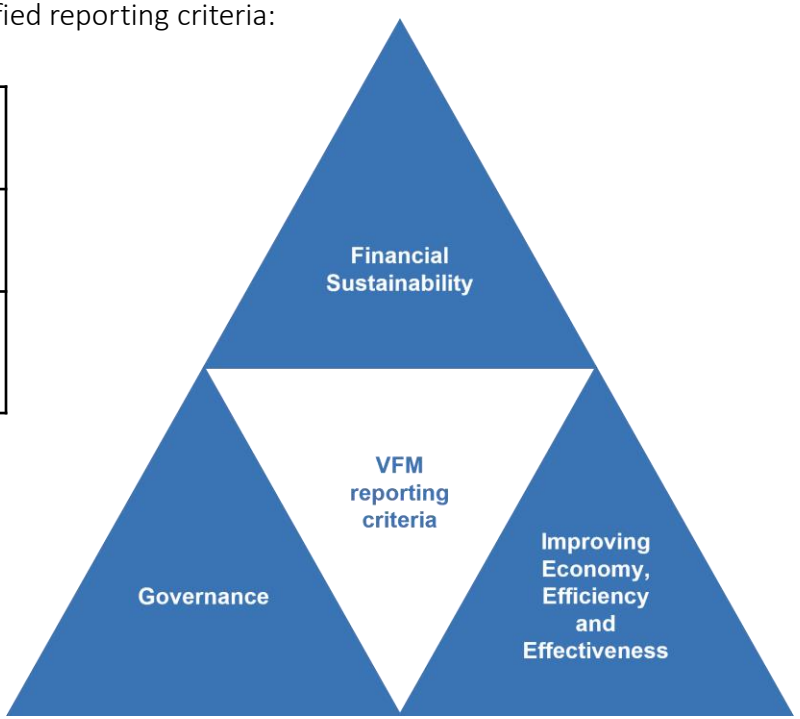
Value for money

We are required to consider whether the Council has established proper arrangements to secure economy, efficiency and effectiveness in its use of resources, as set out in the NAO Code of Practice 2024 and the requirements of Auditor Guidance Note 3 ('AGN 03').

NAO Auditor Guidance Note 03 'Auditors' Work on Value for Money Arrangements' ("AGN 03") was updated and issued on 14 November 2024 and requires us to provide an annual commentary on arrangements, which will be published as part of the Auditor's Annual Report. Such commentary will highlight any significant weaknesses in arrangements, along with recommendations for improvements.

When reporting on such arrangements, the Code of Practice requires us to structure our commentary under three specified reporting criteria:

Financial sustainability	How the body plans and manages its resources to ensure it can continue to deliver its services
Governance	How the body ensures it makes informed decisions and properly manages risk
Improving economy, efficiency and effectiveness	How the body uses information about its costs and performance to improve the way it manages and delivers its services



As part of the planning process, we are required to perform procedures to identify potential risks of significant weaknesses in the Council's arrangements to secure VFM through the economic, efficient and effective use of its resources.

We are required to re-evaluate this risk assessment during the course of the audit and, where appropriate, update our work to reflect emerging risks or findings that may suggest a significant weakness in arrangements. We may make recommendations following the completion of our work.

Value for money

Risks of significant weakness

We have carried out an initial risk assessment to identify any risks of potential significant weakness in respect of the three specific areas of proper arrangements using the guidance contained in AGN 03. We will re-evaluate this risk assessment during the course of the audit and, where appropriate, update our work to reflect emerging risks or findings that may suggest a significant weakness in arrangements. For 2025/26 the National Audit Office's draft updated VFM guidance (AGN03) highlights that the arrangements bodies put in place to manage reorganisation fit within the scope of VFM arrangements work. There is a risk that significant weaknesses may increase where an entity is involved in, or planning, for reorganisation. Our VFM work will therefore be extended in 2025/26 to consider the impact of rganisation on the council's VFM arrangements. The risks we have identified are detailed in the table below along with the further procedures we will perform.

Reporting criteria	2024/25 significant weaknesses reported?	2025/26 planning: risk of significant weakness identified?	Risk based procedures include but are not limited to the following:
Financial sustainability How the body plans and manages its resources to ensure it can continue to deliver its services	No	No	We have not at this stage identified any risks of significant weakness that require specific audit procedures. We will undertake sufficient work to document our understanding of your arrangements as required by the Code.
Governance How the body ensures it makes informed decisions and properly manages risk	Yes	Yes	We will review actions taken by the Council in response to the previously raised significant weaknesses and assess whether these remains areas of significant weakness in 2025/26. We have identified areas of focus in relation to potential local government reorganisaton, delivery of the town centre regeneration project and the future plans for the Council's Theatre.
Improving economy, efficiency and effectiveness How the body uses information about its costs and performance to improve the way it manages and delivers its services	No	No	We have not at this stage identified any risks of significant weakness that require specific audit procedures. We will undertake sufficient work to document our understanding of your arrangements as required by the Code.

Value for money

Significant weaknesses and key recommendations 2024/25

The significant weaknesses we identified in the prior year, and the key recommendations made are set out below:

Significant weakness identified 2024/25	Criteria	Sub criteria	Key recommendation 2024/25
Governance arrangements in relation to arrangements for financial monitoring and capacity of the finance team.	Governance	How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements.	The Council should: • ensure it has adequate capacity in its finance team and ensure that budget holders receive formal financial monitoring reports during the year; and • produce draft financial statements in line with statutory requirements and working with external auditors to deliver audits effectively.
Governance arrangements in relation to risk management	Governance	How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud.	The Council should ensure that: • directorate risk registers are in place for all service areas; • directorate risk registers are subject to regular review to ensure that appropriate mitigating actions are being taken; and • processes are in place to escalate risks identified on directorate risk registers to the operational and strategic risk registers where appropriate.

Value for money

Significant weaknesses and key recommendations 2024/25 (continued)

Significant weakness identified 2024/25	Criteria	Sub criteria	Key recommendation 2024/25
Governance arrangements in relation to internal controls relating to fraud.	Governance	How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud.	The Council should update the Anti-fraud and Bribery Framework and the Confidential Reporting Framework.

Audit team and requirements

Audit team and requirements

Your core audit team

Key Audit Partner	Manager	Audit In-Charge	Value for money
Laura Hinsley Laura.Hinsley@azets.co.uk Laura is the key contact for senior management and has overall responsibility for audit quality and the audit opinion. Laura took over from Andy Reid as Key Audit Partner in July 2026.	**Manpreet Kaur** Manpreet.kaur@azets.co.uk Manpreet is responsible for the overall management of the audit and quality assurance of audit work. She is the key contact for the finance team management.	**Shahzaib Ali** Shahzaib.Ali@azets.co.uk Shahzaib leads the on and off-site audit visits. He is the key day-to-day contact for the finance team.	**Amy Hughes** Amy.Hughes@azets.co.uk Amy will lead on our value for money work. She is responsible for meeting with Officers and Members and reviewing the arrangements for obtaining value for money.

Our expectations and requirements

For us to be able to deliver the audit in line with the agreed fee and timetable, we require the following:

- Draft financial statements to be produced to a good quality by the deadlines you have agreed with us. These should be complete including all notes, the Narrative Report and the Annual Governance Statement;
- The provision of good quality working papers at the same time as the draft financial statements. These will be discussed with you in advance to ensure clarity over our expectations;
- The provision of agreed data reports at the start of the audit, fully reconciled to the values in the accounts, to facilitate our selection of samples for testing
- Ensuring staff are available and on site (as agreed) during the period of the audit; and
- Prompt and sufficient responses to audit queries within 3 working days to minimise delays. We acknowledge working patterns of part-time staff and therefore adjust this accordingly.

The audit process is underpinned by effective project management to ensure we co-ordinate and apply our resources efficiently to meet your deadlines. It is therefore essential that the audit team and the Council's finance team work closely together to achieve this timetable.

Audit independence, objectivity and other services provided

Independence, objectivity and other services provided

The Ethical Standards and ISA (UK) 260 require us to give you full and fair disclosure of matters relating to our independence. In accordance with our profession's ethical requirements and further to our audit plan issued confirming audit arrangements we confirm that there are no further facts or matters that impact on our integrity, objectivity and independence as auditors that we are required or wish to draw to your attention. We consider an objective, reasonable and informed third party would take the same view.

We confirm that Azets Audit Services and the engagement team complied with the FRC's Ethical Standard. We confirm that all threats to our independence have been properly addressed through appropriate safeguards and that we are independent and able to express an objective opinion on the financial statements. In addition, we have complied with the National Audit Office's Auditor Guidance Note 01, which sets out supplementary guidance on ethical requirements for auditors of public sector bodies.

In particular:

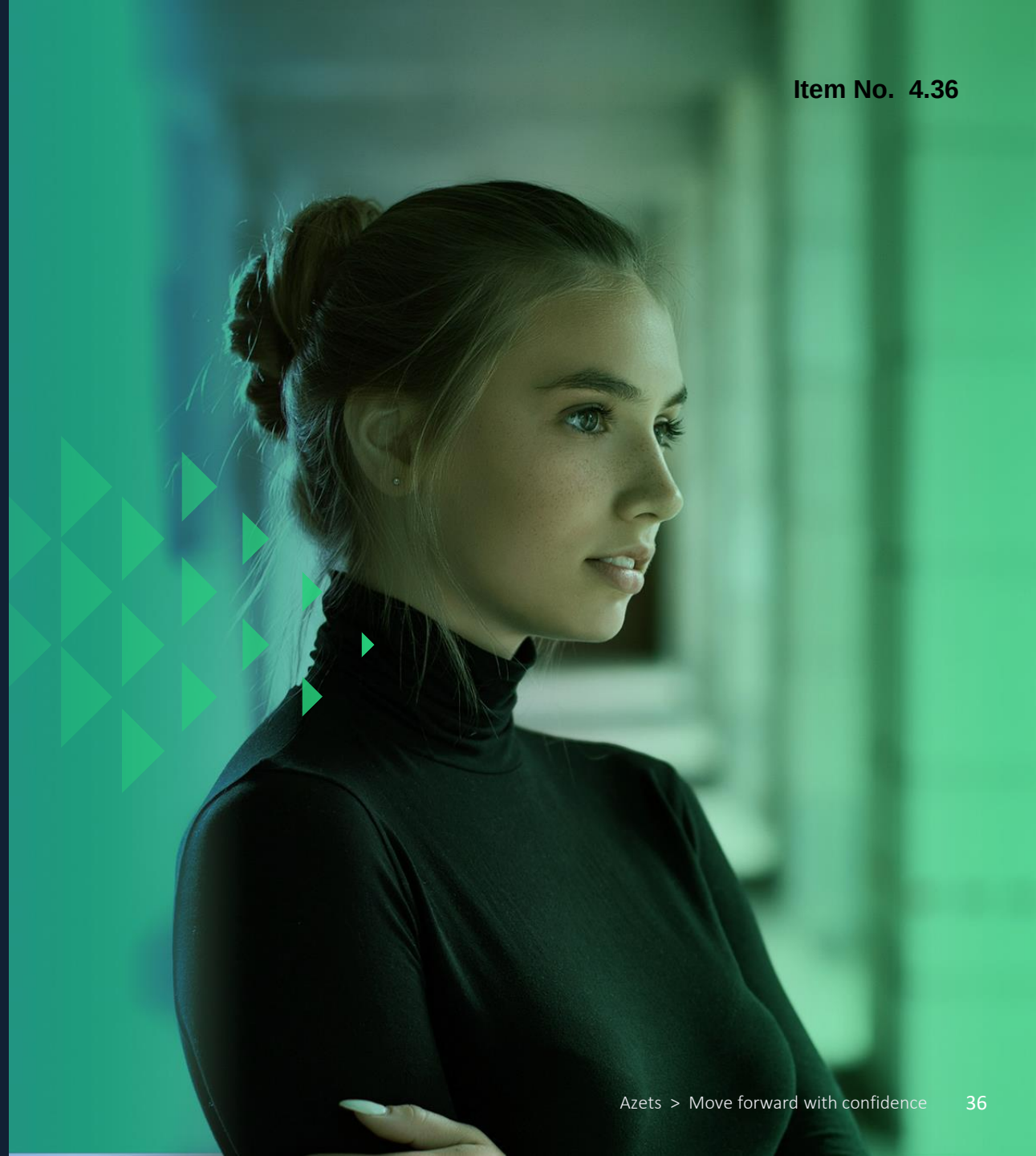
- Non-audit services: We provide assurance services as set out on the next page.
- Contingent fees: No contingent fee arrangements are in place for any services provided.
- Gifts and hospitality: We have not identified any gifts or hospitality provided to, or received from, any member of the Council, senior management or staff.
- Relationships: We have no other relationships with the Council, its directors, senior managers and affiliates, and we are not aware of any former partners or staff being employed, or holding discussions in anticipation of employment, as a director, or in a senior management role covering financial, accounting or control related areas.

Independence, objectivity and other services provided

Non-audit service fees

Service	Fee £	Threats identified	Safeguards
Certification of Housing Benefit Assurance Process (HBAP) claim 2023/24 Note – HBAP work is delayed due to the 2022/23 claim not being signed off by the Councils previous grants assurance providers.	28,000 plus 2,000 additional fee for each extended testing workbook required	Self interest (recurring fee) Self review Management	**Self-interest;** The level of this recurring fee in and of itself is not considered a significant threat to independence, given the low level of the fee compared to the total fee for the audit and in particular compared to Azets' UK turnover as a whole. The fee is fixed based on the volume of work required, with no contingent element. These factors, in our view, mitigate the perceived self-interest threat to an acceptable level. **Self review;** We do not complete the associated claim form/ return. The focus of our work is solely testing the data in the claim form/ return prepared by management. **Management;** The claim form/ return is completed by management and any adjustments or amendments identified to the form during the certification work are discussed and agreed by management prior to submission of our corresponding certification report to DWP/ MHCLG.
Certification of pooling of Housing Capital Receipts return (PHCR) 2025/26	10,000		

Fees



Fees

Our estimated fees for the year ending 31 March 2026 are shown to the right.

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). These stipulate the Engagement Lead must set a fee sufficient to enable the resourcing of the audit with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

PSAA set a fee scale for each audit that assumes the audited body has sound governance arrangements in place, has been operating effectively throughout the year, prepares comprehensive and accurate draft accounts and meets the agreed timetable for audit. This fee scale is reviewed by PSAA each year and adjusted, if necessary, based on auditors' experience, new requirements, or significant changes to the audited body. The fee may be varied above the fee scale to reflect the circumstances and local risks within the audited body.

This fee is estimated based on our understanding at this point in time and may be subject to change. Our planned fee is on the basis that our expectations set out on pages 27 and 38 are met.

It is our policy to bill for overruns or scope extensions e.g., where we have incurred delays, deliverables have been late or of poor quality, where key personnel have not been available, or we have been asked to do extra work.

The PSAA contract stipulates that fees must be raised upon completion of specific milestones:

- Issue of prior year's draft Auditor's Annual Report or Opinion issued, but not before 1 December
- Issues of the Draft Audit Plan
- Completion of 50% of planned hours
- Completion of 75% of planned hours

Audit fees	Proposed fee £
Scale fee: for the audit of the Council's financial statements	170,416
IFRS 16 significant risk	10,000
IFRIC 14 assessment	3,000
Build-back costs as per our build-back plan	216,090
Total audit fees	**399,506**

We will prepare a detailed build-back plan including estimated fees for the complete recovery process and share that with you by July 2026.

MHCLG has announced additional funding to Councils to support the cost of building back assurance. This is subject to draft accounts being published by 30 June 2026 and audit fees being paid.

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here: Fee Variations Overview - PSAA.

Our fee estimate also assumes that you will engage suitably competent experts to assist management in the following areas:

- Actuarial valuation of the defined benefit pension liability
- RICS compliant valuation of land and buildings and investment property

Item No. 4.38

AZETS

Item No. 5.1

Cannock Chase District Council

Build-back Plan

September 2026

Your key team members

Laura Hinsley
Key Audit Partner
Laura.Hinsley@azets.co.uk

Manpreet Kaur
Manager
Manpreet.Kaur@azets.co.uk

Shahzaib Ali
In-Charge auditor
Shahzaib.Ali@azets.co.uk

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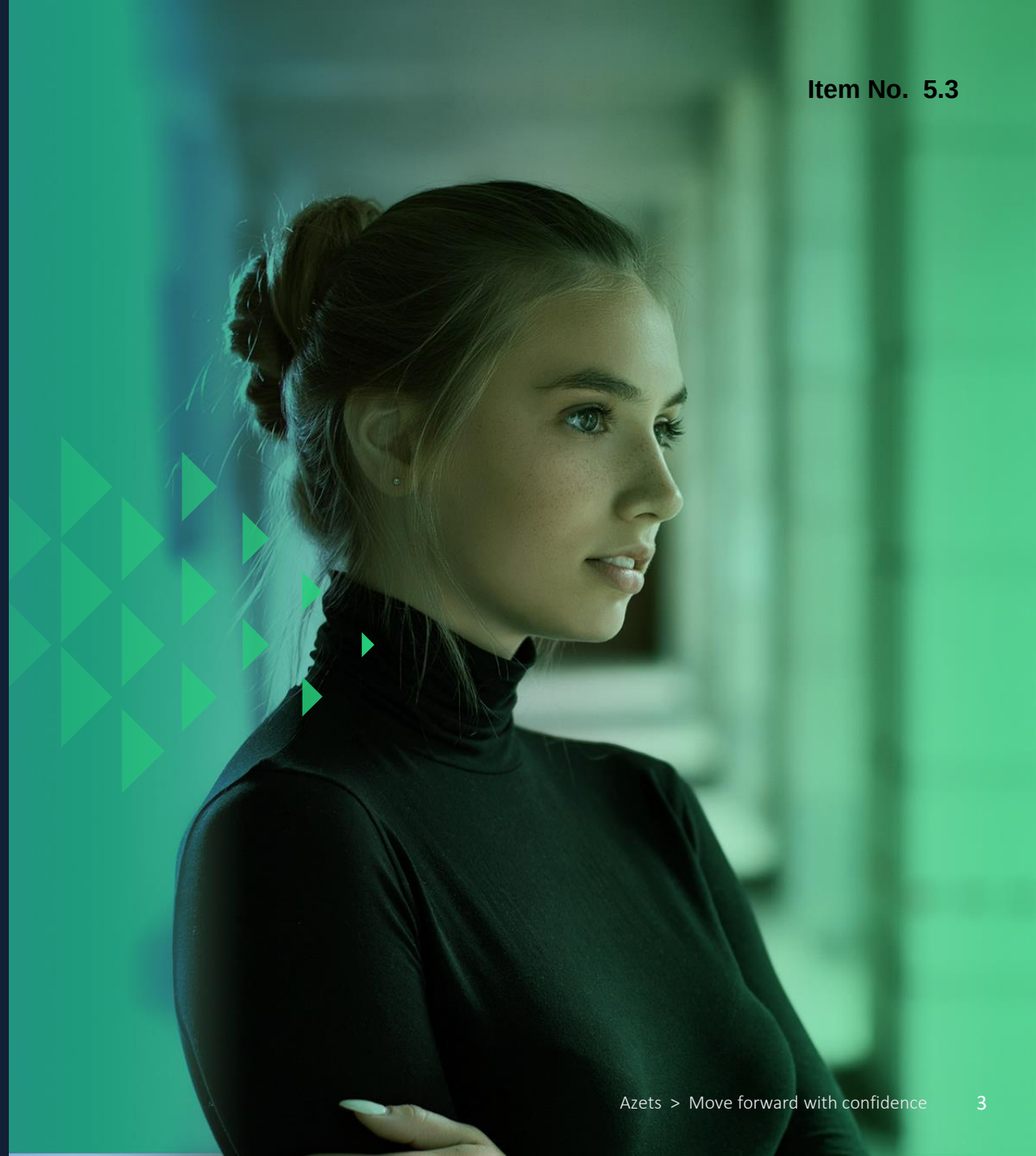
Executive summary



Executive summary

This section summarises, for the benefit of Those Charged with Governance, the build-back plan for our audit of Cannock Chase District Council.

Purpose of this report

We have set out our planned approach to the 2025/26 audit in our Audit Plan, which will be presented to the Audit Committee in September 2026.

We are responsible for performing the audit in accordance with International Standards on Auditing (UK), the National Audit Office Code of Audit Practice and associated Auditor Guidance Notes, including the Local Audit Reset and Recovery Implementation Guidance (LARRIG).

An audit is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the Audit and Governance Committee. However, as a disclaimed auditor's report has been issued on the financial statements of the Council for the financial years from 2021/22 to 2024/25, the LARRIGs recognise that the auditor may need to issue a further disclaimed audit opinion on the financial statements in 2025/26 due to lack of assurance on opening balances caused by prior year disclaimed audits. They also recognise that additional risk-based audit procedures will need to be carried out by the auditor to rebuild missing assurance from the disclaimed audit period.

We are committed to working with audited bodies to design a programme of work which will enable us to rebuild missing assurance over the disclaimed audit period and have heavily invested in the development of a risk-based audit approach for the required work to achieve a clean opinion prior to 1 April 2028.

Executive summary

Summary of approach

This report sets out our proposed build-back approach for the transactions and balances which occurred during your prior year disclaimed audit period from 1 April 2021 to 31 March 2025 based on our risk assessment of the Council.

The build-back plan provides an overview of the approach and the associated audit fees, which are covered by fee variations, which require review and approval by Public Sector Audit Appointments (PSAA). In setting out our approach we have split the plan across four key elements, which cover:

- Disclaimer planning and reporting;
- Planning and managing delivery of the build-back work;
- Balance sheet/non reserves related testing; and
- CIES/reserves related testing.

This documents sets out the estimated fees; scope of work and anticipated timing of delivery associated with each of these elements of the build-back plan.

Your support for the build-back process

Your support for the build-back process

As set out in this document, the full build-back process to recover from the last clean audit opinion being issued for the 2020/21 financial year involves a significant amount of audit work. In addition, we will also need to complete our required audit procedures for the 2025/26, 2026/27 and 2027/28 financial years (in line with our audit approach determined for in year work on disclaimed audits) alongside the process of rebuilding assurance on previously disclaimed periods. In total, this is likely to require levels of audit input higher than a normal annual audit process and may involve audit work being undertaken at times of the year outside of the normal audit delivery timeframes.

We recognise the ambitious nature of this plan, and we are committed to working with you to deliver this, and to move to the position of being able to issue an unmodified opinion on the Council's financial statements for the 2027/28 financial year. We have set out in this report what we consider to be a realistic plan to accomplish this. However, achieving this will only be possible with the full support and co-operation of the Council.

In particular, in order to achieve this outcome, the Council will need to ensure that:

- The council's finance function allocates sufficient resource to support both the annual audit process for 2025/26 and future financial years, and to support audit build-back testing of previously disclaimed periods;
- Good quality supporting information and evidence is made available in response to audit queries raised and sample testing requests issued; and
- Key officers are available to deal with audit queries and requests in line with agreed timescales.

To support the Council and its finance team we will ensure that we:

- Provide clear details of the scope of the build-back work required and the planned timescales for delivery;
- Set out clearly our expectations for supporting audit evidence which we will require in response to audit testing; and
- Share details of progress with you on a regular basis throughout the build-back process.

We will review this Build-back Plan every quarter to monitor progress made and make any adjustments as necessary to future timelines and expectations.

Build-back progress made in 2024/25

Build-back progress made in 2024/25

We commenced work on rebuilding assurance during our 2024/25 audit and reported details of the areas of work we planned to undertake, and the extent to which we were able to complete this work, in our Audit Completion Report (ISA 260 report).

The following sections on build-back testing for balance sheet/non reserves, and CIES/reserves, set out the level of assurance obtained to date in each area, split by previously disclaimed period. This is based on the level of progress we were able to achieve on build-back testing in 2024/25 and forms the basis of the assessment of further work necessary in each area to fully rebuild assurance.

The fees which were charged for this build-back work for 2024/25 are also included on the summary of estimated fees.

Building back assurance – estimated fees

Building back assurance – estimated fees

The estimated fees for completion of the build-back process are set out below. The figures for 2024/25 represent those already agreed and charged as part of the 2024/25 audit; the fees for 2025/26 onwards represent current estimates for completed of further build-back work required.

All fees relating to audit work on build-back and other disclaimer related audit work are raised through the fee variation process and as such are subject to approval by PSAA. These estimates do not cover fee variations for any non-build-back related issues which may be identified during the audit process, and which will be separately reported in our Audit Completion Reports (ISA260s).

	Estimated fees				
	2024/25 (actuals)	2025/26 (estimated)	2026/27 (estimated)	2027/28 (estimated)	Total
Disclaimer planning and reporting	14,940	10,245	10,245		35,430
Planning and managing delivery of the build-back work	18,090	41,459	41,459		101,007
Balance sheet/non reserves related testing	-	91,823	-		91,823
CIES/reserves related testing	45,400	72,564	72,564		190,527
Total	78,430	216,090	124,267		418,787

Disclaimer planning & reporting

Disclaimer planning & reporting

This element of the fee relates to the additional work necessary on a disclaimed audit to determine the nature of the opinion which it is appropriate for us to issue for each financial year.

A key requirement as we move through the build-back plan is to assess at what stage of the process we are able to move from a disclaimed opinion to a modified opinion, and then to an unmodified opinion. This assessment involves considerable input and consultation with the Technical and Compliance teams within Azets to ensure that we are only doing so when appropriate based on the level of assurance obtained.

Our current anticipated timeline, which underpins the rest of this build-back plan, is set out below. Achievement of this indicative timeline is based on completion of all planned work as set out in this plan, and the continued co-operation and support of the Council's finance team.

	2024/25 (actual)	2025/26 (anticipated)	2026/27 (anticipated)	2027/28 (anticipated)
Anticipated audit opinion	Disclaimed	Disclaimed	Modified/"except for"	Unmodified

Planning and managing delivery of the build-back work

Planning and managing delivery of the build-back work

This element of the fee relates to the audit input required to:

- Determine the overall approach required to rebuild assurance in line with relevant NAO Local Audit Reset and Recovery Implementation Guidance (LARRIGs);
- Carry out a detailed risk assessment to support this determination;
- Scope out the work required in each area across the full build-back plan;
- Develop a detailed plan setting out the resource requirements to deliver build-back work;
- Discuss and agreed these requirements and a timescale for delivery with the Council;
- Provide Key Audit Partner and Audit Manager direction and review of the build-back work as it is completed; and
- Carry out an overall assessment of the assurance provided by build-back work completed and the extent to which this supports the recovery of assurance across disclaimed periods.

We will need to continually revisit and update our approach and plans to deliver it throughout the course of our build-back process.

Planning and managing delivery of the build-back work (continued)

We completed our initial risk assessment in line with the requirements of LARRIG 06 in 2024/25, which is key to determining the overall approach we need to take to build-back assurance on reserves and so the level of detailed substantive testing required on CIES transactions for previously disclaimed periods. We set out for information a summary of the results of this risk assessment

Component	Activity	Outcome
Planning Risk Assessment (LARRIG 06)	We are required by LARRIG 06 to evaluate the inherent risk of material misstatement in the opening reserve balances following prior year disclaimers. We have completed a detailed assessment, and the scope of our review and conclusions are set out below.	
	Qualitative Risk Assessment We have considered a number of qualitative risk factors (not all of which apply), as set out in LARRIG 06, including: • Whether the Council has a history of timely production of the financial statements; • The number of years for which disclaimed opinions have been issued; • The level of reserves in place during the disclaimed period and their complexity; • The volume of movements in reserves over the disclaimed period; • The strength of the control environment in place at the Council over the period of disclaimed opinions; • Changes in key personnel, financial reporting systems or key processing activities during the disclaimed period; • Any previous reporting of significant deficiencies in control, significant weaknesses in arrangements to secure VFM or material or other misstatements during the disclaimed period; and • Issues reported by Internal Audit and in the Annual Governance Statements.	Our risk assessment has concluded that the Council is at the higher end of the risk spectrum for build-back assurance. Some of the factors leading to this are: the number of years for which disclaimed opinions have been issued, changes to the finance system over that period, weaknesses noted in the control environment and the presence of VFM significant weaknesses. This means extensive procedures over the Council's income and expenditure transactions will be required over the disclaimed period. The procedures we have identified that we will need to complete to build back sufficient audit assurance over opening balances are set out from pages 18 to 21 of this report.
	Quantitative Risk Assessment (LARRIG 06) We have also begun a detailed analysis of all the Council's useable and unusable reserves movements over the disclaimed period, assessing the internal consistency of the reserve movements with other transactions and disclosures in the Council's financial statements and the completeness of the expected reserve transactions.	

Build-back testing – Balance sheet/non reserves

Building back assurance – balance sheet/non reserves related

In order to build back sufficient assurance over elements of the Balance Sheet, we need to undertake substantive testing of movements in balances back to the last clean opinion date. We commenced this work in 2024/25 and set out below a summary of the level of assurance obtained to date.

We plan to complete all remaining build-back work on balance sheet/non reserves related areas in 2025/26.

	Current status of build-back work – by disclaimed period				Planning timing of remaining build-back work		
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Property, plant and equipment (PPE) opening balances	Not started	Not started	Not started	Not started	✓		
PPE and investment property additions	Completed*	Completed*	Completed*	Completed*	N/A		
PPE and investment property disposals	In progress	In progress	In progress	In progress	✓		
PPE reclassification movements	Not started	Not started	Not started	Not started	✓		
Right of use asset additions and associated liabilities				Not started	✓		
Revaluation and impairment movements	Not started	Not started	Not started	In progress	✓		
Infrastructure assets	Not started	Not started	Not started	Not started	✓		
Grants received in advance	Not started	Not started	Not started	Not started	✓		
Capital Expenditure and Financing (CRF/MRP)	In progress	In progress	In progress	In progress	✓		
Journals testing	Not started	Not started	Not started	Not started	✓		
Estimated fees					£91,823	£0	£0

* Subject to ongoing Audit Manager and Key Audit Partner review procedures.

Build-back testing – CIES/reserves

Building back assurance – CIES/reserves related

In order to build back sufficient assurance over reserves where the closing position is directly influenced by the opening position and movements over the disclaimed period, we need to undertake some substantive testing of the CIES transactions over the disclaimed period.
As set out on page 16 our risk assessment has concluded that the Council is at the higher end of the risk spectrum for build-back assurance. This means extensive procedures over the Council's income and expenditure transactions will be required over the disclaimed period. The table below summarises our planned timetable for the completion of prior year CIES testing and any testing completed in full or in part in previous years.

	Current status of build-back work – by disclaimed period				Planning timing of remaining build back work		
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Grant income (in cost of services and financing and investing income) • Government grants and contributions • Capital grants and contributions	In progress – subject to response	In progress – subject to response	In progress – subject to response	In progress – subject to response	✓		
Other fees and charges income	In progress	In progress	In progress	In progress	✓		
Taxation income • Council tax income • NNDR income	Not started	Not started	Not started	Not started		✓	
Interest and investment income	In progress	In progress	In progress	In progress	✓		
Staff costs expenditure	In progress	In progress	In progress	In progress	✓		
Other service costs expenditure	In progress	In progress	In progress	In progress	✓		
Internal recharges	Not started	Not started	Not started	Not started		✓	
Finance and interest expenditure	Not started	Not started	Not started	Not started		✓	

Building back assurance – CIES/reserves related (continued)

	Current status of build-back work – by disclaimed period				Planning timing of remaining build-back work		
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Depreciation charges	In progress	In progress	In progress	In progress	✓		
Housing revenue account rental income	Not started	Not started	Not started	Not started		✓	
Housing Revenue account expenditure	Not started	Not started	Not started	Not started		✓	
HRA/General fund capital grants classification testing	Not started	Not started	Not started	Not started		✓	
Housing benefit expenditure	Not started	Not started	Not started	Not started	✓		
Housing benefit income	Not started	Not started	Not started	Not started	✓		
Precepts and Levies	In progress	In progress	In progress	In progress	✓		
Revenue funded from capital under statute	Not started	Not started	Not started	Not started		✓	
Collection fund	Not started	Not started	Not started	Not started	✓		
Other testing on reserve movements	In progress	In progress	In progress	In progress	✓		
Estimated fees					£72,564	£72,564	£0

Item No. 5.22

AZETS

Internal Audit Update - August 2026

Committee: Audit & Governance

Date of Meeting: 23 September 2026

Report of: Chief Internal Auditor & Risk Manager

1 Purpose of Report

1.1 To present to the Audit & Governance Committee, for information, a progress report on the work of Internal Audit up to 31 August 2026.

2 Recommendations

2.1 That the Committee considers the progress report.

Reasons for Recommendations

2.2 The Audit & Governance Committee has responsibility for monitoring the work of Internal Audit and the Council's risk, control and governance arrangements.

3 Key Issues

3.1 Attached is a progress report showing the audits which have been issued between 1 April 2026 and 31 August 2026.

4 Relationship to Corporate Priorities

4.1 The system of internal controls reviewed by Internal Audit is a key element of the Council's corporate governance arrangements which cuts across all corporate priorities. Management are responsible for the control environment and should put in place policies, procedures and controls to help ensure that the system is functioning appropriately. Internal Audit work primarily supports the Responsible Council objective.

5 Report Detail

5.1 This report is a summary of the Internal Audit work between 1 April 2026 and 31 August 2026; full details are given in **Appendix 1**.

5.2 The report is a snapshot view of the areas at the time that they were reviewed and does not necessarily reflect the actions that have been or are being taken by managers to address the weaknesses identified. The inclusion or comment on any area or function in this report does not indicate that the matters are being escalated to Members for further action. Internal Audit routinely follow-up the recommendations that have been made and will bring to the attention of the committee any relevant areas where significant weaknesses have not been addressed by managers.

5.3 The table below gives a summary of the level of assurance for each of the audits completed in the period. More detailed information on each of the reports issued is contained in **Appendix 2**.

Number of Audits	Assurance	Definition
0	**Substantial** ✓	All High (Red), Medium (Amber) and Moderate (Yellow) risks have appropriate controls in place and these controls are operating effectively.
2	**Partial** ▲	One or more Moderate (Yellow) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks. Prompt action is required by management to address the weaknesses identified in accordance with the agreed action plan.
0	**Limited** !	One or more Medium (Amber) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks. Prompt action is required by management to address the weaknesses identified in accordance with the agreed action plan.
0	**No Assurance** ✖	One or more High (Red) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks. Immediate action is required by management to address the weaknesses identified in accordance with the agreed action plan.
1	**N/A**	Audit Work and Consultancy Reports which have not been given an Assurance

5.4 **Appendix 3** lists the audits that were in progress but had not been completed to draft report stage by the end of the reporting period.

5.5 **Appendix 4** shows information relating to follow-ups.

5.6 The Asset Management Strategy & Records follow-up remains Limited Assurance due to the level of progress made in addressing the recommendations. This is due, in part, to resource issues within the team.

5.7 Two audit areas have remained at Partial Assurance:

- Community Infrastructure Levy & s106
- Aelfgar Project

5.8 The three other areas followed up have all improved from Partial to Substantial Assurance.

5.9 The current indicative list of areas for review in 2026-27 is contained in **Appendix 5**. This list has been compiled following discussions with Heads of Service.

6 Implications

6.1 Financial

Nil.

6.2 Legal

Nil.

6.3 Human Resources

Nil

6.4 Risk Management

Nil.

6.5 Equalities and Diversity

Nil.

6.6 Health

Nil.

6.7 Climate Change

Nil.

7 Appendices

Appendix 1: Progress Monitoring - 1 April 2026 to 31 August 2026

Appendix 2: Audits Completed 1 April 2026 to 31 August 2026

Appendix 3: Audits in Progress

Appendix 4: Follow-ups Completed 1 April 2026 to 31 August 2026

Appendix 5: Provisional Audit Plan Work for 2026-27 Not Yet Started

8 Previous Consideration

None.

9 Background Papers

None.

Contact Officer: Stephen Baddeley

Telephone Number: 01543 464 415

Report Track: Audit & Governance Committee: 23/09/26

Item No. 6.4

Appendix 1

Progress Monitoring - 1 April 2026 to 31 August 2026

Audits Completed to Year to Date	Audits In Progress
3	4

The completed and in progress figures include audits from the 2025-26 Audit Plan which have been completed this year.

Level of Assurance	No Assurance	Limited	Partial	Substantial	N/A
Number of Audits Issued in Year to date	0	0	2	0	1

N/A is where the nature of the review did not enable an opinion to be issued on the area under review.
This is normally where the focus is narrow or where a project is at an early stage of progress.

Item No. 6.5

Appendix 2

Audits Completed 1 April 2026 to 31 August 2026

Audit	Head of Service	Status	Number of High Recommendations	Number of Medium/Moderate Recommendations	Assurance	Comments and Key Issues
Managing Absence	Business Support and Assurance	Final	0	2	Partial ▲	Return to work forms were not consistently completed and passed to HR after staff absences and managers were not all consistently sending in weekly absence returns for their teams. There was no current regular reporting to management of absence/sickness data.
Vehicle Workshop	Operations	Final	0	6	Partial ▲	• There are no comprehensive procedure notes for the operation of the Vehicle Workshop. • There was a need to review regular spend with suppliers with a view to formalising procurement arrangements and ensuring compliance with corporate procurement requirements. • There was an absence of stock records/inventory of parts that are held. • There was still a heavy reliance on payments by cash or cheque for private MOTs, leading to a need to store and reconcile cash and use an external cash collection company. • There are no performance measures in place for the Vehicle Workshop operation. There was a need to carry out a full health and safety inspection of the workshop.
Disabled Facilities Grant (County Assurance)	Wellbeing	Final	0	0	N/A	

Item No. 6.6

Appendix 3

Audits in Progress August 2026

Audit	Head of Service
Private Sector Housing (Deferred 2025-26)	Regulatory Services
CCTV	Wellbeing
Housing Allocations	Housing & Corporate Assets
Contracts and Contract Variation Management	Corporate

Item No. 6.7

Appendix 4

Follow-ups Completed 1 April 2026 to 31 August 2026

Audit	Head of Service	Original Assurance	Recommendations Implemented	Recommendations In Progress	Recommendations Not Implemented	Total	Revised Assurance	Comments/Key Issues
Asset Management Strategy & Records (4th Follow-up)	Housing & Corporate Assets	Limited !	0	4	2	6	Limited !	• Strategic Asset Reviews have not restarted although some condition surveys are being carried out. • In the absence of Strategic Asset Reviews, it has not been possible to produce Strategic Asset Plans. • Monitoring of the delivery of Strategic Asset Plans is not possible but actions from the Condition Surveys are now being collated and monitored. • A bespoke Asset Management System has not been implemented but a number of spreadsheets have been developed to capture key compliance data. • A comprehensive asset register is being compiled but it is taking time to collate all of the data.

Audit	Head of Service	Original Assurance	Recommendations Implemented	Recommendations In Progress	Recommendations Not Implemented	Total	Revised Assurance	Comments/Key Issues
Leaseholder Management (2nd Follow-up)	Housing & Corporate Assets	Limited !	3	3	0	6	Limited !	• There was still a need to develop a formal process to ensure that all relevant contracts and works follow the requirement to have a consultation with Leaseholders. • Work was still required to ensure that a central record of all Leasehold Properties was maintained. • There was still a need to utilise all the functionality available in the spreadsheets to ensure accurate and complete recharges are applied.

Audit	Head of Service	Original Assurance	Recommendations Implemented	Recommendations In Progress	Recommendations Not Implemented	Total	Revised Assurance	Comments/Key Issues
Community Infrastructure Levy & s106	Economic Development & Planning	Partial ▲	2	3	1	6	Partial ▲	• The automation and centralisation of CIL and s106 records has stalled due to the absence of funding. • No staff have been allocated to monitoring sites to identify trigger points for payments due to resources being focused on the production of new Local Plans. • No work has been carried out to review and monitor s106 balances to ensure funds are spent within deadlines where these are set out in the agreement. • There was a need to develop guidance for bidders for CIL contributions for projects. However, it was noted that no bidding has been carried out for over two years.
Aelfgar Project	Housing & Corporate Assets	Partial ▲	0	1	0	1	Partial ▲	A risk register has been produced but is not in line with corporate requirements for format, content or scoring.
IT Asset Management (5th Follow-up)	Business Support & Assurance	Partial ▲	0	1	0	1	Substantial ✓	

Audit	Head of Service	Original Assurance	Recommendations Implemented	Recommendations In Progress	Recommendations Not Implemented	Total	Revised Assurance	Comments/Key Issues
ICT Service Desk	Business Support & Operations	Partial ▲	1	0	0	1	Substantial ✓	
Pest and Dog Control (4th Follow-up)	Operations/ Regulatory Services	Partial ▲	1	2	0	3	Substantial ✓	

Item No. 6.11

Appendix 5

Provisional Audit Plan Work for 2026-27 Not Yet Started

Audit Area	Head of Service
CCDC Levelling Up / Town Centre Development	Economic Development & Planning
Planning Enforcement (deferred from 2024-25)	Economic Development & Planning
Enviro-crime/Environmental Fines & Misc Enforcement	Regulatory Services
Private Water Supply & Distribution (Deferred 2025-26)	Regulatory Services
CCDC Leisure Contract	Wellbeing
Housing Partnership Arrangements (Deferred 2025-26)	Wellbeing
Housing Void Management	Housing & Corporate Assets
Housing Adaptations	Housing & Corporate Assets
Property Management Compliance/ Stock Condition Surveys	Housing & Corporate Assets
Stores	Housing & Corporate Assets
Food Waste Project	Operations
Tree Management IT Project	Operations
Waste Management Contracts	Operations
Pest and Dog Control	Operations / Regulatory Services
Recruitment & Selection (Deferred 2025-26)	Business Support & Assurance
Payroll	Business Support & Assurance
Local Government Reorganisation	Corporate
Use of Consultants	Corporate
Bank Reconciliation (Deferred 2024-25)	DCE Resources
Council Tax	DCE Resources
Grants Procedures	DCE Resources
Housing Benefits	DCE Resources
National Non-Domestic Rates	DCE Resources
Industrial & Commercial Lease Management (Deferred 2025-26)	Housing & Corporate Assets
Public Buildings - (Deferred 2025-26)	Housing & Corporate Assets
Fleet Management Compliance (Deferred 2025-26)	Operations

Governance Improvement Plan – Progress Report for Quarter 1 2026/27

Committee: Audit & Governance Committee

Date of Meeting: 23 September 2026

Report of: Head of Business Support and Assurance

1 Purpose of Report

1.1 To advise Members on the progress in the delivery of the Governance Improvement Plan at the end of Quarter 1 2026-27.

2 Recommendations

2.1 To note the progress made in the delivery of the Governance Improvement Plan set out at Appendix 1.

Reasons for Recommendations

2.2 The information allows the Audit & Governance Committee to ensure that all appropriate steps are being taken to improve the Council's governance arrangements.

3 Key Issues

3.1 The findings of the annual review of the Council's governance arrangements for 2025-26 were reported to the Audit & Governance Committee on 30 June 2026. The report included an action plan to address the findings.

3.2 This report sets out the progress made in delivering the action plan up to the end of quarter 1 2026/27. Of the 8 actions due to be completed, 88% have been completed or are in progress.

4 Relationship to Corporate Priorities

4.1 Good governance and financial management specifically links to the Council's priority to be "a modern, forward thinking and responsible Council". It also underpins the delivery of the Council's other corporate priorities and operational services.

5 Report Detail

5.1 The Council has a statutory responsibility to undertake an annual review of the effectiveness of its governance arrangements, which includes the system of internal control and to publish an "annual governance statement" with the annual accounts.

5.2 In reviewing the effectiveness of the governance arrangements, the Council has to identify any 'significant governance issues' and what action will be taken to address these. There is no single definition as to what constitutes a 'significant governance issue' and judgement has to be exercised. Factors used in making such judgements include:

- the issue has seriously prejudiced or prevented achievement of a principal objective;
- the issue has resulted in a need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another service area;
- the issue has led to a material impact on the accounts;
- the Chief Internal Auditor has reported on it as significant, for this purpose, in the Internal Audit Annual Report;
- the issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the Council;
- the issue has resulted in formal action being taken by the Chief Financial Officer and/or the Monitoring Officer.

5.3 The Annual Governance Statement (AGS) for 2025-26 was approved by the Audit & Governance Committee on 30 June 2025. The statement sets out details of the review undertaken, the "significant governance issues" identified and the actions to be taken to address them. This includes the outstanding actions identified during the VFM review undertaken by the External Auditors.

5.4 This report provides an update on the progress in delivering the planned actions at the end of 2025/26. Details of the progress is given at Appendix 1 and overall performance is summarised in the table below:

Table 1: Summary of Progress - Governance Improvement Plan

			No longer applicable	Total Actions
Work on target	Work in progress but behind schedule	Work due but not yet started		
2	**5**	**0**	**1**	**8**

5.5 At the end of quarter 1, of the 8 actions due for delivery:

- 2 (25%) have been completed;
- 5 (63%) are in progress but behind schedule; and
- 1 (12%) target has been revised.

5.6 One of the significant recommendations made by the External Auditors (review of the fraud policy) has now been completed. The 5 actions in progress are now scheduled to be completed in Quarter 2.

6 Implications

6.1 Financial

There are no direct financial implications arising from the report.

6.2 Legal

None.

6.3 Human Resources

None.

6.4 Risk Management

A failure to deliver good governance, which includes the delivery of the improvement plan, has been included in the Council's Strategic Risk Register.

6.5 Equalities and Diversity

None.

6.6 Health

None.

6.7 Climate Change

None.

7 Appendices

Appendix 1: Governance Improvement Plan - Summary of Progress

8 Previous Consideration

None.

9 Background Papers

Report to Audit & Governance Committee 30 June 2026

Contact Officer: Judith Aupers

Telephone Number: 01543 464411

Ward Interest: All Wards

Report Track: Audit & Governance Committee 23/09/26

Key Decision: No

Item No. 7.4

Appendix 1

Governance Improvement Plan - Progress Report

Summary of Progress at 30 June 2026

✓	▲	✖	No longer applicable	Total Number of Actions Due to End of Quarter 1
Action Complete	**Work in progress but behind schedule**	**Work due but not started**	**N/A**	
2	**5**	**0**	**1**	**8**

Commentary on Progress:

The Anti-Fraud and Bribery Framework and the Confidential Reporting Framework have been updated and progress is being made in rolling out the Code of Conduct.

Work is in progress on 5 actions but is slightly behind schedule and will now be completed in Q2.

No	Action	Lead Officer	Timescale	Progress Update	Rating
1	**Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**				
1.1	**Behaving with Integrity** - Code of Conduct for Employees and Values to be rolled out across the Council and awareness training provided.	Head of Business Support & Assurance	Rollout in Quarter 1 Training in Quarter 2	Code of Conduct and Values have been launched via staff briefings, weekly notices and email to service managers.	✓
1.2	**Ethical Values** - Update the Anti-Fraud and Bribery Framework and the Confidential Reporting Framework. (External Audit - Significant Recommendation 3)	Chief Internal Auditor & Risk Manager	Completed April 2026	Complete	✓
1.3	**Ethical Values** - Develop a fraud risk register. (Outstanding action from 25/26)	Chief Internal Auditor & Risk Manager	Quarter 2		
1.4	**Ethical Values** – declaration of conflict of interests – awareness to be raise and annual review to be built into Employee Review process.	Head of Business Support & Assurance / HR Manager	Quarter 1 – awareness raising	Work is in progress to build this into the employee review process. Wider communications on the need to declare an interest will be issued in Q2	▲
			Quarter 2 – Employee Review process		
1.5	**Respecting the rule of law –** managers checks on compliance with the law and local policies/guidance needs to be evidenced. Guidance on this to be issued.	Head of Business Support & Assurance / Chief Internal Auditor & Risk Manager	Quarter 3		

No	Action	Lead Officer	Timescale	Progress Update	Rating
2	**Ensuring openness and comprehensive stakeholder engagement**				
2.1	Openness – Checklist to be introduced to ensure that Legal, Financial and HR implications in committee reports are completed and signed off by the relevant professional officers.	Head of Law & Governance	Quarter 2		
2.2	Reports which are not coming to Leadership Team for consideration prior to going to Cabinet, Council etc must be identified and agreement reached in advance – to be embedded into sign-off checklist. (action above)	Leadership Team	Quarter 2		
2.3	Engaging with Stakeholders – plan of key consultation for next 2 years to be developed.	Communications Manager	Quarter 2 – dependent on Leadership Team completing work plans		
3.	**Defining the vision and outcomes for the local area and determining the actions necessary to achieve the intended outcomes**				
3.1	**Ensuring VFM** - Put in place a formal SLA with Staffs County Council re the shared procurement arrangements. (External Audit - Other Recommendation 3)	Head of Business Support & Assurance	**No further action**	Agreed not to progress this due to the advent of LGR	**N/A**

No	Action	Lead Officer	Timescale	Progress Update	Rating
3.2	**Ensuring VFM** - Provide regular reports to Members on single tender waivers. Waivers to be reported on to the Responsible Council Scrutiny Committee quarterly. (External Audit - Other Recommendation 3)	Head of Law & Governance	Quarter 1 onwards	Researching options as to how best to report on waivers and collate the information needed. Considering adopting annual report.	
3.3	**Ensuring VFM** - Update the contracts register and ensure it is compliant with transparency requirements – to be updated as part of the preparations for LGR. This will also include the development of a plan of those contracts which need to be re-tendered in the next 2 years. (External Audit - Other Recommendation 3)	Head of Business Support & Assurance and Leadership Team	Quarter 1 Quarter 2	Work is in progress and this will be completed in Q2.	
3.4	**Fair access to services** – Equality, Diversity & Inclusion Policy, Equality Impact Assessment Template and guidance to be updated and training provided.	Head of Business Support & Assurance and HR Manager	Quarter 2		

No	Action	Lead Officer	Timescale	Progress Update	Rating
4.	**Determining the interventions necessary to achieve the intended outcomes**				
4.1	**Performance Management** - Develop a data quality policy or similar process for providing assurance on KPIS as part of performance management reporting. **(External Audit - Other Recommendation 2)**	Head of Business Support & Assurance	**No further action**	Agreed not to progress this due to limited capacity and LGR.	**N/A**
4.2	Develop work plans for all Heads of Service for the next 2 years to manage the lead up to LGR. To include the development of a performance reporting framework for Leadership Team. (Outstanding action from 25/26)	Deputy Chief Executive (Resources) and Deputy Chief Executive (Place)	Quarter 1	Draft work plans and delivery plans have been prepared. These are being reviewed and will be finalised in Q2	
4.3	Review of service delivery information (KPIs) and approach to service improvements to identify what information is being collected and to assess and fill any key gaps.	Head of Business Support & Assurance and Leadership Team	Quarter 3		
4.4	Facilitated session with Leadership Team to progress developing a culture of ownership and accountability.	Deputy Chief Executive (Resources) & S151 Officer and Head of Business Support & Assurance	Quarter 3		

No	Action	Lead Officer	Timescale	Progress Update	Rating
4.5	Provide training for key officers (LT, Service Managers and relevant Principal Officers/Team Leaders) on project management. (Outstanding action from 25/26)	Deputy Chief Executive (Resources) & S151 Officer and Head of Business Support & Assurance	Quarter 2		
5.	**Developing the entity's capacity, including the capability of its leadership and the individuals within it**				
5.1	Statutory Officer (Golden Triangle) meetings to be formally established with an agenda designed to cover governance issues.	Deputy Chief Executive – Resources	Quarter 1	Have taken place at ad hoc intervals during Q1. To be formalised from Q2 onwards	
5.2	Employee induction process to be refreshed.	HR Manager	Quarter 3		
5.3	Employee review process to be refreshed and relaunched.	HR Manager	Quarter 2		
5.4	Complete review of hybrid working and develop a hybrid working policy. (Outstanding action from 25/26)	Head of Business Support & Assurance and HR Manager	Quarter 2		
6.	**Managing risks and performance through robust internal control and strong public financial management**				
6.4	**Risk Management** • Put in place directorate/departmental risk registers for all service areas.	Head of Business Support & Assurance, Chief Internal Auditor & Risk Manager and Leadership Team	Quarter 2		

No	Action	Lead Officer	Timescale	Progress Update	Rating
	• Risk registers to be subject to regular review to ensure mitigating actions are being taken - to be done quarterly. • Process to be put in place to escalate risks to the strategic risk register where appropriate – ant significant risks identified from the quarterly reviews will be reported to Leadership Team for inclusion in the Strategic Risk Register. (External Audit – Significant Recommendation 2)				
6.5	Deliver the health & safety action plan which aims to embed a pro-active Health & Safety culture. The key actions include: • Update the overarching Health & Safety Policy. • Deliver targeted training to Leadership Team and Managers. • Determine a programme for reviewing and updating H&S policies.	Head of Business Support & Assurance and Chief Internal Auditor & Risk Manager	Quarter 2 Quarter 2 Quarter 3		

No	Action	Lead Officer	Timescale	Progress Update	Rating
6.1	**Financial Management** - Ensure adequate capacity in the Finance Team - efforts will continue to recruit to vacancies in the Finance Team and/ or to continue to use agency staff where appropriate. Ensure that budget holders receive formal financial monitoring reports – it is unlikely that the resourcing situation will improve sufficiently to increase reporting from half yearly to quarterly. Produce draft financial statements in line with statutory requirements and work with external auditors to deliver the audits effectively. (External Audit – Significant Recommendation 1)	Deputy Chief Executive (Resources)	Quarter 2 - End of Summer 2026		
6.2	**Financial Management** - Review the need to implement further savings ahead of LGR given the potential funding gaps identified in26/27 and 27/28 as a result of changes to the financial settlement after the MTFS and 26/27 budgets were approved in January 26. (External Audit – Other Recommendation 1)	Deputy Chief Executive (Resources)	**No further action**	Agreed not to take any further action due to the high uncertainty around the settlement and the previous late interventions by central government to ensure no decrease in core funding. There are sufficient reserves in place to be able to prudently adopt this approach should central government not change the current settlement amounts.	**N/A**

No	Action	Lead Officer	Timescale	Progress Update	Rating
6.3	Review of Financial Regulations and training for managers. (Outstanding action from 2025/26)	Deputy Chief Executive (Resources) & S151 Officer	Quarter 2		
6.6	Develop a structured approach / framework to the management of corporate assets.	Head of Housing & Corporate Assets and Corporate Asset Manager	Quarter 4		
6.7	**Assurance & Scrutiny** - Development of Assurance Model, to include: • Annual Assurance Report for Health & Safety. • Annual Assurance Report for Technology. (Outstanding action from 2025/26) • Heads of Service Assurance Statements.	Head of Business Support & Assurance and Chief Internal Auditor & Risk Manager	• Quarter 2 • Quarter 1 • Quarter 1	Further consideration has been given to the timing of the production of assurance reports; these will now be completed in Quarter 4 in readiness for the Annual Governance Statement for 2026/27.	N/A
6.9	**Data and IT Security –** AI policy to be developed	Technology Manager	Quarter 2		
6.10	**Data and IT Security** – Ensure that annual refresher training is undertaken.	Technology Manager / Data Protection Officer	Quarter 4		

No	Action	Lead Officer	Timescale	Progress Update	Rating
7.	**Implementing good practices in transparency, reporting and audit to deliver effective accountability**				
7.1	Develop a lessons learnt approach e.g. from projects and complaints. Initial discussion to be held with Leadership Team to establish any current best practice and build on this.	Head of Business Support & Assurance and Leadership Team	Quarter 3		
8.	**General / Other**				
8.1	Training and reminders for managers on good governance and key components of the framework. (Outstanding action from 2025/26)	Deputy Chief Executive (Resources), Head of Business Support & Assurance and Head of Law & Governance	Quarter 2		

Updated Strategic Risk Register

Committee: Audit & Governance

Date of Meeting: 23 September 2026

Report of: Head of Business Support & Assurance

1 Purpose of Report

1.1 To set out details of the Council's Strategic Risk Register as at 30 June 2026

2 Recommendations

2.1 That Audit Committee reviews the Strategic Risk Register and considers the progress made in the identification and management of the strategic risks.

Reasons for Recommendations

2.2 Audit Committee are responsible for reviewing the Strategic Risk Register produced by Leadership Team and approved by Cabinet to monitor the progress made in relation to the management of the risks identified

3 Key Issues

3.1 All strategic risks and associated action plans have been reviewed and updated for 30 June 2026, and the Council's risk profile is summarised in the table below:

Risk Status	Number of Risks at 1st April 2026	Number of Risks at 30th June 2026
Red (High)	**7**	**7**
Orange (Medium)	**5**	**5**
Yellow (Moderate)	**0**	**0**
Green (Low)	**0**	**0**
TOTAL	**12**	**12**

4 Relationship to Corporate Priorities

4.1 This report supports the Council's Corporate Priorities as follows:

(i) Risk management is a systematic process by which key business risks / opportunities are identified, prioritised, and controlled so as to contribute towards the achievement of the Council's aims and objectives.

(ii) The strategic risks set out in the Appendices have been categorised against the Council's priorities.

5 Report Detail

5.1 The Accounts & Audit Regulations 2015 state that:

"A relevant body must ensure that it has a sound system of internal control which:

(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;

(b) ensures that the financial and operational management of the authority is effective; and

(c) includes effective arrangements for the management of risk."

5.2 Risk can be defined as uncertainty of outcome (whether positive opportunity or negative threat). Risk is ever present and some amount of risk-taking is inevitable if the council is to achieve its objectives. The aim of risk management is to ensure that the council makes cost-effective use of a risk process that has a series of well-defined steps to support better decision making through good understanding of risks and their likely impact.

Management of Strategic Risks / Opportunities

5.3 Central to the risk management process is the identification, prioritisation, and management of strategic risks / opportunities. Strategic Risks are those that could have a significant impact on the Council's ability to deliver its Corporate Priorities and Objectives.

5.4 The Strategic Risk Register was refreshed in April 2026, and this is the first quarterly updated since the refreshed risk register was presented to Members. The updated Strategic Risk Register is attached as **APPENDIX 1**. Work has continued to enhance and refine the risks and actions identified to manage them as the Strategic Risk Register matures.

5.5 The risk summary illustrates the risks / opportunities using the "traffic light" method i.e.

RED	High risk, score 12 and above (action plan required to reduce risk and/or regular monitoring)
Orange	Medium risk, score 6 to 9 (action plan required to reduce risk)
Yellow	Moderate risk, score of 3 to 4 (risk within risk appetite, no action plan required but watching brief to ensure controls are effective and operating)
GREEN	Low risk, score below 3 (risk tolerable, no action plan required)
Blue	Negligible Risk, score of 1 (risk tolerable, no action plan required)

5.6 The summary risk register and detailed information on Red Risks are reported to Cabinet and the Audit Committee throughout the year. The updated risk register as at 1st April 2026 is attached at Appendix 1 and detailed information on all risks at Appendix 2.

5.7 Leadership Team monitoring the progress on all risks throughout the year and will advise on any changes to risk scores.

5.8 At the 30th June, no risk scores have changed in the quarter, however work has been progressing on the action plans for each risk.

5.9 Risk 2025-07 has had the scope of the risk reviewed and amended. The wording has changed from

"Failure to meet required housing standards and not being prepared for Inspection"

to

"Failure to meet required housing standards and proactively preparing for the Regulator of Housing Inspection."

6 Implications

6.1 Financial

None.

6.2 Legal

None.

6.3 Human Resources

None.

6.4 Risk Management

The Risk Management implications are included within the body of the report and appendices.

6.5 Equalities and Diversity

None.

6.6 Health

None.

6.7 Climate Change

None.

7 Appendices

Appendix 1 – Summary of Strategic Risks – 30 June 2026

Appendix 2 – Strategic Risk Register – Red Risks – 30 June 2026

8 Previous Consideration

None.

9 Background Papers

File of papers held by the Chief Internal Auditor & Risk Manager.

Contact Officer:	Stephen Baddeley
Telephone Number:	01543 464415
Report Track:	Cabinet 20/08/26 Audit & Governance Committee 23/09/26
Key Decision:	No

Item No. 8.5

Appendix 1

Cannock Chase Council

Summary of Strategic Risk Register as at 30 June 2026

Risk Ref	Risk Owner	Risk Name	Inherent Risk Score	Residual Risk Score Dec	Residual Risk Score April	Direction of Travel in Period	Target Score
2025-01	Deputy Chief Executive (Resources)	Financial Stability	16	12	12	↔	12
2025-02A	Housing & Corporate Assets	Safety & Compliance arrangements for Housing properties	16	12	12	↔	8
2025-02B	Housing & Corporate Assets	Safety & Compliance arrangements for Corporate Properties	16	12	12	↔	8
2025-03	Chief Executive	Local Government reorganisation	16	12	12	↔	8
2025-09	Operations	Safe Management of Trees	16	12	12	↔	8
2025-15	Economic Development & Planning	Delivery of Town Centre Regeneration Project	16	12	12	↔	8
2025-06	Chief Executive	Corporate capacity is insufficient to maintain provision of core services and deliver major projects	16	12	12	↔	12
2025-04	Business Support & Assurance	IT Resilience	16	8	8	↔	8
2025-07	Housing & Corporate Assets	Failure to meet required housing standards and proactively preparing for the Regulator of Housing Inspection	16	8	8	↔	4
2025-10	Deputy Chief Executive (Resources)	Failure to deliver good governance	16	8	8	↔	4
2025-12	Chief Executive	Health and safety arrangements for people	12	**8**	**8**	↔	**4**
2025-14	Housing & Corporate Assets	HRA Financial Sustainability	12	8	8	↔	4

Key to Direction of Travel

↓	Risk has decreased	↔	Risk level unchanged	↑	Risk has increased

Item No. 8.6

Appendix 2

Cannock Chase Council

Strategic Risk Register as at 30 June 26

Risk Ref	2025-01
Risk Owner	Deputy Chief Executive (Resources)
Risk Name	Financial Stability
Risk Description	Central government policy changes which impacts the Council's financial position.
Consequences	s114 notice / Government intervention Damage to reputation with stakeholders May affect ability to bid for funding Poor PR
Corporate Objective CCDC	Responsible Council
Main Risk Category	Financial

Inherent Impact	**Inherent Likelihood**	**Inherent Risk Score**
4	4	16
Residual Impact	**Residual Likelihood**	**Residual Risk Score**
4	3	12
	Target Score	12

Comment on Target Score:

The three-year financial settlement announced in December 2025 has not increased certainty of funding moving forwards as it was varied at the last moment and there is continuing uncertainty around the funding levels contained in it. The provisional funding allocated has allowed the Council to balance a 3-year budget with use of reserves. This has reduced the Council's financial resilience.

Actions

Actions Planned	**Person Responsible**	**Timescale**	**Progress/Comments**
Quarterly review of reserves to be undertaken	s151 Officer	Ongoing	A general review of the adequacy of reserves has been undertaken as part of the review of the outturn for 2025-26 which will be reported on in Q2

Progress Updates

Current Position	No change - a balanced 3-year budget was approved in February. Whilst the Council has a balanced budget, the risk remains high due to the uncertainties of future funding

Item No. 8.7

Appendix 2

Risk Ref	2025-02A
Risk Owner	Head of Housing & Corporate Assets
Risk Name	Safety & Compliance arrangements for Housing properties
Risk Description	Operational property procedures including CDM compliance, maintenance and management of properties is not sufficient to adequately ensure they are safe for tenants, employees, leaseholders or visitors leading to death or serious injury.
Consequences	Death or serious and minor injury, Prosecution by HSE and private legal action. Reputational damage. Deterioration in condition of buildings Depreciation of buildings
Corporate Objective CCDC	Responsible Council
Main Risk Category	Health & Safety

Inherent Impact	**Inherent Likelihood**	**Inherent Risk Score**
4	4	16
Residual Impact	**Residual Likelihood**	**Residual Risk Score**
4	3	12
	Target Score	8

Comment on Target Score:

There are situations outside of the control which will lead to accidents, and a large housing and property portfolio means that a risk score of 4 is unlikely as accidents and incidents will still happen.

Actions Housing - 2A

Actions Planned	Person Responsible	Timescale	Progress/Comments
Following results of Stock Condition Survey address identified Category 1 hazards	HPS Manager	Quarter 2 2026-27	26% of properties not surveyed, surveys are still progressing in-house and cat 1 hazards are reported.
Further work is required on monitoring all Cat 1 hazards identified to ensure all actions are completed.	Housing Services Manager	Quarter 3 2026-27	At present it is not possible to identify Cat 1 hazards separate to other priority 1 repairs.

Actions Planned	Person Responsible	Timescale	Progress/Comments
NEC Housing Information System to be further developed to ensure all Building Safety testing and monitoring data is collected (additional elements/fields to be built).	HPS Manager	Quarter 3 2026-27	Elements have been created in test system and being tested. Reportability from Logbook system (Tio) has been tested and can be uploaded weekly. Once testing complete will be built into the Live system.
Procedures to be developed for the Compliance Polices that have been approved 8 Procedures (Asbestos, Building Safety, Electrical, Fire Safety, Gas Safety and Heating, Water hygiene (Legionella), Lifting Equipment and Damp and Mould) to be developed. In addition, an over-arching Access Procedure to be produced.	Housing Maintenance Manager and HPS Manager.	Quarter 3 2026-27	Procedure drafts in progress.
Increase third party assurance of inspections by third party company to carry out 10% audit of Gas Safety inspections and Electrical Inspection Condition Reports.	HPS Manager	Quarter 3 2026-27 (Changed from Q2 June 2026)	Specification and cost schedules complete. Delay due to staffing resources.
Damp and Mould, Disrepair, HHSRS system data collection to follow (element/fields to be built) further to requirements arising from Awaabs Law.	Housing Maintenance Manager	Quarter 1 2026-27	A basic system is in place to capture the data and provide monitoring. Action complete.

Progress Updates Housing - 2A

Current Position	Ensuring NEC holds building safety information in process. Elements built and being tested by HPS team. NEC Housing Information System to be further developed to ensure data is collected - this is resource intensive project, and the initial timescales were ambitious. Damp & Mould work complete with a basic system in place. Delay in procuring third party assurance inspections due to competing challenges and priorities within the delivery team. Actions have been completed but due to the complex nature of the work it will take time for sufficient progress to be made in order for the risk score to be reduced.

Risk Ref	2025-02B
Risk Owner	Head of Housing & Corporate Assets
Risk Name	Safety & Compliance arrangements for Corporate Properties
Risk Description	Operational property procedures including CDM compliance, maintenance and management of properties is not sufficient to adequately ensure they are safe for tenants, employees, leaseholders or visitors leading to death or serious injury.
Consequences	Death or serious and minor injury, Prosecution by HSE and private legal action. Reputational damage. Deterioration in condition of buildings Depreciation of buildings
Corporate Objective CCDC	Responsible Council
Main Risk Category	Health & Safety

Inherent Impact	**Inherent Likelihood**	**Inherent Risk Score**
4	4	16
Residual Impact	**Residual Likelihood**	**Residual Risk Score**
4	3	12
	Target Score	8

Comment on Target Score:

There are situations outside of the control of the Council which will lead to accidents, and a property portfolio means that a risk score of 4 is unlikely as accidents and incidents will still happen.

Actions

Actions Planned	Person Responsible	Timescale	Progress/Comments
Statutory Compliance for all Council owned Buildings needs to be validated on an ongoing basis.	Corporate Asset Manager	Quarter 2 2026-27	A review of processes to improve evidence of compliance monitoring is in place. Weekly meeting, compliance tracker in place and is updated on a daily basis
Asset Reviews will be carried on all Council properties.	Corporate Asset Manager	Quarter 4 2026-27 (on-going)	This action is on hold due to limited staffing resources. If any buildings are deemed unsafe – action will be taken without delay to ensure safety.

Actions Planned	Person Responsible	Timescale	Progress/Comments
Review of core compliance policies needed. CDM Policy and Fire Safety Policy to be produced and Asbestos Policy updated.	Corporate Asset Manager	Q4 2026-27	

Progress Updates Corporate Property - 2B

Current Position	The risk score has remained at 12 as detailed work is required. These actions will take a significant time to produce results that will reduce the residual risk score. The Corporate Asset Manager has undertaken a comprehensive review of compliance, and a number of actions have been followed up and completed in QTR 1. Weekly monitoring is in place, and all category 1 hazards are completed immediately. The review has led to some new actions being created and further work is needed to address the risk and reduce the residual score. Work is planned throughout 2026-27 to deliver the required actions. The Estates Lead and Facilities Team Leader posts have been recruited to with an anticipated start date of September 2026.

Risk Ref	2025-03
Risk Owner	Chief Executive
Risk Name	Local Government reorganisation
Risk Description	The Council has to divert resources to the management of the Council's response plans for Local Government re-organisation which threatens the ability to maintain the quality of services at a time when capacity is already stretched.
Consequences	Core Services and major projects fail to be delivered Reputational damage
Corporate Objective CCDC	Responsible Council
Main Risk Category	Capacity / Service Delivery

Inherent Impact	**Inherent Likelihood**	**Inherent Risk Score**
4	4	16
Residual Impact	**Residual Likelihood**	**Residual Risk Score**
4	3	12
	Target Score	8

Comment on Target Score:

As planning for LGR is still in its infancy, it is too soon to be confident that we can mitigate this risk fully and reduce it to a 4. At present it is considered we can potentially reduce the likelihood to a 2 giving a target score of 8. As planning and work progresses, actions and the target score will be reviewed. Progress with this risk is also linked to the risk regarding capacity (ref 2025-06).

Actions

Actions Planned	**Person Responsible**	**Timescale**	**Progress/Comments**
Development of action plan for internal preparation, pending decision	Head of Business Support and Assurance	Q1 2026-27	Work plans are being developed, and these include preparatory work for LGR. At present, this primarily focuses on our workforce but as the external work progresses, this will inform our own work plans.

Progress Updates

Current Position	The impact of work on LGR continues to fall on the corporate and support services and this is having an impact on workloads with no additional resources currently allocated to support this; consequently, the risk score remains unchanged. Now that we have a decision, it is anticipated that there will be a review of the resources needed to support the work going forward. Work continues through the County wide project structure to prepare for LGR, pending a review of this following the Government's decision to create two new unitary councils in Staffordshire. The Council has a representative on all 7 corporate workstreams and work has been focussed on collating baseline data. Our own work planning is also considering the internal preparatory work needed for LGR.

Risk Ref	2025-06
Risk Owner	Chief Executive
Risk Name	Corporate capacity is insufficient to maintain provision of core services and deliver major projects
Risk Description	The inability to recruit and retain staff particularly in statutory and other core areas threatens service delivery across the Council. This risk is exacerbated by other factors such as the number of high priority projects, large procurement exercises, demand for new software, competing priorities and Local Government Reorganisation.
Consequences	Projects are delayed or not implemented Operational services are delivered to a lower standard; backlogs arise or service not delivered at all Complaints / damage to reputation Wellbeing of staff who are under pressure to deliver
Corporate Objective CCDC	Responsible Council
Main Risk Category	Capacity / Service Delivery

Inherent Impact	**Inherent Likelihood**	**Inherent Risk Score**
4	4	16
Residual Impact	**Residual Likelihood**	**Residual Risk Score**
4	3	12
	Target Score	12

Comment on Target Score:

Due to the limited market in key professions such as Finance, Legal, Planning etc, the uncertainty created by Local Government Reorganisation and the volume of major projects in progress, it is considered that the residual risk score cannot be reduced further and actions planned are focussed on maintaining the current position.

Actions

Actions Planned	Person Responsible	Timescale	Progress/Comments
Development of work plans for the next 2 years. This will allow us to assess capacity and pinch points and prioritise work accordingly.	Leadership Team	Quarter 1 26-27	Each Head of Service has developed a summary work plan and a detailed delivery plan for their service area. These are currently being reviewed and will be finalised in Quarter 2.
Monitoring delivery of workplans	Leadership Team	From Quarter 2 onwards	Progress monitoring template being developed

Actions Planned	Person Responsible	Timescale	Progress/Comments
Monitoring capacity	Leadership Team	From Quarter 2 onwards	A template to monitor vacancies is being developed and current vacancies are being identified. Sickness reporting being updated
Management of expectations / discussion with Cabinet	Chief Executive / Leadership Team	Revised to Q4 from Q2 2025-26 and ongoing (Jan 26)	Preliminary discussions with Cabinet Members are taking prior to the work plans being finalised.

Progress Updates

Current Position	Capacity and workload continue to be an ongoing issue, and this is not expected to change, particularly with the additional work that LGR will bring in the coming months. The intention is to manage this through regular reviews of the workplans which set out the key projects for the next 2 years. As the work required for LGR becomes clearer, the workplans will be reviewed and it may be necessary to stop work on some projects. Leadership Team is continuing to focus on managing capacity within the current resources and maintaining the current position so that this does not deteriorate.

Risk Ref	2025-09
Risk Owner	Operations
Risk Name	Safe Management of Trees
Risk Description	Risk of a tree or part of a tree falling on an individual/s causing death or serious injury. Risk of a tree or part of a tree falling onto a building causing severe damage to a property or the death or serious injury of an individual/s.
Consequences	• Death/Serious Injury • Damage to property • HSE Investigation/Prosecution • Corporate Manslaughter • Insurance Claims
Corporate Objective CCDC	The Community
Main Risk Category	Capacity / Service Delivery

Inherent Impact	**Inherent Likelihood**	**Inherent Risk Score**
4	4	16
Residual Impact	**Residual Likelihood**	**Residual Risk Score**
4	3	12
Target Score		8

Comment on Target Score:

Given the number of trees and the unpredictability of the weather, and the increase in the number of severe weather events, it is considered the current residual likelihood score sits at a 3. With the residual impact score remaining at a 4, it makes the overall residual risk score a 12.

It is unlikely that the impact score can be reduced below a 4. Due to its categorisation, the nature, and the subject area it may also be difficult to reduce the likelihood from a 3 to a 2. The residual risk score will remain high for some time at a 12 until re-inspections have been undertaken, and resultant work programmes are well established.

Given the circumstances of the risk, while currently higher than preferred at 12, an overall goal of a residual risk score of an 8 is considered acceptable in the longer-term.

Actions

Actions Planned	**Person Responsible**	**Timescale**	**Progress/Comments**
Review tree service, TPOs and procedures	Natural Environment Manager	Q3 2026-27	In progress – several requirements identified including tree team, full TPO review.

Actions Planned	Person Responsible	Timescale	Progress/Comments
Joint Tree Team Structure to be developed and implemented	Natural Environment Manager	Q4 – 2026/27 (Revised from Q1 2027-28 – June 26)	Structure has been agreed and posts have gone out to advert during Q1. Successful completion remains subject to market conditions.
Implement new full risk-based tree management procedure	Natural Environment Manager	Q3 2026-27	In progress, a new tree risk management strategy has been drafted.
Implement new joint tree management ICT GIS based system	Natural Environment Manager	Q3 2026-27 (Updated from Q2 206-27 Jue 26)	Data cleansing and preparation in progress; this will take several months. Priority to be given to uploading tree data so that inspection work for red zones can be commissioned
Outsource next round of tree inspections for all trees to create new baseline data (78,000 trees) and ongoing inspections	Natural Environment Manager	Q4 2026-27	Trees in red zones are being prioritised. Data for inspections being collated and procurement options being considered
Deliver and monitor tree risk-based works and ongoing inspections	Natural Environment Manager	Ongoing	Progress against Tree Management action plan being monitored and reported to Trees Management Board

Progress Updates

Current Position	Although the risk score remains at 12, actions are progressing but will take time to complete. Delivery of project work has been affected by vacancies with resources focussed on operational response. The plans have been reviewed and refocussed for 2026-27 to allow for work to commence in stages with a focus on higher risk areas. Consultant tree officers continue to be used to cover vacant posts until permanent staff can be recruited and a large amount of tree maintenance works are being contracted out. Recruitment to the above posts has begun, with interviews scheduled for early Q2. The limited capacity currently available within the team is being prioritised and focused on responsive inspections and tree works, while recruitment takes place and alternative arrangements are sought, where available. Notwithstanding this, good progress continues to be made to deliver the planned actions to improve the service.

	Two officers continue to support the implementation of the new tree management system to allow for the input of tree data which can then be used to inform tree inspection works. Work has commenced on preparing for the procurement of a contractor to undertake inspections of trees in red zones as a priority, with inspections of other areas to follow. Due to the nature of the risk, it is considered the overall residual likelihood score will not be reduced until the full tree inspection survey has been completed and the majority of the high-risk remedial tree works identified from this has been carried out. This may take upward of 2-3 years.

Item No. 8.18

Appendix 2

Risk Ref	2025-15
Risk Owner	Head of Economic Development & Planning
Risk Name	Delivery of Town Centre Regeneration Project
Risk Description	There is a risk that the high-profile large regeneration projects may not deliver as anticipated, to time or to budget, leading to reputational risks to the Council and creating financial risks that impact on the Council's financial position and could impact on service delivery and hinder the Council's wider ambition to secure economic prosperity for the District. There is a risk that either the Council may not be able to deliver the demolition phase of the project or secure a development partner to re-develop the cleared sites.
Consequences	• Major reputational risk for the Council in terms of not delivering the schemes that local residents expect; potential that Council may be unsuccessful with future funding bids. • Reduced growth and economic prosperity for local residents. • Decline of town centres / impact on major redevelopment proposals. • Council exposed to unplanned financial risks and pressure on revenue resources which impacts on delivery of core services. • Clawback of funding for non-delivery or return of Government funding due to not spending the funding within the agreed deadlines. • Increased pressure on already stretched services/functions of the council which have capacity issues. • Cleared sites could sit empty for indeterminate period if developer interest doesn't materialise.
Corporate Objective CCDC	Economic Prosperity
Main Risk Category	Reputation, Customer/ Public Perception

Inherent Impact	**Inherent Likelihood**	**Inherent Risk Score**
4	4	16
Residual Impact	**Residual Likelihood**	**Residual Risk Score**
4	3	12
Target Score		8

Comment on Target Score:

Inherent nature of the risk profile of the regeneration schemes makes it difficult to reach a score of 4, therefore a target score of 8 has been set at this stage. External influences may affect the ability to secure operators/end users to build out development within the agreed footprint of the scheme.

Although the demolition works to the former MSCP and Forum Shopping Centre are now complete and there has been a strong level of interest in the town centre from potential operators the target risk score will remain at 8 until the Council agrees the overall Development Framework for the scheme and secures agreements with operators. It should be noted that it is anticipated that the risk profile of the scheme will change over time as the Council completes the demolition works and secures development partners/operators to bring forward development on the cleared sites, however the ability to achieve this is likely to be constrained by timescales and LGR decisions impacting on the Council's ability to complete the scheme

Actions

Actions Planned	Person Responsible	Timescale	Progress/Comments
Communications to stakeholders, partners, and the public - development of Comms Strategy and Plan	Head of Economic Development & Planning, Communications Manager	Quarter 2 2026-27 (Updated from Q1 2026-27 June 26)	Officers have prepared a report setting out options for the future of the regeneration programme. The report will go to Cabinet where a decision will be made on next steps. Awaiting decision from Cabinet on the next steps.
Agree approach to securing development delivery	Head of Economic Development & Planning	Quarter 2 2026-27 (Updated from Q1 2026-27 June 26)	The Council has produced a draft Development Framework. The intention of the Framework is to guide development within the cleared regeneration site. A draft report has been presented to Cabinet setting out the current position regarding the regeneration programme and potential options. It is anticipated that the report will be presented to Cabinet in August, with Cabinet asked to consider the options and determine which option to take forward. Further detailed due diligence, design work and full business cases will need to be undertaken before any final commitment is made to delivery.
Formal procurement process to appoint development partner(s)	Head of Economic Development & Planning	Quarter 3 - 2026-27 (Updated from Q1 2026-27 June 26)	Officers have completed work to research procurement frameworks and other routes to market that could be used to select developers/ operators. Due to the delay in presenting the options report to Cabinet this action will be delayed until Quarter 3 26-27.

Actions Planned	Person Responsible	Timescale	Progress/Comments
Business case to review opportunity for Council to relocate from the Civic Centre site	Chief Exec Deputy Chief Exec - Resources Deputy Chief Exec – Place Head of Economic Development & Planning Head of Housing & Corporate Assets	N/A	This workstream is currently on hold due to Council not agreeing the funding in the Capital Programme (Council 21 January 2026).

Progress Updates

Current Position	Performance Dashboards and Risk Registers have been produced and reported to Project Boards and LT. Meetings with developers/operators are continuing to take place as part of the soft market testing to discuss the regeneration opportunity being created by the Council utilising the regeneration funding. Procurement frameworks have been researched and identified with the view to understand the optimum route to the market. Officers have produced a draft Development Framework which sets out a vision and set of parameters for the cleared development site and the intention is that this will guide the proposed uses in this area. Performance Dashboards and Risk Registers have been produced and reported to Project Boards and LT. Meetings with developers/operators are continuing to take place as part of the soft market testing to discuss the regeneration opportunity being created by the Council utilising the regeneration funding. Procurement frameworks have been researched and identified with the view to understand the optimum route to the market. Officers have produced a draft Development Framework which sets out a vision and set of parameters for the cleared development site and the intention is that this will guide the proposed uses in this area. It was intended to present the Development Framework to Cabinet in Quarter 4 25/26, but this report was deferred due to local elections. Officers have prepared a comprehensive report for Cabinet setting out the current position of the regeneration programme and options available to secure regeneration delivery utilising the remaining capital funding. It is anticipated that the report will be presented to Cabinet in August 2026. Selection of an option will enable Officers to undertake further due diligence, detailed design, and business case development to inform a final commitment to delivering that option.

	The ability to progress the regeneration project will also be dependent on decisions relating to Local Government Reorganisation for Stoke-on-Trent and Staffordshire, expected in July 2026. Once the LGR decision is confirmed by Government, it is anticipated that the Government will issue a statutory section 24 notice which is a legal mechanism requiring shadow authority consent for material financial or contract decisions. Whilst it doesn't prevent the council from progressing its plans, it does create an extra risk that the Council will need to manage/mitigate. As at end of 30th June, the residual risk score remains at 12, it should be noted that if a decision is not made by Cabinet in August regarding the future of the scheme, then the residual risk for the project will increase from 12 to 16. This increase will also take into account the significant uncertainty regarding the Council's ability to deliver a viable regeneration scheme due to LGR timescales.